FORM 27

Securities Act (Ontario)

MATERIAL CHANGE REPORT
UNDER SECTION 75(2) OF THE SECURITIES ACT (ONTARIO)

Item 1 – Reporting Issuer

The reporting issuer is THE LOEWEN GROUP INC. ("TLGI"). Its principal office in Canada is located at 2225 Sheppard Avenue East, Toronto, Ontario, M2J 5B5.

Item 2 – Date of Material Change

The material change occurred on September 4, 2000. Previous Material Change Reports were filed on June 10, 1999 in connection with the filing by TLGI and its subsidiaries (together the "Debtors") for protection from creditors under Chapter 11 of the U.S. Bankruptcy Code and the *Companies' Creditors Arrangement Act* (Canada) and on November 23, 2000 with respect to the filing with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") of (a) a Joint Plan of Reorganization of Loewen Group International, Inc., TLGI and their Debtor Subsidiaries, and (b) a related Disclosure Statement.

Item 3 – Press Release

A press release was issued on September 4, 2000 through Canada Newswire in connection with the change, a copy of which is attached to this Material Change Report as Appendix "A".

Item 4 – Summary of Material Change

On September 4, 2001, the Bankruptcy Court approved the Disclosure Statement (the "Disclosure Statement") related to its Fourth Amended Plan of Reorganization (the "Plan"). The approval allows Loewen to proceed with creditor voting on the Plan.

Item 5 – Full Description of Material Change

The Plan and the process for creditor approval is fully described in the Disclosure Statement, a copy of which is attached hereto as Appendix "B" and incorporated herein by reference. The following is a summary. Reference should be had to the Disclosure Statement or the Plan for complete details. All capitalized terms not otherwise defined herein shall bear the meaning ascribed to them in the Disclosure Statement.

(a) The Plan

The primary objectives of the Plan are to: (a) alter the Debtors' debt and capital structures to permit them to emerge from their chapter 11 cases with viable capital structures; (b) maximize the value of the ultimate recoveries to all creditor groups on a fair and equitable basis; and (c) settle, compromise or otherwise dispose of certain claims and

interests on terms that the Debtors believe to be fair and reasonable and in the best interests of their respective estates, creditors and equity holders. The Plan provides for, among other things: (a) transactions that will result in the ultimate parent company in the corporate structure being Loewen Group International, Inc. ("Reorganized LGII"), a Delaware corporation; (b) the cancellation of stock in Non-Ownership Regulated Debtors other than stock owned by a Loewen Company; (c) the cancellation of the MIPS Junior Subordinated Debentures, the MIPS Junior Subordinated Debenture Guarantee, the MIPS and the MIPS Guarantee in exchange for New Warrants (if the holders of the MIPS accept the Plan); (d) the cancellation of the CTA Note Claims in exchange for a combination of cash, New Five-Year Secured Notes; if issued, New Two-Year Unsecured Notes, if issued, New Seven-Year Unsecured Notes and New Common Stock; (e) the cancellation of certain other indebtedness in exchange for cash, New Common Stock, New Warrants or interests in the Liquidating Trust; (f) the satisfaction of certain Administrative Claims through the issuance of the New Unsecured Subordinated Convertible Notes and New Common Stock as contemplated by the Blackstone Settlement Agreement; (g) the assumption, assumption and assignment or rejection of Executory Contracts and Unexpired Leases to which any Debtor is a party; (h) the selection of boards of directors of Reorganized LGII and the Reorganized Loewen Subsidiary Debtors; and (i) the corporate restructuring of the Loewen Subsidiary Debtors to simplify the Debtors' corporate structure. In addition, a similar restructuring of certain of the Canadian subsidiaries of TLGI and certain other transactions resulting in the transfer of substantially all of TLGI's assets to Reorganized LGII or a wholly owned subsidiary of Reorganized LGII will be effected pursuant to the Plan, subject to recognition thereof by the Canadian Court. Reorganized LGII will be the issuer of the New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes, the New Unsecured Subordinated Convertible Notes, the New Common Stock and the New Warrants to be issued to various creditors and holders of the MIPS as of the Effective Date as described below. The Liquidating Trust will be established and the initial Liquidating Trust Assets will be transferred to the Liquidating Trust on the Effective Date.

As more fully described in the Disclosure Statement, there has been substantial controversy and an adversary proceeding (the "CTA Proceeding") over certain alleged deficiencies with respect to filings required under the CTA and the effect of such alleged deficiencies on the relative rights of the holders of more than U.S. $2 billion of CTA Note Claims. A mandated mediation failed to produce a settlement of the issues. Following such failure, certain of the parties to the mediation continued to negotiate regarding Plan treatments for the CTA Note Claims and certain other Plan issues. The Plan reflects an overall settlement among the Principal CTA Creditors, and the Debtors relating to these issues and constitutes a request for approval of the settlements embodied in the Plan.

By an order of the Bankruptcy Court dated September 4, 2001, the Disclosure Statement has been approved as containing "adequate information" for creditors and equity holders of the Debtors. The Debtors' Boards of Directors and the Creditors' Committee (the statutory representative of unsecured creditors) believe that the Plan is in the best interests of creditors and holders of the MIPS.

(b) Voting and Confirmation of the Plan

General

To confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of findings concerning the Plan and the Debtors, including that: (a) the Plan has classified Claims and Interests in a permissible manner; (b) the Plan complies with the applicable provisions of the Bankruptcy Code; (c) the Debtors have complied with the applicable provisions of the Bankruptcy Code; (d) the Debtors, as proponents of the Plan, have proposed the Plan in good faith and not by any means forbidden by law; (e) certain disclosure required by the Bankruptcy Code has been made; (f) the Plan has been accepted by the requisite votes of creditors and equity interest holders (except to the extent that cramdown is available under the Bankruptcy Code); (g) the Plan is feasible and Confirmation will not likely be followed by the liquidation or the need for further financial reorganization of the Debtors or the Reorganized Debtors; (h) the Plan is in the "best interests" of all holders of Claims or Interests in an impaired Class by providing to creditors or interest holders an account of such Claims or Interests property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain in a chapter 7 liquidation, unless each holder of a Claim or Interest in such Class has accepted the Plan; (i) all fees and expenses payable as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of such fees on the Effective Date; (j) the Plan provides for the continuation after the Effective Date of all retiree benefits at the level established at any time prior to Confirmation pursuant to the Bankruptcy Code, for the duration of the period that the applicable Debtor has obligated itself to provide such benefits; and (k) the disclosures concerning the identity and affiliations of persons who will serve as officers and directors of the Reorganized Debtors have been made.

The Plan constitutes a separate plan of reorganization for each Debtor. As such, in order to confirm the Plan as to any Debtor, the Bankruptcy Court will have to find compliance of the Plan with respect to each of the foregoing as to each such Debtor.

Voting Procedures and Requirements

Pursuant to the Bankruptcy Code, only classes of claims against or equity interests in a debtor that are "impaired" under the terms of a plan of reorganization are entitled to vote to accept or reject a plan. A class is "impaired" if the legal, equitable or contractual rights attaching to the claims or interests of that class are modified, other than by curing defaults and reinstating maturity. Classes of Claims and Interests that are not impaired are not entitled to vote on the Plan and are conclusively presumed to have accepted the Plan. In addition, Classes of Claims and Interests that receive no distributions under the Plan and Class 4 Claims as to which the applicable Debtor elects Option C treatment are impaired, are not entitled to vote on the Plan and are deemed to have rejected the Plan unless such Class otherwise indicates acceptance.

Voting on the Plan by each holder of an impaired claim or interest entitled to vote on the Plan is done by completing a ballot and sending it as required so that it is actually received by 5:00 p.m., Eastern time, on the voting deadline of November 6, 2001 (unless the voting deadline is extended).

If any of the classes of holders of impaired claims or interests vote to reject the plan, (a) the Debtors may seek to satisfy the requirements for confirmation of the Plan under the cramdown provisions of the Bankruptcy Code and, if required, may amend the Plan to conform to the standards of such section, or (b) the Plan may be modified or withdrawn with respect to a particular Debtor, without affecting the Plan as to other Debtors, or in its entirety. If the holders of the MIPS (Class 19) do not approve the Plan, they will receive no distribution under the Plan and the Debtors will seek confirmation pursuant to such cramdown provisions.

Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on whether the Debtors have fulfilled the Confirmation requirements of the Bankruptcy Code. The Confirmation Hearing has been schedule to commence on November 27, 2001 at 9:30 a.m. Eastern time, and if necessary, to continue through and including November 29, 2001, before the Honourable Peter J. Walsh, Chief U.S. Bankruptcy Judge for the District of Delaware.

Confirmation

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the applicable requirements of the Bankruptcy Code are met. Among the requirements for Confirmation are that the Plan: (a) is accepted by the requisite holders of Claims and Interests in impaired Classes of such Debtor or, if not so accepted, is "fair and equitable" and "does not discriminate unfairly" as to the nonaccepting Class; (b) is in the "best interests" of each holder of a Claim or Interest in each impaired Class under the Plan for such Debtor; (c) is feasible; and (d) complies with the applicable provisions of the Bankruptcy Code.

Acceptance or Cramdown

A plan is accepted by an impaired class of claims if holders of at least two-thirds in dollar amount and a majority in number of claims of that class vote to accept the plan. A plan is accepted by an impaired class of interests if holders of at least two-thirds in amount of that class vote to accept the plan. Only those holders of claims who actually vote (and are entitled to vote) to accept or to reject a plan count in this tabulation. The Bankruptcy Code contains provisions for confirmation of a plan even if it is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. The Plan may be confirmed under these so-called "cramdown" provisions if, in addition to satisfying the other requirements of the Bankruptcy Code, it: (a) is "fair and equitable;" and (b) "does not discriminate unfairly" with respect to each Class of Claims or Interests that is impaired under, and has not accepted, the Plan.

The Plan may be considered to be a "related party transaction" under Ontario Securities Commission Rule 61-501 and Policy Statement No. Q-27 of the Commission des valeurs mobilières du Quebec. Reference is made to the Disclosure Statement for the disclosure, including a valuation, required in such instruments.

Item 6 – Reliance on Section 75(3) of the Act

N/A

Item 7 – Omitted Information

N/A

Item 8 – Senior Officers

The name of a senior officer of TLGI who is knowledgeable about the material change and who can be contacted is: Mr. Bradley D. Stam, 2225 Sheppard Avenue East, Toronto, Ontario, M2J 5B5, Tel: 416.498.2460, Fax: 416.498.2466.

Item 9 – Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, Ontario this 13th day of September, 2001

THE LOEWEN GROUP INC.

"Bradley D. Stam"

Bradley D. Stam,

Senior Vice President – Legal and Asset Management

SCHEDULE "A"

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News release via Canada NewsWire, Vancouver 604-669-7764

Attention Business Editors:
Loewen Group to proceed with creditor vote

TORONTO, ON, Sept. 4 /CNW/ - The Loewen Group ("the Company") today announced that the Disclosure Statement related to its Fourth Amended Plan of Reorganization has been approved by the United States Bankruptcy Court for the District of Delaware. The approval, granted at a hearing held today, clears the way for the Company to proceed with creditor voting on the Plan of Reorganization and Disclosure Statement.

John Lacey, Chairman of The Loewen Group, said: "With this approval, we are set to enter the final phase of the reorganization process, a process that has involved extensive negotiations over the past two years. We believe that through these negotiations we've created a Plan of Reorganization that is truly in the best interest of our stakeholders. The fact that our principal creditor groups and the Official Unsecured Creditors Committee have pledged their support for the Plan is very encouraging, and we are pleased to be moving forward with the vote."

Consistent with the schedule submitted to the Court, a Fourth Amended Plan of Reorganization and Disclosure Statement will be mailed to creditors no later than September 14, 2001 for the purpose of voting. Revisions included in the Fourth Plan and Disclosure Statement reflect the availability of updated financial data, the impact of additional negotiations with the Company's principal creditors, and modifications to the Disclosure Statement ordered by the Bankruptcy Court.

It is anticipated that creditor voting will be completed by November 6th. The U.S. Bankruptcy Court is then expected to hold a confirmation hearing, with the dates of November 27-29, 2001 having been set aside by the Court for this session.

"We are optimistic that our Plan of Reorganization will be accepted by both our secured creditors and the Courts, according to the schedule that has been established," said Mr. Lacey. "It is a schedule that puts us on track to emerge from bankruptcy protection before the end of 2001," he added.

Based in Toronto, The Loewen Group Inc. currently owns or operates approximately 970 funeral homes and 350 cemeteries across the United States, Canada and the United Kingdom. The Company employs approximately 11,000 people and derives approximately 90 percent of its revenue from its U.S. operations.

Safe Harbor: Certain statements contained in this press release, including, but not limited to, information regarding the status and progress of the Company's reorganization, the plans and objectives of the Company's management and the Company's assumptions regarding such performance and plans, are forward looking in nature. Factors that could cause actual results to differ from the forward looking information contained in this release include, but are not limited to, the following: uncertainty regarding the continued progress and timing of the Company's reorganization; the resolution of issues relating to certain indebtedness of the Company and other issues presented by the reorganization; the acceptance of the Company's proposed Plan of Reorganization; general economic conditions; the Company's ability to implement its business plan; the Company's future competitive position; and the continued progress of the Company's disposition program.

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/For further information: Media Contact: Mark Utting, Director of Communications, The Loewen Group, Tel: (416) 498-2754, Email: mark.utting(at)loewengroup.com; Investor Contact: (800) 347-7010/

CO: The Loewen Group Inc.
ST: Ontario
IN:
SU:

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SCHEDULE "B"

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

IN RE:	:	**Jointly Administered**
LOEWEN GROUP INTERNATIONAL, INC.,	:	**Case No. 99-1244 (PJW)**
a Delaware corporation, *et al.*,	:	**Chapter 11**
	:	
Debtors.	:	
	:	

DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE FOR THE FOURTH AMENDED JOINT PLAN OF REORGANIZATION OF LOEWEN GROUP INTERNATIONAL, INC., ITS PARENT CORPORATION AND CERTAIN OF THEIR DEBTOR SUBSIDIARIES

WILLIAM H. SUDELL, JR. (DE 463)
ROBERT J. DEHNEY (DE 3578)
MORRIS, NICHOLS, ARSHT & TUNNELL
1201 North Market Street
Wilmington, Delaware 19899-1347
(302) 658-9200

- and -

RICHARD M. CIERI (OH 0032464)
LYLE G. GANSKE (OH 0031493)
JONES, DAY, REAVIS & POGUE
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
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HENRY L. GOMPF (TX 08116400)
GREGORY M. GORDON (TX 08435300)
TROY B. LEWIS (TX 12308650)
MICHAEL O. WEINBERG (TX 21084700)
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2727 North Harwood Street
Dallas, Texas 75201
(214) 220-3939

ATTORNEYS FOR DEBTORS AND DEBTORS IN POSSESSION

September 10, 2001

THE LOEWEN GROUP INC.

2225 Sheppard Avenue East
Toronto, Ontario M2J 5C2
Tel: (416) 498-2430
Fax: (416) 498 2487

September 10, 2001

To: Creditors and Other Interested Parties

We are pleased to report that, after more than two years of extremely hard work and sacrifice by our employees and creditor and other constituencies, Loewen Group International, Inc. ("LGII"), its parent The Loewen Group Inc. ("TLGI") and their affiliated chapter 11 debtors (collectively, "Loewen") are soliciting your acceptance of their Fourth Amended Joint Plan of Reorganization (the "Plan"). The Plan is the product of more than a year of extensive negotiations among Loewen, the Official Committee of Unsecured Creditors in these chapter 11 cases (the "Creditors' Committee"), creditors under Loewen's Collateral Trust Agreement (the "CTA") and other parties in interest. As is indicated by the enclosed letter, the Creditors' Committee has endorsed the Plan and is recommending that holders of unsecured claims against Loewen vote in favor of the Plan.

The Plan includes a compromise and settlement of the dispute that has been pending in the Bankruptcy Court regarding the secured status of approximately $1.1 billion of the more than $2 billion in indebtedness under the CTA. This compromise and settlement, which is based on an evaluation of the parties' respective legal positions and extensive negotiations with CTA parties, provides generally as follows:

- Subject to the funding of reserves for claims of the collateral trustee under the CTA and State Street Bank and Trust Company (collectively, the "Reserves"), the group of CTA claimants that are clearly entitled to secured status under the CTA (Group I) will receive an estimated 76.7% recovery on their claims.

- Subject to the funding of the Reserves, the group of CTA claimants viewed to face the most risk of a ruling that they are unsecured (Group III) will receive an estimated 57.0% recovery on their claims.

- Subject to the funding of the Reserves, Group II CTA claimants will receive an estimated 72.5% recovery on their claims.

- All CTA claim recoveries will be paid in a combination of cash plus secured and unsecured notes and new common stock issued by reorganized LGII.

- The settlement also provides for the dismissal of certain preference avoidance actions by Loewen and a requirement that Loewen fund up to $3 million in legal expenses incurred by the Group III creditors in litigation they may bring to recover any damages that they may have sustained as a result of the CTA controversy.

Loewen will seek approval of the CTA settlement in connection with the Bankruptcy Court's hearing on confirmation of the Plan.

The Plan also reflects an agreement with the Creditors' Committee and other parties in interest regarding the treatment of claims of general unsecured creditors and the Monthly Income Preferred Securities (the "MIPS"). The Plan provides for recoveries by unsecured creditors in the form of equity securities and other consideration estimated at 10.8% for general unsecured creditors of LGII and TLGI. For subsidiaries of LGII, unsecured creditor recoveries are estimated to range from 15.2% to 100%, depending on the subsidiary involved. Most unsecured creditors will also be entitled to a contingent distribution from a liquidating trust that will consist of (i) certain warrants to purchase the common stock of Prime Succession Holdings, Inc. and (ii) an undivided 25% interest in the net proceeds (if any) of certain ongoing litigation involving alleged violations of the North American Free Trade Agreement. If the holders of the MIPS (the "MIPS Holders") accept the Plan, they will receive warrants, valued at an estimated 1.2% of their MIPS holdings, to purchase common stock in the reorganized company.

Loewen has engaged in a lengthy and arduous process to develop a plan of reorganization that maximizes returns to creditors and the MIPS Holders and that can be confirmed by the Bankruptcy Court. We believe that the Plan provides the highest possible return to all creditors and MIPS Holders and is worthy of your support. Therefore, we strongly urge you to vote in favor of the Plan.

The following documents are contained in the enclosed materials:

- the Plan;
- the disclosure statement in respect of the Plan (the "Disclosure Statement");
- a notice regarding the Bankruptcy Court's order approving the Disclosure Statement, providing information regarding Plan voting and announcing the Bankruptcy Court's hearing scheduled for November 27-29, 2001 to consider confirmation of the Plan and approval of the CTA settlement in the Plan; and
- for creditors and MIPS Holders entitled to vote on the Plan, a ballot, voting instructions and a ballot return envelope.

THE MANAGEMENT OF LOEWEN BELIEVES THAT THE PLAN IS IN THE BEST INTERESTS OF CREDITORS AND MIPS HOLDERS AND URGES YOU TO VOTE TO ACCEPT THE PLAN.

THE CREDITORS' COMMITTEE HAS INDEPENDENTLY CONCLUDED THAT THE PLAN IS IN THE BEST INTERESTS OF UNSECURED CREDITORS AND HAS RECOMMENDED THAT UNSECURED CREDITORS VOTE IN FAVOR OF THE PLAN.

Please read carefully the enclosed Disclosure Statement, which was approved by the Bankruptcy Court on September 4, 2001, for further information regarding the Plan. Please also read the instructions accompanying the enclosed ballot for information regarding completing and returning the ballot. If you have any questions regarding voting procedures, you may call Loewen's solicitation agent, Georgeson Shareholder Communications, Inc., at (888) 421-5883.

PLEASE NOTE THAT, TO BE COUNTED, BALLOTS MUST BE *ACTUALLY RECEIVED* BY THE VOTING AND TABULATION AGENT, LOGAN & COMPANY, INC., NO LATER THAN 5:00 P.M., EASTERN TIME, ON NOVEMBER 6, 2001. IN ADDITION, CREDITORS AND EQUITY HOLDERS WHOSE CLAIMS OR INTERESTS ARE HELD IN THE NAME OF A BROKER, DEALER, BANK OR OTHER NOMINEE MUST DELIVER THEIR BALLOTS TO THEIR RESPECTIVE NOMINEE HOLDERS NO LATER THAN NOVEMBER 1, 2001 IN ORDER TO ENSURE THAT THEIR VOTES WILL BE COUNTED.

Sincerely,

John S. Lacey
Chairman

Paul A. Houston
President and CEO

BINGHAM DANA

September 10, 2001

In re Loewen Group International, Inc., et al., Case No. 99-1244 (PJW)
(Jointly Administered)
(United States Bankruptcy Court, District of Delaware)

Bingham Dana LLP
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Boston
New York
Washington
Los Angeles
Hartford
London
Singapore

To: Unsecured Creditors of Loewen Group International, Inc. and Affiliated Chapter 11 Debtors

Re: Fourth Amended Joint Plan of Reorganization

Dear Claimant:

We are counsel to the Official Committee of Unsecured Creditors (the "Committee") in these chapter 11 bankruptcy cases. The Office of the United States Trustee appointed the Committee to represent the interests of all unsecured creditors (the "Unsecured Creditors") of the various Loewen entities (the "Debtors"). On behalf of the Committee, we have asked the Debtors to include this letter to Unsecured Creditors as part of the materials soliciting votes on the Debtors' Fourth Amended Joint Plan of Reorganization (the "Plan").

As you may know, and as more particularly described in the Debtors' Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code for the Fourth Amended Joint Plan of Reorganization (the "Disclosure Statement"), almost all of the value of the Debtors' assets is subject to security interests in favor of the so-called Collateral Trust Agreement ("CTA") debt in the approximate amount of $2.1 billion. This means that, normally, the holders of the CTA debt would be entitled to payment in full out of their collateral (the "CTA Collateral") before any distributions could be made to Unsecured Creditors.

Further, the small amount of value in the Debtors' estates that is not part of the CTA Collateral, and not needed to pay certain priority and other claims, normally would need to be shared by a pool of unsecured creditors that would include not only the non-CTA Unsecured Creditors (the "General Unsecured Creditors"), but also the CTA debt holders with respect to their "deficiency" claims (meaning the amount by which the sum they are owed exceeds the value of the CTA Collateral). On that basis, the vast majority of the Debtors' General Unsecured Creditors would be entitled to only a *de minimis* (less than 1.0%) distribution

under the Plan, except for a relatively small number of General Unsecured Creditors with claims against certain subsidiary Debtors.

However, as described in the Disclosure Statement, the Committee joined with certain other parties to raise questions regarding the validity of the security interests with respect to about one-half of the CTA debt. As a result of these questions, and after lengthy negotiations among the Committee, the Debtors and other parties, a settlement (the "Settlement") has been reached which is embodied in the terms of the Plan.

Bingham Dana LLP
www.bingham.com

As it applies to General Unsecured Creditors, the Settlement provides two substantial benefits. First, the "deficiency" claims of the CTA debt holders are excluded from the pool of unsecured creditors. Accordingly, the CTA deficiency claims will not dilute the recovery for General Unsecured Creditors. Second, the amount available for distribution to General Unsecured Creditors has been increased substantially. The recoveries for General Unsecured Creditors are described in the Disclosure Statement, and are summarized in Loewen Management's Letter To Creditors And Other Interested Parties, dated September 10, 2001.

The Committee supports the Plan as a good result for General Unsecured Creditors, representing a fair and reasonable compromise of the questions raised by the Committee with respect to the CTA debt. In particular, the Committee believes that the Plan provides General Unsecured Creditors with a greater recovery than they would receive through a liquidation of the Debtors' assets. **ACCORDINGLY, THE COMMITTEE RECOMMENDS TO ALL GENERAL UNSECURED CREDITORS THAT THEY VOTE TO ACCEPT THE PLAN.**

As noted above, this letter accompanies materials pertaining to the Plan, including the Disclosure Statement. The descriptions in this letter are intended as general summaries only and are qualified in their entirety by the discussions in the Disclosure Statement and the actual terms and provisions of the Plan itself. The Disclosure Statement also provides background information about the Debtors, including going concern and liquidation valuations. **THE DISCLOSURE STATEMENT AND RELATED MATERIALS ARE IMPORTANT DOCUMENTS THAT ARE INTENDED TO ASSIST YOU IN REACHING A DECISION AS TO WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN.**

The Committee encourages you to read the Plan, the Disclosure Statement and the related materials very carefully. If you have a lawyer, we recommend that you speak with him or her to reach an informed decision on how to vote your claim.

Bingham Dana LLP
www.bingham.com

PLEASE NOTE THAT, TO BE COUNTED, BALLOTS MUST BE *ACTUALLY RECEIVED* BY THE VOTING AND TABULATION AGENT, LOGAN & COMPANY, INC., NO LATER THAN 5:00 P.M., EASTERN TIME, ON NOVEMBER 6, 2001. IN ADDITION, GENERAL UNSECURED CREDITORS WHOSE CLAIMS ARE HELD IN THE NAME OF A BROKER, DEALER, BANK OR OTHER NOMINEE MUST DELIVER THEIR BALLOTS TO THEIR RESPECTIVE NOMINEE HOLDERS NO LATER THAN NOVEMBER 1, 2001 TO ENSURE THAT THEIR VOTES WILL BE COUNTED. Detailed instructions for completing and returning your ballot are contained in the Disclosure Statement and the voting instructions accompanying your ballot.

The Committee and the Debtors believe that the Plan is in the best interests of General Unsecured Creditors. Both the Committee and the Debtors support confirmation of the Plan by the Bankruptcy Court.

We urge you to review carefully the enclosed materials and to vote to "Accept" the Plan.

Very truly yours,

BINGHAM DANA LLP

By _____
Evan D. Flaschen

YOUNG CONAWAY STARGATT & TAYLOR, LLP

By _____
James L. Patton, Jr.
Maureen D. Luke

Counsel for the Official Committee of Unsecured Creditors

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re:	:	
	:	**Jointly Administered**
LOEWEN GROUP INTERNATIONAL,	:	**Case No. 99-1244 (PJW)**
INC., a Delaware corporation, et al.,	:	
	:	**Chapter 11**
Debtors.	:	

NOTICE OF (A) DEADLINE FOR CASTING VOTES TO ACCEPT OR REJECT PROPOSED JOINT PLAN OF REORGANIZATION, (B) HEARING TO CONSIDER CONFIRMATION OF PROPOSED JOINT PLAN OF REORGANIZATION AND APPROVAL OF COLLATERAL TRUST AGREEMENT SETTLEMENT AND (C) RELATED MATTERS

PLEASE TAKE NOTICE THAT, on September 10, 2001, the above-captioned debtors and debtors in possession (collectively, the "Debtors") filed the Fourth Amended Joint Plan of Reorganization of Loewen Group International, Inc., Its Parent Corporation and Certain of Their Debtor Subsidiaries (as such may be amended, the "Plan"), and a related Disclosure Statement (as such may be amended, the "Disclosure Statement") under section 1125 of the Bankruptcy Code, 11 U.S.C. ' 1125. Capitalized terms not otherwise defined herein have the meanings given to them in the Plan.

PLEASE TAKE FURTHER NOTICE THAT, pursuant to an order of the Bankruptcy Court dated September 4, 2001 (the "Disclosure Statement Order"), the Disclosure Statement and certain related materials (collectively, the "Solicitation Materials") have been approved for solicitation of votes to accept or reject the Plan. In accordance with the Disclosure Statement Order, certain Solicitation Materials have been provided with this Notice, including copies of the Disclosure Statement and the Plan (without certain exhibits thereto).

PLEASE TAKE FURTHER NOTICE THAT a hearing to consider Confirmation of the Plan (the "Confirmation Hearing") and the fairness and reasonableness of the settlement of the collateral trust agreement ("CTA") dispute and related matters embodied in the Plan will be held before the Honorable Peter J. Walsh, Chief United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801, commencing on November 27, 2001 at 9:30 a.m., Eastern Time and, if necessary, continuing through and including November 29, 2001.

PLEASE TAKE FURTHER NOTICE THAT, pursuant to the Disclosure Statement Order, the Bankruptcy Court approved certain procedures for the tabulation of votes to

accept or reject the Plan. If you are the holder of a Claim or Interest against one of the Debtors as of August 16, 2001 (the record date established in the Disclosure Statement Order) in a Class entitled to vote on the Plan, you have received with this Notice a ballot form (a "Ballot") and voting instructions appropriate for your Claim or Interest. The following procedures apply with respect to voting your Claim:

a. Except as provided in subparagraph (b) below, for your vote to accept or reject the Plan to be counted, you must complete all required information on the Ballot, execute the Ballot and return the completed Ballot to the address indicated on the Ballot so that it is received by 5:00 p.m., Eastern Time, on November 6, 2001 (the "Voting Deadline"). Any failure to follow the voting instructions included with the Ballot or to return a properly completed Ballot so that it is received by the Voting Deadline may disqualify your Ballot and your vote.

b. ***IF YOUR CLAIM IS BASED ON OBLIGATIONS OWED UNDER THE DEBTORS' SERIES 1, SERIES 2, SERIES 3, SERIES 4, SERIES 5, SERIES 6, SERIES 7 OR PATS NOTES (COLLECTIVELY, THE "PUBLIC NOTES") OR IF YOU HOLD A LOEWEN GROUP CAPITAL, L.P. MIPS PARTNERSHIP INTEREST, AND SUCH CLAIM OR INTEREST IS HELD IN RECORD NAME BY A BROKER, BANK, DEALER OR OTHER AGENT OR NOMINEE (A "MASTER BALLOT AGENT"), YOU MUST COMPLETE, EXECUTE AND RETURN YOUR BALLOT TO YOUR MASTER BALLOT AGENT NO LATER THAN NOVEMBER 1, 2001 IN ORDER TO ENSURE THAT YOUR VOTE WILL BE COUNTED. YOU ARE URGED TO READ CAREFULLY ALL INSTRUCTIONS RECEIVED WITH YOUR SOLICITATION MATERIALS TO ENSURE THAT YOUR BALLOT IS PROPERLY COMPLETED AND TIMELY SUBMITTED.***

c. Your Claim or Interest has been temporarily allowed or disallowed solely for purposes of voting to accept or reject the Plan in accordance with the following tabulation rules approved by the Bankruptcy Court in the Disclosure Statement Order (the "Tabulation Rules"):

i. unless otherwise provided in the Tabulation Rules described below, a Claim will be deemed temporarily allowed for voting purposes in an amount equal to: (A) the noncontingent, liquidated and undisputed amount of such Claim as set forth in the Schedules; or (B) if a proof of Claim has been timely filed in respect of such Claim, the noncontingent, liquidated and undisputed amount set forth in such proof of Claim;

ii. if a Claim is deemed allowed in accordance with the Plan, such Claim will be temporarily allowed for voting purposes in the deemed allowed amount set forth in the Plan;

iii. if a Claim for which a proof of Claim has been timely filed and has not been disallowed is marked or otherwise referenced on its face by the creditor as contingent, unliquidated or disputed, either in whole or in part, only the noncontingent, liquidated and undisputed portion, if any, of such Claim shall be deemed temporarily allowed for voting purposes, and the remaining portion of such Claim shall be disallowed for voting purposes;

iv. if a Claim has been estimated or otherwise allowed for voting purposes by order of the Bankruptcy Court, such Claim will be temporarily allowed for voting purposes in the amount so estimated or allowed by the Bankruptcy Court;

v. with respect to a Claim as to which (A) the Claim is (I) listed in the Schedules as contingent, unliquidated or disputed or (II) not listed in the Schedules and (B) a proof of Claim was not timely filed, such Claim will be disallowed for voting purposes;

vi. if the Debtors have filed and served an objection to a Claim on or before the date of service of this Notice, such Claim will be temporarily allowed or disallowed for voting purposes in accordance with the relief sought in the objection;

vii. if a Claim has been submitted for resolution pursuant to the alternative dispute resolution procedures (the "ADR Procedures") approved by the Bankruptcy Court by its Order Approving Alternative Dispute Resolution Procedures (D.I. 3345) and the Claim has not been resolved pursuant to the ADR Procedures or otherwise, such Claim will be disallowed for voting purposes;

viii. if a Claim holder identifies a Claim amount on its Ballot that is less than the amount otherwise calculated in accordance with the Tabulation Rules, the Claim will be temporarily allowed for voting purposes in the lesser amount identified on such Ballot;

ix. with respect to CTA Note Claims asserted by holders of Public Notes, the amounts of such Claims for voting purposes will be the lesser of (A) the amounts provided to the Debtors by the applicable Indenture Trustee on the Record Holder Register or the Master Ballot Agent Register (as such terms are defined in the Disclosure Statement Order), as applicable, or (B) the amounts identified by an Individual Record Holder (as such term is defined in the Disclosure Statement Order) on a Form A Individual Ballot (as such term is defined in the Disclosure Statement Order) or by a Master Ballot Agent on a Master Ballot (as such term is defined in

the Disclosure Statement Order), in each case calculated in accordance with the procedures set forth below;

x. with respect to CTA Note Claims asserted under the BMO Revolving Credit Facility and the MEIP Credit Facility, the amounts of such Claims for voting purposes will be the lesser of (A) the amounts provided to the Debtors by the applicable agent bank or (B) the amounts identified by an Individual Bank Claimant (as such term is defined in the Disclosure Statement Order) on an individual Ballot; and

xi. with respect to MIPS Partnership Interests, the amounts of such Interests for voting purposes will be the lesser of (A) the amounts provided to the Debtors by The Depository Trust Company ("DTC") on the Record Holder Register or the Master Ballot Agent Register, as applicable, or (B) the amounts identified by an Individual Record Holder on a Form A Individual Ballot or by a Master Ballot Agent on a Master Ballot, in each case calculated in accordance with the procedures set forth below.

d. *The allowance or disallowance of your Claim or Interest for voting purposes does not constitute an allowance or disallowance of your Claim or Interest for purposes of receiving distributions under the Plan and is without prejudice to the rights of the Debtors in any other context. If you wish to challenge the allowance or disallowance of your Claim or Interest for voting purposes in accordance with the Tabulation Rules, you must file a motion, pursuant to Bankruptcy Rule 3018(a), for an order temporarily allowing your Claim or Interest in a different amount or classification for purposes of voting to accept or reject the Plan (a "Rule 3018 Motion") and serve such motion on counsel to the Debtors identified below so that it is received by September 29, 2001. An omnibus hearing to consider all timely filed Rule 3018 Motions (the "Omnibus Rule 3018 Hearing") will be held before the Honorable Peter J. Walsh, Chief United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801 on October 30, 2001 at 1:30 p.m., Eastern Time. Your Claim or Interest will be temporarily allowed or disallowed for voting purposes in the amount proposed in your Rule 3018 Motion, unless you and the Debtors agree otherwise or the Debtors or other parties in interest object to your Rule 3018 Motion no later than five days before the Omnibus Rule 3018 Hearing. In connection with your Rule 3018 Motion, you may submit testimony as to the amount of your Claim or Interest by affidavit.*

PLEASE TAKE FURTHER NOTICE THAT THE PLAN EMBODIES A SETTLEMENT OF THE CTA DISPUTE IN RESPECT OF THE TREATMENT OF THE CTA NOTE CLAIMS AND CERTAIN RELATED MATTERS. ONE OF THE CONDITIONS TO CONFIRMATION OF THE PLAN IS THAT THE BANKRUPTCY COURT SHALL HAVE ENTERED AN ORDER (WHICH WILL BE PART OF THE

CONFIRMATION ORDER) APPROVING AND AUTHORIZING, PURSUANT TO BANKRUPTCY RULE 9019, THE SETTLEMENT OF THE CTA DISPUTE AND OTHER ISSUES RELATING TO THE CTA NOTE CLAIMS EMBODIED IN THE PLAN AND PROVIDING FOR THE DISMISSAL OF ALL CLAIMS IN ADVERSARY PROCEEDING NO. 00-01181 PENDING BEFORE THE BANKRUPTCY COURT (THE "CTA PROCEEDING") AND FOR RELEASES OF CLAIMS BY CTA NOTEHOLDERS AND OTHERS AGAINST CERTAIN THIRD PARTIES, WHETHER OR NOT THEY VOTE. THE DEBTORS WILL REQUEST THAT THE BANKRUPTCY COURT, IN CONNECTION WITH ITS CONSIDERATION OF THE PLAN, RULE THAT THE SETTLEMENT OF THE CTA DISPUTE EMBODIED IN THE PLAN IS FAIR AND REASONABLE, IN THE BEST INTERESTS OF THE DEBTORS' ESTATES AND IN COMPLIANCE WITH THE RELEVANT STANDARDS FOR APPROVAL OF SETTLEMENTS UNDER BANKRUPTCY RULE 9019.

PLEASE TAKE FURTHER NOTICE THAT the Plan provides Bankers Trust Company ("BT") and State Street Bank and Trust Company ("State Street") the right to file, no later than October 5, 2001 and October 1, 2001, respectively, motions ("Reserve Determination Motions") for the Bankruptcy Court to determine reserve amounts, if any, in respect of the indemnified fee and expense Claims in Classes 22 and 23, respectively, under the Plan.

PLEASE TAKE FURTHER NOTICE THAT objections, if any, to Confirmation of the Plan and the Reserve Determination Motions must: (a) be in writing and filed in accordance with the electronic filing procedures established by the Bankruptcy Court; (b) state the name and address of the objecting party and the nature of the Claim or Interest of such party; (c) state with particularity the basis and nature of any objection; and (d) be filed with the Bankruptcy Court and served so that they are received no later than 4:00 p.m., Eastern Time, on November 6, 2001 by: (i) the Debtors, The Loewen Group Inc., 2225 Sheppard Avenue East, Atria North III, 11th Floor, Toronto, Ontario, Canada M2J 5C2 (Attn: Bradley D. Stam, Esq.); (ii) counsel to the Debtors identified below; (iii) counsel to the Creditors' Committee, (A) Bingham Dana LLP, One State Street, Hartford, Connecticut 06103 (Attn: Evan D. Flaschen, Esq. and Patrick J. Trostle, Esq.) and (B) Young, Conaway, Stargatt & Taylor LLP, Rodney Square North, 11th Floor, P.O. Box 391, Wilmington, Delaware 19899-0391 (Attn: Maureen D. Luke, Esq.); and (iv) the Office of the United States Trustee, 950 Curtis Center West, 601 Walnut Street, Philadelphia, Pennsylvania 19106 (Attn: Joseph J. McMahon, Esq.); and (v) in the instance of the Reserve Determination Motions, counsel to BT and State Street.

PLEASE TAKE FURTHER NOTICE THAT copies of the Disclosure Statement and the Plan (with all exhibits filed with the Bankruptcy Court) are available for review at the Document Reviewing Centers. In addition, copies of the Disclosure Statement and the Plan (with all exhibits filed with the Bankruptcy Court) are available through the following copy services: (a) IKON Office Solutions, Inc., 901 North Market Street, Suite 310, Wilmington, Delaware 19801 (telephone number 302-777-4500; fax number 302-777-5155); and (b) Lason Systems, Inc., 920 North King Street, Suite 505, Wilmington, Delaware 19801 (telephone number 302-426-1500; fax number 302-426-1503). Furthermore, copies of the Plan and the

exhibits thereto, the Disclosure Statement and the exhibits thereto, the CTA and pleadings filed in the CTA Proceeding may be accessed at no cost on the Internet at http://www.loewenreorgplan.com.

PLEASE TAKE FURTHER NOTICE THAT, if you have questions regarding the Disclosure Statement, the Plan or the Ballots (if any) that you receive to vote on the Plan, please call the Debtors' solicitation agent, Georgeson Shareholder Communications, Inc., at (888) 421-5883.

PLEASE TAKE FURTHER NOTICE THAT the Confirmation Hearing may be continued from time to time without further notice other than the announcement of the adjourned date(s) at the Confirmation Hearing or any continued hearing.

Dated: September 10, 2001
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL

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ATTORNEYS FOR DEBTORS
AND DEBTORS IN POSSESSION

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

IN RE:	:	**Jointly Administered**
LOEWEN GROUP INTERNATIONAL, INC.,	:	**Case No. 99-1244 (PJW)**
a Delaware corporation, *et al.*,	:	**Chapter 11**
	:	
Debtors.	:	
	:	

DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE FOR THE FOURTH AMENDED JOINT PLAN OF REORGANIZATION OF LOEWEN GROUP INTERNATIONAL, INC., ITS PARENT CORPORATION AND CERTAIN OF THEIR DEBTOR SUBSIDIARIES

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ATTORNEYS FOR DEBTORS AND DEBTORS IN POSSESSION

September 10, 2001

DISCLOSURE STATEMENT, DATED SEPTEMBER 10, 2001

SOLICITATION OF VOTES WITH RESPECT TO THE FOURTH AMENDED JOINT PLAN OF REORGANIZATION OF LOEWEN GROUP INTERNATIONAL, INC., ITS PARENT CORPORATION AND CERTAIN OF THEIR DEBTOR SUBSIDIARIES

THE BOARDS OF DIRECTORS OF LOEWEN GROUP INTERNATIONAL, INC. ("LGII"), ITS PARENT CORPORATION, THE LOEWEN GROUP INC. ("TLGI"), AND EACH OF THEIR DEBTOR SUBSIDIARIES LISTED ON EXHIBIT I (THE "LOEWEN SUBSIDIARY DEBTORS," AND COLLECTIVELY WITH LGII AND TLGI, THE "DEBTORS") AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS APPOINTED IN THE REORGANIZATION CASES (THE "CREDITORS' COMMITTEE") BELIEVE THAT THE FOURTH AMENDED JOINT PLAN OF REORGANIZATION OF LOEWEN GROUP INTERNATIONAL, INC., ITS PARENT CORPORATION AND CERTAIN OF THEIR DEBTOR SUBSIDIARIES, DATED SEPTEMBER 10, 2001 AND ATTACHED AS EXHIBIT II (THE "PLAN"), IS IN THE BEST INTERESTS OF CREDITORS AND HOLDERS OF THE 9.45% CUMULATIVE MONTHLY INCOME PREFERRED SECURITIES, SERIES A (THE "MIPS") ISSUED BY LOEWEN GROUP CAPITAL, L.P. ("LGCLP"). ALL CREDITORS AND EQUITY HOLDERS ENTITLED TO VOTE THEREON ARE URGED TO VOTE IN FAVOR OF THE PLAN. A SUMMARY OF THE VOTING INSTRUCTIONS IS SET FORTH BEGINNING ON PAGE 156 OF THIS DISCLOSURE STATEMENT. MORE DETAILED INSTRUCTIONS ARE CONTAINED ON THE BALLOTS DISTRIBUTED TO CREDITORS AND EQUITY HOLDERS ENTITLED TO VOTE ON THE PLAN. TO BE COUNTED, BALLOTS MUST BE DULY COMPLETED, EXECUTED AND RECEIVED BY 5:00 P.M., EASTERN TIME, ON NOVEMBER 6, 2001 (THE "VOTING DEADLINE"), UNLESS EXTENDED. A CREDITOR OR EQUITY HOLDER WHOSE CLAIMS OR INTERESTS ARE HELD IN THE NAME OF A BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE MUST COMPLETE AND DELIVER TO SUCH NOMINEE THE BALLOT(S) PROVIDED TO SUCH CREDITOR OR EQUITY HOLDER IN ORDER TO VOTE ON THE PLAN. SUCH CREDITORS AND EQUITY HOLDERS SHOULD DELIVER SUCH BALLOT(S) TO THEIR RESPECTIVE NOMINEE HOLDERS NO LATER THAN NOVEMBER 1, 2001 IN ORDER TO ENSURE THAT THEIR VOTE WILL BE COUNTED.

THE CONFIRMATION AND EFFECTIVENESS OF THE PROPOSED PLAN ARE SUBJECT TO MATERIAL CONDITIONS PRECEDENT, SOME OF WHICH MAY NOT BE SATISFIED. SEE "OVERVIEW OF THE PLAN — CONDITIONS TO CONFIRMATION AND THE EFFECTIVE DATE OF THE PLAN" AND "VOTING AND CONFIRMATION OF THE PLAN — ACCEPTANCE OR CRAMDOWN." THERE IS NO ASSURANCE THAT THESE CONDITIONS WILL BE SATISFIED OR WAIVED.

No person is authorized by any of the Debtors in connection with the Plan or the solicitation of acceptances of the Plan to give any information or to make any representation other than as contained in this Disclosure Statement and the exhibits and schedules attached hereto or incorporated by reference or referred to herein, and, if given or made, such information or representation may not be relied upon as having been authorized by any of the Debtors. Although the Debtors will make available to creditors and equity holders entitled to vote on the Plan such additional information as may be required by applicable law prior to the Voting Deadline, the delivery of this Disclosure Statement will not under any circumstances imply that the information herein is correct as of any time subsequent to the date hereof.

ALL CREDITORS AND EQUITY HOLDERS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ AND CAREFULLY CONSIDER THIS ENTIRE DISCLOSURE STATEMENT, INCLUDING THE PLAN ATTACHED AS EXHIBIT II AND THE MATTERS DESCRIBED UNDER "RISK FACTORS," PRIOR TO SUBMITTING BALLOTS PURSUANT TO THIS SOLICITATION.

The summaries of the Plan and the other documents contained in this Disclosure Statement are qualified by reference to the Plan itself, the exhibits thereto and documents described therein as being Filed prior to approval of the Disclosure Statement.

The information contained in this Disclosure Statement, including the information regarding the history, businesses and operations of the Debtors, the historical, projected and budgeted financial information regarding the Debtors and the liquidation analyses relating to the Debtors, is included for purposes of soliciting acceptances of the Plan, but, as to contested matters and adversary proceedings, is not to be construed as admissions or stipulations but rather as statements made in settlement negotiations.

FORWARD-LOOKING STATEMENTS: THIS DISCLOSURE STATEMENT INCLUDES FORWARD-LOOKING STATEMENTS BASED LARGELY ON THE CURRENT EXPECTATION OF THE DEBTORS AND PROJECTIONS ABOUT FUTURE EVENTS AND FINANCIAL TRENDS AFFECTING THE FINANCIAL CONDITION OF THE DEBTORS' OR THE REORGANIZED DEBTORS' BUSINESSES. THE WORDS "BELIEVE," "MAY," "WILL," "ESTIMATE," "CONTINUE," "ANTICIPATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS IDENTIFY THESE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO A NUMBER OF RISKS, UNCERTAINTIES AND ASSUMPTIONS, INCLUDING THOSE DESCRIBED BELOW UNDER THE CAPTION "RISK FACTORS." IN LIGHT OF THESE RISKS AND UNCERTAINTIES, THE FORWARD-LOOKING EVENTS AND CIRCUMSTANCES DISCUSSED IN THIS DISCLOSURE STATEMENT MAY NOT OCCUR AND ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THE FORWARD-LOOKING STATEMENTS. NEITHER THE DEBTORS NOR THE REORGANIZED DEBTORS UNDERTAKE ANY OBLIGATION TO PUBLICLY UPDATE OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY CANADIAN SECURITIES ADMINISTRATOR ("CSA") OR ANY STOCK EXCHANGE, NOR HAS THE SEC, ANY CSA OR ANY STOCK EXCHANGE PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

IF YOU HAVE ANY QUESTIONS REGARDING THIS DISCLOSURE STATEMENT, THE PLAN OR THE BALLOT(S) (IF ANY) THAT YOU HAVE RECEIVED, PLEASE CONTACT THE DEBTORS' SOLICITATION AGENT, GEORGESON SHAREHOLDER COMMUNICATIONS, INC., AT (888) 421-5883.

All capitalized terms in this Disclosure Statement not otherwise defined herein have the meanings given to them in the Plan.

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Exhibit II - Fourth Amended Joint Plan of Reorganization of Loewen Group International, Inc., Its Parent Corporation and Certain of Their Debtor Subsidiaries

Exhibit III - Liquidation Analysis

Exhibit IV - Memorandum entitled "The Status of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS under the Collateral Trust Agreement (Amended and Restated)" dated as of September 19, 2000

Exhibit V - Summary of Disclosure Supplement being provided separately to holders of Class 8 and 11 Claims

ADDITIONAL INFORMATION

Any statements in this Disclosure Statement concerning the provisions of any document are not necessarily complete, and in each instance reference is made to such document for the full text thereof. Certain documents described or referred to in this Disclosure Statement have not been attached as exhibits because of the impracticability of furnishing copies of these documents to all recipients of this Disclosure Statement. All of the exhibits and schedules to the Plan (once Filed with the Bankruptcy Court) and this Disclosure Statement are available for inspection during regular business hours at the Document Reviewing Centers located at: (a) the office of Jones, Day, Reavis & Pogue, 901 Lakeside Avenue, Cleveland, Ohio 44114; (b) the office of Jones, Day, Reavis & Pogue, 599 Lexington Avenue, 32nd Floor, New York, New York 10022; (c) the office of Meighen Demers LLP, Suite 1100, Merrill Lynch Canada Tower, 200 King Street West, Toronto, Canada M5H 3T4; or (d) at any other location designated by the Debtors, and may be obtained from the copy services identified in the notice of the Confirmation Hearing. Also, this Disclosure Statement and the exhibits hereto, the Plan and the exhibits thereto and certain additional documents and information described or referred to herein are or will be available to the public over the Internet on the web site at http://www.loewenreorgplan.com.

In addition, TLGI files reports and other documents with the SEC in accordance with the requirements of the Securities Exchange Act of 1934, as amended. TLGI's filings with the SEC, including its Form 10-K Annual Report for the year ended December 31, 2000 (the "TLGI 2000 Form 10-K") and its Form 10-Q Quarterly Report for the quarter ended June 30, 2001 (the "TLGI Second Quarter 2001 Form 10-Q"), are available to the public over the Internet on the SEC's web site at http://www.sec.gov. Such filings may also be inspected at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. Information regarding the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The TLGI 2000 Form 10-K and the TLGI Second Quarter 2001 Form 10-Q are also available for inspection during regular business hours at the Document Reviewing Centers.

LGII has made and will be making filings with the SEC. Such filings are or, when made, will be available at the SEC's web site at http://www.sec.gov and at the SEC's Public Reference Room.

INTRODUCTION

The Debtors are seeking approval of the Plan, a copy of which is attached as Exhibit II. This Disclosure Statement is submitted by the Debtors in connection with the solicitation of acceptances of the Plan.

The confirmation of a plan of reorganization, which is the vehicle for satisfying the rights of holders of claims against and equity interests in a debtor, is the overriding goal of a chapter 11 case. The primary objectives of the Plan are to: (a) alter the Debtors' debt and capital structures to permit them to emerge from their chapter 11 cases with viable capital structures; (b) maximize the value of the ultimate recoveries to all creditor groups on a fair and equitable basis; and (c) settle, compromise or otherwise dispose of certain claims and interests on terms that the Debtors believe to be fair and reasonable and in the best interests of their respective Estates, creditors and equity holders. The Plan provides for, among other things: (a) transactions that will result in the ultimate parent company in the corporate structure being Reorganized LGII, a Delaware corporation; (b) the cancellation of stock in Non-Ownership Regulated Debtors other than stock owned by a Loewen Company; (c) the cancellation of the MIPS Junior Subordinated Debentures, the MIPS Junior Subordinated Debenture Guarantee, the MIPS and the MIPS Guarantee in exchange for New Warrants (if the holders of the MIPS accept the Plan); (d) the cancellation of the CTA Note Claims in exchange for a combination of cash, New Five-Year Secured Notes, if issued, New Two-Year Unsecured Notes, if issued, New Seven-Year Unsecured Notes and New Common Stock; (e) the cancellation of certain other indebtedness in exchange for cash, New Common Stock, New Warrants or interests in the Liquidating Trust; (f) the satisfaction of certain Administrative Claims through the issuance of the New Unsecured Subordinated Convertible Notes and New Common Stock as contemplated by the Blackstone Settlement Agreement; (g) the assumption, assumption and assignment or rejection of Executory Contracts and Unexpired Leases to which any Debtor is a party; (h) the selection of boards of directors of Reorganized LGII and the Reorganized Loewen Subsidiary Debtors; and (i) the corporate restructuring of the Loewen Subsidiary Debtors to simplify the Debtors' corporate structure. In addition, a similar restructuring of certain of the Canadian subsidiaries of TLGI and certain other transactions resulting in the transfer of substantially all of TLGI's assets to LGII will be effected pursuant to the CCAA Order and the Plan. Reorganized LGII will be the issuer of the New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes, the New Unsecured Subordinated Convertible Notes, the New Common Stock and the New Warrants to be issued to various creditors and holders of the MIPS as of the Effective Date as described below. The Liquidating Trust will be established and the initial Liquidating Trust Assets will be transferred to the Liquidating Trust on the Effective Date, all as described below.

As more fully described below, there has been substantial controversy and an adversary proceeding (the "CTA Proceeding") over certain alleged deficiencies with respect to filings required under the CTA and the effect of such alleged deficiencies on the relative rights of the holders of more than $2 billion of CTA Note Claims. See "Collateral Trust Agreement Issues; Recovery Actions; and Other Legal Proceedings." A highly respected law professor and authority on commercial and bankruptcy law conducted a Bankruptcy Court mandated mediation that failed to produce a settlement of the issues. Following such failure, certain of the parties to the mediation continued to negotiate regarding Plan treatments for the CTA Note Claims and certain other Plan issues, including without limitation: (a) the treatment of such parties' attorneys' fee and expense claims; (b) the release of certain preference avoidance causes of action; (c) the post-confirmation indemnification of the Indenture Trustees under the Prepetition Indentures governing the Public Notes in certain circumstances; (d) the potential treatment of certain claims of the CTA Trustee and State Street Bank and Trust Company ("State Street"); and (e) the commitment by the Reorganized Debtors to fund potential litigation by the holders of Group III CTA Note Claims against third parties in respect of the CTA Issue. The Plan reflects an overall settlement among the Principal CTA Creditors and the Debtors relating to these issues and constitutes a request pursuant to Bankruptcy Rule 9019 for approval of the settlements embodied in the Plan. The Indenture Trustees, while they did participate in the mediation, are making no recommendation to holders of CTA Note Claims concerning the proposed settlement or whether such holders should vote in favor of the Plan. See "Collateral Trust Agreement Issues; Recovery Actions; and Other Legal Proceedings — Collateral Trust Agreement Issues."

As a result of certain pending litigation and the possible sale of the Michigan Cemeteries in connection with the settlement thereof, the Michigan Cemetery Debtors are not "Debtors" under the Plan. See "Operations During the Reorganization Cases — Michigan Cemeteries."

By an order of the Bankruptcy Court dated September 4, 2001, this Disclosure Statement has been approved as containing "adequate information" for creditors and equity holders of the Debtors in accordance with section 1125 of the Bankruptcy Code. The Bankruptcy Code defines "adequate information" as "information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and the history of the debtor and the condition of the debtor's books and records, that would enable a hypothetical reasonable investor typical of holders of claims or interests of the relevant class to make an informed judgment about the plan . . . ." 11 U.S.C. § 1125(a)(1).

THE DEBTORS' BOARDS OF DIRECTORS AND THE CREDITORS' COMMITTEE (THE STATUTORY REPRESENTATIVE OF UNSECURED CREDITORS) BELIEVE THAT THE PLAN IS IN THE BEST INTERESTS OF CREDITORS AND HOLDERS OF THE MIPS. ALL CREDITORS AND EQUITY HOLDERS ENTITLED TO VOTE ARE URGED TO VOTE IN FAVOR OF THE PLAN BY NO LATER THAN 5:00 P.M., EASTERN TIME, ON THE VOTING DEADLINE.

The requirements for Confirmation, including the vote of creditors and holders of the MIPS to accept the Plan and certain of the statutory findings that must be made by the Bankruptcy Court, are set forth in "Voting and Confirmation of the Plan." Confirmation of the Plan and the occurrence of the Effective Date are subject to a number of significant conditions, which are summarized in "Overview of the Plan — Conditions to Confirmation and the Effective Date of the Plan." There is no assurance that these conditions will be satisfied or waived.

OVERVIEW OF THE PLAN

Introduction

The following is a brief overview of certain material provisions of the Plan. This overview is qualified in its entirety by reference to the provisions of the Plan, a copy of which is attached as Exhibit II, and the exhibits thereto, as amended from time to time, which are or will be available for inspection at the Document Reviewing Centers and over the Internet on the web site at http://www.loewenreorgplan.com. See "Additional Information." For a description of certain other significant terms and provisions of the Plan, see "General Information Concerning the Plan" and "Distributions Under the Plan."

Changes to Corporate Structure

TLGI was organized under the laws of British Columbia, Canada, and conducts its business through more than 1,000 subsidiaries, including, among others, LGII, the Loewen Subsidiary Debtors and the CCAA Debtors. Certain changes in the corporate structure of TLGI and its subsidiaries will be effected pursuant to or in connection with the Plan or CCAA Order, including: (a) the cancellation of each share of LGII Old Stock, the transfer of substantially all of the assets of TLGI to LGII and the effectuation of certain transactions relating to the NAFTA Claims (the "Reinvestment Transactions"); and (b) in each state in which the Debtors conduct business, the restructuring of the Loewen Subsidiary Debtors organized under the laws of such state so as to reduce the number of Loewen Companies organized in such state to the maximum extent permissible and determined by the Debtors to be appropriate, taking into account applicable regulatory requirements and other pertinent considerations (the "Subsidiary Restructuring Transactions," and, collectively with the Reinvestment Transactions, the "Restructuring Transactions"). In addition, (a) a similar restructuring of certain of the Canadian subsidiaries of TLGI will be effected pursuant to the CCAA Order and (b) certain transactions resulting in Reorganized LGII becoming the owner of all of the outstanding capital stock of Rose Hills Holding Corp. are expected to be effected pursuant to the Blackstone Settlement Agreement. As a result of the foregoing transactions, the ultimate parent company in the corporate structure will be Reorganized LGII, a Delaware corporation, and Reorganized LGII will have substantially fewer subsidiaries than TLGI has currently. See "Reorganized LGII — Restructuring Transactions." See also "Operations During the Reorganization Cases — Blackstone Transaction" for a description of the Blackstone Settlement Agreement and "Collateral Trust Agreement Issues; Recovery Actions; and Other Legal Proceedings — Other Legal Proceedings — NAFTA Claims" for a description of the transactions relating to the NAFTA Claims.

General Information Concerning Treatment of Claims and Interests

The Plan provides that holders of Allowed Claims in certain Classes will, in respect of their Claims, be entitled to distributions of: (a) cash; (b) New Five-Year Secured Notes, if issued; (c) New Two-Year Unsecured Notes, if issued; (d) New Seven-Year Unsecured Notes; (e) New Common Stock; (f) New Warrants; or (g) interests in the Liquidating Trust. The Plan also provides that holders of certain Allowed Administrative Claims will, in satisfaction of such Claims, be entitled to distributions of New Unsecured Subordinated Convertible Notes and New Common Stock as contemplated by the Blackstone Settlement Agreement and that holders of certain other Allowed Administrative Claims will, in satisfaction of such Claims, be entitled to distributions of New Common Stock as contemplated by the Key Employee Retention Program. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness" for a description of the New Five-Year Secured Notes, New Two-Year Unsecured Notes, New Seven-Year Unsecured Notes, New Unsecured Subordinated Convertible Notes, New Common Stock and New Warrants to be issued pursuant to the Plan and "Liquidating Trust To Be Formed Pursuant to the Plan" for a description of the Liquidating Trust. The Plan also provides that the holders of Allowed Secured Claims (other than the CTA Note Claims and Class 22 and 23 Claims) will have their Secured Claims paid in full or Reinstated or will receive the collateral securing such Claims, at the option of the Debtors. Under the Plan, holders of MIPS will, in respect of their Interests and Claims, be entitled to distributions of New Warrants (if the holders of the MIPS accept the Plan). Holders of TLGI Old Stock will receive no distribution under the Plan. Shares of LGII Old Stock will be canceled and holders of such Interests will receive no distributions under the Plan. Shares of Old Stock in Non-Ownership Regulated Debtors (other than stock owned by a Loewen Company) will be canceled and holders of such Interests will receive no distributions under the Plan unless the Bankruptcy Court determines that the applicable Debtor is solvent, in which event such holder will receive New Common Stock equal to the value of the canceled shares as determined by the Bankruptcy Court. Non-Ownership Regulated Debtors are identified on Exhibit I to this Disclosure Statement. The Debtors do not believe that any Non-Ownership Regulated Debtor having capital stock that is owned by a person that is not a Loewen Company is solvent. See " — Summary of Classes and Treatment of Claims and Interests."

The determination of the relative distributions to be received under the Plan by the holders of Claims in certain Classes was based upon, among other factors, estimates of the amounts of Allowed Claims in such Classes and the relative priorities of such Allowed Claims. Class 11, which consists of general, non-priority Unsecured Claims against the Debtors, has been subdivided into eight Divisions, each of which, for purposes of section 1129 of the Bankruptcy Code, will be treated as a separate class of Claims for each relevant Debtor. For purposes of determining which Debtors would be included in any particular Division, the Debtors, based on the individual reorganization value of each Debtor and the Claims and relative priorities of Claims, have estimated the percentage recovery to which holders of general Unsecured Claims against each Debtor would be entitled and have grouped Debtors with the same or similar recoveries in the same Division. With respect to each Division, the estimated percentage recovery determined separately for each Debtor included in the Division is less than or equal to the Estimated Percentage Recovery for the Division indicated below. TLGI and LGII are in Divisions A and B, respectively. The Division in which each other Debtor has been grouped is set forth on Exhibit I to this Disclosure Statement. Due to the treatment of Class 2 Convenience Class Claims, the Debtors believe that only 134 Loewen Subsidiary Debtors will have creditors holding Class 11 Claims (the "Relevant Subsidiary Debtors"). The estimates of the amounts of Allowed Claims in each Class and, in the case of Class 11, each Division are set forth in " — Summary of Classes and Treatment of Claims and Interests." The distributions to be received by creditors in any Division of Class 11 could differ from the Estimated Percentage Recovery if the estimates of Allowed Claims prove to be inaccurate. Holders of Claims in Classes 8 and 11 are being provided separately with a supplement to the Disclosure Statement (the "Disclosure Supplement") containing for each Relevant Subsidiary Debtor: (a) a liquidation analysis; and (b) an analysis of estimated distributions to holders of Claims against such Debtor on a strict priority basis. In each case, the "Estimated Percentage Recovery" under the Plan equals or exceeds both the estimated liquidation and strict priority recoveries. A summary of the Disclosure Supplement is attached as Exhibit V. The complete Disclosure Supplement is available to other recipients of this Disclosure Statement for inspection at the Document Reviewing Centers or over the Internet on the web site at http://www.loewenreorgplan.com. See "Additional Information."

For purposes of computations of Claim amounts, administrative and other expenses and for similar computational purposes, the Effective Date is assumed to occur on December 31, 2001. There is no assurance, however, as to if or when the Effective Date will actually occur. Procedures for distributions pursuant to the Plan,

including matters that are expected to affect the timing of the receipt of distributions by holders of Claims in certain Classes and that could affect the amount of distributions ultimately received by such holders, are described in "Distributions Under the Plan."

The Plan constitutes a separate plan of reorganization for each Debtor. The "cramdown" provisions of section 1129(b) of the Bankruptcy Code permit confirmation of a chapter 11 plan of reorganization in certain circumstances even if the plan is not accepted by all impaired classes of claims and interests of a debtor. See "Voting and Confirmation of the Plan — Acceptance or Cramdown." The Debtors will seek "cramdown" of the Plan in respect to (a) each Class of Claims or Interests that will not receive or retain anything under the Plan and (b) Class 4 Claims as to which the applicable Debtor elects Option C treatment. Further, the Debtors have reserved the right to request Confirmation pursuant to the cramdown provisions of the Bankruptcy Code and to amend the Plan if any Class or Division of Claims of any Debtor fails to accept the Plan. If such request were granted by the Bankruptcy Court, the dissenting Classes or Divisions could, in certain cases, receive alternative treatment under the Plan. For purposes of this Disclosure Statement, however, it has been assumed that, except as described above, the Debtors will not be required to seek Confirmation under the cramdown provisions of the Bankruptcy Code. Although the Debtors believe that, if necessary, the Plan could be confirmed under the cramdown provisions of the Bankruptcy Code, there is no assurance that the requirements of such provisions would be satisfied.

Summary of Classes and Treatment of Claims and Interests

The classification of Claims and Interests, the estimated aggregate amount of Claims in each Class, and, in the case of Class 11, each Division, and the amount and nature of distributions to holders of Claims or Interests in each Class and, in the case of Class 11, each Division, are summarized in the table below. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified. For a discussion of certain additional matters related to Administrative Claims and Priority Tax Claims, see " — Additional Information Regarding Assertion and Treatment of Administrative Claims and Priority Tax Claims."

The information set forth in the table below with respect to each Class of Claims, and, in the case of Class 11, each Division, is presented on a combined basis for all of the Debtors in that Class or Division to which such information is applicable. The estimated aggregate amounts of Claims are based on the Debtors' estimates of the aggregate amounts of such Claims that the Debtors believe will be asserted upon resolution of all such Claims that the Debtors believe will be Disputed Claims. Certain of these Disputed Claims are likely to be material, and the total amount of all such Claims, including Disputed Claims, may be materially in excess of the total amount of Allowed Claims assumed in the development of the Plan. Moreover, because the Claims reconciliation process is ongoing (see "Operations During the Reorganization Cases — Claims Process and Bar Dates"), in estimating the amount of Claims in each Class of Claims and, in the case of Class 11, each Division, the Debtors have included certain reserve amounts (the "Reserves") to account for: (a) potential unfavorable variations between the Debtors' current estimates of Allowed Claims and the amounts that ultimately will be allowed; and (b) Claims that may be Filed in the future, including rejection damage claims, where the applicable Bar Date has not yet expired or been established. The ultimate amount of Allowed Claims may be in excess of the Debtors' current estimates plus the Reserves and, thus, the ultimate amount of Allowed Claims may be in excess of that assumed in the development of the Plan.

The amounts shown in the table below as "Estimated Aggregate Claims Amounts" are based upon the Debtors' review of Claims Filed by the Bar Date and the Debtors' books and records and may be substantially revised in the course of the ongoing Claims reconciliation process. See "Operations During the Reorganization Cases — Claims Process and Bar Dates." Further, the amount of any Disputed Claim that ultimately is allowed by the Bankruptcy Court may be significantly more or less than the estimated amount of such Claim. As a consequence, the actual ultimate aggregate amount of Allowed Unsecured Claims in a Division of Class 11 may differ significantly from the estimate set forth below. Accordingly, the amount of the Pro Rata distributions of New Common Stock, New Warrants and interests in the Liquidating Trust that ultimately will be received by a holder of an Allowed Unsecured Claim in a particular Division of Class 11 may be adversely or favorably affected by the aggregate amount of Claims ultimately allowed in such Division. See "Risk Factors — Disputed Claims May Adversely Affect Distribution Amounts." Distributions of New Common Stock, New Warrants and interests in the Liquidating Trust to holders of Allowed Unsecured Claims in each Division of Class 11 will be made on an incremental basis until all Disputed Claims in such Division have been resolved. See "Distributions

Under the Plan — Timing and Calculation of Amounts To Be Distributed" and "Distributions Under the Plan — Disputed Claims; Reserves and Estimations."

Each amount designated in the table below as "Estimated Percentage Recovery" for each Class, and, in the case of Class 11, each Division, is the quotient of the cash or the assumed value of the New Five-Year Secured Notes, if issued, New Two-Year Unsecured Notes, if issued, New Seven-Year Unsecured Notes, New Common Stock or New Warrants to be distributed to all holders of Allowed Claims or Allowed Interests in such Class or Division, divided by the estimated aggregate amount of Allowed Claims or Allowed Interests in such Class or Division. For purposes of this calculation, it is assumed that: (a) the New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, and the New Seven-Year Unsecured Notes will each have a value equal to the principal amount thereof; (b) the New Common Stock to be distributed to holders of Claims under the Plan will have an estimated aggregate value of approximately $687.0 million, or $17.17 per share, as of the Effective Date, based on the midpoint of the range for assumed reorganization equity value of Reorganized LGII; and (c) the New Warrants to be distributed to holders of Allowed Claims or Allowed Interests under the Plan will have an estimated aggregate value of approximately $5.5 million, or $1.85 per New Warrant, as of the Effective Date. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — Reorganization Value" for a description of the manner in which the shares of New Common Stock and the New Warrants were valued for purposes of the Plan, the assumptions used in connection with the foregoing and the limitations thereon, and "Risk Factors" for a discussion of various other factors that could materially affect the value of the New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes, the New Common Stock and the New Warrants to be distributed pursuant to the Plan. For purposes of the table below, because of the nature of the Liquidating Trust Assets, no value has been assigned to interests in the Liquidating Trust. See " — Formation of Liquidating Trust," "Liquidating Trust To Be Formed Pursuant to the Plan" and "Risk Factors — The Nature of the Liquidating Trust Is Unique; The Market for Interests Therein Is Likely To Be Illiquid."

Although the Debtors' management believes that these valuation assumptions are reasonable, there is no assurance that the New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes, the New Common Stock or the New Warrants will have the values assumed herein. See "Risk Factors — Projections Are Inherently Uncertain." The foregoing valuation assumptions are not a prediction or reflection of post-Effective Date trading prices of the New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes, the New Common Stock or the New Warrants. The New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes, the New Common Stock and the New Warrants may trade at substantially higher or lower prices because of a number of other factors, including those discussed in "Risk Factors — There Is No Established Market for New Common Stock, New Warrants, New Senior Notes or New Unsecured Subordinated Convertible Notes; Volatility Is Possible." The trading price of equity securities and debt securities, such as the New Five-Year Secured Notes, the New Two-Year Unsecured Notes, the New Seven-Year Unsecured Notes, the New Common Stock and the New Warrants, issued under a plan of reorganization is subject to many unforeseeable circumstances and therefore cannot be predicted. Moreover, as discussed above, there is no assurance that the actual amounts of Allowed Unsecured Claims in certain Divisions of Class 11 will not materially exceed the estimated aggregate amounts shown in the table below. Accordingly, no representation can be or is being made with respect to whether the percentage recoveries shown in the table below actually will be realized by a holder of an Allowed Unsecured Claim in any Division of Class 11.

In addition, the percentage recoveries shown in the table below for Classes 5, 6 and 7 are based on the assumptions that: (a) the amounts to be paid or set aside pursuant to Section III.E of the Plan in respect of fees and expenses of the Indenture Trustees and the CTA Trustee and pursuant to Section III.F of the Plan in respect of fees and expenses of the Principal CTA Creditors will aggregate $15 million and, accordingly, the Minimum Cash Distribution Amount will be $25 million; (b) the Available Cash Amount will not exceed $65 million and, accordingly, the Excess Cash Distribution Amount will also be equal to $25 million; and (c) as a result of the foregoing, the New Seven-Year Unsecured Notes Additional Principal Amount will be $5 million. No assurance can be given as to whether the actual amount of fees and expenses that will ultimately be paid or set aside pursuant to Sections III.E and III.F of the Plan will be more or less than such amount. Moreover, certain cash distributions to holders of Allowed CTA Note Claims are subject to reduction on the Effective Date to fund the reserves in respect to certain Claims of the CTA Trustee and State Street treated in Classes 22 and 23. The percentage recoveries

shown in the table below are based on the assumption that these reserves are zero and no amounts are paid out to the CTA Trustee or State Street in respect of Class 22 and 23 Claims. The amounts of these reserves, if any, will be established by the Bankruptcy Court at the Confirmation Hearing and cannot be estimated at this time. To the extent these reserves are created and amounts are ultimately paid out to the CTA Trustee or State Street, the actual percentage recovery on the CTA Note Claims will be reduced. As a result of the foregoing, no representation can be or is being made with respect to whether the percentage recoveries shown in the table below actually will be realized by a holder of an Allowed CTA Note Claim in any of Class 5, 6 or 7. See " — Additional Information Regarding Assertion and Treatment of Administrative Claims, Certain Fee and Expense Claims and Priority Tax Claims" and " — Distributions in Respect of CTA Note Claims."

Description and Amount of Claims or Interests	Treatment
• Class 1 (Unsecured Priority Claims): Priority Claims against any Debtor that are entitled to priority under section 507(a)(3), 507(a)(4) or 507(a)(6) of the Bankruptcy Code. Estimated Aggregate Claims Amount: $1.8 million	Unimpaired; on the Effective Date, each holder of an Allowed Claim in Class 1 will receive cash equal to the amount of such Claim. Estimated Percentage Recovery: 100%
• Class 2 (Loewen Subsidiary Debtor Convenience Claims): Unsecured Claims against any Loewen Subsidiary Debtor that otherwise would be included in Class 11, but with respect to each such Claim, the applicable Claim either (a) is equal to or less than $10,000 or (b) is reduced to $10,000 pursuant to an election by such holder made on the Ballot provided for voting on the Plan by the Voting Deadline. For purposes of treatment under Class 2, multiple Claims of a holder against a particular Debtor arising in a series of similar or related transactions between such Debtor and the original holder of such Claims will be treated as a single Claim and no splitting of Claims will be recognized for purposes of distribution. Estimated Aggregate Claims Amount: $9.6 million	Impaired; on the Effective Date, each holder of an Allowed Claim in Class 2 against any Loewen Subsidiary Debtor will receive cash equal to the amount of such Claim against such Debtor (as reduced, if applicable, pursuant to an election by the holder thereof in accordance with Section II.B.1 of the Plan). Estimated Percentage Recovery: 100%
• Class 3 (TLGI and LGII Convenience Claims): Unsecured Claims against TLGI or LGII that otherwise would be included in Class 11, but with respect to each such Claim, the applicable Claim either (a) is equal to or less than $1,000 or (b) is reduced to $1,000 pursuant to an election by such holder made on the Ballot provided for voting on the Plan by the Voting Deadline. For purposes of treatment under Class 3, multiple Claims of a holder against a particular Debtor arising in a series of similar or related transactions between such Debtor and the original holder of such Claims will be treated as a single Claim and no splitting of Claims will be recognized for purposes of distribution. Estimated Aggregate Claims Amount: $0.4 million	Impaired; on the Effective Date, each holder of an Allowed Claim in Class 3 against TLGI or LGII will receive cash equal to the amount of such Claim against such Debtor (as reduced, if applicable, pursuant to an election by the holder thereof in accordance with Section II.B.2 of the Plan). Estimated Percentage Recovery: 100%

Description and Amount of Claims or Interests	Treatment
• Class 4 (Secured Claims Other than CTA Note Claims, Class 22 Claims and Class 23 Claims): Secured Claims against any Debtor and Collateralized Accommodation Claims, in each case that are not otherwise classified in Class 5, 6, 7, 22 or 23.	Unimpaired (except for Claims as to which the applicable Debtor elects Option C treatment); on the Effective Date, unless otherwise agreed by a Claim holder and each applicable Debtor or Reorganized Debtor (including pursuant to the agreements listed on Exhibit III.B.2 to the Plan), each holder of an Allowed Claim in Class 4 will receive treatment on account of such Allowed Claim in the manner set forth in Option A, B or C below, at the election of the applicable Debtor or, in the case of Collateralized Accommodation Claims, Debtors. The applicable Debtor or Debtors will be deemed to have elected Option B, except with respect to any Allowed Claim as to which the applicable Debtor or Debtors elect Option A or Option C in a certification Filed prior to the conclusion of the Confirmation Hearing. To the extent that the applicable Debtor or Debtors elect Option C treatment for any Class 4 Claims, such Claims will be deemed impaired and to have rejected the Plan. Option A: Each holder of an Allowed Claim in Class 4 with respect to which the applicable Debtor or Debtors elect Option A will receive cash in the full amount of such Allowed Claim. For purposes of Option A, Collateralized Accommodation Claims against multiple Debtors in respect of a particular transaction will be treated as a single Claim and no multiple recoveries will be permitted. Option B: Each Allowed Claim in Class 4 with respect to which the applicable Debtor or Debtors elect or is deemed to have elected Option B will be Reinstated. Option C: Impaired; each holder of an Allowed Claim in Class 4 with respect to which the applicable Debtor or Debtors elect Option C will be entitled to receive, and the applicable Debtor or Debtors (or Reorganized Debtor or Reorganized Debtors) shall release and transfer to such holder, the collateral securing such Allowed Claim.
Estimated Aggregate Claims Amount: $55.0 million	Estimated Percentage Recovery: 100%

Description and Amount of Claims or Interests	Treatment
• Class 5 (Group I CTA Note Claims): All Group I CTA Note Claims. Group I CTA Note Claims include Claims under the BMO Revolving Credit Facility, the MEIP Credit Facility, the Series D Notes, the Series E Notes, the Series 1 Notes, the Series 2 Notes or the Series 5 Notes, including any and all guaranties thereof, but do not include any Claims that are treated under Section III.C.18, Section III.C.19, Section III.E or Section III.F of the Plan or otherwise would constitute an Administrative Claim. Estimated Aggregate Claims Amount: $915.8 million	Impaired; on the Effective Date, each holder of an Allowed Claim in Class 5 will receive in full satisfaction of all of its Allowed Group I CTA Note Claims: (a) a Pro Rata share of cash in an amount equal to the sum of (i) $125,392,500 if the Exit Financing Term Loan Closing occurs, (ii) 50.157% of the Realized Asset Disposition Proceeds Amount and (iii) 50.157% of the Excess Cash Distribution Amount; (b) a Pro Rata share of New Five-Year Secured Notes in an original principal amount of $125,392,500, unless the Exit Financing Term Loan Closing occurs; (c) a Pro Rata share of New Two-Year Unsecured Notes in an original principal amount equal to 50.157% of the Unrealized Asset Disposition Proceeds Amount (*i.e.*, an amount equal to $165 million minus the Realized Asset Disposition Proceeds Amount); (d) a Pro Rata share of New Seven-Year Unsecured Notes in an original principal amount of $163,010,200; (e) a Pro Rata share of New Seven-Year Unsecured Notes in an original principal amount equal to 50.157% of the New Seven-Year Unsecured Notes Additional Principal Amount, if the Excess Cash Distribution Amount is less than $35 million; and (f) a Pro Rata share of 18,421,900 shares of New Common Stock. Notwithstanding the foregoing, (x) cash in an amount equal to 50.157% of the CTA Trustee Reserve Amount will be withheld from the cash otherwise distributable to holders of Allowed Class 5 Claims in respect of the Excess Cash Distribution Amount and applied as set forth below in respect of Class 22 (Indemnified Fee and Expense Claims of the CTA Trustee) and (y) cash in an amount equal to the applicable Series Reserve Amount will be withheld from the cash otherwise distributable to holders of Allowed Claims relating to the Series 1 Notes and Series 2 Notes in respect of the Excess Cash Distribution Amount and applied as set forth below in respect of Class 23 (Indemnification Fee and Expense Claims of State Street). The Allowed Group I CTA Note Claims are set forth on Exhibit III.C to the Plan. Estimated Percentage Recovery: 76.7%

Description and Amount of Claims or Interests	Treatment
• Class 6 (Group II CTA Note Claims): All Group II CTA Note Claims. Group II CTA Note Claims include Claims under the Series 3 Notes or the Series 4 Notes, including any and all guaranties thereof, but do not include any Claims that are treated under Section III.C.18, Section III.C.19, Section III.E or Section III.F of the Plan or otherwise would constitute an Administrative Claim. Estimated Aggregate Claims Amount: $353.6 million	Impaired; on the Effective Date, each holder of an Allowed Claim in Class 6 will receive in full satisfaction of all of its Allowed Group II CTA Note Claims: (a) a Pro Rata share of cash in an amount equal to the sum of (i) $45,755,000 if the Exit Financing Term Loan Closing occurs, (ii) 18.302% of the Realized Asset Disposition Proceeds Amount and (iii) 18.302% of the Excess Cash Distribution Amount; (b) a Pro Rata share of New Five-Year Secured Notes in an original principal amount of $45,755,000, unless the Exit Financing Term Loan Closing occurs; (c) a Pro Rata share of New Two-Year Unsecured Notes in an original principal amount equal to 18.302% of the Unrealized Asset Disposition Proceeds Amount; (d) a Pro Rata share of New Seven-Year Unsecured Notes in an original principal amount of $59,481,500; (e) a Pro Rata share of New Seven-Year Unsecured Notes in an original principal amount equal to 18.302% of the New Seven-Year Unsecured Notes Additional Principal Amount, if the Excess Cash Distribution Amount is less than $35 million; and (f) a Pro Rata share of 6,722,100 shares of New Common Stock. Notwithstanding the foregoing, (x) cash in an amount equal to 18.302% of the CTA Trustee Reserve Amount will be withheld from the cash otherwise distributable to holders of Allowed Class 6 Claims in respect of the Excess Cash Distribution Amount and applied as set forth below in respect of Class 22 (Indemnified Fee and Expense Claims of the CTA Trustee) and (y) cash in an amount equal to the applicable Series Reserve Amount will be withheld from the cash otherwise distributable to holders of Allowed Claims relating to the Series 3 Notes and Series 4 Notes in respect of the Excess Cash Distribution Amount and applied as set forth below in respect of Class 23 (Indemnification Fee and Expense Claims of State Street) of the Plan. The Allowed Group II CTA Note Claims are set forth on Exhibit III.C to the Plan. Estimated Percentage Recovery: 72.5%

Description and Amount of Claims or Interests	Treatment
• Class 7 (Group III CTA Note Claims): All Group III CTA Note Claims. Group III CTA Note Claims include Claims under the Series 6 Notes, the Series 7 Notes, the PATS Notes or the BMO Letter of Credit Facility, including any and all guaranties thereof, but do not include any Claims that are treated under Section III.C.18, Section III.C.19, Section III.E or Section III.F of the Plan or otherwise would constitute an Administrative Claim. Estimated Aggregate Claims Amount: $775.3 million	Impaired; on the Effective Date, each holder of an Allowed Claim in Class 7 will receive in full satisfaction of all of its Allowed Group III CTA Note Claims: (a) a Pro Rata share of cash in an amount equal to the sum of (i) $78,852,500 if the Exit Financing Term Loan Closing occurs, (ii) 31.541% of the Realized Asset Disposition Proceeds Amount and (iii) 31.541% of the Excess Cash Distribution Amount; (b) a Pro Rata share of New Five-Year Secured Notes in an original principal amount of $78,852,500, unless the Exit Financing Term Loan Closing occurs; (c) a Pro Rata share of New Two-Year Unsecured Notes in an original principal amount equal to 31.541% of the Unrealized Asset Disposition Proceeds Amount; (d) a Pro Rata share of New Seven-Year Unsecured Notes in an original principal amount of $102,508,300; (e) a Pro Rata share of New Seven-Year Unsecured Notes in an original principal amount equal to 31.541% of the New Seven-Year Unsecured Notes Additional Principal Amount, if the Excess Cash Distribution Amount is less than $35 million; and (f) a Pro Rata share of 11,584,500 shares of New Common Stock. Notwithstanding the foregoing, (x) cash in an amount equal to 31.541% of the CTA Trustee Reserve Amount will be withheld from the cash otherwise distributable to holders of Allowed Class 7 Claims in respect of the Excess Cash Distribution Amount and applied as set forth below in respect of Class 22 (Indemnified Fee and Expense Claims of the CTA Trustee) and (y) cash in an amount equal to the applicable Series Reserve Amount will be withheld from the cash otherwise distributable to holders of Allowed Claims relating to the Series 6 Notes, Series 7 Notes and PATS Notes in respect of the Excess Cash Distribution Amount and applied as set forth below in respect of Class 23 (Indemnified Fee and Expense Claims of the CTA Trustee). The Allowed Group III CTA Note Claims are set forth on Exhibit III.C to the Plan. Estimated Percentage Recovery: 57.0%

Description and Amount of Claims or Interests	Treatment
• Class 8 (O'Keefe Note Claims): All O'Keefe Note Claims. Estimated Aggregate Claims Amount: $33.1 million	Impaired; on the Effective Date, each holder of an Allowed Claim in Class 8 will receive in satisfaction of all of its Class 8 Claims against all Debtors: (a) a Pro Rata share of 771,400 shares of New Common Stock; (b) a Pro Rata share of New Warrants exercisable to purchase 235,200 shares of New Common Stock; and (c) a Pro Rata share of a 16.91% interest in the Liquidating Trust. Estimated Percentage Recovery: 41.3%
• Class 9 (MIPS Debenture Claims): Unsecured Claims against LGII and TLGI under or in respect of the MIPS Junior Subordinated Debenture and the MIPS Junior Subordinated Debenture Guarantee. Estimated Aggregate Claims Amount: $77.0 million	Impaired; on the Effective Date in full satisfaction of all of its Class 9 Claims against LGII and TLGI, if Class 19 accepts the Plan, LGCLP will receive New Warrants exercisable to purchase 496,800 shares of New Common Stock, which New Warrants will in turn be distributed by LGCLP to the holders of Allowed Interests and Allowed Claims in Class 19. If Class 19 does not accept the Plan, no property will be distributed to or retained by the holder of Allowed Claims in Class 9. The general partner of LGCLP will be deemed to have accepted the Plan on behalf of LGCLP. Estimated Percentage Recovery: 1.2%

Description and Amount of Claims or Interests	Treatment
• Class 10 (Intercompany Claims): Claims of any of the Loewen Companies against any of the Debtors that are not classified in Class 9. Estimated Aggregate Claims Amount: $6.2 billion	Impaired in part; except as provided below, all Claims in Class 10 will be Reinstated. Notwithstanding the foregoing: (a) on the Effective Date, each holder of an Allowed Claim in Class 10 in respect of the MEIPs Debentures will receive its Pro Rata share of $10,000 in complete discharge of any such Claim; (b) no property will be distributed to or retained by any of the Loewen Companies on account of any Allowed Claim in Class 10 with respect to which, immediately prior to the Effective Date, the obligor is LGII and the holder is TLGI or a non-United States, wholly owned, direct or indirect subsidiary of TLGI (or an entity that is treated as a branch of any such subsidiary for U.S. federal income tax purposes); and (c) no property will be distributed to or retained by any of the Loewen Companies that is a member of the "affiliated group" (as that term is defined in section 1504(a) of the Internal Revenue Code) of which LGII is the common parent with respect to any Allowed Claim in Class 10 on which the obligor is also a member of such affiliated group; any such Claims referenced in clauses (b) and (c) will be discharged on the Effective Date, and the amounts thus discharged will be measured by reference to the net balances of such Claims on the Effective Date after being offset by any amounts owed by the holder thereof to the particular Debtor obligor on the Effective Date. For purposes of clause (c) above, any of the Loewen Companies, all of the partners of which are members of such affiliated group, will be deemed to be a member of such affiliated group. Notwithstanding this treatment of Class 10 Claims, each of the Loewen Companies holding an Allowed Claim in Class 10 will be deemed to have accepted the Plan. Estimated Percentage Recovery: 0-100%

Description and Amount of Claims or Interests	Treatment
• Class 11 (Unsecured Nonpriority Claims): Unsecured Claims against any Debtor (including the unsecured portion of any Claim that if fully secured would have been classified in Class 4 and as to which the applicable Debtor shall have elected Option A or Option C treatment under Section III.B.2 of the Plan and including any Claims in respect to the UBS Option Contract) that are not otherwise classified in Class 1, 2, 3, 5, 6, 7, 8, 9, 10, 12 or 13.	Impaired; on the Effective Date, each holder of an Allowed Claim in Class 11 of any particular Debtor will receive, based upon the principal amount of such holder's Allowed Claim and the Division in which such Debtor is classified: (a) a Pro Rata share of the number of shares of New Common Stock indicated below for such Division; (b) a Pro Rata share of New Warrants exercisable to purchase the number of shares of New Common Stock indicated below for such Division, if any; and (c) a Pro Rata share of the percentage interest in the Liquidating Trust indicated below for such Division, if any. The Division in which each Debtor has been classified is set forth on Exhibit I. Division A Debtors: 132,500 shares of New Common Stock; New Warrants exercisable to purchase 443,600 shares of New Common Stock; and 14.70% interest in the Liquidating Trust. Division B Debtors: 464,100 shares of New Common Stock; New Warrants exercisable to purchase 1,554,000 shares of New Common Stock; and 51.50% interest in the Liquidating Trust. Division C Debtors: 768,200 shares of New Common Stock; no New Warrants exercisable to purchase shares of New Common Stock; and no interest in the Liquidating Trust. Division D Debtors: 120,500 shares of New Common Stock; no New Warrants exercisable to purchase shares of New Common Stock; and no interest in the Liquidating Trust. Division E Debtors: 136,800 shares of New Common Stock; no New Warrants exercisable to purchase shares of New Common Stock; and no interest in the Liquidating Trust. Division F Debtors: 292,800 shares of New Common Stock; New Warrants exercisable to purchase 91,200 shares of New Common Stock; and 5.87% interest in the Liquidating Trust. Division G Debtors: 67,100 shares of New Common Stock; New Warrants exercisable to purchase 38,500 shares of New Common Stock; and 2.48% interest in the Liquidating Trust. Division H Debtors: 134,000 shares of New Common Stock; New Warrants exercisable to purchase 132,700 shares of New Common Stock; and 8.54% interest in the Liquidating Trust.

Description and Amount of Claims or Interests	Treatment
Estimated Aggregated Claims Amount by Division: Division A Debtors: $ 28.8 million Division B Debtors: $100.9 million Division C Debtors: $ 13.2 million Division D Debtors: $ 2.6 million Division E Debtors: $ 3.9 million Division F Debtors: $ 11.5 million Division G Debtors: $ 4.9 million Division H Debtors: $ 16.7 million	Estimated Percentage Recovery by Division: Division A Debtors: 10.8% Division B Debtors: 10.8% Division C Debtors: 100.0% Division D Debtors: 80.0% Division E Debtors: 60.0% Division F Debtors: 45.2% Division G Debtors: 25.2% Division H Debtors: 15.2%
• Class 12 (MIPS Securities Litigation Claims): Unsecured Claims, including the Securities Litigation Claims, against TLGI, LGII or LGCLP arising: (a) from rescission of a purchase or sale of the MIPS; (b) for damages arising from the purchase or sale of the MIPS, including Claims for damages for fraud or misrepresentation or otherwise subject to section 510(b) of the Bankruptcy Code; or (c) for indemnification, reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such Claims. Estimated Aggregate Claims Amount: Unknown	Impaired; no property will be distributed to or retained by the holders of Allowed Claims in Class 12. Estimated Percentage Recovery: 0%
• Class 13 (Other Securities Litigation Claims): Unsecured Claims, including the Securities Litigation Claims, against any Debtor arising: (a) from rescission of a purchase or sale of TLGI Old Preferred Stock, TLGI Old Common Stock or any other equity security of any Debtor (other than the MIPS); (b) for damages arising from the purchase or sale of any such security, including Claims for damages for fraud or misrepresentation or otherwise subject to section 510(b) of the Bankruptcy Code; or (c) for indemnification, reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such Claims. Estimated Aggregate Claims Amount: Unknown	Impaired; no property will be distributed to or retained by the holders of Allowed Claims in Class 13. Estimated Percentage Recovery: 0%
• Class 14 (TLGI Old Preferred Stock): Interests in TLGI on account of the TLGI Old Preferred Stock.	Impaired; no property will be distributed to the holders of Allowed Interests in Class 14. Estimated Percentage Recovery: 0%

Description and Amount of Claims or Interests	Treatment
• Class 15 (TLGI Old Common Stock): Interests in TLGI on account of the TLGI Old Common Stock.	Impaired; no property will be distributed to the holders of Allowed Interests in Class 15. Estimated Percentage Recovery: 0%
• Class 16 (LGII Old Stock): Interests in LGII on account of the LGII Old Stock.	Impaired; no property will be distributed to or retained by the holders of Allowed Interests in Class 16 and such Interests will be canceled on the Effective Date as part of the Reinvestment Transactions. Estimated Percentage Recovery: 0%
• Class 17 (Third Party Owned Old Stock in Non-Ownership Regulated Debtors): Interests in any Non-Ownership Regulated Debtor held by any person or entity other than a Loewen Company. A "Non-Ownership Regulated Debtor" is any Debtor in which a minority stock interest is owned by a person or entity other than a Loewen Company and which minority interest is not required for state regulatory purposes. Non-Ownership Regulated Debtors are identified on Exhibit I.	Impaired; no property will be distributed to or retained by the holders of Allowed Interests in Class 17 and such Interests will be canceled on the Effective Date; *provided however*, that with respect to any Non-Ownership Regulated Debtor that is determined by the Bankruptcy Court to be solvent (as defined under the Bankruptcy Code) as of the Confirmation Date, a holder of an Allowed Interest in Class 17 in such Debtor will receive, on the Effective Date, New Common Stock with an aggregate value, based on the reorganization value per share of $17.17, equal to the value of such holder's interest in such Debtor as determined by the Bankruptcy Court. Estimated Percentage Recovery: 0%
• Class 18 (Loewen Company Owned Old Stock in Non-Ownership Regulated Debtors): Interests in any Non-Ownership Regulated Debtor held by any Loewen Company. Non-Ownership Regulated Debtors are identified on Exhibit I to this Disclosure Statement.	Unimpaired; on the Effective Date, subject to the Subsidiary Restructuring Transactions, Allowed Interests in Class 18 will be Reinstated. Estimated Percentage Recovery: 100%
• Class 19 (LGCLP MIPS Partnership Interests): Interests in LGCLP on account of the MIPS and any Claims of the holders of such Interests against TLGI under the MIPS Guarantee. Estimated Aggregate Interests: 3,000,000 shares	Impaired; if Class 19 accepts the Plan, on the Effective Date, each holder of Allowed Interests and Claims in Class 19 will receive a Pro Rata share of New Warrants distributed to LGCLP as the holder of Class 9 Claims and exercisable to purchase 496,800 shares of New Common Stock. If Class 19 does not accept the Plan, no property will be distributed to or retained by holders of Allowed Interests and Claims in Class 19. Estimated Percentage Recovery: 1.2%
• Class 20 (Other LGCLP Partnership Interests): Interests in LGCLP other than on account of the MIPS.	Impaired; no property will be distributed to or retained by the holders of Allowed Interests in Class 20 and such interests will be canceled on the Effective Date. Estimated Percentage Recovery: 0%

Description and Amount of Claims or Interests	Treatment
• Class 21 (Other Equity Interests): Interests in any Debtor other than Interests in Class 14, 15, 16, 17, 18, 19 or 20.	Unimpaired; on the Effective Date, subject to the Subsidiary Restructuring Transactions, Allowed Interests in Class 21 will be Reinstated. Estimated Percentage Recovery: 100%
• Class 22 (Indemnified Fee and Expense Claims of the CTA Trustee): All Allowed Claims of the CTA Trustee against any Debtor for indemnification in respect of fees and expenses under, and pursuant to the provisions of, the CTA. Estimated Aggregate Claims Amount: Unknown	Impaired; on the Effective Date, the Debtors will set aside in a segregated account cash in an amount equal to the CTA Trustee Reserve Amount. Applicable lien rights, if any, of the CTA Trustee under the CTA will be deemed to attach to the segregated account. The source of funds for such account will be the cash otherwise payable under Section III.C.3, Section III.C.4 and Section III.C.5 of the Plan in respect of the Excess Cash Distribution Amount. Upon entry of a Final Order of the Bankruptcy Court granting an Allowed Class 22 Claim, Reorganized LGII will pay to the CTA Trustee, solely from funds in such account, cash in the amount of such Allowed Claim. Upon entry of a Final Order of the Bankruptcy Court that all or a portion of Class 22 Claims shall not be Allowed, cash in an amount equal to all or such portion of the CTA Trustee Reserve Amount, together with any interest earned thereon, shall be distributed from such account as cash payable in respect of the Excess Cash Distribution Amount as provided in Section III.C.3, Section III.C.4 and Section III.C.5 of the Plan. Any amounts remaining in such account on the third anniversary of the Effective Date will be distributed to holders of Classes 5, 6 and 7 Claims by Reorganized LGII as if such funds were being paid in respect of the Excess Cash Distribution Amount on the Effective Date as provided in Section III.C.3, Section III.C.4 and Section III.C.5 of the Plan; *provided, however*, that if there is a proceeding then pending against the CTA Trustee in respect of which it may be entitled to an Allowed Class 22 Claim, upon motion of the CTA Trustee, the Bankruptcy Court may extend the period such account must be maintained. Until disbursed as provided in Section III.C.18 of the Plan, subject to any lien rights of the CTA Trustee, any cash in the segregated account shall be deemed to be held in trust for the holders of Class 5, 6 and 7 Claims. Estimated Percentage Recovery: 100%

Description and Amount of Claims or Interests	Treatment
• Class 23 (Indemnified Fee and Expense Claims of State Street): All Allowed Claims of State Street against any Debtor for indemnification in respect of fees and expenses in State Street's capacity as predecessor indenture trustee under, and pursuant to the provisions of, the Prepetition Indentures for each of the Series 1 Notes, Series 2 Notes, Series 3 Notes, Series 4 Notes, Series 6 Notes, Series 7 Notes and PATS Notes (including the PATS Trust Agreement). Estimated Aggregate Claims Amount: Unknown	Impaired; on the Effective Date, the Debtors will set aside in separate segregated accounts cash in an amount equal to the Series Reserve Amount applicable to each of the Series 1 Notes, Series 2 Notes, Series 3 Notes, Series 4 Notes, Series 6 Notes, Series 7 Notes and PATS Notes. Applicable lien rights, if any, of State Street under the respective Prepetition Indenture will be deemed to attach to the applicable segregated account. The source of funds for each such account will be the cash otherwise payable under Section III.C.3, Section III.C.4 or Section III.C.5 of the Plan in respect of the Excess Cash Distribution Amount to holders of CTA Note Claims under the particular series of notes in respect to which such account was established. Upon entry of a Final Order of the Bankruptcy Court granting an Allowed Class 23 Claim in respect of a particular series of notes, Reorganized LGII will pay to State Street, solely from funds in the respective account, cash in the amount of such Allowed Claim. Upon entry of a Final Order of the Bankruptcy Court that all or any portion of Class 23 Claims in respect of a particular series shall not be Allowed, cash in amount equal to all or such portion of the respective Series Reserve Amount, together with any interest earned thereon, shall be distributed from the applicable account *pro rata* to the holders of such series of CTA Note Claims. Any amounts remaining in any such account on the third anniversary of the Effective Date will be distributed *pro rata* to the holders of the particular series of CTA Note Claims from whose distributions the amount in such account was withheld by Reorganized LGII as if such funds were being paid on the Effective Date; *provided, however*, that if there is a proceeding then outstanding against State Street in respect of which it may be entitled to a Class 23 Allowed Claim under the respective Prepetition Indenture, upon motion of State Street, the Bankruptcy Court may extend the period such account must be maintained. Until disbursed as provided in Section III.C.19 of the Plan, subject to any lien rights of State Street, any cash in the segregated accounts shall be deemed to be held in trust for the holders of Claims in respect of the applicable series of CTA Note Claims. Estimated Percentage Recovery: 100%

TLGI's transfer of assets to LGII as part of the Reinvestment Transactions will occur before the cancellation of the LGII Old Stock and the issuance of the New Common Stock. The recovery of each holder of a Claim will be received first in exchange for the principal amount of such holder's Claim and not the unpaid pre-Petition Date interest, if any, on that Claim.

Sources and Uses of Cash

The following table sets forth a summary of the principal sources and uses of cash expected to be available to the Reorganized Debtors on the Effective Date (assuming (a) the Exit Financing Term Loan Closing does not occur and the New Five-Year Secured Notes are issued pursuant to the Plan, (b) the Realized Asset Disposition Proceeds Amount is $135 million and $30 million aggregate principal amount of New Two-Year Unsecured Notes are issued pursuant to the Plan and (c) the Excess Cash Distribution Amount is $25 million and $330 million aggregate principal amount of New Seven-Year Unsecured Notes are issued pursuant to the Plan). All amounts shown are estimates. There can be no assurances that there will not be material variances between such estimates and the actual amounts of cash required to consummate the Plan.

(Dollars in Millions)

Sources of Cash	
Cash generated from operations	$ 166.9
Cash generated from asset dispositions	135.0
Total Sources	$ 301.9
Uses of Cash	
Cash distributions in respect of Classes 5, 6, 7, 22 and 23	$ 160.0
Cash distributions in respect of Class 4	10.0
Cash distributions in respect of Classes 2 and 3 (*i.e.*, convenience Claims)	10.0
Cure payments for assumptions of Executory Contracts and Unexpired Leases	5.0
Payments pursuant to Sections III.E and III.F of the Plan	15.0
Other Administrative Claims, financing fees and reorganization expenses(1)	69.1
Cash available for working capital	32.8
Total Uses	$ 301.9

(1) Reorganization expenses include, among other things: legal, accounting, financial advisory and other professional fees; costs and expenses associated with printing and mailing this Disclosure Statement; compensation costs associated with the effectiveness of the Plan; costs associated with directors' and officers' insurance; and taxes and other expenses arising in connection with the Restructuring Transactions.

In addition, it is anticipated that on the Effective Date an additional $100 million will be available to the Reorganized Debtors pursuant to the Exit Financing Revolving Credit Facility. See " — Exit Financing Revolving Credit Facility" and "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — Exit Financing."

Additional Information Regarding Assertion and Treatment of Administrative Claims, Certain Fee and Expense Claims and Priority Tax Claims

Administrative Claims

General. Unless otherwise agreed by the holder of an Administrative Claim and the applicable Debtor or Reorganized Debtor, each holder of an Allowed Administrative Claim will receive from Reorganized LGII or the applicable Reorganized Debtor, in full satisfaction of its Administrative Claim, cash equal to the allowed amount of such Administrative Claim either: (a) on the Effective Date; or (b) if the Administrative Claim is not allowed as of the Effective Date, 30 days after the date on which (i) an order allowing such Administrative Claim becomes a Final

Order or (ii) a Stipulation of Amount and Nature of Claim is executed by Reorganized LGII or the applicable Reorganized Debtor and the holder of the Administrative Claim. Administrative Claims include Claims for costs and expenses of administration allowed under section 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the respective Estates and operating the businesses of the Debtors (such as wages, salaries, commissions for services and payments for services, inventories, leased equipment and premises), including Claims under the DIP Financing Facility and the Blackstone Settlement Agreement; (b) compensation for legal, financial advisory, accounting and other services and reimbursement of expenses awarded or allowed under section 330(a) or 331 of the Bankruptcy Code, including Fee Claims; (c) all fees and charges assessed against the Estates under chapter 123 of title 28, U.S. Code, 28 U.S.C. §§ 1911-1930; (d) Claims for reclamation allowed in accordance with section 546(c)(2) of the Bankruptcy Code and section 2-702 of the Uniform Commercial Code; and (e) all Intercompany Claims accorded priority pursuant to section 364(c)(1) of the Bankruptcy Code or the Cash Management Order. In addition to the types of Administrative Claims described above and the fee and expense Claims described below (see " — Certain Fee and Expense Claims"), section 503(b) of the Bankruptcy Code provides for payment of compensation or reimbursement of expenses to creditors and other entities making a "substantial contribution" to a chapter 11 case and to attorneys for and other professional advisors to such entities. The amounts, if any, that such entities will seek or may seek for such compensation or reimbursement are not known by the Debtors at this time. Requests for such compensation or reimbursement must be approved by the Bankruptcy Court after notice and a hearing at which the Debtors or Reorganized Debtors and other parties in interest may participate and, if appropriate, object to the allowance of any such compensation or reimbursement. The Debtors estimate that the Administrative Claims will aggregate approximately $49 million as of the Effective Date, excluding amounts payable under the Blackstone Settlement Agreement and post-petition accounts payable and other accrued liabilities as of the Effective Date and any "substantial contribution" Claims.

Except as otherwise provided below, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Reorganized Debtors, pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order, no later than 30 days after the Effective Date. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims and that do not File and serve such a request by such date will be forever barred from asserting such Administrative Claims against the Debtors, the Reorganized Debtors or their respective property, and such Administrative Claims will be deemed discharged as of the Effective Date. Objections to such requests must be Filed and served on the Reorganized Debtors and the requesting party by the later of (a) 90 days after the Effective Date or (b) 60 days after the Filing of the applicable request for payment of Administrative Claims.

Professionals or other entities asserting a Fee Claim for services rendered before the Effective Date must File and serve on the Reorganized Debtors and such other entities who are designated by the Bankruptcy Rules, the Confirmation Order, the Fee Order or other order of the Bankruptcy Court an application for final allowance of such Fee Claim no later than 60 days after the Effective Date; *provided, however,* that any professional who may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals Order may continue to receive such compensation and reimbursement of expenses for services rendered before the Effective Date, without further Bankruptcy Court review or approval, pursuant to the Ordinary Course Professionals Order. Objections to any Fee Claim must be Filed and served on the Reorganized Debtors and the requesting party by the later of (a) 90 days after the Effective Date or (b) 30 days after the Filing of the applicable request for payment of the Fee Claim. To the extent necessary, the Confirmation Order will amend and supersede any previously entered order of the Bankruptcy Court, including the Fee Order, regarding the payment of Fee Claims.

The Debtors agreed to support an Administrative Claim by counsel to William R. Eldridge, a member of the Creditors' Committee, for reasonable fees, in an amount not to exceed $50,000, and related expenses incurred by such counsel in connection with its representation of Mr. Eldridge on a subcommittee formed by the Creditors' Committee with respect to the plan of reorganization process in the Debtors' Reorganization Cases. On July 30, 2001, the Bankruptcy Court approved payment of an Administrative Claim to Mr. Eldridge in the amount of $53,000 in respect of this agreement.

The following holders will not be required to File or serve any request for payment of such Administrative Claims: (a) holders of Allowed Administrative Claims based on liabilities incurred by a Debtor in the ordinary course of its business (including Administrative Trade Claims, Administrative Claims of governmental units for

Taxes, including Tax audit Claims related to Tax years commencing after the Petition Date, and Allowed Administrative Claims arising from or under those contracts and leases entered into or assumed after the Petition Date, including the Rose Hills Put/Call Agreement, or out of the employee benefit policies, plans and agreements identified on Exhibit IV.C.3 to the Plan, including the Key Employee Retention Program); and (b) holders of Administrative Claims under the DIP Financing Facility.

Blackstone Settlement Agreement. Pursuant to the Blackstone Settlement Agreement, in full satisfaction of the Claims of Blackstone and RHI under the Rose Hills Put/Call Agreement, including the exercise of the put thereunder, subject to the prior satisfaction of all conditions thereto as set forth in the Blackstone Settlement Agreement, on the Effective Date, Reorganized LGII will (a) issue to Blackstone and to RHI $24,679,000 aggregate principal amount of New Unsecured Subordinated Convertible Notes and 379,449 shares of New Common Stock and (b) assume the obligations under a promissory note in the principal amount of $445,000 issued by RHI to Rose Hills, all in accordance with the terms of the Blackstone Settlement Agreement. In addition, under the terms of the Blackstone Settlement Agreement all Claims of Blackstone under the Prime Put/Call Agreement will be released. Blackstone had asserted Claims in excess of $340 million against each of TLGI and LGII (and in part against Roses Delaware, Inc.) in respect of the Rose Hills Put/Call Agreement and the Prime Put/Call Agreement that, absent the Blackstone Settlement, would have constituted additional Claims in Divisions A and B in Class 11 to the extent Allowed. See "Operations During the Reorganization Cases — Blackstone Transactions."

Indenture Trustees' Claims. In full satisfaction of each Indenture Trustee's fee and expense Claims for services rendered under the respective Prepetition Indenture prior to the Effective Date (including those services rendered in connection with the Reorganization Cases and Adversary Proceeding No. 00-1181), including such Claims secured by the Indenture Trustee's charging lien under the Prepetition Indentures subject to the provisions of Section III.E of the Plan, each Indenture Trustee will receive from Reorganized LGII cash equal to the amount of such Claims, and any charging lien held by such Indenture Trustee will be released on the Effective Date. Distributions received by holders of Allowed Claims in respect of Classes 5, 6, 7, 9 and 19 pursuant to the Plan will not be reduced on account of the payment of the Indenture Trustees' Claims pursuant to Section III.E of the Plan. Notwithstanding the provisions of Section III.E of the Plan, any payments in respect of amounts estimated to be incurred prior to the Effective Date pursuant to Section III.E.2 of the Plan will not exceed the lesser of the estimate provided pursuant to Section III.E.2 of the Plan or the actual amount incurred as reflected in appropriate supporting documentation submitted to Reorganized LGII promptly following the Effective Date.

No later than September 28, 2001, each Indenture Trustee will submit to LGII, each other Indenture Trustee, the Creditors' Committee and each of the Principal CTA Creditors appropriate documentation in support of such fees and expenses incurred or estimated to be incurred by such Indenture Trustee through the Effective Date, whether incurred prior to or subsequent to the Petition Date. The amount of these fees and expenses will be reported to the Bankruptcy Court at the Confirmation Hearing. Notwithstanding the foregoing, if the Effective Date will not occur on or prior to December 31, 2001, any Indenture Trustee may supplement, no later than five Business Days prior to the Effective Date, such documentation to estimate the additional amount of such fees and expenses from January 1, 2002 to the anticipated Effective Date, which additional amount will be treated in accordance with Section III.E. of the Plan and as otherwise directed by the Bankruptcy Court, including with respect to any supplemental objection procedures.

On the Effective Date, Reorganized LGII will pay to each Indenture Trustee, in full satisfaction of such Trustee's fee and expense Claim, cash in an amount equal to the fee and expense amount such Trustee submitted under Section III.E.2 of the Plan; *provided, however*, that (a) only LGII, an Indenture Trustee, the Creditors' Committee or a Principal CTA Creditor shall have standing to File an objection to the fee and expense amount submitted by an Indenture Trustee under Section III.E.2 of the Plan, (b) any such objection shall be Filed with the Bankruptcy Court on or before the tenth day preceding the Voting Deadline, (c) if such objection is timely Filed, cash equal to the amount subject to such objection will not be paid to such Trustee but rather will be placed in a segregated, interest bearing money market account in which the respective Indenture Trustee will be granted a perfected security interest and (d) if such an objection is not timely Filed, such Trustee's fee and expense Claim will be treated as an Allowed Claim and will be paid as provided under Section III.E.1 of the Plan. In addition, pending submission of the supporting documentation in respect of previously estimated Claims as contemplated by the last sentence of Section III.E.1 of the Plan, an amount equal to such previously estimated Claims will be placed in such segregated account. The Confirmation Order will provide that such Trustee's charging lien will attach solely to the

cash placed in such money market account until the funds in that account are distributed as provided in Section III.E.4 of the Plan. The portion of any such Claim for fees and expenses actually incurred and as to which no objection has been made will be paid on the Effective Date notwithstanding the pendency of an objection to the remaining portion or receipt of supporting documentation in respect of previously estimated Claims.

In the event of an objection to the amount of an Indenture Trustee's fees and expenses as contemplated by Section III.E.3 of the Plan, the disputed portion of the fees and expenses will be subject to approval of the Bankruptcy Court and approved except to the extent found not reasonable (within the meaning of the respective Prepetition Indenture). A request by an Indenture Trustee for its fees and expenses will not be subject to the additional standards contained in section 503(b) of the Bankruptcy Code. Promptly upon approval by the Bankruptcy Court, the approved fees and expenses of the Indenture Trustee will be treated as Allowed Claims and will be paid from the segregated account established pursuant to Section III.E.3 of the Plan, plus any interest earned thereon.

After payment of all amounts payable to an Indenture Trustee under Section III.E of the Plan, any amounts remaining in a segregated account established pursuant to the Plan will be distributed to holders of Class 5, 6 and 7 Claims by Reorganized LGII as if such funds were being paid in respect of the Excess Cash Distribution Amount on the Effective Date.

Each respective Indenture Trustee will also be entitled to fees and expenses incurred following the Effective Date in its capacity as a Third Party Disbursing Agent with respect to the Public Notes.

Based on preliminary information furnished by the Indenture Trustees in June 2001, the Debtors' estimate of fees and expenses accrued through such time that may be subject to payment pursuant to Section III.E of the Plan is approximately $4.0 million. This amount does not include additional fees and expenses that may be accrued after such time and prior to the Effective Date. No assurance can be given as to the actual amount of fees and expenses that will ultimately be paid pursuant to Section III.E of the Plan.

Certain Fee and Expense Claims

In full satisfaction of Claims of (a) (i) any of Bank of Montreal, Wachovia Bank, N.A., Angelo Gordon & Co., Cerberus Capital Management, Franklin Mutual Advisers, LLP, GSCP Recovery, Inc. and Oaktree Capital Management LLC (collectively, the "Principal CTA Creditors") (in each case, only if such entity votes all of its Claims to accept the Plan) for reasonable fees and expenses incurred by such entity in connection with the Reorganization Cases (including in connection with Adversary Proceeding No. 00-01181) and (ii) Teachers Insurance and Annuity Association of America ("TIAA") (only if such entity votes all of its Claims to accept the Plan) for reasonable fees and expenses incurred as aforesaid in an amount not to exceed $100,000; and (b) counsel and the accountants for the Creditors' Committee for services rendered by such counsel prior to the formation of the Creditors' Committee in an amount not to exceed $60,000 and $30,000, respectively, subject to the provisions of Section III.F of the Plan, each holder of such a Claim will receive from Reorganized LGII on the Effective Date cash equal to the amount of such Claim. The payments under Section III.F.1(a) of the Plan are part of the overall settlement embodied by this Plan among the Principal CTA Creditors and the Debtors. Notwithstanding any other provision of the Plan, any payments in respect of amounts estimated to be incurred prior to the Effective Date pursuant to Section III.F.2 of the Plan will not exceed the lesser of the estimate provided pursuant to Section III.F.2 of the Plan or the actual amount incurred as reflected in appropriate supporting documentation submitted to Reorganized LGII promptly following the Effective Date.

No later than September 28, 2001, each holder of a Claim under Section III.F.1 of the Plan will submit to each of the entities specified in Section III.E.2 of the Plan, appropriate documentation in support of its respective Claims for fees and expenses incurred or estimated to be incurred through the Effective Date. The amount of these fees and expenses will be reported to the Bankruptcy Court at the Confirmation Hearing. Notwithstanding the foregoing, if the Effective Date will not occur on or prior to December 31, 2001, any holder of a Claim under Section III.F.1 of the Plan may supplement, no later than five Business Days prior to the Effective Date, such documentation to estimate the additional amount of such fees and expenses from January 1, 2002 to the anticipated Effective Date, which additional amount will be treated in accordance with Section III.F of the Plan and as otherwise directed by the Bankruptcy Court, including with respect to any supplemental objection procedures.

On the Effective Date, Reorganized LGII will pay to each holder of such a Claim under Section III.F.1 of the Plan in full satisfaction of such holder's fee and expense Claim, cash in an amount equal to the fee and expense amount such holder submitted under Section III.F.2 of the Plan, *provided, however,* that (a) only LGII, an Indenture Trustee, the Creditors' Committee or a Principal CTA Creditor shall have standing to File an objection to the reasonableness of the fee and expense amount submitted under Section III.F.2 of the Plan, (b) any such objection shall be Filed with the Bankruptcy Court on or before the tenth day preceding the Voting Deadline, (c) if such an objection is timely Filed, cash equal to the amount subject to such objection will not be paid to the holder of the challenged Claim but rather will be placed in a segregated, interest bearing money market account and (d) if such an objection is not timely Filed, such holder's fee and expense Claim will be treated as an Allowed Claim and will be paid for as provided under Section III.F.1 of the Plan. In addition, pending submission of the supporting documentation in respect of previously estimated Claims as contemplated by the last sentence of Section III.F.1 of the Plan, an amount equal to such previously estimated Claims will be placed in such segregated account. The portion of any such Claim for fees and expenses actually incurred and as to which no objection has been made will be paid on the Effective Date notwithstanding the pendency of an objection to the remaining portion or receipt of supporting documentation in respect of previously estimated Claims.

In the event of an objection to the amount of such a holder's fees and expenses as contemplated by Section III.F.3 of the Plan, the disputed portion of the fees and expenses will be subject to approval of the Bankruptcy Court and approved except to the extent found not reasonable. The request of a holder of a Claim under Section III.F.1 of the Plan for its fees and expenses will not be subject to the additional standards contained in section 503(b) of the Bankruptcy Code. Promptly upon approval by the Bankruptcy Court, a holder's approved fees and expenses will be treated as Allowed Claims and will be paid from the segregated account established pursuant to Section III.F.3 of the Plan, plus any interest earned thereon.

After payment of all amounts payable to a holder of a Claim under clause (a) of Section III.F.1 of the Plan, any amounts remaining in a segregated account established pursuant to Section III.F.3 of the Plan will be distributed to holders of Class 5, 6 and 7 Claims by Reorganized LGII as if such funds were a part of the Excess Cash Distribution Amount on the Effective Date. Any such remaining amounts in respect to a Claim under clause (b) of Section III.F.1 of the Plan will be paid over to Reorganized LGII.

Based on preliminary information furnished by the Principal CTA Creditors in June 2001, the Debtors' estimate of fees and expenses accrued through such time that may be subject to payment pursuant to Section III.F of the Plan is approximately $5.5 million. This amount does not include additional fees and expenses that may be accrued after such time and prior to the Effective Date. No assurance can be given as to the actual amount of fees and expenses that ultimately will be paid pursuant to Section III.F of the Plan.

Priority Tax Claims

Pursuant to section 1129(a)(9)(C) of the Bankruptcy Code, unless otherwise agreed by the holder thereof and the applicable Debtor or Reorganized Debtor, each holder of an Allowed Priority Tax Claim will receive, in full satisfaction of its Priority Tax Claim, deferred cash payments over a period not exceeding six years from the date of assessment of such Priority Tax Claim. Payments will be made in equal annual installments of principal, plus simple interest accruing from the Effective Date at 7% per annum on the unpaid portion of each Allowed Priority Tax Claim (or upon such other terms determined by the Bankruptcy Court to provide the holders of Priority Tax Claims with deferred cash payments having a value, as of the Effective Date, equal to the allowed amount of such Priority Tax Claims). Unless otherwise agreed by the holder of a Priority Tax Claim and the applicable Debtor or Reorganized Debtor, the first payment on account of an Allowed Priority Tax Claim will be payable one year after the Effective Date or, if the Priority Tax Claim is not allowed within one year after the Effective Date, the first Quarterly Distribution Date after the date on which (a) an order allowing such Priority Tax Claim becomes a Final Order or (b) a Stipulation of Amount and Nature of Claim is executed by the applicable Reorganized Debtor and the holder of the Priority Tax Claim; *provided, however,* that the Reorganized Debtors will have the right to pay any Allowed Priority Tax Claim, or any remaining balance of such Allowed Priority Tax Claim, in full at any time on or after the Effective Date, without premium or penalty. Although the Debtors do not presently anticipate that any material payment will be made to the Internal Revenue Service on account of Priority Tax Claims, the Debtors' 1993 through 1998 tax years remain under audit by the Internal Revenue Service and, as a result, the Internal Revenue Service could assert additional claims against the Debtors that could, if sustained, result in a material net payment

being made by the Debtors to the Internal Revenue Service in respect of Priority Tax Claims. See "Risk Factors — Ongoing Tax Audit Could Impact Priority Tax Claims."

Notwithstanding the foregoing, a holder of an Allowed Priority Tax Claim will not be entitled to receive any payment on account of any penalty arising with respect to or in connection with the Allowed Priority Tax Claim. Any such Claim or demand for any such penalty will be subject to treatment in Class 11 and the holder of an Allowed Priority Tax Claim will not be entitled to assess or attempt to collect such penalty from the Reorganized Debtors or their property.

Special Provisions Regarding the Treatment of Allowed Secondary Liability Claims; Maximum Recovery

A Secondary Liability Claim arises when a creditor holds a Claim against a Debtor based on (a) vicarious liability, (b) liabilities arising out of piercing the corporate veil or alter ego theory or (c) other similar legal theories wherein the Debtor is liable for the actions or obligations of another Debtor primarily liable by reason of joint, several or secondary liability. The classification and treatment of Allowed Claims under the Plan take into consideration all Secondary Liability Claims, and no distributions in respect of any Secondary Liability Claims will be made. Rather, distributions, if any, will be made solely in respect of the primary obligor.

Notwithstanding any provision of the Plan to the contrary, a creditor holding multiple Allowed Claims against more than one Debtor that do not constitute Secondary Liability Claims and that arise from the contractual joint, joint and several or several liability of such Debtors, the guaranty by one Debtor of another Debtor's obligation or other similar circumstances may not receive in the aggregate from all Debtors more than 100% of the amount of the underlying Claim giving rise to such multiple Claims.

Distributions in Respect of CTA Note Claims

The following describes the distributions of cash and securities to be issued to holders of Allowed CTA Note Claims in Classes 5, 6 and 7. Each category of consideration will be allocated among Classes 5, 6 and 7 based on the following percentages:

Class	Percentage
5	50.157%
6	18.302%
7	31.541%
	100.000%

Cash Distributions

Distribution of Proceeds of Exit Financing Term Loan. The Debtors may seek to obtain a $250 million Exit Financing Term Loan as of the Effective Date. If the Exit Financing Term Loan Closing occurs, $250 million in cash will be distributed to holders of Allowed CTA Note Claims in Classes 5, 6 and 7, and the New Five-Year Secured Notes will not be issued pursuant to the Plan. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — Exit Financing — Exit Financing Term Loan." The Debtors currently do not expect the Exit Financing Term Loan Closing to occur.

Distribution of Proceeds of Disposition Program. The aggregate cash proceeds received on or prior to the Effective Date by the Debtors in respect of the sale of any of the Disposition Properties (including any amounts allocated to Neweol (Delaware) LLC in respect of the sale of receivables), net of the direct costs relating to such sale (*i.e.*, the Realized Asset Disposition Proceeds Amount), will be distributed to holders of Allowed CTA Note Claims in Classes 5, 6 and 7. See "Operations During the Reorganization Cases — Post-Petition Asset Disposition Program."

Distribution of Excess Cash. Pursuant to the Plan, cash equal to the "Excess Cash Distribution Amount" will be distributed to holders of Allowed CTA Note Claims in Classes 5, 6 and 7. For purposes of the Plan, the term "Excess Cash Distribution Amount" means the sum of:

(a) $40 million, less the sum of (i) amounts to be paid or set aside pursuant to Section III.E of the Plan in respect of the fees and expenses of each Indenture Trustee and (ii) amounts to be paid or set aside pursuant to Section III.F of the Plan in respect of the fees and expenses of the Principal CTA Creditors, TIAA and counsel and accountants for the Creditors' Committee prior to the formation thereof (*i.e.*, the Minimum Cash Distribution Amount); and

(b) if the Available Cash Amount exceeds the sum of (i) the Minimum Cash Distribution Amount and (ii) $45 million, an amount equal to 75% of any such excess.

Cash distributions in respect of the Excess Cash Distribution Amount are subject to reduction on the Effective Date by the CTA Trustee Reserve Amount (*i.e.*, the amount of cash to be reserved in a segregated account for payment of Allowed Class 22 Claims of the CTA Trustee, if any) and the Series Reserve Amounts (*i.e.*, the amount of cash to be reserved in segregated accounts for payment of Allowed Class 23 Claims of State Street, if any). The CTA Trustee Reserve Amount and the Series Reserve Amounts, which will be based on the fees and expenses of the CTA Trustee and of State Street under various Prepetition Indentures, will be determined by the Bankruptcy Court and cannot be estimated at this time. Upon entry of a Final Order of the Bankruptcy Court granting an Allowed Class 22 Claim or Allowed Class 23 Claim, Reorganized LGII will pay to the CTA Trustee or State Street, as applicable, solely from the applicable segregated account, cash in the amount of the Allowed Claim. Upon entry of a Final Order of the Bankruptcy Court that all or a portion of a Class 22 Claim or Class 23 Claim shall not be Allowed, cash in an amount equal to all or such portion of the applicable segregated account (together with interest earned thereon) will be distributed to holders of Allowed CTA Note Claims as applicable. Any amounts remaining in the segregated accounts on the third anniversary of the Effective Date (subject to extension by the Bankruptcy Court in certain circumstances) will be distributed to holders of Allowed CTA Note Claims as applicable. The Debtors are unable at this time to determine the CTA Trustee Reserve Amount or the Series Reserve Amounts, if any, the amount of Class 22 Claims or Class 23 Claims that may be asserted, if any, or the amount of Class 22 Claims or Class 23 Claims that may ultimately be Allowed, if any, and paid out to the CTA Trustee or State Street.

Distributions of Securities

Distribution of New Five-Year Secured Notes. If the Exit Financing Term Loan Closing does not occur, New Five-Year Secured Notes in an original aggregate principal amount of $250 million will be distributed to holders of Allowed CTA Note Claims in Classes 5, 6 and 7. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Five-Year Secured Notes."

Distribution of New Two-Year Unsecured Notes. New Two-Year Unsecured Notes in an original aggregate principal amount equal to $165 million less the Realized Asset Disposition Proceeds Amount will be distributed to holders of Allowed CTA Note Claims in Classes 5, 6 and 7. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Two-Year Unsecured Notes."

Distribution of New Seven-Year Unsecured Notes. New Seven-Year Unsecured Notes in an original aggregate principal amount equal to $325 million will be distributed to holders of Allowed CTA Note Claims in Classes 5, 6 and 7. If the Minimum Cash Distribution Amount is less than $35 million, additional New Seven-Year Unsecured Notes in an original principal amount equal to the lesser of (x) the amount by which $35 million exceeds the Excess Cash Distribution Amount and (y) $5 million (*i.e.*, the New Seven-Year Unsecured Notes Additional Principal Amount) will be distributed to holders of Allowed CTA Note Claims in Classes 5, 6 and 7. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Seven-Year Unsecured Notes."

Distribution of Common Stock. An aggregate amount of 36,728,500 shares of New Common Stock will be distributed to holders of Allowed CTA Note Claims in Classes 5, 6, and 7. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Common Stock."

Estimated Distributions Per $1,000 Claim Amount

The following table sets forth a summary of the distributions of cash and securities expected to be issued on the Effective Date to holders of Allowed CTA Note Claims in each of Classes 5, 6 and 7 per $1,000 of such Claims (including principal amount and accrued interest as of the Petition Date), assuming (a) the Exit Financing Term Loan Closing does not occur and the New Five-Year Secured Notes are issued pursuant to the Plan, (b) the Excess Cash Distribution Amount is $25 million and $330 million aggregate principal amount of New Seven-Year Unsecured Notes are issued pursuant to the Plan, (c) the CTA Trustee Reserve Amount is zero and no distribution of cash is made in respect of Class 22 Claims, (d) the Series Reserve Amount is zero and no distribution of cash is made in respect of Class 23 Claims and (e) the aggregate Allowed Claims in each of Classes 5, 6 and 7 are equal to the estimated aggregate Claims amount indicated for such Class in the table included under " — Summary of Classes and Treatment of Claims and Interests" above. The CTA Reserve Amount and Series Reserve Amount are assumed to be zero for purposes of the following table because the amounts thereof, if any, will be established by the Bankruptcy Court at the Confirmation Hearing and cannot be estimated at this time. There can be no assurance that there will not be material variances between such estimates and the actual distributions of cash and securities issued on the Effective Date to holders of Allowed CTA Note Claims. See " — Distributions of New Equity; New Notes.

Category of Consideration	Class 5	Class 6	Class 7
Cash in Respect of Excess Cash Distribution Amount	$ 13.69	$ 12.94	$ 10.17
Sum of Cash in Respect of Realized Asset Disposition Proceeds Amount and Principal Amount of New Two-Year Unsecured Notes	90.37	85.40	67.13
Principal Amount of New Five-Year Secured Notes	136.92	129.39	101.71
Principal Amount of New Seven-Year Unsecured Notes	180.74	170.80	134.26
Estimated Value of Shares of New Common Stock.	345.46(1)	326.40(2)	256.52(3)
Total	$ 767.18	$ 724.93	$ 569.79

(1) Based on 20.12 shares of New Common Stock with an assumed value of $17.17 per share.

(2) Based on 19.01 shares of New Common Stock with an assumed value of $17.17 per share.

(3) Based on 14.94 shares of New Common Stock with an assumed value of $17.17 per share.

Under the provisions of the Plan, principal amounts of the New Five-Year Secured Notes, New Two-Year Unsecured Notes and New Seven-Year Unsecured Notes will be issued only in denominations of $100 and integral multiples thereof. When any distribution on account of an Allowed Claim would otherwise result in the issuance of New Five-Year Secured Notes, New Two-Year Unsecured Notes and New Seven-Year Unsecured Notes with an aggregate principal amount that is not an integral multiple of $100, the actual distribution of such notes shall be rounded to the next higher or lower integral multiple of $100, as follows: (i) principal amounts of $50 or greater shall be rounded to the next higher integral multiple of $100, and (ii) principal amounts of less than $50 shall be rounded to the next lower integral multiple of $100. No consideration shall be provided in lieu of principal amounts of New Five-Year Secured Notes, New Two-Year Unsecured Notes and New Seven-Year Unsecured Notes that are rounded down. See "Distributions Under the Plan — Timing and Calculation of Amounts To Be Distributed — Distributions of New Debt Securities."

Similarly, under the provisions of the Plan, only whole numbers of shares of New Common Stock will be issued. When any distribution on account of an Allowed Claim or an Allowed Interest would otherwise result in the issuance of a number of shares of New Common Stock that is not a whole number, the number of shares of such stock will be rounded to the next higher or lower whole number as follows: (a) fractions equal to or greater than ½ will be rounded to the next higher whole number and (b) fractions less than ½ will be rounded to the next lower whole number. No consideration will be provided in lieu of fractional shares that are rounded down. See "Distributions Under the Plan — Timing and Calculation of Amounts To Be Distributed — Distributions of New Equity."

Summary of Terms of Certain Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness

The following sets forth a summary of the securities to be issued pursuant to the Plan and other indebtedness of the Reorganized Debtors. This summary is qualified by reference to the description of such securities under "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness."

Equity Securities

The Plan provides that, as of the Effective Date, Reorganized LGII will be authorized to issue 100,000,000 shares of New Common Stock, par value $0.01 per share. Reorganized LGII will issue an aggregate of approximately 40,000,000 shares of New Common Stock to holders of Allowed Claims in Classes 5, 6, 7, 8 and 11 and certain holders of Allowed Administrative Claims as contemplated by the Blackstone Settlement Agreement and the Key Employee Retention Program, plus, if applicable, to certain holders of Allowed Interests in Class 17. The Debtors believe that none of the Debtors treated in Class 17 is solvent, and, accordingly, that no shares of New Common Stock will be issued in respect of Class 17.

Holders of New Common Stock will be entitled to receive ratably such dividends as declared by Reorganized LGII's Board of Directors and will have no preemptive, subscription, redemption or conversion rights. The declaration of dividends and other payments on the New Common Stock will be restricted pursuant to certain provisions of the respective indentures governing the New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, and the New Seven-Year Unsecured Notes (collectively, the "New Senior Notes"), the indenture governing the New Unsecured Subordinated Convertible Notes and the documents governing the Exit Financing Revolving Credit Facility and the Exit Financing Term Loan, if any (collectively, the "Exit Financing"). See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Five-Year Secured Notes," "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Two-Year Unsecured Notes," "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Seven-Year Unsecured Notes," "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Unsecured Subordinated Convertible Notes" and "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — Exit Financing." Reorganized LGII is not expected to pay any dividends on the New Common Stock in the foreseeable future.

On the Effective Date, Reorganized LGII will issue to holders of Allowed Claims in Class 8 and Divisions A, B, F, G and H of Class 11 and, if Class 19 accepts the Plan, to holders of Allowed Class 9 Claims and Allowed Class 19 Interests and Claims, New Warrants exercisable to purchase an aggregate of 2,992,000 shares of New Common Stock. Initially, each New Warrant, when exercised, will entitle the holder thereof to acquire one share of New Common Stock at an exercise price of $25.76 per share. The New Warrants will expire on the fifth anniversary of the Effective Date. The New Warrants will be issued under a warrant agreement with a warrant agent to be selected by Reorganized LGII (the "New Warrant Agreement"). See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Warrants."

On the Effective Date, Reorganized LGII will issue New Unsecured Subordinated Convertible Notes to certain holders of Allowed Administrative Claims as contemplated by the Blackstone Settlement Agreement. The New Unsecured Subordinated Convertible Notes initially will be convertible into an aggregate of 1,437,332 shares of New Common Stock. See " — Debt Securities — New Unsecured Subordinated Convertible Notes" below.

The following table indicates, for each Class of Claims or Interests receiving New Common Stock or New Warrants pursuant to the Plan and Administrative Claims (each, a "Recipient Class"), as of the Effective Date (i) the number of shares of New Common Stock to be issued in respect of such Recipient Class pursuant to the Plan, if any ("Plan Shares"), (ii) the percentage of Plan Shares represented by the Plan Shares to be issued in respect of such Recipient Class pursuant to the Plan, (iii) the number of shares of New Common Stock issuable upon conversion of the New Warrants to be issued in respect of such Recipient Class pursuant to the Plan ("Warrant Shares"), (iv) the number of shares of New Common Stock issuable upon conversion of the New Unsecured Subordinated Convertible Notes to be issued in respect of such Recipient Class pursuant to the Plan ("Conversion Shares"), (v) the sum of Plan Shares, Warrant Shares and Conversion Shares to be issued or issuable in respect of such Recipient Class ("Total

Shares"), and (vi) the percentage of Total Shares represented by the Total Shares to be issued or issuable in respect of such Recipient Class.

Recipient Class (1)	Plan Shares	Percentage (2)	Warrant Shares (3)	Conversion Shares (4)	Total Shares	Percentage (5)
5	18,421,900	46.1%	–	–	18,421,900	41.4%
6	6,722,100	16.8%	–	–	6,722,100	15.1%
7	11,584,500	29.0%	–	–	11,584,500	26.1%
8	771,400	1.9%	235,200	–	1,006,600	2.3%
11	2,115,900	5.3%	2,260,000	–	4,375,900	9.9%
19	–	–	496,800	–	496,200	1.1%
Administrative Claims (6)	379,449	.9%	–	1,437,332	1,816,781	4.1%
Total	39,995,249	100.0%	2,992,000	1,437,332	44,424,581	100.0%

(1) Assumes that (a) no shares of New Common Stock will be issued in respect of Class 17 because all Non-Ownership Regulated Debtors are insolvent and (b) Class 19 accepts the Plan.

(2) Calculated based on the assumed issuance, on the Effective Date, of 39,995,249 Plan Shares in the aggregate.

(3) Assumes the issuance of New Warrants exercisable to purchase 2,992,000 Warrant Shares in the aggregate.

(4) Assumes the issuance of New Unsecured Subordinated Convertible Notes in the aggregate principal amount of $24,679,000 initially convertible into 1,437,332 Conversion Shares in the aggregate.

(5) Calculated based on 44,424,581 Total Shares, composed of 39,995,249 Plan Shares, 2,992,000 Warrant Shares and 1,437,332 Conversion Shares.

(6) Does not reflect shares of New Common Stock that may be issued pursuant to the Key Employee Retention Program. See "Reorganized LGII — Existing Benefit Plans and Agreements — Key Employee Retention Program."

In addition, as of the Effective Date, 4,500,000 shares of New Common Stock will be reserved for issuance under the Equity Incentive Plan, including up to 2,475,000 shares underlying options to be granted as of the Effective Date. The options granted as of the Effective Date will have a per share exercise price equal to the average of the daily closing sales price per share of the New Common Stock as reported on The Nasdaq Stock Market or the national securities exchange on which it is listed, as applicable, for the 30 consecutive trading days immediately following the Effective Date and will become exercisable in cumulative installments with respect to 25% of the shares on the first and second anniversaries of the date of grant and with respect to the remaining 50% of the shares on the third anniversary of the date of grant; *provided, however*, that, in the case of options granted to John S. Lacey, TLGI's Chairman, and Paul A. Houston, TLGI's President and Chief Executive Officer, as of the Effective Date, pursuant to their employment agreements such options will become exercisable in cumulative installments with respect to 25% of the shares on the later to occur of November 1, 2001 and the date next following the day on which the exercise price becomes fixed as described above, 25% of the shares on November 1, 2002 and the remaining 50% of the shares on November 1, 2003. See "Reorganized LGII — Management and Board of Directors — New Benefit Plans and Agreements."

The Plan also provides that, as of the Effective Date, Reorganized LGII will be authorized to issue 10,000,000 shares of preferred stock, par value $0.01 per share ("New Preferred Stock"). Reorganized LGII's Board of Directors will have the authority to issue shares of New Preferred Stock from time to time in one or more classes or series and to determine the various rights and privileges thereof. The Reorganized LGII Board of Directors will also have the authority to issue additional shares of New Common Stock from time to time following the Effective

Date under the provisions of the Certificate of Incorporation of Reorganized LGII and applicable law. See "Reorganized LGII — Certain Corporate Governance Matters — Authorized But Unissued Shares."

Debt Securities

On the Effective Date, (a) holders of Allowed CTA Note Claims in Classes 5, 6 and 7 will receive, in addition to New Common Stock and certain cash payments, (i) New Five-Year Secured Notes, if issued, (ii) New Two-Year Unsecured Notes, if issued, and (iii) New Seven-Year Unsecured Notes and (b) certain holders of Allowed Administrative Claims will receive, in addition to New Common Stock, New Unsecured Subordinated Convertible Notes as contemplated by the Blackstone Settlement Agreement.

New Five-Year Secured Notes. The aggregate principal amount of New Five-Year Secured Notes to be issued by Reorganized LGII will be $250 million. The New Five-Year Secured Notes will bear interest at 11% per annum, payable semiannually in arrears, and will be initially secured by (a) all personal property (subject to certain exceptions) of Reorganized LGII and all directly or indirectly wholly owned subsidiaries of Reorganized LGII (other than Loewen Life Insurance Group Inc., a Delaware corporation, Rose Hills Holding Corp., a Delaware corporation, and any subsidiary of those corporations) that are organized under the laws of any state or commonwealth of the United States (together with any such future subsidiaries, the "Subsidiary Guarantors") and (b) the material funeral home real property assets pledged under the Exit Financing Revolving Credit Facility. The New Five-Year Secured Notes will mature on the fifth anniversary of the Effective Date. The New Five-Year Secured Notes will be issued pursuant to a trust indenture with Wells Fargo Bank Minnesota, National Association, as indenture trustee (the "New Five-Year Secured Notes Indenture"). No New Five-Year Secured Notes will be issued pursuant to the Plan if the Exit Financing Term Loan Closing occurs. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Five-Year Secured Notes."

New Two-Year Unsecured Notes. The aggregate principal amount of New Two-Year Unsecured Notes to be issued by Reorganized LGII will be in an amount equal to $165 million less the Realized Asset Disposition Proceeds Amount. The New Two-Year Unsecured Notes will bear interest at 12 ¼% per annum, payable semiannually in arrears, and will mature on the second anniversary of the Effective Date. The New Two-Year Unsecured Notes will be issued pursuant to a trust indenture with Wells Fargo Bank Minnesota, National Association, as indenture trustee (the "New Two-Year Unsecured Notes Indenture"). Reorganized LGII will be required to apply Net Proceeds received by the Reorganized Debtors following the Effective Date in respect of the sale of any Disposition Properties, subject to certain minimum threshold levels, to the redemption of the New Two-Year Unsecured Notes. No New Two-Year Unsecured Notes will be issued pursuant to the Plan if the Realized Asset Disposition Proceeds Amount equals or exceeds $165 million. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Two-Year Unsecured Notes."

New Seven-Year Unsecured Notes. The aggregate principal amount of New Seven-Year Unsecured Notes to be issued by Reorganized LGII will be an amount equal to the sum of (x) $325 million and (y) if the Excess Cash Distribution Amount is less than $35 million, the New Seven-Year Unsecured Notes Additional Principal Amount, which amount will not exceed $5 million. The New Seven-Year Unsecured Notes will bear interest at 12 ¼% per annum, payable semiannually in arrears, and will mature on the seventh anniversary of the Effective Date. The New Seven-Year Unsecured Notes will be issued pursuant to a trust indenture with Wells Fargo Bank Minnesota, National Association, as indenture trustee (the "New Seven-Year Unsecured Notes Indenture"). See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Seven-Year Unsecured Notes."

New Unsecured Subordinated Convertible Notes. The aggregate principal amount of New Unsecured Subordinated Convertible Notes to be issued by Reorganized LGII will be $24,679,000. The New Unsecured Subordinated Convertible Notes will bear interest at 12 ¼% per annum, payable semiannually in arrears, and will mature on the tenth anniversary of the Effective Date. The New Unsecured Subordinated Convertible Notes will be expressly subordinated to all senior debt of Reorganized LGII and will be convertible into New Common Stock at an initial conversion rate equal to $17.17 per share. Thus, the New Unsecured Subordinated Convertible Notes initially will be convertible into an aggregate of 1,437,332 shares of New Common Stock. The New Unsecured Subordinated Convertible Notes will be issued pursuant to a trust indenture with Wells Fargo Bank Minnesota, National Association, as indenture trustee (the "New Unsecured Subordinated Convertible Notes Indenture"). See

"Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Unsecured Subordinated Convertible Notes."

Other Post-Reorganization Indebtedness

It is a condition to the Effective Date that, as of the Effective Date, Reorganized LGII and the Exit Financing Facility Agent Bank shall have entered into the Exit Financing Revolving Credit Facility. In addition, the Debtors may seek to obtain from the Exit Financing Facility Agent Bank the Exit Financing Term Loan as of the Effective Date. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — Exit Financing."

Pursuant to the Blackstone Settlement Agreement, on the Effective Date, Reorganized LGII will become the owner of all of the outstanding capital stock of Rose Hills Holding Corp. For a description of certain indebtedness of Rose Hills Holding Corp., see "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — Rose Hills Indebtedness."

See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — Other Indebtedness" for a description of certain secured indebtedness of the Debtors to be reinstated on the Effective Date.

Formation of Liquidating Trust

In connection with the Plan, on the Effective Date, Reorganized LGII and a trustee to be selected by the Creditors' Committee (the "Liquidating Trust Trustee") will enter into the Liquidating Trust Agreement and the Liquidating Trust will be established pursuant to the terms of the Plan and the Liquidating Trust Agreement. Pursuant to the Plan and the Liquidating Trust Agreement, Reorganized LGII will transfer or cause to be transferred, immediately following completion of the Reinvestment Transactions, to the Liquidating Trust Trustee (a) the Prime Succession Warrants and (b) an undivided 25% interest in the NAFTA Net Proceeds, *i.e.*, the proceeds, if any, of the NAFTA Claims as such proceeds may be adjusted as a result of the arbitration contemplated by the NAFTA Arbitration Agreement, less (i) amounts payable under paragraph 3 of the NAFTA Arbitration Agreement and (ii) amounts payable pursuant to the NAFTA Contingency Fee Agreement. The Liquidating Trust Agreement will provide that holders of Allowed Claims in Class 8 and in Divisions A, B, F, G and H of Class 11 will have beneficial interests in such assets and the proceeds thereof. See "Operations During the Reorganization Cases — Blackstone Transactions — Prime Succession," "Collateral Trust Agreement Issues; Recovery Actions; and Other Legal Proceedings — Other Legal Proceedings — NAFTA Claims" and "Liquidating Trust To Be Formed Pursuant to the Plan."

This summary is qualified by reference to the description of the Liquidating Trust under "Liquidating Trust To Be Formed Pursuant to the Plan."

Funding of CTA Issue Litigation

If Class 7 accepts the Plan, in addition to the distributions to holders of Group III CTA Note Claims described above (see " — Summary of Classes and Treatment of Claims and Interests"), pursuant to the Plan and subject to the conditions described therein, Reorganized LGII will reimburse up to an aggregate amount of $3,000,000 of reasonable legal fees and expenses incurred by attorneys representing holders of Group III CTA Note Claims (other than Claims under the BMO Letter of Credit Facility) in certain litigation against certain parties potentially responsible for the failure to file Additional Secured Indebtedness Registration Statements with the CTA Trustee in respect of the Series 6 Notes, the Series 7 Notes and the PATS Notes. In general, the $3,000,000 will be distributed *pro rata* to such attorneys based upon the ratio of (a) the principal amount of the Series 6 Notes, the Series 7 Notes and the PATS Notes held by each holder they represent to (b) $750 million, the outstanding principal amount of the Series 6 Notes, the Series 7 Notes and the PATS Notes on the Distribution Record Date. See "Collateral Trust Agreement Issues; Recovery Actions; and Other Legal Proceedings — Collateral Trust Agreement Issues."

Attorneys for approximately eight holders of the Series 6 Notes, the Series 7 Notes and the PATS Notes holding at least approximately $500 million of the $750 million outstanding principal amount of the Series 6 Notes, the Series 7 Notes and the PATS Notes on the Petition Date have indicated that (a) they intend on jointly filing such an action against certain parties, (b) they will not bring an action on behalf of all holders of the Series 6 Notes, the Series 7 Notes and the PATS Notes and (c) other holders are not included in their group. Accordingly, of the $3,000,000 available for legal fees and expenses, attorneys for this group of holders would be entitled to seek reimbursement of up to at least approximately $2,000,000, leaving a balance of no more than approximately $1,000,000 for reimbursement of legal fees and expenses for all other holders of the Series 6 Notes, the Series 7 Notes and the PATS Notes who might elect to prosecute their own potential Reserved CTA Claims. As a result, the Indenture Trustee for the Series 6 Notes, the Series 7 Notes and the PATS Notes has indicated that it believes the funds available for *pro rata* distribution to attorneys for the remaining holders may not be sufficient to independently prosecute to completion any such actions held by the remaining holders.

Pursuant to Section III.I of the Plan, Reorganized LGII may be entitled to repayment of such reimbursements or portions thereof up to the amount so reimbursed, plus interest thereon at 10% per annum from the date of each applicable reimbursement, *provided*, that any such repayment and interest thereon shall be paid solely from any recoveries in respect of such litigation whether by judgment, settlement or otherwise. Repayment of reimbursements is available only to the extent that plaintiffs have accepted funds from the Reimbursable Fee Tranche, which shall be comprised of $1,500,000 of the $3,000,000 available for reimbursements, pursuant to Section III.I.5 of the Plan. The request for and acceptance of funds disbursed by Reorganized LGII from the Reimbursable Fee Tranche will, without the necessity for any further action, constitute the consent and agreement of each plaintiff and plaintiffs' counsel in the respective litigation to such repayment (together with interest) from any such recoveries and such repayment (together with interest) will be made prior to any distributions of such recoveries to such plaintiffs.

Conditions to Confirmation and the Effective Date of the Plan

There are several conditions precedent to Confirmation and the occurrence of the Effective Date. Subject to applicable legal requirements, the Debtors may waive any of these conditions upon the terms and subject to the conditions set forth in Section IX.C of the Plan.

Conditions to Confirmation

The Bankruptcy Court will not enter the Confirmation Order unless and until the following conditions have been satisfied or duly waived pursuant to Section IX.C of the Plan:

(a) The Confirmation Order shall be reasonably acceptable in form and substance to the Debtors.

(b) The Debtors shall have received a commitment for the Exit Financing Revolving Credit Facility from the Exit Financing Facility Agent Bank on terms and conditions satisfactory to the Debtors.

(c) The Plan shall not have been amended, altered or modified from the Plan as Filed on September 10, 2001, unless such amendment, alteration or modification is in form and substance reasonably satisfactory to the Debtors.

(d) The Bankruptcy Court shall have entered an order (as part of the Confirmation Order) approving and authorizing pursuant to Bankruptcy Rule 9019 the settlement of the CTA Issue, other matters that are the subject of Adversary Proceeding No. 00-01181 and other issues relating to the CTA Note Claims as provided in the Plan and providing for the dismissal, with prejudice, of all claims in the Adversary Proceeding No. 00-01181 pending before the Bankruptcy Court as of the Effective Date. See "Collateral Trust Agreement Issues; Recovery Actions; and Other Legal Proceedings — Collateral Trust Agreement Issues — Background."

(e) To the extent permitted under applicable law, the Confirmation Order shall provide that: (i) the treatment in the Plan of CTA Note Claims is fair, reasonable, and adequate in light of the litigation

risks confronting Indenture Trustees and holders of CTA Note Claims in the CTA Proceeding; (ii) the decisions of certain holders of CTA Note Claims to accept the Plan under which their CTA Note Claims are not treated on a *pari passu* basis with the CTA Note Claims of certain other holders of such CTA Note Claims were appropriate and reasonable in light of the litigation risks that they faced in the CTA Proceeding; and (iii) Reserved CTA Note Claims of any holder of a CTA Note Claim shall in no way be prejudiced or adversely affected by virtue of the fact that any holder of any such claim voted in favor of the Plan, did not challenge the treatment of its Claim or its recovery under the Plan, did not pursue to conclusion its claims or defenses in the CTA Proceeding or otherwise did not fully pursue any rights that it may have had with respect to its CTA Note Claim before the Bankruptcy Court.

In addition to the foregoing conditions to Confirmation, there are a number of substantial confirmation requirements under the Bankruptcy Code that must be satisfied for the Plan to be confirmed. See "Voting and Confirmation of the Plan — Confirmation."

Conditions to the Effective Date

The Effective Date will not occur and the Plan will not be consummated unless and until each of the following conditions has been satisfied or duly waived pursuant to Section IX.C of the Plan:

(a) The documents effectuating the Exit Financing Revolving Credit Facility shall have been executed and delivered by Reorganized LGII and the Exit Financing Facility Agent Bank.

(b) The Plan shall not have been amended, altered or modified from the Plan as Filed on September 10, 2001, unless such amendment, alteration or modification is, and all Exhibits to the Plan are, in form and substance reasonably satisfactory to the Debtors.

(c) Each of the New Five-Year Secured Notes Indenture (if any New Five-Year Secured Notes will be issued pursuant to the Plan), the New Two-Year Unsecured Notes Indenture (if any New Two-Year Unsecured Notes will be issued pursuant to the Plan), the New Seven-Year Unsecured Notes Indenture and the New Unsecured Subordinated Convertible Notes Indenture shall have been qualified under the Trust Indenture Act of 1939, as amended.

(d) The New Common Stock shall have been registered under the Exchange Act pursuant to either a Form 8-A Registration Statement or a Form 10 Registration Statement that has become effective under the Exchange Act.

(e) The shares of New Common Stock to be issued pursuant to the Plan shall have been designated as Nasdaq National Market securities by The Nasdaq Stock Market, Inc. or authorized for listing on or accepted for quotation through a National Securities Exchange subject to official notice of issuance.

(f) The Bankruptcy Court shall have entered an order (contemplated to be part of the Confirmation Order) approving and authorizing the Debtors and the Reorganized Debtors to take all actions necessary or appropriate to implement the Plan in form and substance acceptable to the Debtors, including completion of the Restructuring Transactions and the other transactions contemplated by the Plan and the implementation and consummation of the contracts, instruments, releases and other agreements or documents entered into or delivered in connection with the Plan.

(g) The CCAA Order shall be reasonably acceptable in form and substance to the Debtors and shall have been entered and become a Final Order.

(h) Adversary Proceeding No. 00-01181 and the adversary proceedings listed on Exhibit IX.B.8 to the Plan shall have been dismissed with prejudice.

(i) The board of directors of LGII shall have approved, for purposes of Section 203 of the Delaware General Corporation Law of the State of Delaware (i) the issuance pursuant to the Plan of New Common Stock to any person or entity that will become the owner of 15% or more of the outstanding New Common Stock as a result of such issuance and (ii) the issuance to any person or entity that will become the owner of 12% or more but less than 15% of the outstanding New Common Stock as a result of the issuance pursuant to the Plan of New Common Stock which causes such person or entity to become the owner of 15% or more of the outstanding New Common Stock; *provided, however*, that nothing in clause (b) of Section IX.B.9 of the Plan will obligate Reorganized LGII to issue any shares of New Common Stock to any person or entity.

(j) Before or as of the Effective Date, (i) letter of credit number SLCDC 3896/912993, as amended, issued under the BMO Revolving Credit Facility, the beneficiary of which is First Union National Bank, in the current undrawn amount of $5,000,000 shall have expired or been replaced with no further drawings thereon, and (ii) letter of credit number SLCDC 3896/91198, as amended, issued under the BMO Revolving Credit Facility, the beneficiary of which is Wachovia Bank of Georgia, N.A., in the current undrawn amount of approximately $1,405,000 shall have expired or been replaced with no further drawings thereon.

Waiver of Conditions to Confirmation or the Effective Date

The conditions to Confirmation and the conditions to the Effective Date may be waived in whole or part by the Debtors at any time (a) without an order of the Bankruptcy Court with the consent of the Principal CTA Creditors and the Creditors' Committee or (b) otherwise pursuant to an order of the Bankruptcy Court; *provided, however*, that the conditions described in clauses (d) through (g) under " — Conditions to Confirmation" and (f) and (g) under " — Conditions to the Effective Date" above may only be waived pursuant to an order of the Bankruptcy Court.

Effect of Nonoccurrence of Conditions to the Effective Date

If each condition to the Effective Date provided in the Plan is not satisfied or duly waived in accordance with Section IX.C of the Plan, then upon motion by the Debtors made before the time that each of such conditions has been satisfied or duly waived and upon notice to such parties in interest as the Bankruptcy Court may direct, the Confirmation Order will be vacated by the Bankruptcy Court; *provided, however*, that, notwithstanding the Filing of such motion, the Confirmation Order may not be vacated if each of the conditions to the Effective Date is either satisfied or duly waived before the Bankruptcy Court enters an order granting such motion. If the Confirmation Order is vacated pursuant to Section IX.D of the Plan: (a) the Plan will be null and void in all respects, including with respect to (i) the discharge of Claims and termination of Interests pursuant to section 1141 of the Bankruptcy Code and (ii) the assumptions, assignments or rejections of Executory Contracts and Unexpired Leases pursuant to Sections V.A and V.C of the Plan; and (b) nothing contained in the Plan will (i) constitute a waiver or release of any claims by or against, or any Interest in, the Debtors or (ii) prejudice in any manner the rights of the Debtors or any other party in interest.

Exit Financing Revolving Credit Facility

The commitment of the Exit Financing Facility Agent Bank to provide the Exit Financing Revolving Credit Facility on terms satisfactory to the Debtors is a condition to Confirmation, and the execution and delivery of the documents effectuating the Exit Financing Revolving Credit Facility by Reorganized LGII and the Exit Financing Facility Agent Bank are conditions to the Effective Date. The Debtors currently contemplate that such Exit Financing Revolving Credit Facility will be a secured $100 million revolving credit facility, with a sublimit for letters of credit in an amount to be determined. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — Exit Financing."

The CCAA Order

Concurrently with the commencement of the Reorganization Cases by the Debtors, TLGI and 117 of its direct or indirect Canadian incorporated subsidiaries (such subsidiaries being referred to as the "CCAA Debtors") commenced proceedings (the "CCAA Proceeding") under the Companies' Creditors Arrangement Act (the "CCAA"). It is a condition to the Effective Date that the Ontario Superior Court of Justice (the "Canadian Court") shall have entered an order (the "CCAA Order"), which order shall be reasonably acceptable in form and substance to the Debtors, providing that:

(a) a plan of arrangement pursuant to the terms of the Business Corporations Act (Ontario) to effect the transactions described on Exhibit I.A.29 to the Plan (the "CCAA Debtor Restructuring Transactions") is approved;

(b) recognition is given to the Confirmation Order that, in consideration for LGII making the distributions to TLGI's creditors as set forth in Article III of the Plan, TLGI will assign, transfer and deliver (or, in the case of NAFTA Claims arising under article 1117 of NAFTA, will cause its wholly owned subsidiary, a Delaware limited liability company created as contemplated by Section IV.B.2 of the Plan, to assign, transfer and deliver), free and clear of all liens, claims and encumbrances, including all Claims:

(i) to LGII, all of TLGI's right, title and interest in, to and under all rights, properties and assets of every kind, character and description, wherever located and whether tangible or intangible, real or personal or fixed or contingent then owned, held, used, licensed, conceived or developed by TLGI other than (A) its rights in the NAFTA Claims, (B) its ownership interests in the wholly owned Delaware limited liability company referred to above and (C) its rights in the Canadian Operating Assets;

(ii) to a Nova Scotia entity designated by LGII, which will be an unlimited liability company wholly owned by LGII, all of TLGI's right, title and interest in and to all proceeds of the NAFTA Claims arising under article 1116 of NAFTA that TLGI receives and to LGII all right, title and interest of the wholly owned Delaware limited liability company referred to above in and to all proceeds of the NAFTA Claims arising under article 1117 of NAFTA that such Delaware limited liability company receives; and in respect thereof, TLGI will irrevocably delegate to such unlimited liability company all powers and responsibilities of TLGI in respect of the pursuit and prosecution of the NAFTA Claims, all in accordance with the terms of Exhibit I.A.30 to the Plan; and

(iii) to a holding company incorporated under the laws of one of the Provinces of Canada, which, following completion of the transfer contemplated by clause (i) above, will be a wholly owned subsidiary of LGII, all of TLGI's right, title and interest in, to and under the Canadian Operating Assets;

such consideration having a value equal to the fair market value of such rights, property and assets, all without the need for any action by TLGI's directors or shareholders, but subject to such other terms and conditions as may be imposed by the Canadian Court;

(c) recognition is given to the Confirmation Order and the Plan providing that on the Effective Date, no holder of a CTA Note Claim will have any further claim against TLGI or any of the CCAA Debtors; and

(d) recognition is given to the provisions of the Bankruptcy Court's order approving the settlement of the CTA Issue and other matters that are the subject of Adversary Proceeding No. 00-01181 and to the provisions of the Confirmation Order and Plan providing for the injunctions and releases; and

(e) the provisions of the Confirmation Order and other orders of the Bankruptcy Court and Plan referred to in clauses (b), (c) and (d) above will have full force and effect in Canada.

Descriptions of the CCAA Debtor Restructuring Transactions and the arrangements to be implemented in respect of the NAFTA Claims have been Filed as Exhibits I.A.29 and I.A.30 to the Plan, respectively, to the Plan and are available for inspection in the Document Reviewing Centers and over the Internet on the web site at http://www.loewenreorgplan.com. See "Additional Information." In addition, pursuant to the Plan, on the Effective Date immediately following completion of the Reinvestment Transactions, an undivided 25% interest in the NAFTA Net Proceeds will be transferred to the Liquidating Trust. See " — Formation of Liquidating Trust," "Collateral Trust Agreement Issues; Recovery Actions; and Other Legal Proceedings — Other Legal Proceedings — NAFTA Claims" and "Risk Factors — Outcome of NAFTA Claims Is Impossible to Predict."

TLGI and the CCAA Debtors may seek additional orders of the Canadian Court in connection with the implementation of the Plan in Canada. TLGI and the CCAA Debtors do not expect to file a separate plan of reorganization under the CCAA because there should be no significant claims against TLGI or the CCAA Debtors other than those that will be settled or satisfied as provided in the Plan and the CCAA Order.

Modification or Revocation of the Plan

Subject to the restrictions on modifications set forth in section 1127 of the Bankruptcy Code, the Debtors or the Reorganized Debtors, as applicable, reserve the right to alter, amend or modify the Plan before its substantial consummation. The Debtors also reserve the right to revoke or withdraw the Plan as to any or all of the Debtors prior to the Confirmation Date. If the Debtors revoke or withdraw the Plan as to any or all of the Debtors, or if Confirmation as to any or all of the Debtors does not occur, then, with respect to such Debtors, the Plan will be null and void in all respects, and nothing contained in the Plan will: (a) constitute a waiver or release of any claims by or against, or any Interests in, such Debtors; or (b) prejudice in any manner the rights of any Debtors or any other party.

CERTAIN EVENTS PRECEDING THE DEBTORS' CHAPTER 11 FILINGS

Historical Acquisition Strategy

From TLGI's inception in 1985 until the last half of 1998, its business philosophy centered on a growth strategy in the funeral home and cemetery businesses. TLGI's primary growth philosophy was to act as a consolidator and, as such, to respond to opportunities offered by independent operators seeking to complete their own ownership "succession planning" by selling their businesses to a larger organization. By far the greatest number of acquisitions made by TLGI involved small- and medium-sized businesses; these businesses, many with annual revenues of less than $1 million, comprise the vast majority of TLGI's operating locations. Most acquisitions made by TLGI were funded by debt either (a) issued to the seller, (b) borrowed from large financial institutions or (c) raised in the public debt markets.

Beginning in about 1996, TLGI's strategic growth plan began to increase its focus on acquisitions of cemeteries, as distinguished from the earlier emphasis on acquisitions of funeral homes. During the three years preceding the Petition Date, TLGI acquired approximately 138 funeral homes, 171 cemeteries and one insurance company, for aggregate consideration of approximately $546 million. In 1998 alone, TLGI acquired 89 funeral homes and 65 cemeteries, for aggregate consideration of approximately $278 million.

Beginning in the second half of 1998, in light of negative cash flow from its businesses and increasing difficulties in meeting its debt service obligations, TLGI virtually ceased its acquisition program. During the first quarter of 1999, TLGI acquired one small cemetery.

During the last quarter of 1998, TLGI began attempting to sell various operations. On March 31, 1999, TLGI sold the capital stock of subsidiaries owning 124 cemeteries and three funeral homes in a transaction valued at approximately $193 million. See "Operations During the Reorganization Cases — Post-Petition Asset Disposition Program" for a discussion of the sale of certain operations subsequent to the Petition Date.

Mississippi Litigation

In November 1995, an extraordinary jury award of $500 million (consisting of $100 million in compensatory damages and $400 million in punitive damages) was entered against certain of the Debtors in a state court lawsuit in Hinds County, Mississippi, captioned O'Keefe v. The Loewen Group Inc. This judgment arose from a dispute involving the purchase and sale of businesses having a total value of approximately $6 million. The Debtors involved were unable to secure the necessary bond under Mississippi law to stay the enforcement of the judgment pending appeal to the Supreme Court of Mississippi and, facing extreme financial pressure to resolve the lawsuit consensually, entered into a settlement of the lawsuit. The settlement, which provided for consideration valued in the aggregate at approximately $175 million, involved an immediate payment of cash and the issuance of shares of TLGI Old Common Stock and the O'Keefe Notes. The Debtors believe that the O'Keefe litigation had a lasting, damaging effect on their acquisition program and their overall financial health and was a significant cause of the commencement of the Reorganization Cases.

Collateral Trust Agreement

The senior indebtedness of TLGI and LGII was restructured in 1996 and, in connection therewith, TLGI, LGII and the CTA Trustee entered into the CTA, a collateral trust agreement pursuant to which the senior lenders and future senior lenders of TLGI and LGII, which are holders of the CTA Note Claims, would share certain collateral granted to the CTA Trustee and guaranties on a *pari passu* basis. See "Collateral Trust Agreement Issues; Recovery Actions; and Other Legal Proceedings — Collateral Trust Agreement Issues" for discussions of: (a) certain issues that were identified after the Petition Date concerning whether certain of this debt is entitled to the benefits of the CTA; (b) certain potential claims of the Debtors in respect of the CTA and payments made to certain holders of CTA Note Claims; and (c) certain issues relating to whether the CTA constituted a fraudulent conveyance. The collateral security under the CTA consists generally of: (a) all of LGII's right, title and interest in and to all rights to receive payment under or in respect of accounts, contracts, contractual rights, chattel paper, documents, instruments and general intangibles; (b) a pledge of the shares of capital stock and other equity interests of substantially all of the subsidiaries in which TLGI directly or indirectly holds more than a 50% voting or economic interest; and (c) a guaranty by each "pledgor subsidiary" pledging stock or other equity interests under the CTA (generally, all subsidiaries of TLGI that own an equity interest in one or more other Canadian or U.S. subsidiaries). As of the Petition Date, the indebtedness owed to holders of CTA Note Claims aggregated approximately $2.04 billion.

Prepetition Financial Results and Overleverage

Between January 1, 1998 and the Petition Date, TLGI experienced disappointing financial results. TLGI reported a loss from operations in 1998 of $264 million after recording a charge for asset impairment of $333.9 million. TLGI's acquisition, integration and operation of cemeteries over the three years preceding the Petition Date required significant cash resources on account of preneed sales of cemetery interment rights, products and services and related interest costs on debt incurred. Cemetery preneed sales typically were structured with low initial cash payments by the customers that did not offset the cash costs of establishing and supporting a growing preneed sales program, including the payment of sales commissions.

TLGI believes that its financial difficulties primarily stemmed from a highly burdensome debt load, much of which was incurred in connection with its historical acquisition program, and the poor cash flow characteristics associated with TLGI's then existing cemetery preneed sales strategy. As of March 31, 1999, TLGI's consolidated balance sheet reflected approximately $2.1 billion of long-term debt (of which approximately $742.2 million was due currently) and approximately $48.8 million of other current debt.

Securities Class Actions

Since December 1998, TLGI has been served with various related lawsuits filed in the United States District Courts for the Eastern District of Pennsylvania and for the Eastern District of New York. Raymond L. Loewen, the former Chairman and Chief Executive Officer, and certain former officers and directors have been named as defendants in some of the suits. All but one of these lawsuits were filed as purported class actions on behalf of persons or entities that purchased Old Stock of TLGI during five different time periods ranging from

November 3, 1996 through January 14, 1999. LGII and LGCLP are named as defendants in two suits. The plaintiffs in these two lawsuits purport to sue on behalf of a class of purchasers of MIPS from March 5, 1997 through January 14, 1999. The complaints generally make allegations concerning, among other things, TLGI's internal controls, accounting practices, financial disclosures and acquisition practices.

The Judicial Panel on Multidistrict Litigation (the "MDL Panel") granted the defendants' motion to consolidate all of the actions for pre-trial coordination in the United States District Court for the Eastern District of Pennsylvania. On April 15, 1999, Judge Thomas O'Neill of the District Court for the Eastern District of Pennsylvania entered an order consolidating in the Eastern District of Pennsylvania, all of the cases then filed, as well as any related cases thereafter transferred to that District (the "April 15 Order"). The April 15 Order appointed the City of Philadelphia Board of Pensions and Retirement, Phil Schwartz, James McGlathery, Terry Roberts, Kurt Mueller, Jr., Harley Puff and Morton Silas as lead plaintiffs. Subsequent to the Debtors' bankruptcy Filings, Judge O'Neill entered an order staying all of the cases and placing them on the suspense docket. On January 18, 2001, the plaintiffs filed a Renewed Motion to Remove the Consolidated Actions from the Civil Suspense Docket. The plaintiffs have stated that they seek to pursue claims against former officers and/or directors. The court denied the motion. On August 29, 2001, the plaintiffs filed in the Reorganization Cases a memorandum in support of a motion to modify the automatic stay, requesting that the Bankruptcy Court lift the automatic stay to allow: (a) the plaintiffs to file a consolidated complaint in the securities cases; (b) the parties to file and/or brief the district court on motions to dismiss these actions; and (c) the plaintiffs to obtain a judgment against TLGI for the sole purpose of potentially enabling the plaintiffs to obtain enhanced judgments against the non-Debtor defendants. The Debtors intend to oppose this request to modify the automatic stay.

The Plan provides for no distributions in respect of the various lawsuits described above. Any Claims in respect of these actions would be subject to the provisions of section 510(b) of the Bankruptcy Code. Section 510(b) of the Bankruptcy Code provides that a claim arising from rescission of, or for damages arising from, a purchase or sale of securities of the debtor or an affiliate of the debtor, or a claim for reimbursement or contribution under section 502 of the Bankruptcy Code on account of such a claim, is subordinate to all claims or interests that are senior or equal to the claim or interest represented by such security, and, if the security is common stock, such claim has the same priority as common stock. All Claims or Interests in respect of which consideration is being distributed pursuant to the Plan are equal to or senior to Claims in respect of the MIPS, and the Plan provides holders of the MIPS with a recovery of less than 100%. Accordingly, under section 510(b) of the Bankruptcy Code, securities litigation Claims relating to MIPS are subordinated to the Claims of the holders of the MIPS and all other Claims or Interests in respect of which consideration is being distributed pursuant to the Plan. As a result of such subordination, holders of such MIPS securities litigation Claims or other Class 12 Claims are entitled to no recovery under the Plan. Furthermore, all Claims or Interests in respect of which consideration is being distributed pursuant to the Plan are senior to Claims in respect of the Old TLGI Common Stock, and the Plan provides for no distributions to holders of Old TLGI Common Stock. Accordingly, under section 510(b) of the Bankruptcy Code, securities litigation Claims relating to the Old TLGI Common Stock are subordinated to the Claims of holders of the Old TLGI Common Stock and all Claims or Interests in respect of which consideration is being distributed pursuant to the Plan. As a result of such subordination, holders of securities litigation Claims relating to the Old TLGI Common Stock or other Class 13 Claims are entitled to no recovery under the Plan.

Management Changes, Restructuring Efforts and Asset Sales

To address their disappointing financial results and overleverage problems, TLGI, as noted above, curtailed its acquisition program. TLGI also replaced virtually its entire senior management team. In October 1998, TLGI's Board of Directors (the "TLGI Board") appointed a new President and Chief Executive Officer, Robert B. Lundgren (who was succeeded by Paul A. Houston in December 1999). In January 1999, the TLGI Board elected a newly appointed director, John S. Lacey, as Chairman. In March 1999, TLGI appointed Alan Thomas as Acting Chief Financial Officer (who was succeeded by Michael A. Cornelissen in July 1999). On November 6, 2000, Kenneth A. Sloan joined TLGI as Chief Financial Officer (succeeding Mr. Cornelissen).

In addition, TLGI undertook a number of additional steps to assess alternatives for maximizing stakeholder value and improving profitability and cash flow from operations, including the following:

- Consolidation of Administrative Functions. In June 1998, TLGI began the consolidation of many operational and administrative functions then conducted in its Trevose, Pennsylvania office into its Burnaby, British Columbia office. In January 1999, TLGI announced the further consolidation of most of the remaining functions, including cemetery accounting, trust administration and information systems, leaving only the receivables collection function remaining in the Trevose office. This consolidation was expected to reduce costs and improve information and control to support management decision-making. Subsequently, on September 6, 2000, TLGI announced the consolidation of its eight existing U.S. and Canadian administrative and corporate offices into three offices in Toronto, Ontario, Cincinnati, Ohio and Vancouver, British Columbia. As part of this consolidation: (a) Cincinnati, Ohio will become one of TLGI's two administrative support centers; (b) all Greater Vancouver, British Columbia area administrative functions will be consolidated in the existing administrative support center in nearby Metrotown (Burnaby), British Columbia; (c) TLGI's executive offices will be relocated from Burnaby, British Columbia to Toronto, Ontario and the existing executive office facility in Burnaby will be closed and sold; and (d) TLGI's U.S. operations offices in Conroe, Texas, its credit and collections offices in Philadelphia, Pennsylvania and smaller offices in Atlanta, Georgia and Whittier, California will be closed.

- *Engagement of Professional Advisors.* In July 1998, the TLGI Board engaged the services of financial advisors and investment bankers and announced its intention to consider all available options to maximize value, including such opportunities as strategic partnerships, combinations, dispositions and capital investments.

- *Reorganization of Board Membership.* In addition to the management changes described above, the TLGI Board's membership was reconstituted to provide for a smaller and more focused board. In September 1998, the TLGI Board created a special committee of independent directors to oversee and supervise TLGI's efforts to maximize value. In December 1998, three new directors recommended by significant shareholders were appointed to the TLGI Board. As noted above, in January 1999, John S. Lacey was elected as Chairman of the TLGI Board. Finally, through actions taken on March 30, 1999 and April 12, 1999, the TLGI Board was reduced from 14 to seven members (although the TLGI Board subsequently was increased to eight members and two new directors recommended by the Creditors' Committee were appointed in February 2000).

- *Reorganization of Operational Management.* TLGI reorganized its operational management in an effort to enhance funeral and cemetery operations, reduce regional management overhead and achieve greater accountability for cemetery profitability and cash flow.

- *Adjustments to Cemetery Preneed Sales Strategy.* Management reviewed its cemetery preneed sales strategy and, in an effort to improve cash flow, in May 1999 began implementing changes to the terms and conditions of cemetery preneed sales. These changes included (a) setting minimum contract terms, (b) adjusting sales force compensation for sales with certain terms and (c) eliminating certain types of contracts with poor cash flow characteristics.

- *New Information Systems.* TLGI began implementing several new information systems, principally in cemeteries, in an effort to improve information availability for monitoring and evaluating key financial and operational variables.

Due to severe liquidity constraints and the need to generate cash, in late 1998, TLGI identified certain properties that it would consider selling at their fair value. On March 31, 1999, TLGI sold 124 cemeteries and three funeral homes, primarily located in the northeastern U.S. (the "Northeast Disposition"), for gross proceeds of $193 million, of which $126.5 million was used to reduce indebtedness. See "Collateral Trust Agreement Issues; Recovery Actions; and Other Legal Proceedings — Other Legal Proceedings — Northeast Disposition Sale Dispute" for a discussion of certain proceedings relating to this transaction. In connection with the closing of the Northeast Disposition, TLGI completed negotiations with the lenders under certain of its debt instruments, resulting in revised lending agreements, effective March 31, 1999. Those revised lending agreements included waivers of certain financial covenants as of December 31, 1998 and:

- provided for no further borrowings and reduced availability under the bank revolving credit agreement, including letters of credit, from $600 million to $293.7 million after application of a portion of the net proceeds of the Northeast Disposition;

- increased effective interest rates or applicable margins;

- amended certain existing financial covenants and added other financial covenants;

- required refinancing of the PATS Notes on terms satisfactory to the lenders by September 15, 1999;

- required the appointment of a financial advisor on behalf of the lenders and increased reporting and monitoring;

- required the suspension of all dividend payments on TLGI Old Common Stock, TLGI Old Preferred Stock and the MIPS;

- restricted further acquisitions and equity repurchases;

- limited capital expenditures and expenditures for development of cemetery land to $60 million for 1999; and

- permitted additional sales of the TLGI's businesses, subject to certain terms and conditions.

See "Collateral Trust Agreement Issues; Recovery Actions; and Other Legal Proceedings — Recovery Actions — Preference Claims — The Northeast Disposition" with respect to certain claims arising from the paydown of $126.5 million of certain indebtedness in connection with the Northeast Disposition.

Subsequent to the Northeast Disposition, TLGI continued to suffer severe liquidity constraints and a shortage of cash. The management and operational improvements described above were in the process of being implemented fully, and first quarter 1999 results began to show positive results from those improvements. Time was needed, however, for the results to be reflected in significantly improved financial results. Moreover, TLGI was unable to consummate any additional significant sales of businesses for fair value, in part, because business valuations in the funeral home and cemetery industries had been depressed. On or about June 1, 1999, TLGI faced additional significant debt service obligations, including a semiannual interest payment totaling approximately $17 million under the Public Notes. On October 1, 1999, the PATS Notes, having an aggregate outstanding principal amount of $300 million, were scheduled to become redeemable at the election of the holders. Given this combination of circumstances, on May 31, 1999, the TLGI Board and the Boards of Directors of the other Debtors determined that the filing of the Reorganization Cases would be the best alternative to preserve value for stakeholders and therefore authorized commencement of the Reorganization Cases and the CCAA Proceedings. On June 1, 1999, the Debtors commenced the Reorganization Cases. On the same date, TLGI, together with the CCAA Debtors, commenced the CCAA Proceedings.

OPERATIONS DURING THE REORGANIZATION CASES

First Day Relief

Introduction

On the Petition Date, the Debtors Filed a number of motions (the "First Day Motions"), certain of the more significant of which are described briefly below. The First Day Motions were designed to meet the Debtors' goals of: (a) continuing their operations in chapter 11 with as little disruption and loss of productivity as possible; (b) maintaining the confidence and support of the Debtors' customers, employees, vendors, suppliers, contractors and other key groups; (c) maintaining good relations in the communities served by the Debtors' businesses; and

(d) continuing to comply with the state, provincial and territorial regulations that govern the Debtors' funeral home, cemetery and related businesses.

The First Day Motions included: (a) motions relating to case administration; (b) motions relating to the Debtors' retention of counsel and other professionals; (c) motions relating to payment of prepetition wages and other benefits to the Debtors' employees; (d) motions relating to honoring prepetition obligations to customers and payment of certain creditors that were vital to the Debtors' uninterrupted operations; (e) a motion seeking approval of a cross-border protocol with the Canadian Court; (f) a motion relating to certain activities to permit the Debtors to continue to remain in compliance with state, provincial and territorial funeral and cemetery regulations; and (g) a motion relating to the continued use of the Debtors' existing cash management system, bank accounts, business forms and investment and deposit guidelines. All of the Debtors' First Day Motions were ultimately granted and certain of such motions are described below.

Employee Wages and Benefits

The Debtors Filed a motion seeking authorization to: (a) pay certain prepetition employee wages, salaries, contractual compensation, sales and performance incentives, sick pay, vacation pay (including "personal days"), holiday pay, commissions and other accrued compensation; (b) reimburse prepetition employee business expenses (including travel, lodging, moving, closing costs and other relocation expenses); (c) make payments for which employee payroll deductions were made; (d) make prepetition contributions and pay benefits under employee benefits plans; and (e) pay all costs and expenses incident to the foregoing payments and contributions (including payroll-related taxes and processing costs).

Workers' Compensation

The Debtors sought authorization to continue their existing workers' compensation programs in all states and provinces in which they have employees and to pay prepetition premiums (the "Funded Premiums") to the six states (Nevada, North Dakota, Ohio, Washington, West Virginia and Wyoming) and Puerto Rico (collectively, the "Funded States") and the six provinces (Alberta, British Columbia, Manitoba, Prince Edward Island, Quebec and Saskatchewan) (collectively, the "Funded Provinces") in which the Debtors participate in the "monopolistic" workers' compensation programs (the "Funded Programs") funded through, and administered by, the respective Funded States and Funded Provinces. The Funded Premiums generally are based on the Debtors' adjusted payroll for their employees in the Funded States and Funded Provinces during the coverage period and are adjusted retrospectively based on a final audit of the Debtors' payroll. In the majority, if not all, of the Funded States and Funded Provinces, the Debtors are required by applicable state or provincial law to participate in the Funded Programs or, alternatively, to obtain authority to operate as a self-insured employer in the state or province.

Since January 1, 1995, the Debtors have maintained high-deductible workers' compensation and employers' liability insurance programs (collectively, the "Insured Program") with CNA Insurance Company and certain of its affiliates (collectively, "CNA") that cover the Debtors' employees in all states other than the six states with Funded Programs. Under the Insured Program: (a) insurance coverage is provided for all losses up to $1 million per claim under $250,000-deductible insurance policies; and (b) the Debtors are obligated to (i) pay annual premiums that are adjustable retroactively based on the Debtors' final audited payroll for the coverage period (the "Insured Premiums") and (ii) reimburse CNA for the loss payments that CNA makes in respect of claims asserted under the Insured Program.

To secure the Debtors' obligations under the current and former workers' compensation and employers' liability insurance policies, as well as various other liability insurance policies issued to the Debtors by CNA (collectively, the "CNA Policies"), prior to the Petition Date, CNA required the Debtors to post collateral for such liabilities. The aggregate amount of collateral that the Debtors posted in this regard was approximately $22.2 million, consisting primarily of letters of credit in the aggregate amount of approximately $17 million (the "Letters of Credit") and cash collateral in the amount of approximately $5.2 million.

Trust Fund Taxes

In the ordinary course of their businesses, the Debtors collect certain trust fund taxes (collectively, the "Trust Fund Taxes") from their employees or customers, as applicable, and hold them for a period of time before remitting them to the appropriate taxing authorities (collectively, the "Taxing Authorities"). The Debtors collect sales and use taxes from customers for remittance to the appropriate state, provincial or local Taxing Authority. In addition, the Debtors withhold certain taxes (such as income, FICA and Medicare taxes) from their employees' paychecks, which amounts are then remitted periodically to the appropriate federal, state or provincial Taxing Authorities. The Debtors sought entry of an order authorizing them to pay the Trust Fund Taxes collected prior to the commencement of their chapter 11 cases, but not yet remitted by the Debtors to the applicable Taxing Authority.

Customer, Vendor, Service Provider and Contractor Claims

The Debtors sought authority to honor or pay any prepetition obligations incurred for or on behalf of customers. As of the Petition Date, the Debtors' funeral homes were in the midst of providing funeral and burial services for a number of customers. As part of these services, the Debtors' funeral homes typically agree to make all of the necessary arrangements on behalf of the deceased and his or her family, such as purchasing cemetery plots, caskets, vaults, flowers, obituary notices, death certificates and acknowledgment cards, as well as making the necessary arrangements with the deceased's place of worship, clergy and musicians. The Debtors sought limited authority to pay the prepetition claims of (a) vendors and service providers in an amount not to exceed $1,000 per individual claim and (b) contractors who held perfected or potential lien rights against the Debtors' property in the ordinary course of their businesses. The Debtors also sought authority to pay certain independent contractors who perform various essential services relating to, among other things, the improvement and maintenance of the Debtors' information and accounting systems.

The Protocol Motion

Given the complex, transnational nature of the Reorganization Cases and the CCAA Proceedings, the Debtors sought approval of a procedural protocol between the Bankruptcy Court and the Canadian Court (collectively, the "Courts") to address the myriad administrative issues anticipated to arise in coordinating the insolvency proceedings and to ensure that: (a) the Reorganization Cases and the CCAA Proceedings were coordinated to avoid inconsistent, conflicting or duplicative activities; (b) all parties were adequately informed of key issues in both countries' proceedings; (c) the substantive rights of all parties were protected; and (d) the jurisdictional integrity of each of the Courts was preserved. Among other things, the protocol that was adopted provided for:

- communications between the Courts with or without counsel present;
- joint hearings with video or telephone links before the Courts;
- matters relating to the retention and compensation of Professionals;
- the right of interested parties to be heard by either Court;
- the service of motions and other pleadings; and
- the joint recognition of stays of proceedings under the Bankruptcy Code and the CCAA.

On March 27, 2000, pursuant to the provisions of the protocol, the Bankruptcy Court and the Canadian Court convened a joint video status conference in the Reorganization Cases and the CCAA Proceedings. At the joint video status conference, John S. Lacey (Chairman of the TLGI Board), Paul Houston (President and Chief Executive Officer of TLGI) and Bradley D. Stam (Senior Vice President, Legal and Asset Management of TLGI) made presentations to the Bankruptcy Court and the Canadian Court regarding the history of TLGI, the events leading up to the commencement of the Reorganization Cases and the CCAA Proceedings, TLGI's restructuring

efforts up to the date of the status conference, the elements of, and the process for implementing, TLGI's long-term strategic business plan and the major challenges faced by TLGI in achieving a successful reorganization.

The Regulatory Motion

The Debtors' funeral home and cemetery businesses are heavily regulated by state, provincial and territorial governments that impose licensing requirements on funeral homes and cemeteries and, in addition, complex requirements with respect to certain products sold by the Debtors. In their motion to address regulatory issues (the "Regulatory Motion"), the Debtors sought relief to ensure their continued compliance with those licensing and other regulatory requirements.

A key aspect of the Debtors' funeral home and cemetery businesses is the sale to customers of contracts for packages of funeral and burial services on a preneed basis ("Preneed Contracts"). Consistent with industry practices, the Debtors offer two payment options for a customer purchasing a Preneed Contract. The customer may either (a) pay for the entire cost of the Preneed Contract at or near the time of entry into the contract or (b) finance the cost though a multi-payment or installment plan (in either instance, such payments being referred to as the "Customer Funds"). As described more fully below, the Debtors' use of the Customer Funds is subject to complex state, provincial and territorial regulations. Accordingly, by the Regulatory Motion, the Debtors sought authority (a) to continue to comply with all state, provincial and territorial regulations applicable to the Preneed Contracts and (b) to continue to perform under each of the Preneed Contracts on an interim basis for the one-year period following the Petition Date (the "Interim Period"), as though each such contract had been assumed pursuant to section 365 of the Bankruptcy Code. This Interim Period was subsequently extended until the date of confirmation of a plan or plans of reorganization in the Reorganization Cases.

Regulations cover a wide range of the Debtors' business activities, including the sale of Preneed Contracts, the use of Customer Funds and other trusting matters. Regulations that govern the Debtors' sale of, and performance under, the Preneed Contracts impose a number of obligations upon the Debtors, including detailed recordkeeping and reporting requirements with respect to Customer Funds received under the Preneed Contracts. Regulations also restrict the Debtors' ability to collect and use the Customer Funds. Although regulations vary from jurisdiction to jurisdiction, they generally require the Debtors to deposit all, or a certain percentage, of the Customer Funds into trust fund accounts specified by the Debtors (the "Trust Accounts") within five to 60 days (depending upon the applicable regulation) after the Debtors receive the funds (funds held by the Debtors prior to their deposit into a Trust Account being referred to as "Interim Funds"). The Debtors currently maintain approximately 3,000 Trust Accounts. These Trust Accounts generally fall into one of the four following categories: (a) perpetual care trusts, which hold funds for permanent trusts established to fund the maintenance of the Debtors' cemeteries; (b) merchandise trusts, which hold funds paid by customers for funeral home and cemetery merchandise; (c) preconstruction trusts, which hold funds paid by customers for the construction of mausoleums and similar cemetery inventory; and (d) funeral service trusts, which hold funds paid by customers for the provision of funeral and burial services. Subject to certain exceptions, the Debtors generally are entitled to withdraw the principal and interest of amounts deposited with respect to a particular Preneed Contract from merchandise, preconstruction and funeral service trusts when, as applicable, the construction project is completed or the contractual obligations are fulfilled. In light of the serious adverse consequences that could result from the Debtors' failure to comply with any applicable regulations, the Debtors sought authority, pursuant to sections 105(a) and 363 of the Bankruptcy Code, to take any and all actions necessary to continue their compliance with such regulations, including the following specific requirements imposed thereby: (a) preparing and filing any required reports regarding the Debtors' operations, the Preneed Contracts or the Trust Accounts; (b) paying periodic fees to the state, provincial and territorial agencies responsible for monitoring regulatory compliance (collectively, the "Agencies"), including those that, as of the Petition Date, were due and owing to any of the Agencies (the "Fees"); (c) transferring any Interim Funds held by the Debtors or their respective banking institutions to the appropriate Trust Accounts; (d) to the extent permitted by applicable regulations, entering into new Trust Account agreements and terminating existing ones; (e) to the extent required by applicable regulations, funding any deficiencies in the Trust Accounts; and (f) depositing Customer Funds into the Trust Accounts, and withdrawing funds from the Trust Accounts, as required or permitted by applicable regulations. In addition, the Debtors sought authority to take any and all actions necessary to comply with the reasonable requests of any Agency in connection with any ongoing review by the Agency of the Debtors' regulatory compliance in the Agency's jurisdiction.

In addition, certain of the Debtors brought a preliminary injunction and declaratory judgment action in the Bankruptcy Court against the Comptroller of the State of Illinois seeking to determine the rights and obligations of the parties in relation to a notice provision specifically added by the Illinois legislature to the Illinois Funeral or Burial Funds Act and the Illinois Preneed Cemetery Sales Act shortly before the Debtors Filed the Reorganization Cases and with knowledge of the intended Filings. The notice provision would have required that notice of the Filings be given to each purchaser of a Preneed Contract in Illinois by a Debtor within 30 days after the Filing or the Debtors would risk losing their license to operate in Illinois. The Bankruptcy Court heard the case in August 1999, but has not yet ruled on the case. The notice provision has been suspended pending the outcome of the case.

Debtor-in-Possession Financing

In connection with their preparations for the Filing of the Reorganization Cases, the Debtors determined that they would need to obtain debtor-in-possession financing to ensure sufficient liquidity to meet their ongoing operating needs. On the Petition Date, the Debtors Filed a motion for entry of interim and final orders to obtain debtor-in-possession financing in an aggregate amount of $200 million. On July 16, 1999, the Bankruptcy Court entered a final order approving such financing (the "First DIP Financing Facility"). The First DIP Financing Facility had a term of two years and was secured by a perfected security interest in substantially all of the existing and future assets of LGII and the Loewen Subsidiary Debtors (subject only to valid and perfected pre-Petition Date liens). The lenders under the First DIP Financing Facility also had the benefit of a superpriority administrative expense claim in LGII's bankruptcy proceedings. The First DIP Financing Facility was intended to be used primarily to fund LGII's working capital needs during the course of the bankruptcy proceedings. Use of the First DIP Financing Facility for letters of credit was limited to a maximum of $50 million.

On April 25, 2000, the Debtors Filed a motion to authorize a new debtor-in-possession financing (the "DIP Financing Facility") to replace the First DIP Financing Facility. The maximum borrowing availability under the DIP Financing Facility was reduced to $100 million, with a sublimit of $50 million for standby and commercial letters of credit. Obligations under the DIP Financing Facility, like the First DIP Financing Facility, were secured by a first priority lien on substantially all of the assets of LGII and the Loewen Subsidiary Debtors not subject to a perfected security interest on the Petition Date and a junior lien on the assets of LGII and the Loewen Subsidiary Debtors already subject to a perfected lien on those dates. Subject to carveouts for fees and expenses of estate professionals in the amount of $10 million and fees payable to the U.S. Trustee under 28 U.S.C. § 1930, the obligations of the Debtors under the DIP Financing Facility constituted allowed superpriority administrative expense claims under section 364(c)(1) of the Bankruptcy Code. The amounts advanced under the DIP Financing Facility were permitted to be used to (a) repay the obligations under the First DIP Financing Facility, (b) pay or otherwise secure prepetition obligations in an aggregate amount not to exceed $5 million and (c) fund working capital and other general corporate purposes of the Debtors. The Bankruptcy Court approved the DIP Financing Facility on May 9, 2000.

The Debtors believe that their existing cash, together with cash flow from operations, will be sufficient to satisfy their near-term obligations. Accordingly, the Debtors did not renew or replace the $100 million DIP Financing Facility upon its expiration at June 30, 2001. Upon the expiration of the DIP Financing Facility, all outstanding letters of credit in an aggregate amount of approximately $15.3 million were replaced with cash collateral.

Key Employee Retention Program

To stabilize employee relations, the Debtors developed a Key Employee Retention Program (the "KERP"), which was approved by the Bankruptcy Court on September 21, 1999. The KERP was designed to, among other things, ensure that the employees critical to the Debtors' reorganization efforts are provided with sufficient economic incentives and protections to remain with the Debtors and fulfill their responsibilities through the successful conclusion of the Reorganization Cases. For details concerning the KERP, see "Reorganized LGII — Management and Board of Directors — Existing Benefit Plans and Agreements — Key Employee Retention Program."

Appointment of the Creditors' Committee

On June 11, 1999, the Office of the U.S. Trustee appointed the Creditors' Committee. The current members of, and advisors to, the Creditors' Committee are:

Committee Members:

California Public Employee's Retirement System
Lincoln Plaza
400 P Street
Suite 3492
Sacramento, California 95814

Teachers Insurance and Annuity Association of America
730 Third Avenue
New York, New York 10017-3206

Bank One Trust Company, N.A.,
as Successor Indenture Trustee
100 East Broad Street
Columbus, Ohio 43271-0181

Wachovia Bank, N.A.
U.S. Corporate Finance
191 Peachtree Street, N.E.
28th Floor
Atlanta, Georgia 30303

Norwest Bank
406 Farmington Avenue
Farmington, Connecticut 06032

Counsel:

U.S. counsel to the Creditors' Committee:
Bingham Dana LLP
One State Street
Hartford, Connecticut 06103-3178

Delaware counsel to the Creditors' Committee:
Young, Conaway, Stargatt & Taylor, LLP
Rodney Square North
11th Floor
P.O. Box 391
Wilmington, Delaware 19899-0391

Canadian counsel to the Creditors' Committee:
Fasken Campbell Godfrey LLC
Toronto Dominion Bank Tower
Box 20, Suite 4200
Toronto-Dominion Centre
Toronto, Ontario M5K 1N6
Canada

Financial Advisors:

Houlihan Lokey Howard & Zukin
601 Second Avenue South
Suite 4950
Minneapolis, Minnesota 55402-4304

Accountants:

PricewaterhouseCoopers LLP
1177 Avenue of the Americas
New York, New York 10036

Claims Process and Bar Dates

On October 8, 1999, the Debtors Filed their Schedules, identifying the assets and liabilities of their respective Estates. These Schedules have been amended from time to time subsequent to this initial Filing. In addition, pursuant to an order dated October 21, 1999 (the "Bar Date Order"), a general Bar Date of December 15, 1999 (the "General Bar Date") was established for all Claims in the Reorganization Cases, other than Claims arising out of the rejection of Executory Contracts and Unexpired Leases ("Rejection Damage Claims") approved after the entry of the Bar Date Order, Claims in response to amendments to the Schedules ("Schedule Amendments") and certain other Claims. If a rejection of an Executory Contract or Unexpired Lease occurs after the entry of the Bar Date Order, the Bar Date for a Rejection Damage Claim relating to such Executory Contract or Unexpired Lease will be the later of (a) the General Bar Date and (b) 30 days after the date of an order rejecting such Executory Contract or Unexpired Lease. In the case of a Schedule Amendment, the Bar Date for a claimant to File a proof of Claim or to amend any previously Filed proof of Claim in respect of the amended scheduled Claim, the Bar Date is the later of (a) the General Bar Date and (b) 30 days after the date that a notice of an amendment to the Schedules is served on such claimant. No Bar Date has been established for certain other Claims.

In June 2000 and July 2001, the Debtors Filed Schedule Amendments identifying additional potential creditors, for which the Bar Dates were set at July 14, 2000 and August 27, 2001, respectively.

More than 16,000 Claims were originally scheduled by the Debtors or Filed against the Debtors on or before the General Bar Date. In March 2000, the Debtors completed their initial review and reconciliation of the proofs of Claim Filed against the Debtors. The Debtors are in the process of resolving proofs of Claim that differ in nature, classification or amount from the Debtors' records through several means, including negotiations with the affected claimants, the Filing and prosecution of objections and, where appropriate, the referral of the Claims to the alternative dispute resolution procedures (the "ADR Procedures") approved by the Bankruptcy Court on February 23, 2000.

The Debtors proposed the ADR Procedures in the belief that an alternative dispute resolution process would greatly expedite the resolution of Claims and thus facilitate the Debtors' successful reorganization. Under the Bankruptcy Court's order approving the ADR Procedures, the Debtors are authorized to submit to the ADR Procedures all proofs of Claim that the Debtors, in their sole discretion, believe should be liquidated pursuant to the procedures. The ADR Procedures with respect to any particular proof of Claim include the following stages:

- The first stage of the ADR Procedures consists of offer exchange procedures, providing the parties with an opportunity to exchange settlement offers and, if possible, resolve the Claim on a consensual basis without any further action by the parties.

- If the Claim remains unresolved after completion of the offer exchange procedures, the Claim is submitted to binding or nonbinding arbitration (depending on the election of the claimant) governed by the rules of the American Arbitration Association.

- If a party is dissatisfied with a nonbinding arbitration award, the party may File a notice of intent to litigate within ten days after service of the nonbinding arbitration award.

To date, the Debtors have submitted approximately 630 proofs of Claim to the ADR Procedures.

On April 20, 2001, the Debtors Filed with the Bankruptcy Court a motion (the "Mediation Motion") seeking entry of an order (a) approving mediation procedures ("Mediation Procedures") to assist in the resolution of Claims arising from the acquisition of funeral homes and cemetery businesses ("Mediation Claims") and (b) appointing a single mediator to mediate the Mediation Claims pursuant to the Mediation Procedures. The Bankruptcy Court entered an order approving the Mediation Procedures on May 23, 2001. Pursuant to such order, the Debtors have the authority to submit unresolved Mediation Claims to the Mediation Procedures. As of September 4, 2001, the Debtors had submitted approximately 25 Mediation Claims to the Mediation Procedures.

Market for TLGI Old Common Stock

Shares of TLGI Old Common Stock traded on The Toronto Stock Exchange ("TSE") under the symbol "LWN" until November 21, 2000. Until March 3, 2000, shares of TLGI Old Common Stock were also listed on The New York Stock Exchange ("NYSE"). Since March 6, 2000, shares of TLGI Old Common Stock have been quoted in the U.S. National Quotation Bureau "pink sheets" under the symbol "LOWGQ."

Trading of TLGI Old Common Stock was suspended by the NYSE on March 3, 2000 and the shares of TLGI Old Common Stock were delisted from the NYSE on April 13, 2000, because TLGI did not meet the required standards for continued listing of securities on the NYSE. Trading of the MIPS, which also were listed on the NYSE, was also suspended on March 3, 2000, and the MIPS were delisted on April 13, 2000.

On November 21, 2000, the TSE suspended trading of the shares of TLGI Old Common Stock and shares of TLGI Old Preferred Stock. The suspension became effective after the Debtors Filed a plan of reorganization proposing that (a) all assets of TLGI be transferred to Reorganized LGII at the time of emergence from chapter 11, (b) all property to be distributed under such plan of reorganization, including debt and equity in Reorganized LGII, be distributed to persons other than the holders of TLGI Old Common Stock and shares of TLGI Old Preferred Stock and (c) such shareholders receive no distribution of value under such plan of reorganization. Securities that have been suspended from trading for a period of one year by the TSE and which have not been approved for reinstatement by the TSE, will be automatically delisted at that time.

The following table sets forth, for the periods indicated, the range of high and low sales prices, as reported by the TSE and the NYSE, and the high and low bid prices as reported on the National Quotation Bureau "pink sheets" for shares of TLGI Old Common Stock. The "pink sheet" high and low bid prices are the prices at which transactions were proposed, and do not necessarily represent actual transactions. Prices do not include retail markup, markdown or commissions.

		Toronto Stock Exchange		New York Stock Exchange		"Pink Sheets"	
		High	Low	High	Low	High	Low
		(Cdn.$)		(U.S.$)		(U.S.$)	
1999	Third quarter	2.450	0.770	1.688	0.500	n/a	n/a
	Fourth quarter	0.950	0.550	0.625	0.378	n/a	n/a
2000	First quarter						
	January 1, 2000 through March 3, 2000	2.150	0.620	1.500	0.406	n/a	n/a
	March 6, 2000 through March 31, 2000	1.490	0.860	n/a	n/a	1.125	0.563
	Second quarter	1.430	0.720	n/a	n/a	0.906	0.453
	Third quarter	0.910	0.365	n/a	n/a	0.563	0.266
	Fourth quarter						
	October 1, 2000 through November 20, 2000	0.470	0.150	n/a	n/a	0.297	0.094
	November 21, 2000 through December 31, 2000	n/a	n/a	n/a	n/a	0.109	0.031
2001	First quarter	n/a	n/a	n/a	n/a	0.156	0.031
	Second quarter	n/a	n/a	n/a	n/a	0.190	0.100

Executory Contracts and Unexpired Leases

Since the Petition Date, the Debtors have devoted significant time and effort to the process of reviewing each of their Executory Contracts and Unexpired Leases. The Debtors' review of their Executory Contracts and Unexpired Leases is a particularly difficult task in these cases because of the number of Debtors, the number of locations at which they operate, the Debtors' historical acquisition program and other industry factors. In all, as of the Petition Date, one or more of the Debtors were parties to more than 10,000 Executory Contracts and Unexpired Leases. To assist in their review of this large volume of Executory Contracts and Unexpired Leases, the Debtors obtained authority from the Bankruptcy Court to retain and employ Yantek Enterprises, effective as of February 15, 2000, as their executory contract consultant.

The prepetition Executory Contracts and Unexpired Leases to which one or more of the Debtors were parties include approximately 300 prepetition unexpired leases of nonresidential real property. As debtors in possession, the Debtors have the right under section 365 of the Bankruptcy Code, subject to the approval of the Bankruptcy Court, to assume or reject Executory Contracts and Unexpired Leases, including real property leases. Section 365 of the Bankruptcy Code provides generally that a debtor is given until 60 days after the date of commencement of its bankruptcy to decide whether to assume, assume and assign or reject an unexpired lease of nonresidential real property. This period may be extended for "cause."

By order of the Bankruptcy Court dated August 24, 1999, the Debtors obtained an extension of the period within which to assume or reject nonresidential real property leases through and including the date of confirmation of a plan or plans of reorganization in the Reorganization Cases, except for leases of four objecting landlords (the "Objection Leases"). With respect to the Objection Leases, the Debtors originally obtained a 180-day extension, and subsequently received two further 180-day extensions, of the period within which the Debtors may elect to assume or reject the remaining Objection Leases. The Debtors have sought and obtained authority from the Bankruptcy Court to assume each of the four Objection Leases. From time to time during the pendency of the Reorganization Cases, the Debtors, in the exercise of their business judgment, have sought and obtained authority from the Bankruptcy Court to reject individual or small groups of unexpired leases of nonresidential real property in instances where continued performance under the leases would not be in the interests of the Debtors' respective estates and creditors.

In June 1999, the Debtors Filed a motion with the Bankruptcy Court seeking authority to reject approximately 200 prepetition noncompetition agreements to which one or more of the Debtors were parties (the "June Rejection Noncompetition Agreements"). The Debtors estimated that ongoing payment obligations under the June Rejection Noncompetition Agreements, were they to continue to perform thereunder, would aggregate approximately $7.2 million per year. In August 1999, the Bankruptcy Court denied without prejudice the Debtors' motion to reject the June Rejection Noncompetition Agreements. The Bankruptcy Court indicated, based on its review of contracts tendered to the Court, that irrespective of whether the agreements were or could be rejected, the result would likely be the same, *i.e.*, the third parties to the June Rejection Noncompetition Agreements would be entitled only to a prepetition unsecured Claim. In view of the Bankruptcy Court's ruling, the Debtors subsequently provided notice to the non-Debtor parties under the June Rejection Noncompetition Agreements that the Debtors were suspending payments under the June Rejection Noncompetition Agreements and did not intend to enforce the noncompetition covenants set forth therein.

In August 2000, the Debtors Filed a second motion to reject approximately 32 prepetition noncompetition agreements (the "August Rejection Noncompetition Agreements"). At the same time, the Debtors also Filed a motion to reject approximately 56 consulting agreements (the "Rejection Consulting Agreements"). In addition, the Debtors notified approximately 36 other non-Debtor parties to noncompetition agreements that the Debtors determined to be non-executory (the "Non-executory Noncompetition Agreements") that the Debtors were suspending payments under such agreements and did not intend to enforce the noncompetition covenants set forth therein. The Debtors estimate that ongoing obligations under all the August Rejection Noncompetition Agreements, the Rejection Consulting Agreements and the Non-executory Noncompetition Agreements, were they to continue to perform thereunder, would aggregate approximately $4.3 million per year. In September 2000, the Bankruptcy Court denied the Debtors' rejection motions without prejudice and directed the Debtors to File separate motions to reject each of the August Rejection Noncompetition Agreements, and the Rejection Consulting Agreements individually or in small groups. Later in September 2000, the Debtors Filed motions for this purpose. As of August 27, 2001, the Bankruptcy Court had approved the rejection of approximately 30 of the August Rejection Noncompetition Agreements and approximately 50 of the Rejection Consulting Agreements. The Debtors have submitted approximately ten of the motions to reject August Rejection Noncompetition Agreements and Rejection Consulting Agreements and the related Claims, for resolution pursuant to the Mediation Procedures. See " — Claims Process and Bar Dates."

In July and August 2001, the Debtors Filed motions to reject 25 prepetition noncompetition agreements and 12 consulting, employment or management agreements. As of September 4, 2001, the Bankruptcy Court had approved the rejection of 15 of these noncompetition agreements and 11 of the consulting, employment or management agreements.

Under the Debtors' historical acquisition program, LGII in some instances purchased a majority, but less than a 100%, interest in the businesses being acquired. In most of those instances, LGII entered into "regional partnership" shareholder agreements with the parties holding the remaining minority interests in the businesses involved. Pursuant to these agreements, LGII and the minority shareholders agreed to certain terms and conditions for the financing, operations and governance of the companies in which the parties held shares. Many of these agreements also provided the minority shareholders the right to "put" their stock to LGII under certain terms and conditions for a minimum specified price. As of the Petition Date, in addition to the West Texas Shareholder Agreement, 12 of these shareholder agreements remained in force. Since the Petition Date, LGII has Filed motions in the Bankruptcy Court to reject all of the remaining shareholder agreements, and the Bankruptcy Court has approved the rejection of these 12 agreements. For a description of the current status of the West Texas Shareholder Agreement, see " — West Texas."

Blackstone Transactions

Prime Succession

4103 Investments Ltd., a CCAA Debtor ("4103 Investments"), all of the stock of which is owned by LGII and TLGI (collectively, the "Prime Parents"), owned 21.8% of the common stock of Prime Succession Holdings, Inc. ("Prime") and 100% of Prime's non-voting preferred stock. Blackstone Capital Partners II Merchant Banking Fund L.P. and certain of its affiliates (together, "Blackstone") owned the remaining 78.2% of Prime's common stock.

Prime holds all of the outstanding common shares of Prime Succession, Inc., an operator of funeral homes and cemeteries in the U.S. Prime Succession, Inc. was purchased on August 26, 1996 for approximately $320 million, of which $52 million was funded by Blackstone, $78 million was funded by the Prime Parents and $190 million was financed through bank borrowings and the issuance of senior subordinated notes. These bank borrowings and notes are not obligations of the Prime Parents. In 1999, due to the performance of Prime, the Prime Parents wrote off all of their investment in Prime.

Under a Put/Call Agreement entered into with Blackstone in August 1996 (the "Prime Put/Call Agreement"), Blackstone had the option to sell its Prime common stock to LGII commencing on August 26, 2002, and for a period of two years thereafter, at a price determined pursuant to the Prime Put/Call Agreement (the "Prime Put"). TLGI guaranteed LGII's obligations. The price for the Prime Put is based on a formula that calculates the equity value attributable to Blackstone's common stock interest. The calculated equity value is determined at the Prime Put date based on a multiple of approximately 12x earnings before interest, taxes, depreciation and amortization ("EBITDA") for the previous year, after deduction of certain liabilities.

On July 12, 2000, Prime and 37 of its affiliated companies commenced chapter 11 cases under the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Prime Bankruptcy Proceedings"). On July 17, 2000, Prime and its affiliated debtors filed a proposed plan of reorganization and related disclosure statement (as amended, the "Prime Plan"). The Prime Parents did not vote to accept or reject the Prime Plan in respect of their holding of non-voting preferred stock of Prime and have not taken any other action with respect to the Prime Plan. A hearing on confirmation of the Prime Plan was held on November 8, 2000, and the Prime Plan was confirmed by the court. The Prime Plan became effective on December 18, 2000. Pursuant to the Prime Plan, all of the existing common stock of Prime was canceled and the holders thereof, including the Prime Parents, received no distributions in respect thereof. Pursuant to the Prime Plan, the non-voting preferred stock of Prime, all of which was owned by the Prime Parents, was canceled and each holder thereof became entitled to receive its *pro rata* share of five-year warrants to purchase 500,000 shares of common stock of reorganized Prime ("New Prime Common Stock") at an exercise price of $16.76 per share. The Prime Plan also provided for 5,000,000 shares of New Prime Common Stock to be issued to certain creditors of Prime. For purposes of the Prime Plan, Prime estimated that the midpoint reorganization value of the shares of New Prime Common Stock was $2.76 per share.

As a result of the Prime Plan, the Prime Parents own warrants to purchase 500,000 shares of New Prime Common Stock at an exercise price of $16.76 per share, *i.e.*, the "Prime Succession Warrants." Pursuant to the Plan, on the Effective Date, the Prime Succession Warrants will be transferred to the Liquidating Trust. See "Overview of the Plan — Formation of Liquidating Trust" and "Liquidating Trust To Be Formed Pursuant to the Plan." The

Debtors are unable at this time to predict what value, if any, may ultimately be realized in respect of the Prime Succession Warrants.

Blackstone has Filed proofs of Claim against LGII and TLGI in respect of the Prime Put, in which Blackstone calculates a Prime Put price of $183.4 million.

Rose Hills

4103 Investments, Roses Delaware, Inc. and LGII (collectively, the "Rose Hills Parents") own 20.45% of the common stock of Rose Hills Holdings Corp. ("Rose Hills") and 100% of Rose Hills non-voting preferred stock, with a 10% cumulative annual payment-in-kind dividend. Blackstone and RHI Management Direct L.P. ("RHI") own the remaining 79.55% of the Rose Hills common stock.

Rose Hills holds all of the outstanding common stock of Rose Hills Company and the cemetery related assets of Rose Hills Memorial Park Association, representing the largest single location cemetery in the U.S. These companies were purchased on November 19, 1996 for approximately $285 million, of which $35 million was funded by Blackstone, $95 million was funded by the Rose Hills Parents and $155 million was financed through bank borrowings and the issuance of senior subordinated notes. These bank borrowings and notes are not obligations of the Rose Hills Parents. After certain writedowns, at December 31, 1999, the carrying value of Rose Hills Parents investment in Rose Hills was approximately $44 million.

Under a Put/Call Agreement entered into with Blackstone and RHI in November 1996 (the "Rose Hills Put/Call Agreement"), LGII has the option to acquire the Rose Hills common stock owned by Blackstone and RHI commencing on November 19, 2000, and for a period of two years thereafter, at a price determined pursuant to the Rose Hills Put/Call Agreement (the "Rose Hills Call"). Blackstone and RHI have the option to sell their Rose Hills common stock to LGII commencing on November 19, 2002, and for a period of two years thereafter, at a price determined pursuant to the Rose Hills Put/Call Agreement (the "Rose Hills Put"). TLGI guaranteed LGII's obligations.

The prices for the Rose Hills Call and the Rose Hills Put are based on a formula that calculates the equity value attributable to the common share interest of Blackstone and RHI. The calculated equity value is determined at the Rose Hills Put or Rose Hills Call date based on a multiple of approximately 14x EBITDA for the previous year, after deduction of certain liabilities.

Prior to March 1, 2000, LGII had provided various management and administrative services to Rose Hills and its subsidiaries under an Administrative Services Agreement (the "Rose Hills Services Agreement") for an annual fee of $250,000. On or about July 6, 1999, Rose Hills Filed a motion for relief from the automatic stay imposed by section 362 to terminate the Rose Hills Services Agreement. (Prime originally was a joint movant on this motion with respect to a similar Administrative Services Agreement to which it is a party with certain of the Debtors, but Prime subsequently dismissed the motion as to its agreement without prejudice.) The Bankruptcy Court denied Rose Hills' motion for relief from the automatic stay and directed Rose Hills to file a motion to compel the Debtors to assume or reject the Rose Hills Services Agreement. On or about February 4, 2000, Rose Hills Filed such a motion (the "Motion to Compel").

At the Bankruptcy Court's hearing on the Motion to Compel, counsel to the Debtors proposed on the record to resolve the motion on terms that the Bankruptcy Court agreed were reasonable. In light of this direction from the Bankruptcy Court, LGII and Rose Hills agreed to amend the Rose Hills Services Agreement, effective March 1, 2000, to provide that, until such time as the Rose Hills Parents make an election to reject or assume the Rose Hills Services Agreement under section 365 of the Bankruptcy Code, the annual fee payable by Rose Hills under the Rose Hills Services Agreement will be waived and the Rose Hills Parents will no longer be required to provide any services to Rose Hills under the Rose Hills Services Agreement. That annual fee is subject to renegotiation in the event that Rose Hills requests further services from the Rose Hills Parents. If the Rose Hills Services Agreement were to become subject to termination by Blackstone due to LGII's material breach thereof or other failure to comply in any material respect, the price payable to Blackstone and RHI upon a Rose Hills Put of its interests would, under the terms of the Rose Hills Put/Call Agreement, be no less than an amount equal to its

original investment plus a 25% compound return per annum thereon, which increases to 27.5% in the event of a change in control of the Rose Hills Parents regardless of the calculated equity value.

In October 2000, LGII and Rose Hills entered into a settlement agreement (the "Rose Hills Settlement Agreement") that resolved LGII's claims arising under the Rose Hills Services Agreement prior to the date of the settlement agreement and certain other disputes between the parties. Pursuant to the Rose Hills Settlement Agreement, which the Bankruptcy Court approved on November 12, 2000, LGII was paid $514,000 on account of its existing claims arising under the Rose Hills Settlement Agreement from the proceeds of the sale of certain property located in Van Nuys, California (totaling approximately $1 million) to which LGII held legal title but to which Rose Hills asserted equitable title. Rose Hills was paid the remaining proceeds of the sale. The Rose Hills Settlement Agreement contemplates that, notwithstanding the settlement, the Rose Hills Services Agreement, as amended pursuant to the parties' agreement described above, will remain in force and effect.

Blackstone and RHI have Filed proofs of Claim against LGII and TLGI in respect of the Rose Hills Put, in which Blackstone and RHI calculate a put price of $158.8 million. See " — Blackstone Transactions — Blackstone Settlement."

Blackstone Settlement

Blackstone, RHI and certain of the Debtors have entered into a settlement and resolution of all claims, issues and disputes between such parties relating to or involving Prime, Rose Hills or the Reorganization Cases (the "Blackstone Settlement"). The Blackstone Settlement is evidenced by an agreement (the "Blackstone Settlement Agreement"), pursuant to the terms of which on the Effective Date:

(a) each of Blackstone and RHI, on the one hand, and TLGI, LGII and Roses Delaware, Inc., on the other hand, will, effective as of the closing of the transactions described below, release, waive and discharge the other from any and all claims, demands, rights, causes of action and controversies arising from or relating to the Prime Put/Call Agreement (including the rejection thereof), the Rose Hills Put/Call Agreement or otherwise relating to Prime or Rose Hills;

(b) Reorganized LGII will assume the Rose Hills Put/Call Agreement as amended and modified by the Blackstone Settlement Agreement; and

(c) the Rose Hills Put/Call Agreement will be amended and modified to provide that (i) the Rose Hills Put will automatically be exercised, (ii) in full satisfaction of all of the Debtors' obligations under the Rose Hills Put/Call Agreement, Reorganized LGII will (A) deliver to Blackstone and RHI $24,678,571 aggregate principal amount of New Unsecured Subordinated Convertible Notes and a number of shares of New Common Stock having an aggregate value of $6,515,143 determined based on the per share value estimated for purposes of the Plan (*i.e.*, 379,449 shares based on a per share value of **$**17.17) and (B) assume the obligations under a promissory note in the principal amount of $445,000 issued by RHI to Rose Hills, (iii) in full satisfaction of all of the obligations of Blackstone and RHI under the Rose Hills Put/Call Agreement, Blackstone and RHI will convey to Reorganized LGII all of the Rose Hills common stock owned by them, free and clear of all liens, and (iv) upon the closing of such transactions, the Rose Hills Put/Call Agreement will terminate and be of no further force or effect.

For a description of the terms of the New Unsecured Subordinated Convertible Notes, see "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Unsecured Subordinated Convertible Notes." Also, for a description of certain indebtedness of Rose Hills, see "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — Rose Hills Indebtedness."

Pursuant to the Blackstone Settlement Agreement, (a) Blackstone and RHI will agree not to object to the Plan and (b) effective upon the closing of the transactions described above, all proofs of Claim Filed by Blackstone and RHI in the Reorganization Cases shall be deemed disallowed or withdrawn.

The conditions of the parties to consummate the transactions contemplated by the Blackstone Settlement Agreement include the following, among others:

(a) the Bankruptcy Court shall have entered the Confirmation Order, and simultaneously with the consummation of such transactions, the Effective Date shall have occurred;

(b) the waiting period, if any, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, relating to such transactions shall have expired or been terminated; and

(c) there shall be no judgment, injunction, order or decree of any governmental authority in effect that prohibits such transactions.

The Blackstone Settlement Agreement may be terminated by Blackstone, LGII or TLGI if: (a) pursuant to final order of the Bankruptcy Court, (i) more than $100 million of the CTA Note Claims is found not to be entitled to the benefits of the collateral under the CTA and is to be treated under the Plan as fully unsecured debt (the "Unsecured CTA Note Claims") and (ii) such Unsecured CTA Note Claims will receive an estimated percentage recovery of greater than 10 percentage points; *provided, however*, that such termination shall not be permitted if the CTA Note Claims other than the Unsecured CTA Note Claims are to receive an estimated percentage recovery within 10 percentage points of the estimated percentage recovery to be received by the Unsecured CTA Note Claims; or (b) Confirmation does not occur on or prior to December 31, 2001.

The Debtors have analyzed proofs of Claim Filed by Blackstone and RHI and all other potential issues between the parties relating to Prime and Rose Hills and have determined that full and protracted litigation of the factual and legal issues inherent in resolving these matters would be costly and could impair a prompt, efficient and economic reorganization of the Debtors. Moreover, the ultimate outcome of such litigation is uncertain, and there could be no assurance that the Debtors would obtain any significant benefit from the pursuit of such litigation. Accordingly, the Debtors believe that the resolution of these claims, issues and disputes pursuant to the Blackstone Settlement is in the best interests of their respective estates and creditors.

The foregoing description of the Blackstone Settlement is qualified in its entirety by reference to the Blackstone Settlement Agreement, a copy of which has been Filed as Exhibit I.A.18 to the Plan and is available for inspection in the Document Reviewing Centers and over the Internet on the web site at http://www.loewenreorgplan.com. See "Additional Information."

Michigan Cemeteries

Prior to the Petition Date, certain Loewen entities, *i.e.*, the Michigan Cemetery Debtors, transferred legal title to approximately 28 cemeteries located in the State of Michigan (the "Michigan Cemeteries") to three Michigan limited liability companies (the "LLCs") that, at the time of the sale transactions, were owned and controlled by Hudson A. Mead and since January 1998 have been owned and controlled by Craig R. Bush ("Bush"), a former officer of LGII. Each of these cemetery purchase and sale transactions was structured in the following general form:

- Pursuant to an asset purchase agreement, a subsidiary of LGII (the "Seller") transferred legal title to its cemetery and other related assets to one of the LLCs.

- Under the asset purchase agreement, the purchase price was payable to the Seller as follows: (a) at least 10% in cash; and (b) the remainder in the form of a 10-year subordinated promissory note under which the payment of principal and interest is subordinated and junior in right of payment to the prior payment in full of secured loans made by Comerica Bank (the "Comerica Loans") to the applicable LLC to finance amounts paid in connection with the purchase and sale of the Michigan Cemeteries. The Comerica Loans are secured by security interests in, among other things, substantially all of the personal property assets of the LLCs.

- With respect to each cemetery purchase and sale transaction, the parties entered into a sales agreement ("Sales Agreement") that obligates the Seller to perform sales functions for the applicable

cemetery and make monthly payments to the LLC to cover payroll, insurance and other costs, and to provide a specified rate of return to the LLC.

- Under the Sales Agreement, all receipts from the cemetery operations are to be deposited in operating bank accounts (the "Operating Accounts") of the Sellers on a daily basis and then to use such deposits to pay the applicable LLC certain amounts on a monthly basis.

- The parties also entered into a separate right of first refusal and option agreement, and LGII entered into a guaranty of all of the Seller's obligations under the transaction documents.

- Pursuant to an "amending agreement," the LLCs and the selling Loewen entities agreed that the benefits and burdens of operation of the properties were for the account of the selling Loewen entities and that the parties did not intend the transfer to constitute a sale for tax purposes. Additionally, the parties agreed that, to the extent that the Sales Agreement remains in place with respect to a cemetery, the LLC is not required to make any principal or interest payments on the relevant promissory note.

Notwithstanding the provisions of the documents described above, the Operating Accounts for the Michigan Cemeteries were opened in the names of the LLCs, rather than in the names of the respective Sellers. Prior to the Petition Date, the LLCs periodically paid net sales receipts, after deducting the expenses and payments to which they were entitled under the documents, from the Operating Accounts to the Michigan Cemetery Debtors. After the Petition Date, however, the LLCs stopped the transfer of funds from the Operating Accounts to the Michigan Cemetery Debtors. The Michigan Cemetery Debtors were advised by the LLCs that they took this action to ensure that sufficient funds were available to satisfy certain obligations, including trust obligations under Michigan law, for which the LLCs would be liable if the Michigan Cemetery Debtors failed to pay such obligations. In addition, the LLCs and Bush expressed concerns regarding certain disputes involving third parties with respect to which the LLCs or Bush were seeking indemnification.

In February 2000, to address these and certain other matters relating to the continued operation of the Michigan Cemeteries, the Michigan Cemetery Debtors, the LLCs and Bush agreed to a compromise and settlement (the "Michigan Settlement"), subject to the approval of the Bankruptcy Court. The Michigan Settlement was approved by the Bankruptcy Court on March 23, 2000 and is in the process of being implemented by the parties. The primary terms of the Michigan Settlement are as follows:

- Upon the effectiveness of the Michigan Settlement, the LLCs were to cause the entire balances in the current Operating Accounts to be transferred to bank accounts ("New Operating Accounts") established in the applicable Michigan Cemetery Debtors' names. Thereafter, all collections, cash, checks and other monies derived from the sale of death care services and merchandise are to be deposited in the New Operating Accounts. Funds deposited in the New Operating Accounts are to be transferred by the Michigan Cemetery Debtors to a central account (the "New Central Account") at Comerica Bank. The Operating Account balances were to be transferred free and clear of liens, except that the Michigan Cemetery Debtors granted the LLCs an automatically perfected first priority lien in the New Operating Accounts and the New Central Account solely to secure the Michigan Cemetery Debtors' monthly payment obligations to the LLCs under the Sales Agreements. Upon the effectiveness of the Michigan Settlement, that lien was deemed assigned by the LLCs to Comerica Bank.

- Upon the effectiveness of the Michigan Settlement, the LLCs were to pay to the Michigan Cemetery Debtors a cash amount equal to all amounts to which the Michigan Cemetery Debtors were entitled under the Michigan Cemeteries transaction documents for the period from the Petition Date through the date on which the operating account balances were transferred to the New Operating Accounts, net of (a) all payables paid by the LLCs to or on behalf of the Michigan Cemetery Debtors and (b) the monthly payments due to the LLCs for the period. The Michigan Cemetery Debtors and the LLCs agreed that the cash amount to be paid upon the effectiveness of the Michigan Settlement would be $2,573,581.25, which amount was subject to adjustment pursuant to reconciliation procedures set forth in the settlement documentation.

- Provided that the LLCs have fully satisfied their obligations with respect to the Operating Accounts and payment of cash amounts, as described above, the Michigan Cemetery Debtors agreed to indemnify Bush or the LLCs, including their respective officers, directors, employees, stockholders, affiliates and agents, with respect to the following matters: (a) claims arising under certain construction contracts with Pumford Construction Company; (b) the action captioned *Letherer v. Alger Group, L.L.C.*, Case No. 99-29046-CK (Cir. Ct. Saginaw Cty., Mich.) (the "Letherer Action"); (c) claims that may be asserted by William R. Eldridge under a covenant not to compete and a note entered into by the Michigan Cemetery Debtors; and (d) certain other claims and potential claims identified to the Michigan Cemetery Debtors by Bush. In addition, pending the assumption or rejection of the Sales Agreements, the Michigan Cemetery Debtors agreed to perform their contractual indemnification obligations under those agreements.

The Michigan Cemetery Debtors believe that, based on the Michigan Cemeteries transaction documents, the Sellers are the equitable owners of the Michigan Cemeteries. LGII and the Michigan Cemetery Debtors have concluded that a sale of the Michigan Cemeteries to a third party is in the best interests of their estates and, to this end, have attempted to initiate discussions with Bush to effectuate a return of bare legal title to these assets to the Michigan Cemetery Debtors. Bush did not satisfactorily respond to the Michigan Cemetery Debtors' efforts consensually to reunite legal title to the properties with the equitable title thereto; accordingly, in September 2000, the Michigan Cemetery Debtors commenced an adversary proceeding against the LLCs seeking a judgment: (a) declaring that the Sellers are the equitable owners of the Michigan Cemeteries; (b) directing the LLCs to turn over legal title to the Michigan Cemeteries to the Sellers by transferring legal title into a trust or escrow for the Sellers' benefit or, in the alternative, avoiding the Cemetery Transactions as fraudulent conveyances; and (c) requiring the LLCs to furnish an accounting of the costs and expenses for which they were reimbursed by the Sellers and to refund to the Sellers the amount of any overpayment on such costs and expenses. The Michigan Cemetery Debtors have amended the complaint in this adversary proceeding twice for the purpose of, among other things, adding a request for an injunction requiring the LLCs to comply with the terms of the Michigan Settlement and the transactional documents described above.

The LLCs have Filed motions to dismiss the Michigan Cemetery Debtors' original, first amended and second amended complaints. The Michigan Cemetery Debtors have responded to each of these motions. The Bankruptcy Court has not ruled on any of the LLCs' motions to dismiss. The Michigan Cemetery Debtors also Filed in connection with their second amended complaint a motion for preliminary injunction and for permission to monitor the LLCs' compliance with the requested injunction. The Bankruptcy Court denied the motion for preliminary injunction and directed the parties to participate in a mediation of the dispute. On June 4, 2001, the Bankruptcy Court appointed James D. Lurie as mediator. The mediator held mediation sessions on July 24, 2001 and July 30, 2001, and, as described below, the parties soon thereafter entered into an asset purchase agreement and related documents that would provide for transfer of the Debtors' interests in the Michigan Cemeteries to the LLCs and would resolve the parties' disputes.

The Debtors have also Filed nine motions to reject certain of the agreements relating to 15 Michigan Cemeteries legal title to which was transferred to Alger Group, L.L.C., one of the three LLCs. A hearing on the rejection motion with respect to the four cemeteries that are the subject of the Letherer Action is scheduled for August 20, 2001. Hearings have not yet been scheduled on the other eight rejection motions.

On or about May 25, 2001, R. Kenny Letherer Filed a motion for payment of administrative expenses arising from the Letherer Action. RKL Supply, Inc. ("RKL") owned four cemeteries in Saginaw, Michigan and the Debtors purchased all the stock of RKL in 1996. Letherer claims that in connection with the sale he was to have received mortgages on the cemetery properties, but no mortgages were ever recorded. In the Letherer Action, Letherer sought recovery from one of the LLCs of the balance of a promissory note owed to Letherer and an equitable lien against the RKL cemetery properties. The state court granted Letherer summary judgment in the amount of $1,700,000, the balance on the promissory note, plus interest, and an equitable lien on the RKL cemeteries for the same amount. Thereafter, the state court entered an order of foreclosure and required an escrow of proceeds from the sale of cemetery plots at three of the RKL cemeteries. Pursuant to the motion, Letherer sought an administrative expense claim against the Debtors for the amount of the state court judgment. The basis for the motion was the indemnification provision in the Michigan Settlement. After a hearing on July 30, 2001, the Bankruptcy Court denied the motion.

On May 31, 2001, Thomas E. Hoffmeyer, Bruce B. Dunn and Bruce W. Gorsline Filed an adversary proceeding complaint against LGII and Bush relating to the plaintiffs' 1996 sale of their funeral home businesses to LGII. The plaintiffs owned the stock of Gorsline-Runciman Co., which owned six funeral homes in the Lansing, Michigan area. LGII purchased all the stock of Gorsline-Runciman Co. and also agreed to make the plaintiffs regional partners in connection with the acquisition of additional funeral homes in the State of Michigan. The plaintiffs allege that LGII's contracts with the LLCs regarding the operation of the Michigan Cemeteries trigger a contingent secured payment obligation in favor of the plaintiffs in the aggregate amount of $7,040,000, plus interest and reasonable attorneys' fees. According to the plaintiffs, this obligation is triggered by LGII's admitted equitable ownership of three of the Michigan Cemeteries. The plaintiffs also allege that Bush made material misrepresentations to the plaintiffs regarding LGII's alleged intention to completely divest itself of any interest in the three Michigan Cemeteries and seek compensatory damages of not less than $10,000,000, together with punitive damages, from Bush. On or about July 9, 2001, LGII Filed a motion to dismiss the adversary proceeding complaint. As of the date of this Disclosure Statement, the Bankruptcy Court has not ruled on LGII's motion to dismiss.

Notwithstanding the commencement of the adversary proceeding and the Filing of the motions to reject, the Michigan Cemetery Debtors continued to pursue discussions with the LLCs in an effort to resolve any differences between the Debtors and the LLCs on a consensual basis. On February 22, 2001, TLGI entered into a non-binding letter of intent (the "Michigan LOI") with the LLCs. The Michigan LOI summarized the general terms and conditions under which: (a) the LLCs would purchase the Debtors' and the Michigan Cemetery Debtors' right, title and interest in the Michigan Cemeteries and other related assets and businesses; (b) the LLCs would assume certain liabilities relating to the Michigan Cemeteries, while the Michigan Cemetery Debtors would retain certain other liabilities; (c) the parties would terminate the Michigan Settlement; and (d) the LLCs would pay TLGI $26 million in cash. The Michigan LOI, although non-binding, specified numerous conditions that had to be satisfied for the transactions contemplated thereby to be consummated.

On August 1, 2001, a definitive agreement was entered into providing that the LLCs will purchase the Michigan Cemeteries and certain related assets for $23.4 million in cash and the assumption of certain contractual and other obligations, including obligations relating to Letherer. In connection with the consummation of the transaction, the adversary proceeding will be dismissed with prejudice and the parties will enter into mutual releases. On August 20, 2001, the Bankruptcy Court approved the agreement. The transaction is currently expected to close by September 30, 2001, though no assurance can be given in this regard.

West Texas

LGII owns 85% of DSP General Partner, Inc. and Directors Succession Planning, Inc. (collectively, the "West Texas Entities"). The remaining 15% interest in each of the West Texas Entities is owned by Directors Investment Group, Inc. (the "West Texas Partner"), an entity in which no Debtor has a direct or indirect ownership interest. The West Texas Entities own, directly or indirectly, approximately 52 funeral homes and five cemeteries, together with certain related assets (collectively, the "West Texas Businesses").

Pursuant to the documents and agreements presently governing the West Texas Entities, LGII is entitled to nominate three of the five directors of the West Texas Entities and the West Texas Partner is entitled to nominate and elect two of the five directors thereof. Certain actions cannot be taken without a four-fifths vote of the directors. Consequently, as presently constituted, the West Texas Partner may have a veto right with respect to certain fundamental matters relating to the West Texas Businesses. In addition, an affiliate of the West Texas Partner, pursuant to a management agreement, dated as of September 1, 1995, manages the funeral homes included in the West Texas Businesses in exchange for a management fee of between 8% and 9% of income before interest on long-term debt, depreciation, income taxes, management fees and administrative fees paid to LGII. The management agreement can be terminated without cause on one year written notice.

In addition to the foregoing, LGII and the West Texas Partner are parties to a shareholder agreement, dated as of March 1, 1993 (the "West Texas Shareholder Agreement"), governing their relationship with respect to the West Texas Entities. Under the West Texas Shareholder Agreement, the West Texas Partner has an option to require LGII to purchase the interests of the West Texas Partner in the West Texas Entities for a formula price (but not less than the capital contribution of the West Texas Partner) approximating 15% of the result determined by subtracting the long-term debt of the West Texas Entities from the product of 5.26 times earnings before interest,

depreciation, amortization, income taxes, extraordinary and unusual items, certain capital gains and losses and certain management fees. The West Texas Partner also has (a) a right to buy LGII's interest in the West Texas Entities at a formula price if LGII or the West Texas Entities are acquired by Service Corporation International and (b) a right of first refusal with respect to the sale of any funeral home included in the West Texas Businesses. Finally, an entity affiliated with the West Texas Partner has been given a long-term right to sell preneed insurance to the West Texas Businesses and to funeral homes of LGII in Texas and certain other areas.

As of the date of this Disclosure Statement, no agreement has resulted from discussions between the Debtors and the West Texas Partner with respect to a possible restructuring of the relationships between them. As part of these discussions, the West Texas Partner offered to purchase LGII's ownership interest in the West Texas Entities for $60 million, which amount the Debtors and the Creditors' Committee determined to be inadequate. In addition, the West Texas Partner indicated its willingness to negotiate the purchase of Mayflower National Life Insurance Company and its related insurance companies for a purchase price of $90 million to $100 million subject to pending litigation risks and the absence of changes in current or historic operations. Like the other properties to be retained by the Debtors, the Debtors and the Creditors' Committee believe that this is an important business for the Debtors going forward and the Debtors are not seeking to dispose of it at this time.

The Debtors have Filed a motion to reject, pursuant to section 365 of the Bankruptcy Code, the West Texas Shareholder Agreement and the contract granting the entity affiliated with the West Texas Partner the right to sell preneed insurance to the Debtors' businesses. The Bankruptcy Court has not yet ruled on this motion.

The West Texas Shareholder Agreement provides that acquisitions made by the West Texas Entities would be funded with 67% debt and 33% equity. LGII was responsible for arranging and advancing 100% of the debt and 85% of the equity. The West Texas Partner was responsible for providing the remaining 15% of the equity. Under this arrangement, an amount in excess of $111 million has been advanced for purposes of making acquisitions, 67% of which was contributed by LGII as debt. The West Texas Partner has repeatedly indicated that, in its view, the funds advanced by LGII were not loans and that it would not be willing to repay any portion of the funds advanced as debt by LGII to the West Texas Entities. Accordingly, LGII has Filed an adversary proceeding complaint against the West Texas Partner and certain nominal parties in the Bankruptcy Court seeking: (a) a declaratory judgment that 67% of the funds used by the West Texas Entities for acquisitions is debt owed to LGII and (b)a declaratory judgment that the conduct of LGII and the directors appointed by LGII to the boards of the West Texas Entities regarding the LGII debt are consistent with any fiduciary duties owed to the West Texas Entities or the West Texas Partner. On or about July 18, 2001, the West Texas Partner Filed a motion requesting the Bankruptcy Court dismiss the complaint on certain grounds, to abstain from holding further proceedings regarding the matter, or, in the alternative, to abate the adversary proceeding until LGII's motion to reject the West Texas Shareholder Agreement is resolved. On August 20, 2001, LGII Filed an objection to this motion, on which the Bankruptcy Court has not yet acted.

Post-Petition Asset Disposition Program

As of April 30, 1999, TLGI operated approximately 1,116 funeral homes and 429 cemeteries in North America. The Debtors' management, in connection with the development of the Debtors' business plan, identified approximately 200 funeral homes and 170 cemeteries (collectively, with properties sold pursuant to the Miscellaneous Assets Order (as defined below) and additional properties so designated by the Debtors on or prior to the Effective Date, the "Disposition Properties") that did not satisfy the criteria for ongoing business operations under its business plan. In late 1999, as part of the development of their business plan, the Debtors conducted a review of each of their operating locations to determine the best use of each location on a going-forward basis. In identifying the Disposition Properties, the Debtors consider, among other things, whether the optimal value of each location would be achieved by having the Debtors continue to operate the business or by having the Debtors market the location to bidders who may be better suited to operate the particular business based on geographic location and other similar factors. The Debtors and their financial advisors divided the Disposition Properties into 28 groups of funeral homes and cemeteries by geographic location to attempt to market the properties so as to receive the highest and best bids for all of the Disposition Properties.

These marketing efforts have been conducted under the Bankruptcy Court's Order (A) Approving Global Bid Procedures Program and (B) Authorizing Debtors to Grant Pre-Approved Bid Protections to Prospective

Purchasers dated January 21, 2000 (the "Bid Procedures Order"). The Bid Procedures Order approved: (a) the procedures governing the disposition program (including submission of information packages to potential bidders, due diligence, selection of bidders, negotiation and execution of asset purchase agreements, "good faith" deposits, treatment of executory agreements, Filing of sales motions and closing of the transactions); (b) bidding procedures designed to obtain the highest price for Disposition Properties; (c) economic protections for certain initial bidders (including breakup fees and reimbursement of expenses); and (d) an auction process for Disposition Properties being sold pursuant to a sales motion.

In addition, the Debtors have marketed certain other locations, or selected assets of certain locations, to buyers who are willing to purchase the assets of "nonessential" locations on an "as is, where is" basis for a price that the Debtors believed to be reasonable pursuant to the Bankruptcy Court's Order Establishing Procedures for Transactions Involving Certain Miscellaneous Assets dated August 25, 1999 (the "Miscellaneous Assets Order") or other orders of the Bankruptcy Court.

As illustrated in the table set forth below, as of September 4, 2001: (a) sales of 217 of the Disposition Properties pursuant to the Bid Procedures Order had been closed for aggregate sales proceeds of approximately $57.9 million; (b) sales of 21 Disposition Properties pursuant to the Miscellaneous Assets Order had been closed for aggregate sales proceeds of approximately $7.2 million; and (c) sales of 55 such Disposition Properties pursuant to the Bid Procedures Order for aggregate sales proceeds of approximately $43.7 million had been approved by the Bankruptcy Court but not yet closed; (d) sales of additional properties for aggregate sales proceeds of approximately $26.2 million were expected to occur by December 31, 2001.

	Number of Disposition Properties	**Sales Proceeds (in millions)**
Closed sales under Bid Procedures Order	217	$ 57.9
Closed sales under Miscellaneous Assets Order	21	7.2
Total closed sales	238	$ 65.1
Approved sales under Bid Procedures Order not yet closed	55	$ 43.7
Additional sales expected to be closed by December 31, 2001	unknown	26.2
Projected total of all sales closed by December 31, 2001	unknown	$ 135.0

Proceeds from sales of assets of Disposition Properties are being held in a special account into which no other funds are deposited; such account is maintained by LGII at First Union National Bank pursuant to the Bankruptcy Court's Order (A) Approving Procedures with Respect to Proceeds of Sales Consummated Under Debtors' Asset Disposition Program and (B) Modifying Order Approving Replacement Debtor in Possession Financing Facility to Carve Out from Adequate Protection Liens and Claims Granted Thereby the Proceeds of Certain Asset Sales dated September 12, 2000.

On or about May 11, 2001, Cemex, Inc. ("Cemex") Filed a motion and application for allowance and payment of an administrative expense claim (the "Cemex Claim") in relation to one of the proposed transactions under the asset disposition program. By the Cemex Claim, Cemex seeks an administrative expense claim for damages in the amount of $9,000,000 allegedly incurred in connection with the Debtors' termination of an asset purchase agreement entered into with Cemex, under the disposition program, whereby one of the Debtors conditionally agreed, subject to the terms and conditions set forth in the agreement as well as the contemporaneous letter agreement between the parties, to sell certain cemetery properties located in Florida to Cemex for a purchase price of $800,000. On June 15, 2001, the Bankruptcy Court approved an agreed scheduling order establishing discovery and briefing deadlines, and setting an October 30, 2001 evidentiary hearing with respect to the Cemex Claim. On June 28, 2001, the Debtors, in accordance with the agreed scheduling order, Filed their initial response to

the Cemex Claim. In their response, the Debtors denied any liability for any administrative expense or other claim in respect of the Cemex Claim.

The CCAA Proceedings

On June 1, 1999, TLGI together with the CCAA Debtors filed for, and were granted, protection under the CCAA. On June 1, 1999, the Canadian Court granted an order (the "Initial Order"), which, among other things: (a) stayed all proceedings against TLGI and the CCAA Debtors; (b) approved a procedural protocol for the coordination of the CCAA Proceedings and the Reorganization Cases (see "Operations During The Reorganization Cases — First Day Relief — The Protocol Motion"); and (c) authorized TLGI and the CCAA Debtors to pay all their pre-Petition Date indebtedness (in the instance of TLGI, subject to the limitations of $1,000 per claim and the other limitations imposed on payments of prepetition claims by the Bankruptcy Court (see "Operations During the Reorganization Cases — First Day Relief — Customer, Vendor, Service Provider and Contractor Claims")); to a maximum aggregate amount of Cdn. $12 million.

TLGI and the CCAA Debtors have concluded claims processes in the CCAA Proceedings. As a result of the fact that the CCAA Debtors were authorized by the Initial Order to pay pre-Petition Date indebtedness, a relatively small number of proof of claims were filed against them. With the exception of the guaranty obligations related to the CTA, all material unsecured prepetition claims against the CCAA Debtors have been settled or satisfied. The debt under the CTA is guaranteed by approximately 35 of the CCAA Debtors, and the outstanding capital stock of the remaining CCAA Debtors has been pledged as security under the CTA. The CTA Note Claims will be satisfied and discharged by distributions provided for in the Plan and, as a result of such distributions in respect of the CTA Note Claims, the guaranty obligations related to the CTA will be fully settled or satisfied as provided in the CCAA Order (See "Overview of the Plan — The CCAA Order").

A separate Canadian claims process was commenced in the CCAA Proceedings to identify those Canadian claims against TLGI, if any, which are not addressed or resolved in the Reorganization Cases or which should more properly be dealt with by the Canadian Court. A deadline of October 13, 2000 was established for entities to file any such claims against TLGI in the CCAA Proceedings. Only five creditors filed claims against TLGI by the deadline. TLGI filed notices of disallowance in respect of the claims of four of these creditors on the basis that, among other things, the claims are more properly adjudicated in the United States. Only one creditor disputed a notice of disallowance. TLGI believes that the disputed claim has now been largely resolved. One additional creditor filed a claim after the deadline. The amount of the claim is not material.

TLGI and the CCAA Debtors do not expect to file a separate plan of reorganization under the CCAA because there should be no significant claims against TLGI or the CCAA Debtors other than those that will be settled or satisfied as provided in the Plan.

Exclusivity

Under section 1121 of the Bankruptcy Code, a debtor has the exclusive right to (a) file a plan of reorganization during the first 120 days of its chapter 11 case and (b) solicit acceptances of such a plan during the first 180 days of the case. These periods (the "Exclusive Periods") may be extended for "cause." In June 2000, the Debtors, having previously obtained extensions of the Exclusive Periods through June 30, 2000 and August 31, 2000, respectively, Filed a motion (the "June Exclusivity Motion") seeking further six-month extensions of the Exclusive Periods through December 31, 2000 and February 28, 2001, respectively. Although the Creditors' Committee supported the June Exclusivity Motion, one party, Blackstone, objected to the motion. After conducting an evidentiary hearing on the June Exclusivity Motion on June 20, 2000, the Bankruptcy Court overruled Blackstone's objection to the motion and extended the Exclusive Periods through December 31, 2000 and February 28, 2001, respectively. In December 2000, the Bankruptcy Court approved further four-month extensions of the Exclusive Periods through April 30, 2001 and June 30, 2001, respectively. In May 2001, the Bankruptcy Court approved further six-month extensions of the Exclusive Periods through October 31, 2001 and December 31, 2001, respectively.

COLLATERAL TRUST AGREEMENT ISSUES; RECOVERY ACTIONS; AND OTHER LEGAL PROCEEDINGS

Collateral Trust Agreement Issues

Background

Five years before executing the CTA, TLGI and LGII executed a trust deed dated October 1, 1991 (the "1991 Trust Deed"). The 1991 Trust Deed provided collateral security for certain notes (the "Prior Notes") and for an October 1, 1991 revolving credit facility of up to $100 million (the "1991 Revolver"), executed among TLGI and LGII, as borrowers, and a syndicate of U.S. and Canadian banks, as lenders. Under the 1991 Trust Deed, the Prior Notes and the 1991 Revolver were secured equally and ratably by a common security package that was comprised primarily of a security interest in all of TLGI's assets, LGII's accounts receivable, the rights of LGII under voting trusts and share option arrangements with respect to certain U.S. subsidiaries and a pledge of the stock held by TLGI, LGII and TLGI's U.S. subsidiaries (with certain exceptions) and certain other subsidiaries. The 1991 Trust Deed provided that the trustee would concurrently release the security on behalf of the lenders under the 1991 Revolver and the holders of the Prior Notes if all of the lenders under the 1991 Revolver agreed to release the security or upon notice that the 1991 Revolver had been paid in full. Following the issuance of the Series D Notes in an original principal amount of $60 million in September 1993, the 1991 Trust Deed was amended to secure those notes.

On February 16, 1994, TLGI and LGII repaid the 1991 Revolver in full with the proceeds of a $400 million revolving credit loan from a bank group led by First Chicago Bank (the "First Chicago Bank Group"), and the collateral was released under the 1991 Trust Deed. After the 1994 refinancing with the First Chicago Bank Group, TLGI had virtually no secured debt. Thereafter, in February 1994, the Series E Notes in the original principal amount of $50 million were issued.

As indicated above, in November 1995, certain of the Debtors sustained an adverse judgment of $500 million in the O'Keefe litigation. See "Certain Events Preceding the Debtors' Chapter 11 Filings — Mississippi Litigation." TLGI and LGII had a number of unsecured debt instruments outstanding at this time. The holders of the outstanding debt instruments took the position that the O'Keefe judgment constituted a default event. As a result, waivers were sought and obtained under these outstanding debt instruments. The waivers granted in connection with the First Chicago Bank Group $400 million revolving credit facility and the MEIP Credit Facility required TLGI to provide collateral by May 31, 1996. The other outstanding debt instruments contained "negative pledge" and "equal and ratable lien" clauses that required that, if TLGI or LGII granted collateral security to any existing or future creditor, liens likewise had to be granted to those holders of outstanding debt placing such debt on a *pari passu* basis with the other secured debt. As a result, following the O'Keefe judgment and later settlement of that litigation, TLGI and LGII could not obtain additional financing without retiring or securing all of these outstanding debt instruments. See "Certain Events Preceding the Debtors' Chapter 11 Filings."

On March 20, 1996, LGII issued $250 million of the Series 1 Notes and $125 million of the Series 2 Notes. These Notes were guaranteed by TLGI and were issued with the stated condition that, if TLGI or LGII granted collateral security to any institutional lender, then the Series 1 Notes and the Series 2 Notes must be collateralized on a *pari passu* basis.

The proceeds from the Series 1 Notes and the Series 2 Notes were not sufficient to fund TLGI's business plan. As a result, in May 1996, TLGI and LGII obtained a $750 million credit facility from a syndicate of banks led by the Bank of Montreal (the "BMO Revolving Credit Facility"). Certain of the proceeds of the BMO Revolving Credit Facility were used to pay off the First Chicago Bank Group $400 million revolving credit facility. The lenders under the BMO Revolving Credit Facility required that such facility be secured by:

- all of LGII's right, title and interest in and to all rights to receive payment under or in respect of accounts, contracts, contractual rights, chattel paper, documents, instruments and general intangibles;

- a pledge of the shares of capital stock of substantially all of the subsidiaries in which TLGI directly or indirectly held more than 50% voting or economic interest; and

- a guarantee by each subsidiary that pledged stock.

The CTA was established as the mechanism to secure the BMO Revolving Credit Facility and the outstanding indebtedness, present and future, that was entitled to share equally and ratably in that security. The CTA designated indebtedness secured under it as Class A, B, C or D Secured Indebtedness. When the CTA went into effect, "Class A Secured Indebtedness" consisted of the BMO Revolving Credit Facility, the MEIP Credit Facility and certain other subsequently retired credit facilities. "Class B Secured Indebtedness" consisted of the Prior Notes, the Series D Notes and the Series E Notes. "Class C Secured Indebtedness" consisted of the Series 1 and 2 Notes issued in March 1996. "Class D Secured Indebtedness" consisted of certain intercompany indebtedness; the lien securing the Class D Secured Indebtedness was junior and subordinate to the lien securing the other classes of Secured Indebtedness.

The CTA contemplates that the benefits of pledges and guaranties made thereunder could inure not only to the holders of indebtedness existing on the date of the CTA, but also to holders of subsequently issued indebtedness. In this regard, the CTA refers to certain registration procedures for later-issued indebtedness that involve the execution and delivery of "Additional Secured Indebtedness Registration Statements" to the CTA Trustee, acceptance of those statements by the CTA Trustee and registration of the statements in a "Secured Indebtedness Register."

After the date of the CTA, TLGI and LGII issued six additional series of indebtedness in four separate transactions: (a) the Series 3 and 4 Notes, issued October 1, 1996; (b) the Series 5 Notes, issued September 26, 1997; (c) the Series 6 and 7 Notes, issued May 28, 1998; and (d) the PATS Notes, issued September 30, 1997.

TLGI and LGII and the other parties involved in these transactions intended each additional series to be entitled to the benefits of the CTA. Each of the disclosure documents used in connection with the marketing and sale of the Series 3 and 4 Notes, the Series 6 and 7 Notes and the PATS Notes states that such securities will be secured under the CTA. The cover page of each such disclosure document contains similar language regarding collateral. As an example, the disclosure document for the Series 3 and 4 Notes states:

> The Senior Notes and the Guarantees will be senior obligations of LGII and [TLGI], respectively, and will rank pari passu in right of payment with all other senior indebtedness of LGII and [TLGI], respectively. Because other senior indebtedness is secured, the Senior Notes, when issued, will be secured as defined herein.

This intention to secure these securities is reiterated other times in each of the disclosure documents. In addition, the Boards of Directors of TLGI and LGII adopted resolutions authorizing each series of indebtedness and designating each series as secured indebtedness under the CTA. Further, each of TLGI and LGII, together with the Indenture Trustee for each series, executed Additional Secured Indebtedness Registration Statements for each series of indebtedness. These fully executed Additional Secured Indebtedness Registration Statements were in place at the closings of the sale of the Series 3 and 4 Notes and the PATS Notes and, in the case of the Series 6 and 7 Notes, were delivered to the underwriter's counsel the day after closing of the sale of such notes. Copies of the executed Additional Secured Indebtedness Registration Statements are included in each of the relevant sets of closing documents. After the issuance of each series of indebtedness intended to be secured under the CTA, TLGI consistently referred to the notes as secured under the CTA in each of its public securities filings. As an example, in its Form 10-K for the fiscal year ended December 31, 1998, TLGI stated:

> In 1996, [TLGI], LGII and their senior lenders entered into a collateral trust agreement pursuant to which the senior lenders share certain collateral and guarantees on a pari passu basis (the "Collateral Trust Agreement"). . . . The security is held by the trustee for the equal and ratable benefit of the senior

> lending group. This senior lending group consists principally of the lenders under [the Series 1 through 7 Notes, the Series D and E Notes, the BMO Revolving Credit Agreement, the MEIP Credit Facility and the PATS Notes], as well as holders of certain letters of credit. . . . At December 31, 1998, the indebtedness owed to the senior lending group subject to the Collateral Trust Agreement, including holders of certain letters of credit, aggregated approximately $2.1 billion.

The prospectus, dated May 29, 1997, prepared and disseminated in connection with TLGI's offering of 12,000,000 common shares, similarly reported that senior obligations, including at that time the Series 3 and 4 Notes, were secured under the CTA.

The MEIP Credit Facility and the BMO Revolving Credit Facility (together, the "Credit Agreements") explicitly acknowledged and allowed for additional secured debt under the CTA. The relevant covenants in the Credit Agreements are identical and indicate that the parties contemplated that additional debt would be secured and guaranteed under the CTA. For example, the Credit Agreements defined "Secured Parties" as the lenders, the persons specified on Schedule 3 of the Credit Agreements, and "all other Persons [as designated by the Borrowers] who from time to time hold Senior Obligations which are secured pursuant to the [CTA]" and the definition of "Senior Obligations" recognized that debt, other than the indebtedness described on Schedule 3, was not secured except as provided in the CTA.

Moreover, later amendments to the Credit Agreements expressly acknowledge the senior secured status of the Series 3 and 4 Notes and the PATS Notes. On March 27, 1998, the BMO Revolving Credit Facility was amended to reduce the maximum aggregate outstanding principal amount of the commitments and for other reasons. The Series 3 and 4 Notes and the PATS Notes were specifically listed as "Senior Obligations" (the Series 6 and 7 Notes had not yet been issued) and the amendment expressly acknowledges that the collateral pledged in respect of the BMO Revolving Credit Facility would also secure these notes. Similarly, the MEIP Credit Facility was amended on May 1, 1998 and the amendment likewise acknowledges that the collateral for the MEIP obligation would also secure the Series 3 and 4 Notes and the PATS Notes (again the Series 6 and 7 Notes had not, as of that time, been issued).

In addition to the covenants, both Credit Agreements contained reporting requirements that put the lenders on notice of all outstanding debt, including the debt in question. The Credit Agreements required TLGI and LGII to deliver to the lenders annual audited reports and quarterly unaudited reports, as well as all other reports and documents filed with the SEC, the Ontario Securities Commission, The Toronto Stock Exchange and the British Columbia Securities Commission. The Debtors believe TLGI and LGII complied with the Credit Agreements' reporting requirements throughout the period preceding the Petition Date.

The holders of the Series 1 and 2 Notes were also informed that, if collateral was provided to secure such notes (because it was provided in respect of the BMO Revolving Credit Facility), the notes would share that collateral *pari passu* with other senior indebtedness, which could include additional indebtedness. This information was disclosed in the disclosure documents used in connection with the marketing and sale of the Series 1 and 2 Notes. Additionally, State Street Bank and Trust Company, successor to Fleet National Bank, was the Indenture Trustee for the Series 1 and 2 Notes, as well as the Series 3 and 4 Notes, the Series 6 and 7 Notes and the PATS Notes. State Street's representative acted on State Street's behalf in all four securities transactions, and State Street was represented by the same law firm in each case. State Street has also Filed proofs of Claims in the Debtors' Reorganization Cases on behalf of the Series 1 and 2 Notes, the Series 3 and 4 Notes, the Series 6 and 7 Notes and the PATS Notes. The disclosure documents used in connection with the marketing and sale of the Series 5 Notes similarly disclosed that the Series 5 Notes would be secured on a *pari passu* basis with other senior debt and that such other secured debt included the Series 3 and 4 Notes and could include additional debt. In addition, an Additional Secured Indebtedness Registration Statement was signed in connection with two letters of credit in an aggregate amount of approximately $5.2 million under the BMO Letter of Credit Facility. During discovery in connection with the CTA Proceeding, the transmittal letter and Additional Secured Indebtedness Registration Statement were apparently found and produced from the CTA Trustee's file.

The original proof of Claim Filed by the CTA Trustee in LGII's Reorganization Case, which purported to attach all of the Additional Secured Indebtedness Registration Statements that had been delivered to the CTA Trustee, included no registration statements for the Series 6 and 7 Notes or the PATS Notes or in respect to the letters of credit under the BMO Letter of Credit Facility, and included the registration statement with an incorrect outstanding principal balance for the Series 3 and 4 Notes. The CTA Trustee has since Filed a motion to amend its proof of claim to include the correct registration statement for the Series 3 and 4 Notes and the registration statements for the Series 6 and 7 Notes and the PATS Notes. This motion has not been served on creditors and is not being pursued by the CTA Trustee at the present time.

Thereafter, in April 2000, TLGI and LGII announced that there was uncertainty as to whether the holders of Claims under the Series 3 and 4 Notes, the Series 6 and 7 Notes and the PATS Notes (collectively, the "Subject Debt") were entitled to the benefits of the CTA, including the benefit of secured status under the CTA and the guaranties granted by the Pledgors thereunder.

Factual Investigation

The Debtors' bankruptcy counsel, Jones, Day, Reavis & Pogue ("Jones Day"), investigated the circumstances underlying the absence from the CTA Trustee's files of any Additional Secured Indebtedness Registration Statements for the Series 6 and 7 Notes and the PATS Notes and the misstatement of the outstanding principal amount on the Additional Secured Indebtedness Registration Statement for the Series 3 and 4 Notes. A memorandum discussing that investigation (the "CTA Whitepaper") is attached as Exhibit IV to this Disclosure Statement. The investigation included informal interviews with the following:

- counsel for TLGI and LGII who participated in the drafting of the CTA;
- counsel for TLGI and LGII who represented TLGI and LGII in the issuance of the Subject Debt;
- the Indenture Trustee for the Subject Debt;
- counsel for the underwriters on the Series 3 and 4 Notes and the Series 6 and 7 Notes; and
- counsel for the underwriters on the PATS Notes.

Some of those interviewed also informally provided Jones Day with copies of various documents involved in the transactions. These documents included drafts of the CTA, correspondence related to the transactions and closing materials.

Jones Day also took testimony from three representatives of the CTA Trustee in a Bankruptcy Rule 2004 examination. Pursuant to the court order authorizing the 2004 examination, Jones Day received from the CTA Trustee and its counsel documents responsive to a formal document request.

The factual investigation revealed that for the Series 6 and 7 Notes and for the PATS Notes, no party recalls actually having delivered (and no party claims to have delivered) the executed Additional Secured Indebtedness Registration Statements or any drafts thereof to the CTA Trustee or its counsel. For the Series 3 and 4 Notes, the factual investigation revealed that a draft of the Additional Secured Indebtedness Registration Statement that correctly stated the original principal amount to be $350 million but incorrectly listed an outstanding principal amount of $0 was provided to the CTA Trustee prior to the closing of that transaction. Revised drafts of the Additional Secured Indebtedness Registration Statement reflecting the correct outstanding principal balance were subsequently delivered to counsel for the CTA Trustee prior to the closing. Although an Additional Secured Indebtedness Registration Statement reflecting the correct outstanding principal balance is contained in the book of closing documents, it did not make its way into the CTA Trustee's retained files. The Additional Secured Indebtedness Registration Statement in the CTA Trustee's file in respect of the Series 3 and 4 Notes states that the original outstanding principal amount of the debt was $350 million, but indicated a current outstanding principal balance for that Series of $0.

The factual investigation further revealed that, although the CTA requires the CTA Trustee to enter the information from Additional Secured Indebtedness Registration Statements into a Secured Indebtedness Register, the CTA Trustee instead kept copies of those Additional Secured Indebtedness Registration Statements received by it and did not keep an independent Additional Secured Indebtedness Register. In addition, while any representative of a secured party had the right under the CTA to examine the Secured Indebtedness Register, no party did so before June 1, 1999, the date the Debtors Filed for bankruptcy protection.

Collateral Trust Agreement Adversary Proceeding

On September 27, 2000, the CTA Trustee commenced the CTA Proceeding, an adversary proceeding in Bankruptcy Court against various Debtors, certain of the Indenture Trustees, the Creditors' Committee, certain holders of CTA Note Claims and certain as yet unnamed persons who may be affected or have an interest in resolution of the CTA matters. Pursuant to the CTA Proceeding, the CTA Trustee seeks a declaratory judgment that the Subject Debt constitutes additional secured indebtedness subject to a valid and perfected security interest under the CTA.

On or about October 19, 2000, HSBC Bank USA ("HSBC"), the successor Indenture Trustee for the Series 1 and 2 Notes, Filed a motion to intervene in the CTA Proceeding and for an extension of time to answer the CTA Trustee's complaint. On or about October 20, 2000, Bank of Montreal, as agent under the BMO Revolving Credit Facility, Filed an answer, and on or about October 26, 2000, Wachovia Bank, N.A., as agent under the MEIP Credit Agreement, Filed an answer, counterclaim and crossclaim. Each of Bank of Montreal and Wachovia Bank, N.A. denies that the Subject Debt is entitled to the benefits of the CTA, and Wachovia Bank, N.A. seeks the entry of a judgment declaring that the Subject Debt is not entitled to share in the benefits of the collateral under the CTA.

On or about October 30, 2000, the Creditors' Committee Filed an answer, counterclaim and crossclaim and a motion to join The Trust Company of Bank of Montreal ("BMO Trust Company"), Indenture Trustee for the Series 5 Notes, as an additional crossclaim defendant. The Creditors' Committee denies that the Subject Debt is entitled to the benefits of the CTA and seeks declarations that: (a) the Subject Debt is not entitled to participate in the benefits of the CTA Trustee's security interest; (b) the designation of the Series 5 Notes as additional secured indebtedness under the CTA and the execution by TLGI and LGII of the Additional Secured Indebtedness Registration Statement relating to the Series 5 Notes are subject to rescission and TLGI and LGII will be in breach of their fiduciary duties if they fail to seek rescission; (c) the Subject Debt is not guaranteed by the Pledgors; and (d) if the designation of the Series 5 Notes as additional secured indebtedness and the execution of the Additional Secured Indebtedness Registration Statements relating to the Series 5 Notes are rescinded, the Series 5 Notes are not guaranteed by the Pledgors. The Creditors' Committee is not pursuing the foregoing declarations at the present time, and would not pursue these declarations in the event that the Plan or any other plan with the same treatment for Unsecured Claims is confirmed.

On or about January 25, 2001, HSBC Filed its answer, crossclaims and a counterclaim in response to the CTA Trustee's complaint. HSBC's crossclaims name as defendants State Street, as Indenture Trustee and alleged Secured Party Representative for the Series 6 and 7 Notes and the PATS Notes; U.S. Bank National Association ("U.S. Bank"), as successor Indenture Trustee and alleged Secured Party Representative for the Series 3 and 4 Notes; and any successor to State Street and U.S. Bank in their capacities as Indenture Trustee and/or alleged Secured Party Representative. HSBC's counterclaim names as defendant Bankers Trust Company, in its capacity as the CTA Trustee.

HSBC's first crossclaim and counterclaim seek a declaratory judgment that the indebtedness evidenced by the Series 3 and 4 Notes, the Series 6 and 7 Notes and the PATS Notes is unsecured and not entitled to the benefits of the collateral under the CTA. HSBC's second crossclaim, *inter alia*, seeks an order directing State Street and U.S. Bank, or their successors, on behalf of the holders of the Subject Debt to seek payment of certain third-party claims for any damages the holders of the Subject Debt may have suffered as a result of the failure by certain potentially responsible parties to fulfill the requirements and conditions of the CTA before seeking payment from the Debtors. Certain parties, including Bank One Trust Company, N.A. ("Bank One") which was appointed successor Indenture Trustee for the Series 6 Notes, Series 7 Notes and the PATS Notes in late January, 2001, have challenged the Court's subject matter jurisdiction over HSBC's second crossclaim.

BMO Trust Company, as Indenture Trustee for the Series 5 Notes; Bank One, as successor Indenture Trustee for the Series 6 and 7 Notes and the PATS Notes and Morgens, Waterfall, Vintiadis & Company, Inc. also have Filed motions for leave to intervene in the CTA Proceeding. The Bankruptcy Court has granted each of these motions to intervene and the intervening parties have Filed answers or other responses to the CTA Trustee's complaint and, as applicable, crossclaims Filed by other parties. In addition, on or about June 19, 2001, Director's Investment Group, Inc., on behalf of itself and related entities including Funeral Directors Life Insurance Company, Filed, without leave to intervene as a "John Doe," an answer to the CTA Trustee's complaint. On July 11, 2001, the Debtors Filed a motion to strike this answer on the basis that, among other things, the parties had not first moved to intervene in the CTA Proceeding.

On or about November 2, 2000, the CTA Trustee Filed a motion to stay the CTA Proceeding pending Confirmation of a plan of reorganization (the "CTA Stay Motion"). The Debtors and certain noteholders Filed joinders in the CTA Stay Motion, and several parties to the CTA Proceeding opposed the CTA Stay Motion. In addition, Bank of Montreal, as agent under the BMO Revolving Credit Facility, Filed a cross-motion to stay the plan of reorganization process pending resolution of the CTA Proceeding (the "Plan Stay Motion"). On December 21, 2000, the Bankruptcy Court held a hearing on the CTA Stay Motion and the Plan Stay Motion. After hearing arguments of counsel, the Bankruptcy Court denied the CTA Stay Motion and ruled that the Debtors could not commence the solicitation of acceptances of an amended plan of reorganization prior to a further status conference in the CTA Proceeding, which the Bankruptcy Court scheduled for February 16, 2001. The Bankruptcy Court also directed the parties to consider whether to mediate the dispute and to develop an expedited discovery schedule.

On January 22, 2001, the Bankruptcy Court with the parties' consent appointed Professor James J. White of the University of Michigan Law School as mediator in the CTA Proceeding. For a discussion of the mediation process, see " — Creditor Settlement Negotiations and Collateral Trust Agreement Mediation." In addition, on January 24, 2001, the Bankruptcy Court, after a telephonic hearing, approved an expedited discovery schedule in the CTA Proceeding under which discovery was to be completed in April 2001; a stipulation of facts was to be submitted to the Bankruptcy Court in May 2001; and the Bankruptcy Court was to convene a status conference on May 25, 2001. The discovery process, however, was not completed in accordance with the schedule established by the Bankruptcy Court, and the May 25, 2001 status conference accordingly was postponed several times until July 17, 2001.

On February 16, 2001, the Debtors Filed an amended plan of reorganization and accompanying disclosure statement. That plan of reorganization reflected, in addition to the agreements with interested parties set forth in the originally Filed versions, an agreement among the Debtors, the Creditors' Committee and certain holders of significant CTA Note Claims regarding the recoveries of unsecured creditors of the Debtors' estates and other parties in interest. See " — Creditors' Committee Settlement." Also on February 16, 2001, at the status conference in the CTA Proceeding, the Debtors requested that the plan process be permitted to go forward with respect to all matters other than those affected by the CTA Proceeding. That request was denied by the Bankruptcy Court.

After May 25, 2001, when the Debtors' motion requesting that a hearing be set on the adequacy of the Debtors' disclosure statement initially was scheduled to be heard by the Bankruptcy Court, discovery and other activity in the CTA Proceeding was held in abeyance.

As described in " — Creditor Settlement Negotiations and Collateral Trust Agreement Mediation," the Plan embodies a settlement of the CTA dispute among the Debtors and the Principal CTA Creditors. The Indenture Trustees under the Prepetition Indentures governing the Public Notes, while they did participate in the mediation, are making no recommendation to holders of CTA Note Claims concerning the proposed settlement or whether such holders should vote in favor of the Plan. The CTA Trustee and State Street (a former indenture trustee under certain of the Prepetition Indentures governing the Public Notes, including the Subject Debt) have not joined in the settlement. The Plan contemplates, and one of the conditions to Confirmation of the Plan is, that the Bankruptcy Court shall have entered an order (contemplated to be part of the Confirmation Order) approving and authorizing, pursuant to Bankruptcy Rule 9019, the settlement of the CTA Issue and other issues relating to the CTA Note Claims embodied in the Plan and providing for the dismissal of all claims in Adversary Proceeding No. 00-01181 pending before the Bankruptcy Court. In light of these provisions of the Plan, the parties to the CTA Proceeding negotiated the terms of an order providing for the stay of the CTA Proceeding subject to certain terms and

conditions. On July 17, 2001, the U.S. Bankruptcy Court approved such an order. That order provides in principle as follows:

- From the date of the order until the date on which the tabulation of votes on the Plan (as such may be amended in a manner that does not affect the methodology for determining the recoveries by holders of CTA Note Claims) is Filed with the Bankruptcy Court (the "Tabulation Date"), all discovery, pending motions and other proceedings in the CTA Proceeding will be stayed.

- If all three classes of CTA Note Claims vote in requisite number and amount to accept the Plan, the CTA Proceeding will remain stayed through the date of entry of the Confirmation Order or an order denying confirmation of the Plan.

- If any of the three classes of CTA Note Claims fails to accept the Plan: (i) the Debtors, in their discretion, may nonetheless proceed to seek Confirmation of the Plan; (ii) most of the parties to the CTA Proceeding, including the Debtors, will support a request for the Bankruptcy Court to set a summary judgment hearing in the CTA Proceeding within 60 days after the Tabulation Date, subject to reservation of the parties' rights under the Bankruptcy Rules and the Federal Rules of Civil Procedure; (iii) the Debtors will not File another plan of reorganization during the 120-day period following the Tabulation Date; and (iv) the stay will be deemed lifted as of the Tabulation Date, without further order of the Bankruptcy Court.

The Debtors believe that the settlement of the CTA dispute and related issues (including, without limitation, the treatment of parties' fee and expense claims, the release of certain preference avoidance causes of action, the release of indemnified claims against the CTA Trustee and State Street, the postconfirmation indemnification of the Indenture Trustees under the Prepetition Indentures governing the Public Notes in certain circumstances and the commitment by the Debtors to fund potential litigation by certain holders of Group III CTA Note Claims against third parties in respect of the CTA Issue) embodied in the Plan is fair and reasonable, in the best interests of the Estates and in compliance with the relevant standards for approval of settlements under Bankruptcy Rule 9019. Additionally, as a part of the overall settlement, the $5.2 million claim Filed in connection with the two letters of credit under the BMO Credit Facility in respect of the BMO Letter of Credit Facility will be treated under Class 7 of the Plan. The standard by which courts should evaluate the reasonableness of a proposed compromise and settlement is well established. This standard includes consideration of the following four factors: (1) the probability of success in litigation; (2) the likely difficulties in collection; (3) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; and (4) the paramount interest of the creditors. The proposed settlement resolves highly contentious litigation in which all parties were represented by sophisticated counsel. The settlement was negotiated over the course of several months and is the product of arm's length negotiations during which the parties aggressively advocated their respective positions. The Debtors believe that Principal CTA Creditors holding Group III CTA Note Claims in respect of the Series 6 Notes, the Series 7 Notes or the PATS Notes held (and continue to hold) CTA Note Claims in Group I and, in certain cases, Group II as well.

The proposed settlement takes into consideration the probability of success in litigation. The proposed aggregate recoveries for holders of the Group I, Group II and Group III CTA Notes reflect evaluations of the probabilities of success of the various legal and factual issues presented. As discussed in detail in the CTA Whitepaper, attached as Exhibit IV, reasonable legal positions can be advanced to support a variety of litigation outcomes, each of which would support a different result. If a court were to adopt a strict interpretation of the CTA, it may determine that an Additional Secured Indebtedness Registration Statement must be delivered to the CTA Trustee in order for the indebtedness to benefit from the collateral provided in the CTA. If a court were to make this determination, it may conclude that none of the Series 3, Series 4, Series 6, Series 7 and PATS Notes are covered by the CTA or that the Series 6, Series 7 and PATS Notes are not covered while the Series 3 and Series 4 Notes are covered. Alternatively, even under the literal language of the CTA, a court may determine that registration of the indebtedness is not necessary and that, instead, designation of the indebtedness as additional secured indebtedness by the boards of directors of the applicable Loewen Companies is sufficient. In that case, a court should find that all series of notes under the CTA are entitled to the benefits of the CTA. These potential outcomes are further complicated by the fact that, even applying a strict interpretation of the CTA, a court may conclude that registration is not necessary for debt holders to benefit from the Pledgor subsidiaries' guaranties under the CTA.

In addition to interpreting the language of the CTA in an effort to adjudicate the status of the Subject Notes, a court may also invoke various equitable doctrines to reach its decision. A court may use the doctrine of reformation to correct the outstanding principal amount in the Additional Secured Indebtedness Registration Statement for the Series 3 and 4 Notes and, based thereon, conclude that the notes are entitled to the benefits of the CTA. A court could also apply other general equitable principles to conclude that all the notes are entitled to the benefits of the CTA because the parties intended the notes to be covered by the CTA, the parties and the public were on notice that the notes were intended and believed to be covered by the CTA and no party could claim prejudice if the notes were determined to be covered by the CTA.

Numerous other arguments could be accepted by a court that either support treating some or all of the Subject Debt as being covered by the CTA or challenge such treatment. Moreover, a court may conclude that in the event notes are deemed to be unsecured, unsecured creditors should receive the benefit of that ruling as opposed to the other CTA creditors. Conversely, a court may conclude that any benefit derived from a ruling that certain notes are not covered by the CTA should inure to the benefit of other CTA noteholders.

The proposed settlement does not significantly implicate the second factor — the likely difficulties of collection. The proposed aggregate recoveries for holders of the Group I, Group II and Group III CTA Notes reflect allocations of a set amount among the holders of those notes. As a result, collectibility is not a significant issue with respect to the proposed settlement.

Consideration of the third factor — the complexity of the litigation and the expense, inconvenience and delay necessarily associated with the litigation — further demonstrates the fairness of the proposed settlement. Litigation of the various legal positions described above would be extraordinarily complex because of the number of issues involved, the number of parties potentially asserting competing arguments and the complexity of the CTA itself. The litigation could last from two to five years with appeals and could cost millions of dollars.

Because the litigation could delay the Debtors' emergence from chapter 11, the Debtors believe that the settlement is in the paramount interest of creditors. Thus, the fourth factor also supports the reasonableness of the proposed settlement.

Filings made with the Bankruptcy Court in connection with the CTA Proceeding may be obtained over the Internet on the web site at http://www.loewenreorgplan.com

As indicated above, there is considerable uncertainty as to the outcome of any litigation. Due to the numerous litigation outcomes that are theoretically possible in respect of these issues and permutations of each, it is not practicable to attempt to catalog the theoretical recoveries each creditor might obtain in all conceivable circumstances. Among the numerous possible outcomes are: Group I only being entitled to the CTA security; Group I and II only being so entitled; all three Groups being so entitled; a Group not entitled to the CTA security being or not being entitled to the benefits of the CTA guarantees; and to the extent a Group is not entitled to security, whether another Group or Groups or, conversely, unsecured creditors, would be entitled to the benefit of the loss of security.

Creditor Settlement Negotiations and Collateral Trust Agreement Mediation

When it was discovered, the uncertainty surrounding the rights of the holders of the Subject Debt (the "Subject Debt Holders") under the CTA threatened to delay the plan of reorganization process in the Reorganization Cases. The primary source of this potential delay was disagreement among the entities potentially entitled to the benefits of the CTA regarding the treatment of the Subject Debt under any plan or plans of reorganization proposed by the Debtors. In particular, certain of the Subject Debt Holders asserted that they were entitled to treatment as secured creditors on account of the CTA, and certain of the participants in the BMO Revolving Credit Facility and the other debt instruments subject to the CTA (collectively, the "Other CTA Debt Holders") strongly opposed that position.

To avoid a stalemate between the parties and keep the Debtors' plan efforts moving forward, the Debtors, together with the Creditors' Committee, initiated discussions with counsel to the Subject Debt Holders, on the one

hand, and counsel to the Other CTA Debt Holders, on the other hand, in July 2000. The purpose of these discussions was two-fold. First, the Debtors wanted to provide the parties (after the execution of appropriate confidentiality agreements) with certain information, including non-public information regarding the CTA, valuations of the Debtors as reorganized, related business plan information, valuation and capitalization analyses and projections and claims recovery analyses, to assist the parties in evaluating the Subject Debt and the Debtors' business operations. Second, the Debtors wanted to involve the parties in the negotiation of a consensual plan or plans of reorganization that would, among other things, resolve the issues surrounding the Subject Debt.

The participants in these initial discussions included counsel to: (a) Angelo Gordon & Co.; Cerberus Capital Management; Franklin Mutual Advisers, LLP; GSCP Recovery, Inc.; Murray Capital Corp.; Oaktree Capital Management LLC; and U.S. Bank National Association (an Indenture Trustee), all of which are Subject Debt Holders and (b) Bank of Montreal; Morgens, Waterfall, Vintiadis & Company, Inc.; Teachers Insurance and Annuity Association of America; Trust Company of Bank of Montreal (an Indenture Trustee); and Wachovia Bank, N.A., all of which are Other CTA Debt Holders. As part of these initial discussions: (a) Dresdner Kleinwort Wasserstein, then known as Wasserstein Perella & Co. ("Wasserstein"), the Debtors' investment adviser, made a presentation regarding the Reorganized Debtors' valuation and proposed capitalization (the "Capitalization Evaluation"); (b) Zolfo Cooper, LLC ("Zolfo Cooper"), the Debtors' restructuring accountants, made a presentation regarding the results of its claims recovery analysis for each of the Debtors (the "Claims Analysis"); and (c) Jones Day made a presentation regarding an advocate's assessment of the issues surrounding the Subject Debt (the "CTA Issues Analysis").

After these initial discussions with counsel, it became apparent that the principals of the Subject Debt Holders and the Other CTA Debt Holders needed to be involved directly in the discussions. Accordingly, certain of the Subject Debt Holders and the Other CTA Debt Holders agreed to become restricted (*i.e.*, subject to trade restrictions with respect to their respective interests in the Debtors) for a limited time period and executed confidentiality agreements with the Debtors in September 2000. To encourage a full and open discussion of the issues among the parties, the Debtors provided substantial information to all constituencies. In particular, the Debtors provided these parties with updated versions of the Capitalization Evaluation and the Claims Analysis and with the CTA Whitepaper prepared by Jones Day, which is attached as Exhibit IV, which substantially expanded the CTA Issues Analysis. The Debtors also assisted the Subject Debt Holders and the Other CTA Debt Holders in performing significant due diligence with respect to all of these issues.

Simultaneously with their discussions with the Subject Debt Holders and the Other CTA Debt Holders, the Debtors commenced discussions with Blackstone, allegedly the Debtors' largest unsecured creditor, regarding plan-related issues including the Subject Debt. The Debtors provided Blackstone with, among other things, the Capitalization Evaluation, the Claims Analysis and the CTA Whitepaper. As indicated above, the Debtors and Blackstone have entered into the Blackstone Settlement. See "Operations During the Reorganization Cases — Blackstone Transactions — Blackstone Settlement."

Having provided all constituencies with the relevant information, the Debtors commenced negotiations with the Subject Debt Holders, the Other CTA Debt Holders and the Creditors' Committee regarding a restructuring agreement, including a settlement of the issues surrounding the Subject Debt and a resolution of other outstanding business and Claim issues. As part of these discussions, the Debtors and the Creditors' Committee made their Professionals available to address issues raised by the Subject Debt Holders and the Other CTA Debt Holders relating to, among other things, the Debtors' reorganization efforts, the Capitalization Evaluation and the Claims Analysis. The Debtors also facilitated and participated in several meetings with the Subject Debt Holders, the Other CTA Debt Holders and the Creditors' Committee regarding the terms of any plan or plans of reorganization Filed by the Debtors.

As described in " — Collateral Trust Agreement Adversary Proceeding," on January 22, 2001, the Bankruptcy Court appointed Professor James J. White as mediator in the CTA Proceeding (the "CTA Mediator"). On February 21 and 22, 2001 and April 5, 2001, the CTA Mediator conducted formal mediation sessions with the parties in the CTA Proceeding. The CTA Mediator also conducted informal mediation sessions and settlement discussions regarding the CTA dispute. In late April 2001, the Debtors were advised by the CTA Mediator that the mediation process was completed and had failed to result in a settlement.

On May 7, 2001, the Debtors Filed a motion (the "May 7 Motion") requesting that the Bankruptcy Court schedule a hearing on the adequacy of the disclosure statement that would accompany a revised version of the Plan that the Debtors intended to File that, unlike previous versions of the Plan, would treat the three classes of CTA Note Claims differently. The May 7 Motion originally was scheduled to be heard on May 25, 2001. On May 18, 2001, the Debtors Filed a revised version of the Plan (the "May 18 Plan"). The May 18 Plan and the current Plan provide that the various CTA debtholders will no longer be treated on a *pari passu* basis. Instead, the proposed aggregate recoveries for holders of the Group I, Group II and Group III CTA Note Claims provide for different recovery levels for the three groups reflecting, based on an objective evaluation of the factual and legal issues presented, a fair and reasonable resolution of the CTA dispute.

At the Bankruptcy Court's May 25, 2001 hearing on the May 7 Motion, many of the Principal CTA Creditors indicated that, subject to further negotiation on other issues, the creditor recoveries set forth in the May 18 Plan potentially could represent a satisfactory settlement of the CTA dispute. At the request of certain of the Principal CTA Creditors, the Bankruptcy Court continued its hearing on the May 7 Motion twice, until June 20, 2001, to permit further negotiations. During this period, the Debtors and the Principal CTA Creditors engaged in extensive further negotiations and discussions regarding, among other issues: (a) the procedures for implementation of the CTA dispute settlement; (b) the corporate governance of Reorganized LGII; (c) the terms of the indebtedness to be issued pursuant to the Plan; and (d) the payment of attorneys' and other fees and expenses of, and the protections to be provided under the Plan to, the Principal CTA Creditors and the Indenture Trustees. At the Bankruptcy Court's June 20, 2001 hearing on the May 7 Motion, certain parties involved in these negotiations generally indicated that, in their view, sufficient progress had been made to permit the plan process to go forward. Accordingly, the Bankruptcy Court approved the May 7 Motion and scheduled a hearing on the adequacy of this Disclosure Statement for August 16, 2001.

The Plan includes modifications to the May 18 Plan that reflect the results of the negotiations described above. In light of the settlement of the CTA dispute, the Plan contemplates, and one of the conditions to Confirmation of the Plan is, that the Bankruptcy Court shall have entered an order (contemplated to be part of the Confirmation Order) approving and authorizing, pursuant to Bankruptcy Rule 9019, the settlement of the CTA Issue and other issues relating to the CTA Note Claims embodied in the Plan and providing for the dismissal of all claims in Adversary Proceeding No. 00-01181 pending before the Bankruptcy Court.

Creditors' Committee Settlement

Prior to the Filing of the plan of reorganization Filed by the Debtors on February 16, 2001, the Debtors, the Creditors' Committee and certain holders of significant CTA Note Claims reached an agreement that resolved the prior objections of the Creditors' Committee to the proposed treatment of certain Unsecured Claims that had appeared in the plan of reorganization initially Filed by the Debtors on November 14, 2000. That agreement is now embodied in the Plan's proposed treatment of Classes 8, 9, 11 and 19 (certain Unsecured Claims, O'Keefe Note Claims and the MIPS).

Recovery Actions

Introduction

A number of transactions occurred prior to the Petition Date that the Debtors believe may have given rise to claims (collectively, "Recovery Actions"), including preference actions, fraudulent conveyance actions, rights of setoff and other claims or causes of action under sections 510, 544, 547, 548, 549, 550 and 553 of the Bankruptcy Code and other applicable bankruptcy or non-bankruptcy law.

Preference Claims

Overview. Under sections 547 and 550 of the Bankruptcy Code, a debtor may seek to avoid and recover certain prepetition payments and other transfers made by the debtor to or for the benefit of a creditor in respect of an antecedent debt, if such transfer (a) was made when the debtor was insolvent and (b) enabled the creditor to receive more than it would receive in a hypothetical liquidation of the debtor in a chapter 7 where the transfer had not been

made. Transfers made to a creditor that was not an "insider" of the debtor are subject to these provisions generally only if the payment was made within 90 days prior to the debtor's filing of a petition under chapter 11. Under section 547, certain defenses, in addition to the solvency of the debtor at the time of the transfer and the lack of preferential effect of the transfer, are available to a creditor from which a preference recovery is sought. Among other defenses, a debtor may not recover a payment to the extent such creditor subsequently gave new value to the debtor on account of which the debtor did not, among other things, make an otherwise unavoidable transfer to or for the benefit of the creditor. A debtor may not recover a payment to the extent such payment was part of a substantially contemporaneous exchange between the debtor and the creditor for new value given to the debtor (the "Contemporaneous Exchange Defense"). Further, a debtor may not recover a payment if such payment was made, and the related obligation was incurred, in the ordinary course of business of both the debtor and the creditor. The debtor has the initial burden of proof in demonstrating the existence of all the elements of a preference, including its insolvency, at the time of the payment. The creditor has the initial burden of proof as to the aforementioned defenses.

The Northeast Disposition. As described in "Certain Events Preceding the Debtors' Chapter 11 Filings — Management Changes, Restructuring Efforts and Asset Sales," on March 31, 1999, less than 90 days prior to the Petition Date, the Debtors consummated the Northeast Disposition, pursuant to which they sold 124 cemeteries and three funeral homes for a gross amount of approximately $193 million. In connection with the consummation of the Northeast Disposition, LGII caused to be made from the proceeds at closing and other available funds of the Debtors, in addition to regularly scheduled interest payments on certain notes, payments to certain creditors in respect of indebtedness under the CTA. The aggregate amount of these payments was approximately $110.3 million, including:

- A payment of approximately $15.2 million to Wachovia Bank, N.A., as agent under the MEIP Credit Agreement.

- A payment of approximately $82.4 million to Bank of Montreal, as agent under the BMO Revolving Credit Agreement. In connection with receiving this payment, Bank of Montreal agreed to issue up to $26.0 million in aggregate face amount of new letters of credit under the BMO Revolving Credit Agreement.

- Payments aggregating approximately $6.9 million to holders of the Series D Notes, including a payment of approximately $4.5 million to TIAA in respect of its holding of Series D Notes.

- A payment of approximately $5.8 million to TIAA in respect of its holding of Series E Notes.

A portion of each of these payments was made in reduction of the outstanding principal balance under the respective debt instruments. In addition, in certain instances, portions of the payments were designated as interest, fees, attorneys' fees, make-whole amounts and other non-principal items. In addition, TIAA, as a holder of an O'Keefe Note Claim (which are not secured by the CTA or any other collateral), received a $2.0 million payment from the Debtors' general funds on account of such claims as part of the Northeast Disposition and a $103,278 "waiver fee." At the time of the Northeast Disposition, the Debtors were in breach of certain financial covenants in respect of TIAA's O'Keefe Note Claims and each of the series of CTA Note Claims that received payments of principal from the proceeds of the Northeast Disposition. As a result, the consent of TIAA and the holders of each such series was required to consummate the Northeast Disposition.

Also in connection with the consummation of the Northeast Disposition, LGII caused to be made directly from the proceeds of the disposition at closing: (a) a payment of interest in the approximate amount of $27.7 million to Harris Trust and Savings Bank ("Harris Trust"), as escrow agent for the holders of the Series 1 Notes ($8.4 million), Series 2 Notes ($5.2 million), Series 3 Notes ($4.8 million) and Series 4 Notes ($9.3 million); and (b) a payment of interest in the amount of $10.05 million to State Street, as trustee for the holders of the PATS Notes. The payments to Harris Trust and State Street were made in respect of regularly scheduled interest payments under these notes.

As a result of the payments described above, proceeds of the Northeast Disposition paid in respect of indebtedness secured by the CTA were not paid *pro rata* to all of the holders of CTA Note Claims secured by the CTA. Pursuant to the CTA, the CTA Trustee was not required to make *pro rata* payments to each holder of a CTA Note Claim prior to the occurrence of an "Enforcement Event" (as defined in the CTA). As of the time of consummation of the Northeast Disposition, an Enforcement Event under the CTA had not occurred.

The Northeast Disposition gives rise to at least two types of potential preference claims. First, holders of CTA Note Claims that received more than their *pro rata* share of the proceeds of the Northeast Disposition may have received a preference under section 547(b) of the Bankruptcy Code since the non-*pro rata* portion of such payments may have permitted the holders of such Claims to receive more than they would receive in a hypothetical liquidation of the Debtors had the payments not been made. Nonetheless, the fact that the non-*pro rata* portion of such payments constituted collateral for other CTA Note Claims arguably may either (a) render such payments not preferential since the payments may not have depleted the Debtors' bankruptcy Estates or (b) make any recovery of such payments available only to other holders of CTA Note Claims, thereby precluding the Debtors' unsecured creditors from benefiting from such recovery. The relative proposed distributions under the Plan to holders of CTA Note Claims take into account these preference claims and any preference claims against such holders of CTA Note Claims in respect of such payments will be released on the Effective Date. See "General Information Concerning the Plan — Preservation of Rights of Action Held by the Debtors or the Reorganized Debtors."

In addition, the payments that TIAA received on account of its unsecured O'Keefe Note Claims as part of the Northeast Disposition from the Debtors' general funds, other than potentially the $103,278 "waiver fee," may be argued to have constituted preferences. TIAA may assert the Contemporaneous Exchange Defense to such preference liability since, in connection with the Northeast Disposition, TIAA released to the Debtors certain of its collateral, which secured CTA Note Claims held by TIAA. As a result of the settlement reached in December 2000 among the Debtors, the Creditors' Committee, TIAA and certain holders of significant CTA Note Claims, such preference will be released on the Effective Date. See "General Information Concerning the Plan — Preservation of Rights of Action Held by the Debtors or the Reorganized Debtors."

Other Preference Claims. As described above on March 31, 1999, less than 90 days prior to the Petition Date, the Loewen Companies completed the Northeast Disposition. Cornerstone Family Services, Inc., then known as Newco Cemetery, Inc. ("Cornerstone"), was the purchaser. The principals backing Cornerstone were Lawrence Miller and William R. Shane, two former executives employed in connection with TLGI's cemetery businesses ("Miller and Shane"), and McCown, De Leeuw & Co., Inc. ("MCD"). It is believed that each of Miller and Shane and various funds affiliated with MCD were to provide capital to Cornerstone to allow it to obtain the financing to pay the purchase price in connection with the Northeast Disposition. It is further believed that Miller and Shane anticipated obtaining all or a portion of their capital contributions from approximately $13.9 million of payments to be made by LGII (the "Osiris Payments") under a Share Purchase Agreement, dated March 17, 1995, among LGII, Miller and Shane and certain other parties (the "Osiris Purchase Agreement") in an unrelated transaction.

As the Northeast Disposition was being negotiated, LGII, on March 15, 1999, paid Miller and Shane a total of $6.8 million of the Osiris Payments when due. In addition, it was agreed that rather than LGII making the remaining Osiris Payments to Miller and Shane who would then contribute those monies to Cornerstone to be used to pay part of the purchase price in respect to the Northeast Disposition, the obligations of LGII under the Osiris Purchase Agreement instead would be assigned to one of the entities to be purchased by Cornerstone in the Northeast Disposition and the purchase price in respect of the Northeast Disposition would be correspondingly reduced by $6.7 million (an amount agreed to be the net present value of the remaining Osiris Payments). The Debtors believe that these transactions constituted preferences. The claims in respect thereof against Miller and Shane are the subject of an avoidance action commenced by the Debtors on May 31, 2001 and are Retained Claims under the Plan. The Debtors intend to continue to pursue recovery of such claims.

The Debtors also have commenced a preference avoidance action against CNA Insurance Company and certain of its affiliates (collectively, the "CNA Companies"). Since December 31, 1993, the Debtors have maintained high-deductible workers' compensation and employers' liability insurance programs (collectively, the "Workers' Compensation Insured Programs") with the CNA Companies that cover the Debtors' employees in certain states. Under the Workers' Compensation Insured Programs: (a) insurance coverage is provided for losses up to $1,000,000 per claim under $250,000-deductible insurance policies; and (b) the Debtors are obligated to (i) pay

annual premiums that are adjustable retroactively based on certain final audits for the coverage period and (ii) reimburse CNA for the loss payments that CNA makes in respect of claims asserted within the applicable deductible amount under the Workers' Compensation Insured Programs. The Debtors also maintain an umbrella insurance policy with CNA that covers losses under the Workers' Compensation Insured Programs exceeding the coverage limit. In addition to the Workers' Compensation Insured Programs, the CNA Companies issued various other liability insurance policies to the Debtors, including general liability policies, automobile liability policies and stop-gap liability policies (collectively with the Workers' Compensation Insured Programs, the "CNA Policies").

To secure the Debtors' obligations under the CNA Policies, the CNA Companies required the Debtors to post collateral for such liabilities. As described below, the Debtors posted some of that collateral during the 90-day period prior to the Petition Date. On March 15, 1999, TLGI entered into a Collateral Trust Agreement with Continental Casualty Company ("CCC"), a CNA Company, as beneficiary, and Harris Trust, as trustee (the "Cash Collateral Agreement"), pursuant to which they transferred into the trust account established pursuant to the Cash Collateral Agreement (the "Trust Account") $10 million in cash to collateralize LGII's and TLGI's reimbursement obligations under the CNA Policies for the calendar year 1998. On April 21, 1999, Bank of Montreal issued a $10 million letter of credit (the "April 1999 Letter of Credit") in favor of CCC in respect of reimbursement obligations under the CNA Policies for calendar years 1994 through 1997. The Debtors' reimbursement obligations to Bank of Montreal in respect of the April 1999 Letter of Credit were subject to Bank of Montreal's interest in the lien granted under the CTA. On April 29, 1999, TLGI entered into a "Withdrawal Notice and Receipt" pursuant to which (a) the parties agreed that TLGI would withdraw $4,831,798 from the trust account established by the Cash Collateral Agreement, (b) CCC acknowledged receipt of the April 1999 Letter of Credit and (c) the terms of the Cash Collateral Agreement with respect to the remaining $5,168,202 in cash were reaffirmed. The $5,168,202 in cash was retained to continue to collateralize LGII's and TLGI's obligations under the CNA Policies for the calendar year 1998 program. The Debtors believe that these transactions constituted preferences and, on May 31, 2001, commenced an action on the Bankruptcy Court against the CNA Companies and Harris Trust to avoid the transactions as preferences. The claims in respect thereof are Retained Claims under the Plan, and the Debtors intend to continue to pursue recovery of such claims.

Preference Avoidance Actions Commenced by the Debtors. Pursuant to section 546(a) of the Bankruptcy Code, absent the appointment of a trustee in the Debtors' chapter 11 cases, the statute of limitations with respect to the commencement of avoidance or recovery actions under sections 544, 545, 547, 548 and 553 of the Bankruptcy Code expired on June 1, 2001, *i.e.*, two years after the Petition Date. On May 31, 2001, the Debtors commenced avoidance actions in respect of the payments and other transfers described above against: (a) Wachovia Bank, N.A., as agent under the MEIP Credit Facility, and certain unnamed parties; (b) Bank of Montreal, as agent under the BMO Revolving Credit Facility, and certain unnamed parties; (c) holders of the Series D Notes that received payments in connection with the Northeast Disposition; (d) TIAA, in respect of, in addition to the payment it received on its holding of the Series D Notes, the payments it received on its holdings of the Series E Notes and the O'Keefe Notes; (e) Miller and Shane; (f) Harris Trust, State Street and certain unnamed parties in respect of interest payments under the Series 1 through 4 Notes and the PATS Notes; and (g) the CNA Companies and Harris Trust. The Debtors commenced these avoidance actions to preserve the causes of action for the benefit of the Debtors' chapter 11 Estates. As described above, if the Plan is confirmed, certain of these claims will be released on the Effective Date, and others will continue to be pursued.

Fraudulent Conveyance Actions

Overview. Generally, a conveyance or transfer is fraudulent if: (a) it was made with the actual intent to hinder, delay or defraud a creditor (*i.e.*, an intentional fraudulent conveyance); or (b)(i) reasonably equivalent value was not received by the transferee in exchange for the transfer and (ii) the debtor was insolvent at the time of the transfer, was rendered insolvent as a result of the transfer or was left with insufficient capitalization as a result of the transfer (*i.e.*, a constructive fraudulent conveyance). Two primary sources of fraudulent conveyance law exist in a chapter 11 case.

The first is section 548 of the Bankruptcy Code, under which a debtor in possession or bankruptcy trustee may avoid fraudulent transfers that were made or incurred on or within one year before the date that a bankruptcy case is filed.

The second source is section 544 of the Bankruptcy Code — the so-called "strong-arm provision" — under which the debtor in possession (or creditors with bankruptcy court permission) may look to state law to avoid transfers as fraudulent. State fraudulent conveyance laws generally have statutes of limitations longer than one year and are applicable in a bankruptcy proceeding pursuant to section 544 of the Bankruptcy Code if the statute of limitations with respect to a transfer has not expired prior to the filing of the bankruptcy case. If such statute of limitation has not expired, the debtor in possession (or creditors with bankruptcy court permission) may bring the fraudulent conveyance claim within the time period permitted by section 546 of the Bankruptcy Code notwithstanding whether the state limitations period expires prior thereto. Generally, section 546 of the Bankruptcy Code permits a state fraudulent conveyance action to be brought within the later of (a) two years after the commencement of the bankruptcy proceeding or (b) one year after the appointment or election of a trustee for the debtor if such appointment or election occurs within such two-year period.

The primary sources of applicable state fraudulent conveyance law are state enactments of the Uniform Fraudulent Conveyance Act ("UFCA") and the Uniform Fraudulent Transfer Act ("UFTA"). As of June 2000, enactments of the UFCA were effective in four states, and enactments of the UFTA were effective in 39 states and the District of Columbia. Other states, including certain states whose fraudulent conveyance law could be applicable to fraudulent conveyance claims described below, have enacted neither the UFCA or UFTA, but instead operate under either a derivation of the English Statute of Elizabeth or some other fraudulent conveyance statute. Like section 548 of the Bankruptcy Code, under both the UFCA and the UFTA a conveyance or transfer is generally fraudulent if: (a) it was made with the actual intent to hinder, delay or defraud a creditor (*i.e.*, an intentional fraudulent conveyance); or (b)(i) reasonably equivalent value was not received by the transferee in exchange for the transfer and (ii) the debtor was insolvent at the time of the transfer, was rendered insolvent as a result of the transfer or was left with insufficient capitalization as a result of the transfer (*i.e.*, a constructive fraudulent conveyance).

The Collateral Trust Agreement. Although the Debtors have not performed a detailed factual and legal analysis of potential fraudulent conveyance claims related to the CTA, the Debtors have considered whether certain transactions associated with the CTA could be deemed to be fraudulent conveyances. In particular, the Debtors have considered: (a) whether since the CTA was executed soon after the O'Keefe judgment and constituted a pledge of a substantial portion of the Debtors' assets, the CTA could be deemed an intentional fraudulent conveyance; (b) whether the TLGI or LGII subsidiaries that, pursuant to the CTA, guaranteed debt of TLGI and LGII existing at the time of the execution of the CTA and pledged assets to secure such debt could be deemed to have made fraudulent transfers; and (c) whether such subsidiaries who, pursuant to the CTA, guaranteed debt of TLGI and LGII arising at the time of or after the execution of the CTA and who pledged assets to secure such debt could be deemed to have made fraudulent transfers to the extent that such subsidiaries did not, directly or indirectly, receive the proceeds of such debt.

A detailed factual and legal analysis of potential fraudulent conveyance claims related to the CTA would be time consuming and costly because, among other things, the issues raised by such an investigation and by the CTA are quite complex. For instance, given the extent of the Debtors' operations throughout the U.S. and Canada, the particular state fraudulent conveyance law applicable to any transfer associated with the CTA would be the subject of significant dispute. In addition, the extent to which any of the numerous Debtor subsidiaries subject to the CTA (a) received, directly or indirectly, the benefit of the proceeds of any debt issued pursuant to the CTA or (b) was solvent or was reasonably capitalized at any relevant time is a complicated, multifaceted factual and legal issue which would require a substantial amount of due diligence, investigation, research and analysis to resolve. Moreover, resolution of potential other fraudulent conveyance claims associated with the CTA, such as whether certain amendment or similar fees paid in connection with the Northeast Disposition could be deemed fraudulent, would likewise likely be factually and legally complicated and contentious.

The need for such an investigation of potential fraudulent conveyance claims related to the CTA is mitigated by limitations on the extent of guaranties issued under the CTA by subsidiaries of TLGI and LGII. Pursuant to the CTA, any such guaranties, and any pledge of collateral to secure such guaranties, are limited to an amount that is $1.00 less than the maximum amount for which such subsidiary may be liable without rendering its guaranty obligations void or invalid. As a result, it would appear unlikely that guaranties given by subsidiaries of TLGI or LGII under the CTA could be deemed fraudulent conveyances.

In light of the foregoing, including the complexity of the factual and legal issues involved and the limitation on subsidiary guaranties under the CTA, the Plan also constitutes a settlement of any CTA-related fraudulent conveyance claims as part of the Plan's treatment of CTA Note Claims. This settlement will result in such claims being released as part of the Plan.

Other Legal Proceedings

NAFTA Claims

In October 1998, TLGI, on its own behalf and on behalf of LGII, and Raymond L. Loewen filed claims against the United States of America under the investment protection provisions of the North American Free Trade Agreement ("NAFTA") for injury to themselves and their investment in the U.S. (Such claim by TLGI is referred to herein as the "NAFTA Claims.") The claimants contend that they were damaged as a result of breaches by the U.S. of its obligations under NAFTA in connection with certain litigation in the State of Mississippi entitled O'Keefe v. The Loewen Group Inc. See "Certain Events Preceding the Debtors' Chapter 11 Filings — Mississippi Litigation." Specifically, the plaintiffs allege that they were subjected to discrimination, denial of the minimum standard of treatment guaranteed by NAFTA and uncompensated expropriation, all in violation of NAFTA. The NAFTA Claims are currently the subject of a pending proceeding before an arbitration panel (the "Arbitration Tribunal") appointed pursuant to the rules of the International Centre for Settlement of Investment Disputes. In January 2001, the Arbitration Tribunal issued a ruling rejecting certain of the U.S. government's jurisdictional challenges and scheduled a hearing on the merits of the NAFTA Claims for October 2001.

In connection with the NAFTA litigation, on July 25, 2000, TLGI and its counsel, Jones Day, entered into the NAFTA Contingency Fee Agreement, which was subsequently approved by the Bankruptcy Court. Pursuant to the NAFTA Contingency Fee Agreement, among other things, in the event of a recovery on the NAFTA Claims by TLGI, Jones Day will be entitled to 20% of such recovery subject to a cap of $30 million. In addition, on May 27, 1999, TLGI entered into the NAFTA Arbitration Agreement with Raymond L. Loewen in order to maximize the likelihood of recovery and to provide incentives to both TLGI and Mr. Loewen to cooperate in pursuing their respective claims. Pursuant to the NAFTA Arbitration Agreement, the parties agreed to cooperate in the action against the United States and to apportion any recoveries obtained pursuant to binding arbitration. In addition, pursuant to paragraph 3 of the NAFTA Arbitration Agreement, TLGI agreed to reimburse Mr. Loewen for certain legal expenses out of the proceeds of a NAFTA Claim recovery.

Prior to the Effective Date, TLGI will cause LGII to form (a) a wholly owned Delaware limited liability company ("Delco") and (b) a wholly owned Nova Scotia unlimited liability company ("Nafcanco"). On the Effective Date, LGII will transfer its rights to receive any proceeds of the NAFTA Claims arising under article 1117 of NAFTA to Delco and will transfer the ownership interests in Delco to TLGI. Immediately thereafter, TLGI will (a) transfer to Nafcanco all right, title and interest to any proceeds of the NAFTA Claims arising under article 1116 of NAFTA, (b) will cause Delco to transfer to LGII all right, title, and interest to any proceeds of the NAFTA Claims arising under article 1117 of NAFTA; and (c) will irrevocably delegate to Nafcanco all powers and responsibilities of TLGI in respect of the pursuit and prosecution of the NAFTA Claims, all in accordance with the terms of Exhibit I.A.29 of the Plan. As of the Effective Date following the Reinvestment Transactions, TLGI will assign to Reorganized LGII, and Reorganized LGII will assume, the NAFTA Contingency Fee Agreement and the NAFTA Arbitration Agreement.

In addition, pursuant to the Plan, on the Effective Date immediately following completion of the Reinvestment Transactions, an undivided 25% interest in the NAFTA Net Proceeds will be transferred to the Liquidating Trust. Under the Plan, NAFTA Net Proceeds take into account any adjustments or payments under the NAFTA Arbitration Agreement and are net of payments under the NAFTA Contingency Fee Agreement.

The Debtors do not believe that it is possible at this time to predict the final outcome of this proceeding or the timing thereof or to establish a reasonable estimate of the damages, if any, that may be awarded to the plaintiffs or the proceeds, if any, that may be received in respect of the NAFTA Claims. See "Overview of the Plan — Formation of Liquidating Trust," "Overview of the Plan — The CCAA Order," "Liquidating Trust To Be Formed Pursuant to the Plan" and "Risk Factors — Outcome of NAFTA Claims Is Impossible to Predict." The NAFTA Claims are Retained Claims under the Plan.

Northeast Disposition Sale Dispute

As indicated above (see "Certain Events Preceding the Debtors' Chapter 11 Filings — Management Changes, Restructuring Efforts and Asset Sales" and " — Preference Claims"), on March 31, 1999, pursuant to a Stock Purchase Agreement dated as of February 28, 1999, as amended (the "Northeast Agreement"), the Northeast Disposition was consummated and LGII sold to Cornerstone all of the issued and outstanding stock of approximately 100 companies owned by LGII. The Northeast Agreement contains two post-closing adjustment mechanisms, one relating to the working capital required to be transferred by LGII to Cornerstone for the acquired companies and the other to the possible overfunding or underfunding of trusts maintained by the acquired companies. The Northeast Agreement also contains essentially two dispute resolution mechanisms. First, the Northeast Agreement requires the parties thereto to designate an independent accountant to resolve any disputes between them regarding post-closing adjustments, including adjustments associated with working capital and with the overfunding or underfunding of the trusts. Second, the Northeast Agreement requires disputes concerning the Northeast Agreement, its effect or the transactions contemplated by it to be resolved through arbitration.

While LGII and Cornerstone have succeeded in reconciling some of their differences regarding the post-closing working capital and trust funding adjustments, certain disputes remain between them. Based on preliminary calculations, LGII believes that as a result of the working capital adjustment it has a claim against Cornerstone for approximately $5.1 million, while Cornerstone argues for an adjustment of approximately $4.2 million in its favor. Regarding the trust funding adjustment, LGII believes the trusts were overfunded by approximately $5.3 million while Cornerstone believes the trusts were underfunded by approximately $4.2 million. Since overfunding and underfunding are reimbursed under the Northeast Agreement at 50% of their respective amounts, the parties' claims differ in the approximate amount of $4.75 million. Accordingly, LGII and Cornerstone have initiated the contractually-mandated process to appoint an independent accountant to resolve their disputes regarding the working capital and trust funding adjustments. Carl W. Pergola of BDO Seidman, LLP has been jointly appointed by the parties to serve as their independent accountant, and the independent accountant review to be conducted by Mr. Pergola has commenced.

Cornerstone has informally asserted certain other claims against LGII under the Northeast Agreement. LGII believes Cornerstone may attempt to secure a determination of such claims by the independent accountant or, failing that, may file a demand for arbitration. LGII preliminarily believes that Cornerstone may seek approximately $2.6 million in respect of these claims. All of the claims of LGII against Cornerstone are Retained Claims under the Plan and will not be affected by consummation of the Plan. In early September 2000, certain entities affiliated with Cornerstone filed a complaint for express trust, constructive trust and declaratory judgment against LGII and TLGI alleging that LGII and TLGI failed to deposit certain receipts into trust fund accounts maintained by or on behalf of certain of the businesses acquired from them by Cornerstone. In October 2000, LGII and TLGI Filed an answer and counterclaim asserting and seeking a declaratory judgment that the plaintiffs' claims are barred because Cornerstone agreed in the Northeast Agreement to resolve all claims regarding working capital and trust fund adjustments pursuant to the independent accountant review procedure under the agreement.

LGII's claims in respect to these matters are Retained Claims under the Plan.

Osiris Declaratory Judgment

In early November 1999, funds totaling approximately $2.4 million were withdrawn by Cornerstone from an account maintained in the name of Osiris Holding Corp. ("Osiris") by First Union National Bank, as Trustee (under an agreement dated June 4, 1993). Osiris was not part of the above-referenced stock purchase transaction (see " — Northeast Disposition Sale Dispute") and funds that were maintained on behalf of that entity are not the property of Cornerstone. LGII demanded that Cornerstone return to Osiris the funds wrongfully obtained by it, but, Cornerstone refused to do so.

On or about January 31, 2000, Cornerstone Filed a complaint for declaratory judgment in the Bankruptcy Court against LGII and TLGI, seeking a declaration of the Court that Cornerstone rightfully owns and possesses the funds withdrawn from the Osiris account. On or about April 14, 2000, LGII and TLGI answered the complaint and Filed a counterclaim seeking return of the Osiris funds wrongfully converted by Cornerstone. In February 2001, the

parties reached a settlement of their dispute regarding the Osiris funds under which $1,658,000 plus interest has been paid to LGII and TLGI. The settlement was approved by the Bankruptcy Court.

Other Claims Related to the Collateral Trust Agreement

In connection with the issues surrounding the CTA Note Claims (see " — Collateral Trust Agreement Issues"), certain holders of the CTA Note Claims may hold claims, demands, rights and causes of action against certain third parties. In September 2000 (with the exception of Fleet National Bank which joined in April 2001), certain holders of the CTA Note Claims and certain Indenture Trustees entered into agreements to toll and suspend through April 1, 2001 (subsequently extended to March 1, 2002) the running of any and all statutes of limitations, laches or any other time-based limitations or defenses relating to such claims, demands, rights and causes of action with the following entities: (a) Bankers Trust Company; (b) Davis, Polk & Wardwell; (c) Kramer Levin Naftalis & Frankel LLP; (d) Reid & Reige, P.C.; (e) Russell & DuMoulin; (f) Salomon Smith Barney, for itself and as successor to Smith Barney, Inc.; (g) Skadden, Arps, Slate, Meagher & Flom LLP; (h) State Street Bank and Trust Company; (i) Thelen Reid & Priest LLP; (j) UBS Warburg LLC, for itself and as successor to UBS Securities LLC; and (k) Fleet National Bank (collectively, the "Tolling Parties"). However, with respect to the tolling agreement with the CTA Trustee, the CTA Trustee reserved the right and may, at any time on seven days' notice, terminate the tolling agreement and the tolling period. If the CTA Trustee exercises this right prior to the Effective Date, the respective Indenture Trustee for the Series 3, Series 4, Series 6, Series 7 and PATS Notes may exercise its discretion under the relevant indentures and the relevant trust agreements and, absent contrary direction and indemnification from a majority of the holders of the Series 3, Series 4, Series 6, Series 7 and/or PATS Notes, not pursue any claims, demands or causes of action against the CTA Trustee. Accordingly, each holder of the Series 3, Series 4, Series 6, Series 7 and PATS Notes should immediately evaluate any potential claim against the CTA Trustee, and promptly take action to protect such holder's individual rights, if any, regardless of any tolling agreement with the CTA Trustee or the confirmation process. To the extent permitted by applicable law and except as provided in Section IV.F.2 or Section IV.F.3 of the Plan, any claims, demands, rights, causes of action and liabilities that any holder of any CTA Note Claim may have against Tolling Parties or other third parties with respect to the CTA ("Reserved CTA Claims") are reserved and, unless the Bankruptcy Court determines otherwise, will not be affected by Confirmation or the occurrence of the Effective Date. Claims, demands, rights, causes of action and liabilities against all persons and entities that are the beneficiaries of the release provided in Section IV.F.2 or the release provided in Section IV.F.3 do not constitute Reserved CTA Claims. Pursuant to the Plan, Reorganized LGII may reimburse a portion of the costs of the pursuit of certain of these claims. See "Overview of the Plan — Funding of CTA Issue Litigation."

Because the Plan contemplates the termination of the relevant indentures, the relevant trust agreement and the role and obligations of the Indenture Trustees, the Indenture Trustees will have no right, duty or obligation, contractual or otherwise, to, and shall not, pursue (and shall have no right to pursue) any claims, demands, causes of action or liabilities in respect of the CTA or the CTA Note Claims or the status thereof under the CTA, including, without limitation, any such claims, demands, rights, causes of action or liabilities that any Indenture Trustee may have, on behalf of itself or any holder, against any of the Tolling Parties after the Effective Date. BASED ON THE FOREGOING, EACH HOLDER OF A SERIES 3, SERIES 4, SERIES 6, SERIES 7 OR PATS NOTES CLAIM WILL BE REQUIRED TO ASSUME RESPONSIBILITY FOR ANY RESERVED CTA CLAIM IT MAY HAVE AND TO TAKE SUCH ACTION IT DEEMS NECESSARY TO PROTECT ITS RIGHTS.

IRRESPECTIVE OF ANY TOLLING AGREEMENTS, NEITHER THE DEBTORS, THE BANKRUPTCY COURT, THE INDENTURE TRUSTEES FOR THE SERIES 3, SERIES 4, SERIES 6, SERIES 7 AND PATS NOTES, NOR ANY OTHER PARTY MAKES ANY REPRESENTATIONS REGARDING THE EXISTENCE OR VIABILITY OF ANY RESERVED CTA CLAIM.

Subject to the Bankruptcy Court's determination under Section IX.A.5 of the Plan, Reserved CTA Claims of any holder of a CTA Note Claim shall in no way be prejudiced or adversely affected by virtue of the fact that any holder of any such claim voted in favor of the Plan, did not challenge the treatment of its Claim or its recovery under the Plan, did not pursue to conclusion its claims or defenses in the CTA Proceeding pending before the Bankruptcy Court, or otherwise did not fully pursue any rights that it may have had with respect to its CTA Note Claim before the Bankruptcy Court.

REORGANIZED LGII

Restructuring Transactions

TLGI was organized under the laws of British Columbia, Canada, and conducts its business through over 1,000 subsidiaries. TLGI, which has operations in the U.S., Canada and the United Kingdom, conducts business principally in North America.

In addition to the transactions relating to the NAFTA Claims (see "Collateral Trust Agreement Issues; Recovery Actions; and Other Legal Proceedings — Other Legal Proceedings — NAFTA Claims"), pursuant to the Reinvestment Transactions, on the Effective Date following the completion of the CCAA Debtor Restructuring Transactions, as provided in the Confirmation Order, and the terms of the Plan, each share of LGII Old Stock issued and outstanding or held in treasury will be canceled and TLGI will transfer all of its assets (other than the NAFTA Claims, its ownership interest in Delco and the Canadian Operating Assets) to LGII, which will become the ultimate parent entity in the corporate structure of the Loewen Companies and enter into the other transactions contemplated by the Plan, including the transfer of the Canadian Operating Assets. The only shares of capital stock of Reorganized LGII to be outstanding immediately following the Effective Date will be the New Common Stock to be issued pursuant to the Plan.

In addition, pursuant to the Subsidiary Restructuring Transactions, in each state in which the Debtors conduct business, commencing immediately following the Effective Date, the Loewen Subsidiary Debtors organized under the laws of such state will be restructured so as to reduce the number of Loewen Companies organized in such state to the maximum extent permissible and determined by the Debtors to be appropriate, taking into account applicable regulatory requirements and other pertinent considerations. In addition, on the Effective Date following the Reinvestment Transactions, LGII will transfer all of its assets other than its ownership interests in the Loewen Companies to a newly formed Delaware corporation that is wholly owned by LGII. Pursuant to the Plan, the Debtors and Reorganized Debtors will take such actions as may be necessary or appropriate to effect the Subsidiary Restructuring Transactions. It is contemplated that the Subsidiary Restructuring Transactions will include one or more mergers, consolidations, reorganizations, asset transfers or dissolutions as may be determined by the Debtors to be necessary or appropriate. The actions to effect the Subsidiary Restructuring Transactions may include: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, reorganization or dissolution containing terms that are consistent with the terms of the Plan and that satisfy any requirements of applicable law and such other terms to which these entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms to which these entities may agree; (c) the filing of appropriate certificates of merger, consolidation or dissolution or similar instruments with the applicable governmental authorities; and (d) all other actions that such entities determine to be necessary or appropriate, including making other filings or recordings that may be required by applicable law in connection with the Subsidiary Restructuring Transactions. A description of the Subsidiary Restructuring Transactions has been Filed as Exhibit IV.B.1 to the Plan and is available for inspection in the Document Reviewing Centers and over the Internet on the web site at http://www.loewenreorgplan.com. See "Additional Information." Similar restructuring transactions involving the CCAA Debtors will be effected immediately prior to the Reinvestment Transactions pursuant to the CCAA Order. A description of the CCAA Debtor Restructuring Transactions has been Filed as Exhibit I.A.29 to the Plan and is available for inspection in the Document Reviewing Centers and over the Internet on the web site at http://www.loewenreorgplan.com. See "Additional Information."

The consummation of the Restructuring Transactions, together with the CCAA Debtor Restructuring Transactions, is an important part of the Plan, which is intended to: (a) result in the ultimate parent company in the corporate structure being Reorganized LGII, a Delaware corporation; (b) facilitate the centralization of various operational, management and administrative activities and functions; (c) streamline Reorganized LGII's overall capital structure; and (d) permit Reorganized LGII greater access to the financial markets by the creation of a more understandable, flexible and financeable corporate structure.

Immediately following the consummation of the Restructuring Transactions, TLGI will have outstanding the same equity securities as were outstanding immediately prior to the consummation of the Restructuring Transactions, but will have: (a) no assets other than bare legal title to its NAFTA Claims and title to the outstanding

membership interests of Delco; (b) no right to receive, directly or through Delco, proceeds of the NAFTA Claims; (c) no directors, officers or employees; and (d) no relationship to Reorganized LGII or any of its subsidiaries other than as a result of the transactions relating to the NAFTA Claims.

Business of Reorganized LGII

Following the consummation of the Restructuring Transactions, Reorganized LGII will continue to operate the existing businesses of TLGI, LGII and their subsidiaries. A brief description of Reorganized LGII's business is set forth below. Further information regarding the businesses and properties of, and other matters relating to, TLGI, LGII and their subsidiaries, including historical consolidated financial statements and other financial information, are contained in the TLGI 2000 Form 10-K and TLGI Second Quarter 2001 Form 10-Q. The information set forth below is qualified in its entirety by reference to such other information.

It is anticipated that, as of the Effective Date, Reorganized LGII will operate approximately 900 funeral homes and approximately 300 cemeteries throughout North America and approximately 30 funeral homes in the United Kingdom. In addition to providing funeral, cemetery and cremation services at-need, Reorganized LGII will also make funeral, cemetery and cremation arrangements on a preneed basis. As part of making funeral and cremation arrangements on a preneed basis, Reorganized LGII will also operate an insurance business in support of its funeral homes. Reorganized LGII will also operate an insurance business primarily involved in the sale of preneed insurance products, though alternatives involving the disposition of this business are currently being explored.

Reorganized LGII will maintain a regional management structure that is organized in several geographic regions in the U.S., Canada and the United Kingdom. Within each geographic region, markets have been identified that include both funeral homes and cemeteries. A Market General Manager has responsibility for all activities within a particular market (*i.e.*, funeral, cemetery and cremation) on both an at-need and preneed basis. The market-based management structure was put in place in the U.S. during the 2000 fiscal year. As part of the implementation of this management structure, each market developed a market plan, addressing key operating issues within the market, including market share, pricing, operating costs and synergies. Each market plan also provided strategies and tactics to address those operating issues.

Reorganized LGII will maintain its principal executive offices in Toronto, Ontario and its North American administrative support centers in Cincinnati, Ohio and Vancouver, British Columbia.

Reorganized LGII's funeral homes will offer a full range of funeral services, including the collection of remains, registration of death, professional embalming, use of funeral home facilities, sale of caskets and other merchandise and transportation to a place of worship, funeral chapel, cemetery or crematorium. Substantially all of Reorganized LGII's funeral homes will have programs designed to provide a full range of merchandise and services to families choosing cremation.

Reorganized LGII's cemetery operations will assist families in making burial arrangements and will offer a complete line of cemetery products (including a selection of burial spaces, burial vaults, lawn crypts, caskets, memorials, niches and mausoleum crypts), the opening and closing of graves and cremation services.

The funeral service industry in North America is highly fragmented, consisting primarily of small, family-owned businesses. Competition generally arises among local funeral homes and cemeteries for at-need and preneed business. The market share of a single funeral home or cemetery in any community is often a function of the name, reputation and location of that funeral home or cemetery. Gains or losses in market share within a community are usually realized over a period of time.

The following table sets forth, for each of the businesses operated by TLGI, revenue earned from external sales, earnings (loss) from operations, total assets and capital expenditures for and as of the end of each of TLGI's last three fiscal years. All historical amounts set forth in this Disclosure Statement are presented on the basis of generally accepted accounting principles in Canada ("Canadian GAAP"). Although TLGI has historically prepared its consolidated financial statements in accordance with generally accepted accounting principles in Canadian

GAAP and included a note describing the material differences from, and reconciling certain line items to generally accepted accounting principles in the U.S. ("U.S. GAAP"), Reorganized LGII will prepare its consolidated financial statements in accordance with U.S. GAAP.

	Funeral and Cemetery	Insurance	Other	Total
	(Dollars in Thousands)			
Revenue earned from external sales:				
2000	$ 800,817	$ 95,245	—	$ 896,062
1999	929,048	94,101	—	1,023,149
1998	1,033,883	96,516	—	1,130,399
Earnings (loss) from operations:				
2000	$ 20,449	$ 15,377	$ (62,059)	$ (26,233)
1999	(192,134)	20,344	(76,817)	(248,607)
1998	(176,547)	16,472	(103,891)	(263,966)
Total assets:				
2000	$ 3,458,693	$ 318,178	$ 204,035	$ 3,980,906
1999	3,730,412	290,398	89,773	4,110,583
1998	4,235,085	276,098	162,725	4,673,908
Capital expenditures:				
2000	$ 16,023	—	$ 10,469	$ 26,492
1999	46,150	$ 190	8,337	54,677
1998	101,051	420	6,513	107,984

TLGI's operations are primarily in the U.S. with over 90% of its revenue and earnings (loss) from operations derived from its U.S. operations.

The foregoing historical financial information should be read in conjunction with the audited historical consolidated financial statements of TLGI, including the notes thereto, included in the TLGI 2001 Form 10-K. As noted above, such audited historical consolidated financial statements were prepared in accordance with Canadian GAAP, and Note 17 thereto includes a description of the material differences, and a reconciliation of certain line items, between Canadian GAAP and U.S. GAAP. See "Risk Factors — Historical Financial Information Will Not Be Comparable."

Business Plan

Following the Effective Date, management of Reorganized LGII intends to aggressively pursue a business plan designed to provide a stable platform for future growth. The key components of the business plan will be to increase revenues, reduce operating costs, upgrade information systems, build marketing and research capabilities and generate positive cash flow. Revenue increasing initiatives will include increased funeral home volume, upgraded cremation services, upgraded cremation merchandise, increased direct cremation business and increased at-need cemetery business through cross-referrals. Operating cost reduction initiatives will include restructured location management, increased efficiency through reallocation of advertising and market dollars and eliminating telemarketing expenditures and certain training costs.

Liquidity and Capital Resources

The consummation of the transactions contemplated by the Plan will result in a net reduction of approximately $1.5 billion of total indebtedness. Reorganized LGII will nonetheless continue to be substantially leveraged following the Effective Date. See "Risk Factors — Substantial Leverage Will Continue." However,

management of the Debtors believes that, assuming consummation of the Plan in accordance with its terms and achievement of the Debtors' business plan, Reorganized LGII will have sufficient liquidity for the reasonably foreseeable future to service the post-reorganization indebtedness and conduct of its business as contemplated by the Debtors' business plan. Based on the assumptions reflected herein, as of the Effective Date Reorganized LGII would have cash of approximately $33 million available for working capital. In addition, the Effective Date is conditioned upon the Exit Financing Facility being in place. It is currently contemplated that the Exit Financing Revolving Credit Facility will consist of a secured $100 million revolving credit facility, $30 million of which will also be available in the form of letters of credit. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — Exit Financing."

Selected Historical Financial Information

The following table sets forth selected consolidated financial information for TLGI as of and for the six months ended June 30, 2001 and 2000 and the fiscal years ended December 31, 2000, 1999 and 1998. Such selected consolidated financial information is presented on the basis of Canadian GAAP. The selected consolidated financial information set forth below should be read in conjunction with the audited and unaudited historical consolidated financial statements of TLGI, including the notes thereto, included in the TLGI 2000 Form 10-K and TLGI Second Quarter 2001 Form 10-Q. As noted above, such historical consolidated financial statements were prepared in accordance with Canadian GAAP, and Note 10 to the unaudited historical consolidated financial statements and Note 17 to the audited historical consolidated financial statements include a description of the material differences, and a reconciliation of certain line items, between Canadian GAAP and U.S. GAAP. Reorganized LGII will prepare its consolidated financial statements in accordance with U.S. GAAP. See "Risk Factors — Historical Financial Information Will Not Be Comparable."

	Six Months Ended June 30		Year Ended December 31		
	2001	2000	2000	1999	1998
Income Statement Information:					
Revenue	$ 421,254	$ 475,709	$ 896,062	$1,023,149	$ 1,130,399
Gross margin	102,274	136,233	234,418	264,534	265,610
Earnings (loss) from operations	(114,109)	(21,023)	(26,233)	(248,607)	(263,966)
Net earnings (loss)	(127,190)	(53,547)	(112,717)	(465,176)	(598,969)
Balance Sheet Information:					
Total assets	3,803,662	3,980,906	3,980,906	4,110,583	4,673,908
Total long-term debt (a) (b)	67,575	73,542	47,944	70,511	1,393,891
Preferred securities of subsidiary (b)	—	—	—	—	75,000
Liabilities subject to compromise (b)	2,293,425	2,289,497	2,289,497	2,282,601	—
Shareholders' equity	188,734	315,924	328,452	444,346	905,441

(a) Total long-term debt comprises long-term debt which is not subject to compromise, including the current portion.

(b) Under-secured and unsecured debt obligations (including the MIPS, which are identified as "Preferred securities of subsidiary") have been reclassified to liabilities subject to compromise as a result of the Filing of the Reorganization Cases.

Projected Financial Information

Introduction

As a condition to confirmation of a plan of reorganization, the Bankruptcy Code requires, among other things, that the bankruptcy court determine that confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the debtor. See "Voting and Confirmation of the Plan — Confirmation" and "Voting and Confirmation of the Plan — Feasibility." In connection with the development of the Plan, and for purposes of determining whether the Plan satisfies this feasibility standard, the Debtors' management analyzed the ability of the Reorganized Debtors to meet their obligations under the Plan with sufficient liquidity and capital resources to conduct their businesses. In that connection, the Debtors' management developed and prepared certain projections (the "Projections") of the Debtors' operating profit, free cash flow and certain other items for the fiscal years 2001 through 2003 (the "Projection Period").

THE DEBTORS DO NOT, AS A MATTER OF COURSE, PUBLISH THEIR BUSINESS PLANS, BUDGETS OR STRATEGIES OR MAKE EXTERNAL PROJECTIONS OR FORECASTS OF THEIR ANTICIPATED FINANCIAL POSITIONS OR RESULTS OF OPERATIONS. ACCORDINGLY, THE DEBTORS (INCLUDING THE REORGANIZED DEBTORS) DO NOT ANTICIPATE THAT THEY WILL, AND DISCLAIM ANY OBLIGATION TO, FURNISH UPDATED BUSINESS PLANS, BUDGETS OR PROJECTIONS TO HOLDERS OF CLAIMS OR INTERESTS PRIOR TO THE EFFECTIVE DATE OR TO STOCKHOLDERS OR DEBTHOLDERS AFTER THE EFFECTIVE DATE OR TO INCLUDE SUCH INFORMATION IN DOCUMENTS REQUIRED TO BE FILED WITH THE SEC, ANY CSA OR ANY STOCK EXCHANGE OR OTHERWISE MAKE SUCH INFORMATION PUBLICLY AVAILABLE.

The Projections should be read in conjunction with the assumptions, qualifications and explanations set forth herein and the historical consolidated financial information (including the notes and schedules thereto) included in the TLGI 2000 Form 10-K and TLGI Second Quarter 2001 Form 10-Q. Such historical consolidated financial statements were prepared in accordance with Canadian GAAP, and Note 10 to the unaudited historical consolidated financial statements and Note 17 to the audited historical consolidated financial statements include a description of the material differences, and a reconciliation of certain line items, between Canadian GAAP and U.S. GAAP. Reorganized LGII will prepare its consolidated financial statements in accordance with U.S. GAAP, and the Projections reflect U.S. GAAP. See "Risk Factors — Historical Financial Information Will Not Be Comparable."

In addition, in December 1999, the SEC issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"), which sets forth the SEC staff's views on the application of existing generally accepted accounting principles to revenue recognition in financial statements. As a result of SAB 101, the Debtors anticipate changing their preneed revenue recognition policies primarily to:

- recognize, at the time of delivery or performance of services, sales of pre-arranged funerals and preneed cemetery merchandise and services, including any trust fund investment earnings on related amounts held in trust;

- recognize, when interment right title is transferred, sales of preneed cemetery spaces; and

- expense immediately selling expenses incurred in connection with sales of pre-arranged funerals and preneed cemetery merchandise, services and spaces.

These changes will be implemented by Reorganized LGII following the Effective Date and applied to its predecessor financial statements (TLGI) effective January 1, 2000.

As a result of, among other things, the change in accounting policies with respect to preneed revenue recognition in response to SAB 101, the financial condition and results of operations of Reorganized LGII from and after the Effective Date will not be comparable to the financial condition or results of operations reflected in the historical statements of TLGI set forth in the TLGI 2000 Form 10-K and TLGI Second Quarter 2001 Form 10-Q. Accordingly, the Debtors determined to present the Projections on two bases: (1) first, assuming the application of

TLGI's existing accounting policies with respect to preneed revenue recognition (*i.e.*, the Existing Accounting Policies case) and (2) second, assuming the adoption of changes to accounting policies with respect to preneed revenue recognition in response to SAB 101 as currently expected to be implemented by Reorganized LGII (*i.e.*, the New Accounting Policies case).

Principal Assumptions for the Projections

The Projections are based on, and assume the successful implementation of, the Debtors' business plan. Both the Debtors' business plan and the Projections reflect numerous assumptions, including various assumptions regarding the anticipated future performance of the Reorganized Debtors, industry performance, general business and economic conditions and other matters, most of which are beyond the control of the Debtors or the Reorganized Debtors. Specific risks and uncertainties that may affect the accuracy of the Projections include, among others, those relating to: (a) the successful completion of the asset dis position program; (b) the ability of the Reorganized Debtors to increase revenues and control costs of funeral and cemetery operations through the implementation of the Debtors' business plan; (c) the ability of the Reorganized Debtors to reduce general and administrative expenses through the implementation of the Debtors' business plan; (d) the ability of the Reorganized Debtors to build marketing and research capabilities; (e) the ability of the Reorganized Debtors to generate positive cash flow through the implementation of the Debtors' business plan; (f) the expected enhancements to the ability of the Reorganized Debtors to attract and exploit business opportunities; (g) the effect that the new Board of Directors of Reorganized LGII will have on the implementation of the Debtors' business plan; (h) the ability of the Reorganized Debtors to respond to any existing or new competition within their markets; and (i) the effect of any new or amended legislation applicable to the businesses of the Reorganized Debtors. *Therefore, although the Projections are necessarily presented with numerical specificity, the actual results achieved during the Projection Period will vary from the Projections. These variations may be material. Accordingly, no representation can be or is being made with respect to the accuracy of the Projections or the ability of the Reorganized Debtors to achieve the Projections.* See "Risk Factors" for a discussion of certain factors that may affect the future financial performance of the Reorganized Debtors and of various risks associated with the Plan.

Although the Debtors believe that the assumptions underlying the Projections, when considered on an overall basis, are reasonable in light of current circumstances, no assurance can be or is given that the Projections will be realized. *In deciding whether to vote to accept or reject the Plan, holders of Claims and Interests entitled to vote must make their own determinations as to the reasonableness of such assumptions and the reliability of the Projections.* See "Risk Factors."

The independent auditors for TLGI have not examined nor compiled the Projections presented herein and, accordingly, assume no responsibility for them. Moreover, the Projections have not been prepared to comply with guidelines established with respect to projections by the SEC, any CSA, the American Institute of Certified Public Accountants or the Canadian Institute of Chartered Accountants.

Information relating to the principal assumptions used in preparing the Projections is set forth below:

(a) *Effective Date; Plan Terms.* The Projections assume Confirmation of the Plan and that all transactions contemplated by the Plan to be consummated by the Effective Date will be consummated as of December 31, 2001. The Projections also assume that:

- the total amount of each Class of Allowed Claims is the estimated amount as set forth in "Overview of the Plan — Summary of Classes and Treatment of Claims and Interests"; and

- the total amount paid pursuant to Section III.E of the Plan in respect of the fees and expenses of Indenture Trustees and pursuant to Section III.F of the Plan in respect of the fees and expenses of the Principal CTA Creditors is $15 million, and the total amount of other Administrative Claims, financing fees and reorganization expenses required to consummate the Plan is $69.1 million.

See "Overview of the Plan" for a brief summary of the principal provisions of the Plan, including the classification and treatment of Claims and Interests, the principal financial terms of certain securities to be issued pursuant to the Plan and other post-reorganization indebtedness and conditions to Confirmation and consummation of the Plan.

(b) *General Economic Conditions.* The Projections were prepared based on assumptions that economic conditions existing at the time the Projections were prepared will last throughout the Projection Period and that the general economic climate in the U.S. and Canada remains relatively stable.

(c) *Asset Disposition Program.* The Projections assume the completion of the asset disposition program by December 31, 2001 and the receipt prior to such date of aggregate net cash proceeds of $135 million from the sale of Disposition Properties. See "Operations During the Reorganization Cases — Post-Petition Asset Disposition Program" for a brief description of the asset disposition program.

(d) *Potential Non-Strategic Insurance Company Sale.* The Projections assume the identification of a non-strategic insurance company as an "asset held for sale" at the Effective Date and thus is not included in results of operations after the Effective Date. The Projections assume the eventual sale of the insurance company in December 2002, resulting in net cash proceeds of $35 million.

(e) *Blackstone Settlement*. The Projections assume that the transactions contemplated by the Blackstone Settlement Agreement will be consummated on the Effective Date and that, as a result, from and after the Effective Date, Reorganized LGII will own all of the outstanding capital stock of Rose Hills. Accordingly, from and after the Effective Date, the financial statements of Reorganized LGII will reflect the financial condition and results of operation of Rose Hills. The Projections take into account certain projected financial information regarding Rose Hills available to the Debtors; however, such information was not developed or prepared by the Debtors and, accordingly, may not reflect adjustments for fresh-start accounting and the implementation of SAB 101 that the Debtors would determine to be appropriate if the Debtors had developed and prepared such information.

(f) *Revenue from Funeral and Cemetery Operations.* The Projections in the Existing Accounting Policies case assume that revenue from funeral and cemetery operations for the 2001 fiscal year will decline 10% compared to the 2000 fiscal year due to (i) the disposition of Disposition Properties and (ii) fewer preneed cemetery sales as a result of the implementation of preneed sales contract term changes effected in the second quarter of 2000. The implementation of the preneed contract term changes resulted in a significant drop in sales, primarily, due to a significant reduction in the number of sales people. The Debtors are reviewing and implementing strategies to increase the number of sales people and thus increase the level of preneed sales. The Projections assume these strategies will be effectively implemented. The Projections assume in the Existing Accounting Policies case that for 2002 revenue from funeral and cemetery operations will increase 10% compared to 2001 as a result of an assumed 3% increase in revenue from existing funeral and cemetery operations and the inclusion of the results of operations of Rose Hills commencing in 2002. The Projections assume in the Existing Accounting Policies case that for 2003 revenue from funeral and cemetery operations will increase 3% as compared to 2002. The assumed 3% increases are based on the assumption that the market plans developed during the 2000 fiscal year in connection with the implementation of the Debtors' new market-based management structure, as well as the Debtors' overall business plan, will be effectively implemented. These market plans include strategies and tactics to address, among other things, market share, pricing, cremation trends and preneed sales on a market specific basis. See "Risk Factors — The Death Rate May Decrease" and "Risk Factors — The Rate of Cremation Is Increasing." The Debtors' overall business plan contemplates several consumer initiatives that will be implemented across all markets.

The Projections in the New Accounting Policies case assume that revenue from funeral and cemetery operations will decline 4% from 2000 to 2001, will increase 1% from 2001 to 2002 and will increase 4% from 2002 to 2003.

(g) *Revenue from Insurance Operations.* The Projections assume that revenue from insurance operations for the 2001 fiscal year will increase 16% as compared to the 2000 fiscal year as a result of the

continued expansion of the preneed funeral sales program. The Projections assume that the revenue from insurance operations for the 2002 fiscal year will decline 31% compared to the 2001 fiscal year due to the exclusion of the results of operations a non-strategic insurance company identified as an "asset held for sale" (see (d) above). The Projections assume for 2002 and 2003, that the Reorganized Debtors continue to sell preneed funerals funded by insurance and that the percentage of funerals funded by a subsidiary of Reorganized LGII continues to increase significantly. Investment income from insurance assets included in the Projections is based on current yields applied to projected balances of insurance assets.

(h) *Costs and Expenses of Funeral and Cemetery Operations.* The Projections assume in the Existing Accounting Policies case that costs and expenses from funeral and cemetery operations for the 2001 fiscal year will decline 9% compared to the 2000 fiscal year due to (i) the disposition of Disposition Properties and (ii) fewer preneed cemetery sales as a result of the implementation of preneed sales contract term changes effected in the second quarter of 2000. The Projections assume in the Existing Accounting Policies case that during the Projection Period, costs of funeral and cemetery operations will increase at an average annual rate of approximately 1% to 2%. The assumed increases are less than expected inflation due to the impact of purchasing plans and cost savings identified in the market plans developed in the 2000 fiscal year. See " — Business of Reorganized LGII."

The Projections assume in the New Accounting Policies case that costs and expenses from funeral and cemetery operations will decline 9% from 2000 to 2001, will increase 3% from 2001 to 2002 and will increase 1% from 2002 to 2003.

(i) *Costs and Expenses of Insurance Operations.* The Projections assume that costs and expenses of insurance operations for the 2001 fiscal year will increase 21% as compared to the 2000 fiscal year as a result of the continued expansion of the preneed funeral sales program. The Projections assume that the costs and expenses of insurance operations for the 2002 fiscal year will decline 22% compared to the 2001 fiscal year due to the exclusion of the results of operations of a non-strategic insurance company identified as an "asset held for sale" (see (d) above). The Projections assume for 2002 and 2003 that the historical commission structure is applied to the projected level of sales, that administrative costs will increase at an annual average rate of 2% and that other costs, such as claims and policy reserves, will increase proportionately with the assumed increase in related revenues.

(j) *Trust and Finance Income.* Trust income from perpetual care and merchandise trust funds included in the Projections is based on expected yields applied to projected balances of such trust funds. Trust fund balances are based on cash receipts from cemetery preneed sales and the required trusting on those cash receipts. Finance income included in the Projections is based on assumed collections of existing and projected cemetery preneed accounts receivable. Assumed collections of preneed cemetery accounts receivable are based on historical experience and the projected mix of contract terms for new sales.

(k) *G & A Expenses*. The Projections assume that general and administrative expense in 2001 will be 4% higher than in 2000 because of costs to complete implementation of a new cemetery management system. The Projections assume that general and administrative expenses will increase 8% in 2002 from 2001 due to (i) the completion in 2001 of the implementation of the cemetery management system, (ii) employee incentive plan costs previously included in reorganization costs and (iii) other initiatives in 2001 and 2002 to implement new information systems, to reduce corporate overhead costs and to reengineer administrative processes, resulting in decreases in expenses that will offset a 2% increase in base expenses. The Projections assume that during the 2003 fiscal year, general and administrative expense will remain the same as for the 2002 fiscal year, with the effect of inflation offset by further efficiencies.

(l) *Capital Expenditures*. The Projections assume cash capital expenditures for the ongoing replacement of fixed assets and the construction of new funeral homes in markets where appropriate of approximately $26, $29 and $29 million for the 2001, 2002 and 2003 fiscal years, respectively. The Projections also assume cash expenditures for the development costs of additional cemetery property of $10, $8 and $10 million for the 2001, 2002 and 2003 fixed years, respectively, in order to meet projected sales.

(m) *Income Taxes*. The Projections make the following assumptions with respect to U.S. federal income taxes:

- For financial statement purposes, tax expense (U.S. federal, state and local and foreign) on LGII's 2002 and 2003 pre-tax income under the Existing Accounting Policies is estimated to be 40% of book income. Current tax expense for 2002 is estimated to be approximately $10 million, which is less than the expected statutory rate of 40% of pre-tax income, principally because LGII expects to be able to realize tax savings in the period as a result of the utilization of tax assets. As a result, deferred tax expense for 2002 is estimated to be approximately $18 million. Current tax expense for 2003 is estimated to be $39 million, which is 40% of pre-tax income.

- For financial statement purposes, tax expense (U.S. federal, state and local and foreign) on LGII's pre-tax income under the New Accounting Policies is estimated to be 40% of book income. Current tax expense under the New Accounting Policies is equal to current tax expense under the Existing Accounting Policies.

- The LGII affiliated group does not have a net unrealized built-in loss (as that term is defined in section 382(h)(3) of the Internal Revenue Code), and therefore no 382 limitation will apply to limit any recognized built-in loss deductions to be claimed on post-Effective Date returns.

- The LGII affiliated group will not receive the benefit of any carryover under section 163(j) of the Internal Revenue Code.

- The projections make a simplifying assumption (that may not be true in all cases) that the state income tax consequences of the Plan will be consistent with the federal income tax consequences of the Plan.

(n) *Post-Reorganization Debt*. The Projections assume that: (i) $250 million aggregate principal amount of New Five-Year Secured Notes will be issued pursuant to the Plan; (ii) $30 million aggregate principal amount of New Two-Year Unsecured Notes will be issued pursuant to the Plan; (iii) $330 million aggregate principal amount of New Seven-Year Unsecured Notes will be issued pursuant to the Plan; and (iv) $24.7 million aggregate principal amount of New Unsecured Subordinated Convertible Notes will be issued pursuant to the Plan as contemplated by the Blackstone Settlement Agreement. The Projections also assume that such New Five-Year Secured Notes, New Two-Year Unsecured Notes, New Seven-Year Unsecured Notes and New Unsecured Subordinated Convertible Notes will have the terms described in "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Five-Year Secured Notes," "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Two-Year Unsecured Notes," "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Seven-Year Unsecured Notes" and "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Unsecured Subordinated Convertible Notes," respectively, and that no New Five-Year Secured Notes, New Seven-Year Unsecured Notes or New Unsecured Subordinated Convertible Notes will be redeemed or converted during the Projection Period.

The Projections assume that the Exit Financing Term Loan Closing does not occur and that no amounts will be drawn under the Exit Financing Revolving Credit Facility as of the Effective Date or during the Projection Period.

The Projections assume that, as discussed above (see (e) above), from and after the Effective Date Reorganized LGII will own all of the outstanding capital stock of Rose Hills. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — Rose Hills Indebtedness" for a description of certain indebtedness of Rose Hills. The Projections assume that the indebtedness associated with Rose Hills will be repaid in accordance with its terms and that the $50 million due upon maturity of the Rose Hills Term Facility will be refinanced on substantially similar terms.

The Projections assume that approximately $60 million of other debt, primarily consisting of secured promissory notes and capitalized obligations, will exist post-reorganization. The Projections assume that this other debt will be repaid at the estimated rate of $0.7 million per month beginning with the Effective Date.

(o) *Fresh-Start Reporting*. The American Institute of Certified Public Accountants has issued a Statement of Position on Financial Reporting by Entities in Reorganization Under the Bankruptcy Code (the "Reorganization SOP"). The Projections have been prepared in accordance with the "fresh-start" reporting principles set forth in the Reorganization SOP, giving effect thereto as of September 30, 2001. The principal effects of the application of these fresh-start reporting principles are summarized below:

- Under the Reorganization SOP, Reorganized LGII will be required to record as an intangible asset the excess, if any, of its total reorganization value over the fair value of its identifiable net assets ("Reorganization Goodwill") as of the Effective Date. Under recent pronouncements from the Financial Accounting Standards Board, Reorganized Goodwill is no longer amortized over a specific period but remains on the balance sheet and is reviewed for impairment on a regular basis. For the purposes of the Projections, it has been assumed that the leveraged net equity balance as of the Effective Date is approximately $692.5 million. The Projections also assume that the fair value of Reorganized LGII's fixed assets and other non-current assets, other than cemetery property, is equal to the projected net book value of such assets as of the Effective Date. For the purposes of the Projections, the fair value of cemetery property is assumed to be based upon the discounted sales price of available developed and undeveloped inventory and an assumed normal profit margin before selling expenses. Based on these assumptions, the assumed reorganization value of Reorganized LGII as of the Effective Date would exceed the assumed fair value of Reorganized LGII's assets by approximately $102 million. For purposes of the Projections, such amount or Reorganization Goodwill is reflected as an intangible asset with no amortization.

- The foregoing assumptions and resulting computations were made solely for purposes of preparing the Projections. Reorganized LGII will be required to determine the amount by which its reorganization value as of the Effective Date exceeds, or is less than, the fair value of its assets as of the Effective Date. Such determination will be based upon the fair values as of that time, which could be materially higher or lower than the values assumed in the foregoing computations and may be based on, among other things, a different methodology with respect to the valuation of Reorganized LGII's reorganization value. In all events, such valuation, as well as the determination of the fair value of Reorganized LGII's assets and the determination of its actual liabilities, will be made as of the Effective Date, and the changes between the amounts of any or all of the foregoing items as assumed in the Projections and the actual amounts thereof as of the Effective Date may be material.

(p) *SAB 101 Revenue Recognition Assumptions.* The Projections that have been restated to reflect the adoption of changes to accounting policies in response to SAB 101 (*i.e.*, the New Accounting Policies case) assume that:

- The prearranged funeral and cemetery revenue recorded on January 1, 2000, upon implementation of SAB 101, is based on estimates of contracts for merchandise and services not yet delivered or performed and estimates of the accrued investment income included in merchandise trust balances. TLGI is implementing new cemetery accounting systems to capture all unserviced contracts, which will assist in refining the amount of deferred revenue recorded on January 1, 2000.

- Under fresh-start reporting principles, the deferred prearranged funeral and cemetery revenue as of the Effective Date has been recorded at the estimated fair value of any obligation to fulfill, plus some profit amount. The Emerging Issues Task Force of the Financial Accounting Standards Board currently has the determination of fair value of deferred revenue in an acquisition on its agenda for discussion. These discussions may or may not result in a different determination of fair value for the deferred prearranged funeral and cemetery revenue than that used in the Projections.

- Deferred revenue related to space sales is recognized based on the contract terms of existing accounts receivable and projected sales after allowing for certain levels of cancellations.

- Deferred revenue related to merchandise sales is recognized based on the contract terms of existing accounts receivable and projected sales after allowing for certain levels of cancellations and delays in ordering merchandise after contract payment is complete.

- Deferred revenue related to cemetery services is recognized based on expected performance of those services.

- Costs related to deferred space and merchandise sales are based on current margins and are recognized concurrently with the revenue.

Such Projections reflect the accounting policies currently expected to be implemented by Reorganized LGII following the Effective Date and applied to the predecessor financial statements (TLGI) effective January 1, 2000.

Projections

The projected consolidated financial statements of Reorganized LGII set forth below have been prepared based on the assumption that the Effective Date is December 31, 2001. Although the Debtors presently intend to seek to cause the Effective Date to occur as soon as practicable, there can be no assurance as to when the Effective Date actually will occur.

The Reorganized LGII Projected Consolidated Balance Sheet as of December 31, 2001 (the "Effective Date Balance Sheet") set forth below presents: (a) the projected consolidated financial position of TLGI prior to the assumed Confirmation and the consummation of the transactions contemplated by the Plan on December 31, 2001; (b) the projected adjustments to such projected consolidated financial position required to reflect Confirmation and the consummation of the transactions contemplated by the Plan (collectively, the "Balance Sheet Adjustments"); and (c) the projected consolidated financial position of Reorganized LGII, after giving effect to the Balance Sheet Adjustments, as of December 31, 2001. The Balance Sheet Adjustments set forth in the columns captioned "Debt Discharge" and "Fresh-Start and Other Adjustments" reflect the assumed effects of Confirmation and the consummation of the transactions contemplated by the Plan, including the settlement of various liabilities and related securities issuances and cash payments. The various Balance Sheet Adjustments are described in greater detail in the Notes to the Reorganized LGII Projected Balance Sheet.

The Reorganized LGII Projected Consolidated Balance Sheets set forth below present the projected consolidated financial position of Reorganized LGII, after giving effect to Confirmation and the consummation of the transactions contemplated by the Plan, as of the end of each of 2001, 2002 and 2003.

The TLGI and Reorganized LGII Projected Consolidated Statements of Operations set forth below present (a) the projected consolidated results of operations of TLGI for 2001 and (b) the projected consolidated results of operations of Reorganized LGII for each of 2002 and 2003.

The TLGI and Reorganized LGII Projected Consolidated Statements of Cash Flows set forth below present (a) the projected consolidated cash flows of TLGI for 2001 and (b) the projected cash flows of Reorganized LGII for each of 2002 and 2003.

The Reorganized LGII Projected Consolidated Capitalization Table set forth below presents the projected capitalization of Reorganized LGII, after giving effect to the assumed Confirmation and the consummation of the transactions contemplated by the Plan on December 31, 2001, as of the Effective Date and the end of each of 2002 and 2003.

The Reorganized LGII Projected Consolidated Balance Sheet as of December 31, 2001, the Reorganized LGII Projected Consolidated Balance Sheets, the TLGI and Reorganized LGII Projected Consolidated Statements of Operations, the TLGI and Reorganized LGII Projected Consolidated Statements of Cash Flows and the Reorganized LGII Consolidated Capitalization Table are presented first based on TLGI's existing accounting policies with respect to preneed revenue recognition (*i.e.*, the Existing Accounting Policies case). Such projected financial statements are thereafter restated to reflect the adoption of changes to accounting policies with respect to preneed revenue recognition in response to SAB 101 as currently expected to be implemented (*i.e.*, the New Accounting Policies case). See " — Introduction" and " — Principal Assumptions for the Projections."

REORGANIZED LGII
PROJECTED CONSOLIDATED BALANCE SHEET
(EXISTING ACCOUNTING POLICIES)
DECEMBER 31, 2001
(Unaudited)
(Dollars in Thousands)

	Projected Preconfirmation Balance Sheet	Adjustments to Record Confirmation of Plan: Debt Discharge	Adjustments to Record Confirmation of Plan: Fresh Start and Other Adjustments	Reorganized Balance Sheet
ASSETS				
Current assets				
Cash	$ 301,928	$ (3,000) (a) (86,089) (b) (180,000) (c)		$ 32,839
Receivables, net of allowances	197,721		$ 12,397 (d)	210,118
Inventories	31,557		1,191 (d)	32,748
Prepaid expenses	23,186	20,275	3,839 (d)	47,300
	554,392	(248,814)	17,427	323,005
Long-term receivables, net of allowances	393,108		23,023 (d)	416,131
Cemetery property	738,406		(537,071)(d)	201,335
Property and equipment	601,604		(33,328)(d)	568,276
Names and reputations	557,187		(557,187)(d)	—
Reorganization value in excess of identifiable assets			184,751 (e)	184,751
Insurance invested assets	102,396			102,396
Deferred taxes	2,458		(2,458)(d)	—
Pre-arranged funeral services	400,949		12,249 (d)	413,198
Other assets	228,130	3,000 (a)	(134,715)(d)	96,415
	$3,578,630	$ (245,814)	$(1,027,309)	$ 2,305,507
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$ 114,297		$ 9,476 (d)	$ 123,773
Long-term debt, current portion	10,850	$ 10,000 (c)	7,000 (d)	27,850
	125,147	10,000	16,476	151,623
Long-term debt, net of current portion	53,225	590,925 (c)	162,600 (d)	806,750
Other liabilities	395,786	(234,000) (c)	10,539 (d)	172,325
Insurance policy liabilities	81,360			81,360
Deferred taxes	121,068		(121,068)(d)	—
Deferred pre-arranged revenue	400,949			400,949
	1,177,535	366,925	68,547	1,613,007
Liabilities subject to compromise	2,292,236	(2,292,236) (c)		—
Stockholders' equity (deficit)	108,859	1,734,211 (c) (54,714) (b)	(1,236,939)(d) 141,083 (e)	692,500
	$3,578,630	$ (245,814)	$(1,027,309)	$ 2,305,507

The Projections should be read only in conjunction with the assumptions, qualifications and explanations under the caption " — Projected Financial Information" and the consolidated historical financial information, notes and schedules contained in the TLGI 2000 Form 10-K and TLGI Second Quarter 2001 Form 10-Q.

NOTES TO REORGANIZED LGII PROJECTED CONSOLIDATED BALANCE SHEET (EXISTING ACCOUNTING POLICIES)

(a) Reflects financing fees and expenses associated with the establishment of the New Five-Year Secured Notes, the New Two-Year Unsecured Notes, the New Seven-Year Unsecured Notes, the New Unsecured Subordinated Convertible Notes and the Exit Financing Revolving Credit Facility.

(b) Reflects the payment of (i) cure payments for assumptions of executory contracts, (ii) payments pursuant to Sections III.E and III.F of the Plan and other Administrative Claims and (iii) certain professional fees and other expenses related to the Reorganization Cases and the CCAA Proceedings.

(c) Reflects cash distributions in respect of Classes 2, 3, 4, 5, 6, 7, 22 and 23 under the Plan.

(d) Reflects (i) the write-off of the excess of cost over the net assets acquired in previous acquisitions and the write-down of identifiable assets to fair value in accordance with fresh-start reporting and (ii) consolidation of Rose Hills as a result of the Blackstone Settlement.

(e) Reflects the reorganization value in excess of amounts allocable to identifiable assets in accordance with fresh-start reporting.

REORGANIZED LGII
PROJECTED CONSOLIDATED BALANCE SHEETS
(EXISTING ACCOUNTING POLICIES)
(Unaudited)
(Dollars in Thousands)

	Reorganized LGII		
	December 31, 2001	**December 31, 2002**	**December 31, 2003**
ASSETS			
Current assets			
Cash	$ 32,839	$ 84,016	$ 88,555
Receivables, net of allowances	210,118	214,260	219,277
Inventories	32,748	32,848	32,948
Prepaid expenses	47,300	47,200	47,100
	323,005	378,324	387,880
Long-term receivables, net of allowances	416,131	447,087	461,178
Cemetery property	201,335	206,056	212,328
Property and equipment	568,276	545,680	522,228
Reorganization value in excess of identifiable assets	184,751	166,977	166,977
Insurance invested assets	102,396	121,896	117,096
Deferred taxes	—	—	—
Pre-arranged funeral services	413,198	378,163	341,908
Other assets	96,415	45,186	52,738
	$2,305,507	$2,289,369	$2,262,333
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	$ 123,773	$ 124,426	$ 124,820
Long-term debt, current portion	27,850	108,400	118,400
	151,623	232,826	243,220
Long-term debt, net of current portion	806,750	697,326	629,176
Other liabilities	172,325	179,098	189,679
Insurance policy liabilities	81,360	81,360	81,360
Deferred tax liabilities	—	—	—
Deferred pre-arranged revenue	400,949	363,604	325,139
	1,613,007	1,554,214	1,468,574
Liabilities subject to compromise	—	—	—
Stockholders' equity			
Common shares	692,500	692,500	692,500
Preferred shares	—	—	—
Retained earnings (deficit)	—	42,655	101,259
	692,500	735,155	793,759
	$2,305,507	$2,289,369	$2,262,333

The Projections should be read only in conjunction with the assumptions, qualifications and explanations under the caption " — Projected Financial Information" and the consolidated historical financial information, notes and schedules contained in the TLGI 2000 Form 10-K and TLGI Second Quarter 2001 Form 10-Q.

TLGI AND REORGANIZED LGII
PROJECTED CONSOLIDATED STATEMENTS OF OPERATIONS
(EXISTING ACCOUNTING POLICIES)
(Unaudited)
(Dollars in Thousands)

	TLGI Pre-Effective Date	Reorganized LGII	
	Fiscal 2001	Fiscal 2002	Fiscal 2003
Revenue			
Funeral and cemetery	723,171	795,433	822,252
Insurance	109,978	76,000	88,400
	833,149	871,433	910,652
Expenses			
Funeral and cemetery	529,385	518,461	521,998
Insurance	96,445	75,500	87,200
	625,830	593,961	609,198
Gross margin	207,319	277,472	301,454
Expenses			
General and administrative	74,539	80,663	80,842
Depreciation and amortization	55,954	34,729	35,454
Asset impairment	157,288	—	—
Earnings (loss) from operations	(80,462)	162,080	185,158
Interest expense, net	10,179	90,989	87,484
Reorganization costs	78,127	—	—
Loss (gain) on disposal of assets	89,160	—	—
Fresh-start valuation change	1,358,007	—	—
Earnings (loss) before income taxes and extraordinary gain	(1,615,935)	71,091	97,674
Income taxes	102,638	(28,436)	(39,070)
Earnings (loss) before extraordinary gain	(1,513,297)	42,655	58,604
Extraordinary gain on debt discharge	1,734,211	—	—
Net earnings	220,914	42,655	58,604

The Projections should be read only in conjunction with the assumptions, qualifications and explanations under the caption " — Projected Financial Information" and the consolidated historical financial information, notes and schedules contained in the TLGI 2000 Form 10-K and TLGI Second Quarter 2001 Form 10-Q.

TLGI AND REORGANIZED LGII
PROJECTED CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXISTING ACCOUNTING POLICIES)
(Unaudited)
(Dollars in Thousands)

	TLGI Pre-Effective Date	Reorganized LGII	
	Fiscal 2001	Fiscal 2002	Fiscal 2003
CASH PROVIDED BY (APPLIED TO)			
Operations			
Net earnings (loss)	220,914	42,655	58,604
Items not affecting cash			
Depreciation and amortization	69,777	50,607	51,463
Amortization of debt issue costs	619	1,000	—
Deferred tax expense	(137,542)	17,773	—
Gain on discharge of debt	(1,925,311)	—	—
Fresh-start valuation change	1,358,007	—	—
Provision for impairment	157,288		
Gain (loss) on disposition	89,160	—	—
Other non-cash	22,119	6,188	8,782
Other, including net changes in other non-cash balances	(35,858)	(71,196)	(32,210)
	(180,827)	47,027	86,639
Investing			
Insurance invested assets, net	(22,157)	(19,500)	4,800
Capital expenditures	(25,892)	(28,500)	(28,500)
Proceeds from asset sale	117,588	80,000	—
	69,539	32,000	(23,700)
Financing			
Increase (decrease) in debt	(11,963)	(27,850)	(58,400)
Debt issue costs	(3,000)	—	—
	(14,963)	(27,850)	(58,400)
Increase (decrease) in cash	(126,251)	51,177	4,539
Cash, beginning of period	159,090	32,839	84,016
Cash, end of period	32,839	84,016	88,555

The Projections should be read only in conjunction with the assumptions, qualifications and explanations under the caption " — Projected Financial Information" and the consolidated historical financial information, notes and schedules contained in the TLGI 2000 Form 10-K and TLGI Second Quarter 2001 Form 10-Q.

REORGANIZED LGII
PROJECTED CONSOLIDATED CAPITALIZATION TABLE
(EXISTING ACCOUNTING POLICIES)
(Unaudited)
(Dollars in Thousands)

	Reorganized LGII		
	December 31, 2001	**December 31, 2002**	**December 31, 2003**
Cash	$ 32,839	$ 84,016	$ 88,555
Short-term debt			
Long-term debt, current portion			
New Five-Year Secured Notes	10,000	20,000	30,000
Rose Hills Term Facility	9,450	50,000	—
New Two-Year Unsecured Notes	—	30,000	—
Rose Hills Notes	—	—	80,000
Secured promissory notes and capitalized leases	8,400	8,400	8,400
Total short-term debt and current portion of long-term debt	27,850	108,400	118,400
Long-term debt			
New Five-Year Secured Notes	240,000	220,000	190,000
Rose Hills Term Facility	50,000	—	50,000
New Seven-Year Unsecured Notes	330,000	330,000	330,000
New Two-Year Unsecured Notes	30,000	—	—
Rose Hills Notes	80,000	80,000	—
New Unsecured Subordinated Convertible Notes	25,000	25,000	25,000
Secured promissory notes and capitalized leases	51,750	42,326	34,176
Total long-term debt	806,750	697,326	629,176
Total debt	834,600	805,726	747,576
Stockholders' equity			
Common shares	692,500	692,500	692,500
Preferred Shares	—	—	—
Retained earnings (deficit)	—	42,655	101,259
Total shareholders' equity	692,500	735,155	793,759
Total capitalization	$1,527,100	$1,540,881	$1,541,335

The Projections should be read only in conjunction with the assumptions, qualifications and explanations under the caption " — Projected Financial Information" and the consolidated historical financial information, notes and schedules contained in the TLGI 2000 Form 10-K and TLGI Second Quarter 2001 Form 10-Q.

REORGANIZED LGII
PROJECTED CONSOLIDATED BALANCE SHEET
(NEW ACCOUNTING POLICIES)
DECEMBER 31, 2001
(Unaudited)
(Dollars in Thousands)

	Projected Preconfirmation Balance Sheet	Adjustments to Record Confirmation of Plan: Debt Discharge	Adjustments to Record Confirmation of Plan: Fresh Start And Other Adjustments	Reorganized Balance Sheet
ASSETS				
Current assets				
Cash	$ 301,928	$ (3,000)(a) (86,089)(b) (180,000)(c)		$ 32,839
Receivables, net of allowances	197,721		$ 12,397 (d)	210,118
Inventories	31,557		1,191 (d)	32,748
Prepaid expenses	23,186	20,275	3,839 (d)	47,300
	554,392	(248,814)	17,427	323,005
Long-term receivables, net of allowances	393,108		23,023 (d)	416,131
Cemetery property	779,406		(578,071)(d)	201,335
Property and equipment	601,604		(33,328)(d)	568,276
Names and reputations	557,187		(557,187)(d)	—
Reorganization value in excess of identifiable assets	—		529,438 (e)	529,438
Insurance invested assets	102,396		—	102,396
Deferred taxes	2,458		(2,458)(d)	—
Pre-arranged funeral services	402,054		12,249 (d)	414,303
Other assets	130,387	3,000 (a)	(36,972)(d)	96,415
	$ 3,522,992	$ (245,814)	$ (625,879)	$2,651,299
LIABILITIES AND SHAREHOLDERS' EQUITY:				
Current liabilities				
Accounts payable and accrued liabilities	$ 114,297		$ 9,476 (d)	$ 123,773
Long-term debt, current portion	10,850	$ 10,000 (c)	7,000 (d)	27,850
	125,147	10,000	16,476	151,623
Long-term debt, net of current portion	53,225	590,925 (c)	162,600 (d)	806,750
Other liabilities	290,811	(234,000)(c)	10,539 (d)	67,350
Insurance policy liabilities	81,360			81,360
Deferred taxes	121,068		(121,068)(d)	—
Deferred pre-arranged revenue	1,336,180		(484,464)	851,716
	2,007,791	366,925	(415,917)	1,958,799
Liabilities subject to compromise	2,292,236	(2,292,236)(c)		—
Stockholders' equity (deficit)	(777,035)	1,734,211 (c) (54,714)(b)	(695,732) (d) 485,770 (e)	692,500
	$ 3,522,992	$ (245,814)	$ (625,879)	$2,651,299

The Projections should be read only in conjunction with the assumptions, qualifications and explanations under the caption " — Projected Financial Information" and the consolidated historical financial information, notes and schedules contained in the TLGI 2000 Form 10-K and TLGI Second Quarter 2001 Form 10-Q.

NOTES TO REORGANIZED LGII PROJECTED CONSOLIDATED BALANCE SHEET (NEW ACCOUNTING POLICIES)

(a) Reflects financing fees and expenses associated with the establishment of the New Five-Year Secured Notes, the New Two-Year Unsecured Notes, the New Seven-Year Unsecured Notes, the New Unsecured Subordinated Convertible Notes and the Exit Financing Revolving Credit Facility.

(b) Reflects the payment of (i) cure payments for assumptions of executory contracts, (ii) payments pursuant to Sections III.E and III.F of the Plan and other Administrative Claims, and (iii) certain professional fees and other expenses related to the Reorganization Cases and the CCAA Proceedings.

(c) Reflects cash distributions in respect of Classes 2, 3, 4, 5, 6, 7, 22 and 23 under the Plan.

(d) Reflects (i) the write-off of the excess of cost over the net assets acquired in previous acquisitions and the write-down of identifiable assets to fair value in accordance with fresh-start reporting and (ii) the consolidation of Rose Hills as a result of the Blackstone Settlement.

(e) Reflects the reorganization value in excess of amounts allocable to identifiable assets in accordance with fresh-start reporting.

REORGANIZED LGII
RESTATED PROJECTED CONSOLIDATED BALANCE SHEETS
(NEW ACCOUNTING POLICIES)
(Unaudited)
(Dollars in Thousands)

	Reorganized LGII		
	December 31, 2001	**December 31, 2002**	**December 31, 2003**
ASSETS			
Current assets			
Cash	$ 32,839	$ 84,016	$ 88,555
Receivables, net of allowances	210,118	214,260	219,277
Inventories	32,748	32,848	32,948
Prepaid expenses	47,300	47,200	47,100
	323,005	378,324	387,880
Long-term receivables, net of allowances	416,131	447,087	461,178
Cemetery property	201,335	206,056	212,328
Property and equipment	568,276	545,680	522,228
Reorganization value in excess of identifiable assets	529,438	526,810	539,438
Insurance invested assets	102,396	121,896	117,096
Deferred taxes	—	—	—
Pre-arranged funeral services	414,303	381,267	347,071
Other assets	96,415	34,154	32,893
	$2,651,299	$2,641,274	$2,620,112
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	$ 123,773	$ 124,426	$ 124,820
Long-term debt, current portion	27,850	108,400	118,400
	151,623	232,826	243,220
Long-term debt, net of current portion	806,750	697,326	629,176
Other liabilities	67,350	89,714	119,605
Insurance policy liabilities	81,360	81,360	81,360
Deferred taxes	—	—	—
Deferred pre-arranged revenue	851,716	827,612	794,652
	1,958,799	1,928,838	1,868,013
Liabilities subject to compromise	—	—	—
Stockholders' equity			
Common shares	692,500	692,500	692,500
Preferred shares	—	—	—
Retained earnings	—	19,936	59,599
	692,500	712,436	752,099
	$2,651,299	$2,641,274	$2,620,112

The Projections should be read only in conjunction with the assumptions, qualifications and explanations under the caption " — Projected Financial Information" and the consolidated historical financial information, notes and schedules contained in the TLGI 2000 Form 10-K and TLGI Second Quarter 2001 Form 10-Q.

TLGI AND REORGANIZED LGII
PROJECTED CONSOLIDATED STATEMENTS OF OPERATIONS
(NEW ACCOUNTING POLICIES)
(Unaudited)
(Dollars in Thousands)

	TLGI Pre-Effective Date	Reorganized LGII	
	Fiscal 2001	Fiscal 2002	Fiscal 2003
Revenue			
Funeral and cemetery	$ 777,753	$ 784,191	$ 818,807
Insurance	109,978	76,000	88,400
	887,731	860,191	907,207
Expenses			
Funeral and cemetery	527,019	545,084	550,122
Insurance	96,445	75,500	87,200
	623,464	620,584	637,322
Gross margin	264,267	239,607	269,885
Expenses			
General and administrative	74,539	80,663	80,842
Depreciation and amortization	55,954	34,729	35,454
Asset impairment	157,288	—	—
Earnings (loss) from operations	(23,514)	124,215	153,589
Interest expense, net	10,179	90,989	87,484
Reorganization costs	78,127	—	—
Loss (gain) on disposal of assets	91,520	—	—
Fresh-start valuation change	816,800	—	—
Earnings (loss) before Income taxes and Extraordinary gain	(1,020,140)	33,226	66,105
Income tax expense	102,638	(13,290)	(26,442)
Earnings (loss) before Extraordinary gain	(917,502)	19,936	39,663
Extraordinary gain on Debt discharge	1,734,211	—	—
Net earnings	$ 816,709	$ 19,936	$ 39,663

The Projections should be read only in conjunction with the assumptions, qualifications and explanations under the caption " — Projected Financial Information" and the consolidated historical financial information, notes and schedules contained in the TLGI 2000 Form 10-K and TLGI Second Quarter 2001 Form 10-Q.

TLGI AND REORGANIZED LGII
PROJECTED CONSOLIDATED STATEMENTS OF CASH FLOWS
(NEW ACCOUNTING POLICIES)
(Unaudited)
(Dollars in Thousands)

	TLGI Pre-Effective Date	Reorganized LGII	
	Fiscal 2001	Fiscal 2002	Fiscal 2003
CASH PROVIDED BY (APPLIED TO)			
Operations			
Net earnings (loss)	$ 816,709	$ 19,936	$ 39,663
Items not affecting cash			
Deferred revenue	(57,142)	9,242	1,386
Depreciation and amortization	69,777	50,607	51,463
Amortization of debt issue costs	619	1,000	—
Deferred tax expense	(137,542)	2,627	(12,628)
Gain on discharge of debt	(1,925,311)	—	—
Fresh-start valuation change	816,800	—	—
Provision for impairment	157,288	—	—
Gain (loss) on disposition	91,520	—	—
Other non-cash	8,226	5,337	5,475
Other, including net changes in			
Other non-cash balances	(21,771)	(41,722)	1,280
	(180,827)	47,027	86,639
Investing			
Insurance invested assets, net	(22,157)	(19,500)	4,800
Capital expenditures	(25,892)	(28,500)	(28,500)
Proceeds from asset sale	117,588	80,000	—
	69,539	32,000	(23,700)
Financing			
Increase (decrease) in debt	(11,963)	(27,850)	(58,400)
Debt issue costs	(3,000)	—	—
	(14,963)	(27,850)	(58,400)
Increase (decrease) in cash	(126,251)	51,177	4,539
Cash, beginning of period	159,090	32,839	84,016
Cash, end of period	32,839	84,016	88,555

The Projections should be read only in conjunction with the assumptions, qualifications and explanations under the caption " — Projected Financial Information" and the consolidated historical financial information, notes and schedules contained in the TLGI 2000 Form 10-K and TLGI Second Quarter 2001 Form 10-Q.

REORGANIZED LGII
PROJECTED CONSOLIDATED CAPITALIZATION TABLE
(NEW ACCOUNTING POLICIES)
(Unaudited)
(Dollars in Thousands)

	Reorganized LGII		
	December 31, 2001	**December 31, 2002**	**December 31, 2003**
Cash	$ 32,839	$ 84,016	$ 88,555
Short-term debt			
Long-term debt, current portion			
New Five-Year Secured Notes	10,000	20,000	30,000
Rose Hills Term Facility	9,450	50,000	—
New Two-Year Unsecured Notes	—	30,000	—
Rose Hills Notes	—	—	80,000
Secured promissory notes and capitalized leases	8,400	8,400	8,400
Total short-term debt and current portion of long-term debt	27,850	108,400	118,400
Long-term debt			
New Five-Year Secured Notes	240,000	220,000	190,000
Rose Hills Term Facility	50,000	—	50,000
New Seven-Year Unsecured Notes	330,000	330,000	330,000
New Two-Year Unsecured Notes	30,000	—	—
Rose Hills Notes	80,000	80,000	—
New Unsecured Subordinated Convertible Notes	25,000	25,000	25,000
Secured promissory notes and capitalized leases	51,750	42,326	34,176
Total long-term debt	806,750	697,326	629,176
Total debt	834,600	805,726	747,576
Stockholders' equity			
Common shares	692,500	692,500	692,500
Preferred shares	—	—	—
Retained earnings	—	19,936	59,599
Total stockholders' equity	692,500	712,436	752,099
Total capitalization	$1,527,100	$1,518,162	$1,499,675

The Projections should be read only in conjunction with the assumptions, qualifications and explanations under the caption " — Projected Financial Information" and the consolidated historical financial information, notes and schedules contained in the TLGI 2000 Form 10-K and TLGI Second Quarter 2001 Form 10-Q.

Management and Board of Directors

Reorganized LGII Board of Directors

The Bylaws of Reorganized LGII will provide that the business and affairs of Reorganized LGII will be managed under the direction of Reorganized LGII's Board of Directors. The Plan provides that the initial members of the Reorganized LGII Board of Directors will include: (a) John S. Lacey (who is presently the Chairman of TLGI); (b) Paul A. Houston (who is presently the President and Chief Executive Officer of TLGI); (c) William R. Riedl (who is presently a director of TLGI); (d) Lloyd E. Campbell; (e) Anthony G. Eames; (f) Charles M. Elson; (g) David Hilty; (h) Olivia F. Kirtley; and (i) W. MacDonald Snow.

Certain biographical information relating to each of the individuals who is presently expected to serve as a director of Reorganized LGII is set forth below.

John S. Lacey, age 58, became the Chairman of the Board of Directors of TLGI in January 1999. In December 1998, Mr. Lacey became a Director of TLGI. From July 1998 to November 1998, Mr. Lacey was President and Chief Executive Officer of The Oshawa Group Ltd. in Toronto, Ontario. From November 1996 to July 1998, Mr. Lacey was President and Chief Executive Officer of WIC Western International Communications Inc. in Vancouver, British Columbia. From March 1990 to November 1996, Mr. Lacey was President and Chief Executive Officer of Scott's Hospitality Inc. in Toronto, Ontario.

Paul A. Houston, age 52, became President and Chief Executive Officer of TLGI in December 1999. In June 1999, Mr. Houston became a Director of TLGI. From August 1996 to October 1999, Mr. Houston was President and Chief Executive Officer of Scott's Restaurants Inc. From April 1995 to August 1996, Mr. Houston was President and Chief Operating Officer of Scott's Food Services. From December 1992 to April 1995, Mr. Houston was President of Black Photo Corporation.

William R. Riedl, age 60, became a Director of TLGI in December 1998. Until his retirement in December 2000, Mr. Riedl was President and Chief Executive Office of Fairvest Securities Corporation, a stock brokerage firm.

Lloyd E. Campbell, age 43, is a Managing Director and Group Head of the Global Equity Private Placement Group at Rothschild Inc. Mr. Campbell is also a member of the firm's Investment Banking Committee. Prior to joining Rothschild, Mr. Campbell was a Managing Director and Head of the Private Finance Group at Credit Suisse First Boston. He joined Credit Suisse First Boston in 1985. He is a member of the Board of Directors of Georgetown University, the Upper Manhattan Empowerment Zone Development Corporation and the Tuskeegee Airmen Foundation, Inc. Mr. Campbell is also a Chairman and Founder of Pride First Corporation, a non-profit organization dedicated to improving the scholastic achievement of young people in New York City.

Anthony G. Eames, age 57, served as the President and Chief Executive Officer of Coca-Cola Ltd., a Canadian subsidiary of the Coca-Cola Company, from 1987 to 2000. Mr. Eames joined Coca-Cola in 1966 in Sidney, Australia after graduating with first class honors from the University of Sidney. Mr. Eames held a variety of senior marketing and line management positions with Coca-Cola in Jakarta, Singapore, Hong Kong, Manila and Atlanta, Georgia, prior to his move to Toronto in 1987.

Charles M. Elson, age 41, has been the Edgar S. Woolard, Jr. Professor of Corporate Governance at the University of Delaware since August 2000. From 1990 until that time, Mr. Elson was Professor of Law at Stetson University College of Law. Mr. Elson is also a director of Autozone, Inc., Nuevo Energy and Sunbeam Corporation.

David Hilty, age 32, has served in various capacities with the investment bank of Houlihan Lokey Howard & Zukin since 1990, becoming a Vice President in 1997, Senior Vice President in 1999 and a Director in 2000. Mr. Hilty is also a director of Axiohm Transaction Solutions, Inc.

Olivia Kirtley, age 50, has served as Chair of the Board, AICPA Board of Examiners for the American Institute of Certified Public Accountants, a national professional organization, from 1998 until the present. Ms. Kirtley held the positions of Treasurer, Vice President and Chief Financial Officer of Vermont American Corporation from 1980 to 2000. Ms. Kirtley also serves as a director of Lancer Corporation and Res-Care, Inc.

W. MacDonald Snow, age 67, has held various positions with Prudential Insurance Company of America, a securities broker and investment advisor from 1986 to 1996, becoming Chief Credit Policy Officer and Chief of Staff, Private Placement Group in 1991 and Managing Director, Office of the Chairman Strategic Planning Officer in 1994. Mr. Snow also serves as a director of Asian Mezzanine Infrastructure Fund and Global Technology Solutions.

Representatives of the Debtors, including Mr. Lacey, have consulted with representatives of the Creditors' Committee with respect to the composition of the Reorganized LGII Board of Directors. Based thereon, the Debtors retained Spencer Stuart & Associates, Inc., a nationally recognized executive/director search firm, to assist in identifying candidates for possible election as Additional Directors. A five-member committee, comprised of Mr. Lacey, William R. Riedl, two representatives of the Creditors' Committee and Jeffrey Altman of Franklin Mutual Advisers, LLP, a Subject Debt Holder and one of the Principal CTA Creditors, assessed the qualifications of director candidates identified by such executive/director search firm and otherwise, interviewed potential candidates and, based thereon, made recommendations with respect thereto.

Voting Power and Terms of Directors

Each director will be entitled to one vote on each matter submitted to the directors for a vote. The Reorganized LGII Certificate of Incorporation will provide that directors can be elected by the stockholders only at an annual meeting of stockholders. Each director will hold office until the next annual meeting of stockholders and until his or her successor is elected and qualified.

The first annual meeting of the stockholders of Reorganized LGII following the Effective Date will be held in 2003 following completion of Reorganized LGII's 2002 fiscal year.

Board Committees

The Reorganized LGII Bylaws will provide that the Reorganized LGII Board of Directors may establish such directorate committees as it may from time to time determine. It is presently contemplated that the Reorganized LGII Board of Directors will establish the following committees on or promptly after the Effective Date: (a) the Audit Review Committee; (b) the Compensation Committee; and (c) the Nominating and Corporate Governance Committee. The composition of such Committees has not been determined, but it is contemplated that all of the members of the Audit Review Committee and the Compensation Committee will be non-employee directors.

The Audit Review Committee is expected to review: (a) the professional services to be provided by Reorganized LGII's independent auditors; (b) the independence of such firm from management of Reorganized LGII; (c) the scope of the audit by Reorganized LGII's independent auditors; (d) the annual financial statements of Reorganized LGII; (e) Reorganized LGII's systems of internal accounting controls; and (f) such other matters with respect to the accounting, auditing and financial reporting practices and procedures of Reorganized LGII as it may find appropriate or as may be brought to its attention. This Committee will also meet from time to time with members of Reorganized LGII's internal audit staff.

The Compensation Committee will: (a) review executive salaries; (b) administer the bonus, incentive compensation and stock option plans of Reorganized LGII; and (c) approve the salaries and other benefits of the executive officers of Reorganized LGII. See " — New Benefit Plans and Agreements." In addition, the Compensation Committee will advise and consult with Reorganized LGII's management regarding pension and other benefit plans and compensation policies and practices of Reorganized LGII.

The Nominating and Corporate Governance Committee will consider and recommend criteria for the selection of nominees for election as directors and from time to time may select for presentation to the full Board of Directors recommended director candidates. Subject to the rights, if any, of the holder of any New Preferred Stock which may in the future be outstanding, the full Board of Directors may also from time to time select such candidates and in all events will act in respect of the filling of any vacancies on the Board of Directors, the recommendation of candidates for nomination for election by the stockholders and the composition of all directorate committees. The Nominating and Corporate Governance Committee will also review and report to the full Board of Directors on a periodic basis with regard to matters of corporate governance.

Director Nomination Procedures

Reorganized LGII's Bylaws will provide that nominations for election of directors by the stockholders will be made by Reorganized LGII's Board of Directors as described above or by any stockholder entitled to vote in the election of directors generally. Reorganized LGII's Bylaws will require that stockholders intending to nominate candidates for election as directors provide timely notice in writing. To be timely, a stockholder's notice must be delivered to or mailed and received at Reorganized LGII's principal executive offices not less than 60 calendar days nor more than 90 calendar days prior to the anniversary date of the date on which Reorganized LGII first mailed proxy materials for the prior year's annual meeting of stockholders, except that if there was no annual meeting held during the prior year or if the annual meeting is called for a date that is not within 30 calendar days before or after that anniversary, notice by the stockholder in order to be timely must be received not later than the close of business on the later of 90 calendar days prior to such annual meeting or the tenth calendar day following the date on which public announcement was first made of the date of the annual meeting. Reorganized LGII's Bylaws will also specify requirements as to the form and content of a stockholder's notice. These provisions of the Reorganized LGII's Bylaws may preclude stockholders from making nominations of directors.

Director Compensation

For the year in which the Effective Date occurs, each director of Reorganized LGII who is not an employee of Reorganized LGII or any of its subsidiaries will be paid an annual base retainer fee of $30,000, plus meeting fees of $1,500 for attendance at each in-person meeting, and $250 for attendance at each telephonic meeting, of the Reorganized LGII Board of Directors or a committee thereof. The chairman of each committee will receive an additional annual fee of $5,000. Each such director will have the option of receiving such fees in cash, New Common Stock or a combination thereof. Members of the Reorganized LGII Board of Directors who are also employees of Reorganized LGII or any of its subsidiaries will receive no additional compensation for service on the Reorganized LGII Board of Directors.

Subsidiary Directors

After giving effect to the Restructuring Transactions, Jeff Lowe, Vice President and Treasurer of TLGI, and William Tottle, Vice President, Financial Planning and Analysis, are presently expected to serve as the initial directors of the Reorganized Debtor Subsidiaries. In certain cases, applicable regulatory requirements may necessitate one or more additional directors. The Debtors are in the process of identifying the applicable regulatory requirements.

Reorganized LGII Executive Officers

The executive officers of Reorganized LGII following the Effective Date are presently expected to include each of the individuals identified below:

Name	Age	Anticipated Position with Reorganized LGII
John S. Lacey	58	Chairman of the Board
Paul A. Houston	52	President and Chief Executive Officer
Kenneth A. Sloan	51	Senior Vice President, Chief Financial Officer
Bradley D. Stam	54	Senior Vice President, Legal and Asset Management
Gordon Orlikow	41	Senior Vice President, People
James Arthurs	42	Senior Vice President, Chief Information Officer

Certain biographical information relating to each of the individuals who is presently expected to serve as an executive officer of Reorganized LGII (other than Messrs. Lacy and Houston, whose biographical information has been set forth above) is set forth below.

Kenneth A. Sloan became Senior Vice President, Chief Financial Officer of TLGI in November 2000. From September 1987 to September 2000, Mr. Sloan served as Senior Executive Vice President, Finance and Planning and Chief Financial Officer of Shoppers Drug Mart Ltd. From May 1983 to August 1987, Mr. Sloan was Vice President, Finance of Central Canada Grocers and National Grocers, two divisions of Loblaw Companies Ltd., and from July 1978 to July 1983 was Vice President, Finance of the Quaker Oats Company of Canada.

Bradley D. Stam became Senior Vice President, Legal and Asset Management of TLGI in February 2000. From March 1998 to February 2000, Mr. Stam served as Senior Vice President, Law of TLGI. From January 1996 until September 1997, Mr. Stam was President, General Counsel and a director of Western Star Trucks Holdings Ltd. From June 1995 to January 1996, Mr. Stam was Vice President, General Counsel and Corporate Secretary of Western Star Trucks Holdings Ltd. Prior to that time, Mr. Stam was a partner with the Seattle-based law firm Culp, Dwyer, Guterson & Grader.

Gordon Orlikow became Senior Vice President, People of TLGI in February 2000. From November 1999 to February 2000, Mr. Orlikow served as Senior Vice President, Human Resources of TLGI. From March 1999 to November 1999, Mr. Orlikow was a consultant with PricewaterhouseCoopers. From April 1996 to March 1999, Mr. Orlikow was Director of Human Resources of BC Rail Ltd. Prior to that time, Mr. Orlikow was Manager Employment, Training and Development of BC Rail Ltd.

James Arthurs became Senior Vice President, Chief Information Officer of TLGI in May 2000. From December 1999 to May 2000, Mr. Arthurs was Vice President, Residential and Industrial Operations for the Truss Joist Division of the Weyerhaeuser Company. From September 1997 to December 1999, Mr. Arthurs was General Manager, Distribution Group for MacMillan Bloedel, and prior to that was with IBM Canada in a variety of sales and management positions from June 1981 to August 1997.

Executive Compensation

The discussion of executive compensation contained in this Disclosure Statement has been prepared based on the actual compensation paid and benefits provided during the fiscal year ended December 31, 2000 by the Loewen Companies to executive officers of TLGI who are expected to be executive officers of Reorganized LGII as of the Effective Date. The existing employment, compensation and benefit arrangements of the Loewen Companies that are presently expected to be maintained by Reorganized LGII as of the Effective Date and certain new arrangements and modifications to existing arrangements which are presently expected to become effective as of the Effective Date are also described below. Existing employment, compensation and benefit arrangements that are expected to be terminated as of the Effective Date are not described below. See "Item 11 — Executive

Compensation" in the TLGI 2000 Form 10-K for detailed information regarding compensation paid and benefits provided by the Loewen Companies in the fiscal year ended December 31, 2000.

Reorganized LGII's executive compensation program will be designed to:

- be competitive with companies of comparable size and complexity across general North American industry;
- recognize the considerable progress made towards improving the financial performance of the Loewen Companies through a long period of instability in 1999, 2000 and 2001;
- reward and retain executives to remain in Reorganized LGII's employ through the potentially turbulent period associated with implementing the Plan; and
- align long-term incentive executive gains with the interests of stockholders.

Taking all these factors into account, Reorganized LGII's compensation strategy will be to benchmark total cash compensation to the 75th percentile of the marketplace.

Summary Compensation Table

The following table sets forth the compensation paid or payable by the Loewen Companies during the fiscal year ended December 31, 2000 to the individual expected to serve as President and Chief Executive Officer of Reorganized LGII as of the Effective Date and the four other most highly compensated executive officers of TLGI who are expected to serve as executive officers of Reorganized LGII as of the Effective Date and whose compensation for such fiscal year exceeded $100,000. See " — Management and Board of Directors — Existing Benefit Plans and Agreements — Key Employee Retention Program."

	Annual Compensation			
Name and Principal Position	**Salary**	**Bonus**	**Other Annual Compensation(1)**	**All Other Compensation**
Paul A. Houston President and Chief Executive Officer	$ 409,039	—	—	$ 17,766 (2)
John S. Lacey Chairman of the Board	500,000	—	$ 53,250 (3)	—
Bradley D. Stam Senior Vice President, Legal and Asset Management	240,331	$ 60,083	—	30,527 (4)
Gordon Orlikow Senior Vice President, People	134,635	26,927	10,782	4,537 (5)
James Arthurs Senior Vice President, Chief Information Officer	100,976	—	—	5,208 (6)

(1) The value of perquisites and other personal benefits, securities and property for each executive officer named in the table that does not exceed the lesser of $50,000 or 10% of the total of the annual salary and bonus is not reported herein.

(2) Consists of car allowance ($4,847), taxable car allowance ($1,496), club membership ($6,664), taxable medical benefits ($215) and taxable contributions to TLGI's group registered retirement savings plan ($4,544).

(3) Mr. Lacey served as an outside director during 2000 and received annual director retainer and director meeting fees that aggregated $53,250 during 2000.

(4) Consists of car allowance ($4,039), taxable car allowance ($1,410), taxable medical benefits ($506), taxable contributions to TLGI's group registered retirement savings plan ($4,544), taxable moving allowance ($19,590) and non-taxable moving allowance ($438).

(5) Consists of taxable medical benefits ($498), taxable contributions to TLGI's group registered retirement savings plan ($4,039) and taxable moving allowance of $10,782.

(6) Consists of car allowance ($1,885), taxable medical benefits ($294) and taxable contributions to TLGI's group registered retirement savings plan ($3,029).

Existing Benefit Plans and Agreements

Information regarding the existing employment, compensation and benefit arrangements of the Loewen Companies for executive officers of TLGI that are presently expected to be maintained by Reorganized LGII as of the Effective Date for its executive officers is set forth below.

Savings Plans. TLGI maintains a Registered Retirement Savings Plan for Canadian employees, who may contribute 3% of compensation (subject to a statutory maximum contribution) to the plan and receive an employer matching contribution in an equal amount. LGII sponsors a 401(k) Retirement Plan for U.S. employees of the Loewen Companies, who may make before-tax contributions to the plan of up to 15% of compensation (subject to a statutory maximum contribution) and receive an employer matching contribution of up to 2% of compensation. These plans will continue to be maintained by Reorganized LGII after the Effective Date.

Health and Welfare Benefits. Current employees of the Debtors participate in health and other welfare benefit plans providing life insurance, disability and accidental death and dismemberment benefits. These plans do not provide retiree medical or other retiree welfare benefits. These plans will continue to be maintained after the Effective Date.

Retiree Benefits. Certain former owners of funeral homes acquired by Debtors have claimed that in connection with such acquisition they are entitled to retiree benefits (as defined in section 1114(a) of the Bankruptcy Code). The Plan provides that the Reorganized Debtors will be obligated to pay retiree benefits within the scope of section 1114(a) of the Bankruptcy Code, if any, in accordance with the terms of the retiree benefit plans or other agreements governing the payment of such benefits, subject to any rights to amend, modify or terminate such benefits under the terms of the applicable retiree benefits plan, other agreement or applicable non-bankruptcy law.

Key Employee Retention Program. The Debtors adopted the KERP in the third quarter of 1999. The KERP was designed to attract, retain and provide incentives to key employees during the financial and business restructuring. The KERP has been essential to the Debtors' ability to meet these goals during the Reorganization Cases. The Debtors believe that the KERP will continue to be critical to the ability of Reorganized LGII to attract and retain key employees following the Effective Date. The Debtors have obtained authority to continue and implement the KERP. See "Operations During the Reorganization Cases — Key Employee Retention Program." The KERP, as modified, includes the following four principal components:

1. Retention/Stay Bonuses. The KERP authorized the payment of retention bonuses to approximately 267 key corporate and cemetery division employees whose prior incentives were negated as a result of, among other things, the Filing of the Reorganization Cases. Retention bonus payments of approximately $2.3 million were made.

2. Annual Incentive Payments. Performance goals for TLGI's annual incentive program in 2000 were set after consultation with the Creditors' Committee and after approval by the Compensation Committee. Approximately 1,320 employees were eligible for annual incentive payments in 2000. Employees were eligible for target incentive payments depending on the attainment of specified

company and individual goals. The aggregate amount of such payments for 2000, which were paid in the first quarter of 2001, was approximately $6.9 million. The aggregate amount of payments under the KERP for 1999, which were paid in the first quarter of 2000, was approximately $2.2 million.

3. Emergence Bonus. Under the KERP, approximately 100 key employees in senior management positions other than Mr. Lacey and Mr. Houston (see " — Certain Employment Agreements") are eligible to receive emergence bonuses based primarily upon the successful reorganization. The approximately 100 members of senior management will be paid a bonus upon the Effective Date equal to a percentage of each employee's salary. Such percentages range from 10% of an employee's salary up to 50% of an employee's salary, depending on position. In the discretion of the Compensation Committee of the TLGI Board, such bonuses may be paid in a combination of cash and New Common Stock, with the cash portion at least sufficient to satisfy income tax obligations. The New Common Stock expected to be granted as emergence bonuses will be valued as the average of the daily closing sales price per share of the New Common Stock as reported on The Nasdaq Stock Market or the national securities exchange on which it is listed, as applicable, for the 30 consecutive trading days immediately following the Effective Date. One-third of the bonus will be paid within 15 days of the Effective Date and two-thirds will be paid within 15 days of the date that is six months after the Effective Date. As of the date of this Disclosure Statement, the Debtors estimate that, if all of these employees earn and receive their emergence payments, the aggregate amount of such payments would be valued at approximately $6.4 million; the amount of such payments to Kenneth A. Sloan, Senior Vice President, Chief Financial Officer, Bradley D. Stam, Senior Vice President, Legal and Asset Management, Gordon Orlikow, Senior Vice President, People and James Arthurs, Senior Vice President, Chief Information Officer would be valued at approximately $118,000, $150,000, $64,000 and $70,000, respectively.

4. Severance Pay Plan. TLGI adopted a severance pay plan for all of its employees. The severance pay plan was designed to attract, retain and provide incentives to employees during TLGI's financial and business restructuring. The severance pay plan will continue to be critical to the ability of Reorganized LGII to attract and retain employees following the Effective Date. The severance pay plan covers all employees of TLGI and Reorganized LGII. Under the severance pay plan, employees who are involuntarily terminated without cause receive an amount equal to a percentage of the employee's salary, based on the employee's position or years of service. In general, severance pay will range from an amount equal to one week's pay up to two years of pay. The Debtors paid approximately $2.5 million in severance pay to 227 individuals for the period from March 1999 through December 31, 1999 and approximately $2.3 million in severance pay to 34 individuals for the period from January 1, 2000 through December 31, 2000. These payments were made under the KERP, with the approval of the Bankruptcy Court. The Debtors have obtained authority to continue the severance pay plan and to pay severance benefits under the severance pay plan to all employees terminated from the Petition Date and up to one year after the Effective Date. See "Operations During the Reorganization Cases — Key Employee Retention Program."

An eligible employee's right to participate in the KERP is contingent upon the employee's executing a release and waiver agreement, under which the employee waives any rights or claims that he or she may have at law or under prepetition employment or consulting agreements or company programs with respect to retention or performance incentive payments or severance or similar benefits.

Certain Employment Agreements. TLGI has entered into employment agreements with John S. Lacey, its Chairman, and Paul A. Houston, its President and Chief Executive Officer. Each employment agreement is for a fixed term ending August 1, 2004, or, if earlier, the date on which the officer terminates employment. Under their respective employment agreements, Mr. Lacey will receive an annual base salary of $500,000, and Mr. Houston will receive an annual base salary of: (a) $425,000 through December 31, 2000; (b) $500,000 for the period between January 1, 2001 and the earlier of June 1, 2001 or the Effective Date; and (c) $600,000 thereafter. Base salary is subject to periodic review, and both officers will have an annual bonus opportunity of up to 100% of base salary

based on the achievement of financial performance goals. In addition, Mr. Lacey will receive a reorganization bonus of $3 million, and Mr. Houston a reorganization bonus of $1.5 million, both payable within 15 days of the Effective Date. Each employment agreement also provides for customary executive benefits.

Under the employment agreements, Mr. Lacey and Mr. Houston each are entitled to receive a grant of stock options under the Equity Incentive Plan, as of the Effective Date. Pursuant to the Plan, TLGI is seeking to modify its employment agreements with Mr. Lacey and Mr. Houston so as to clarify that (a) each will receive a grant of stock options under the Equity Incentive Plan, as of the Effective Date, exercisable to purchase 495,000 shares of New Common Stock and (b) the options so granted will become exercisable in cumulative installments with respect to 25% of the shares on the later to occur of November 1, 2001 (*i.e.*, the first anniversary of the date of such employment agreements) and the date next following the day on which the exercise price becomes fixed as described in the immediately following sentence, 25% of the shares on November 1, 2002 (*i.e.*, the second anniversary of the date of such employment agreement) and the remaining 50% of the shares on November 1, 2003 (*i.e.*, the third anniversary of the date of such employment agreement). The options will have a per share exercise price of the average of the daily closing sales price per share of the New Common Stock as reported on the Nasdaq Stock Market for the 30 consecutive trading days immediately following the Effective Date.

If either officer is terminated by TLGI without cause (as defined in their respective employment agreements), all stock options will become immediately exercisable, and the officer will be entitled to severance benefits in the amount of 24 months base salary paid in a lump sum, benefit coverage for the remaining term of the employment agreement and a prorated bonus for the year of termination determined without regard to financial performance. In the event of a change in control, the officer will be entitled to the same severance benefits if, within two years after the change in control, he is terminated by TLGI without cause or if he resigns because of certain adverse changes in his compensation, benefits or position. In addition, if TLGI enters into an agreement that would result in a change in control, each officer may submit his resignation for any reason prior to, but effective upon, the date of the change in control, and receive the severance benefits described above. The employment agreements also provide for tax gross-up payments if the severance benefits are subject to the excise tax imposed under the Internal Revenue Code on so-called excess parachute payments. For purposes of the employment agreements, a "change in control" is defined as the occurrence of any one of the following events: (1) the acquisition by any individual, entity or group of beneficial ownership of 30% or more of the combined voting power of LGII (excluding acquisitions as a result of issuances of stock directly from LGII and approved by the Incumbent Board (as defined below); acquisitions by the Company; acquisitions by an employee benefit plan (or related trust) sponsored or maintained by LGII or any of its subsidiaries; and acquisitions by persons pursuant to a Business Combination (as defined below) that would not constitute a change in control); (2) the consummation of a reorganization, amalgamation, merger or consolidation, a sale or disposition of all or substantially all of the assets of LGII, or other transaction (a "Business Combination") in which all or substantially all of the individuals and entities who were beneficial owners of voting stock of LGII immediately prior to such Business Combination beneficially own, immediately following such Business Combination, less than 40% of the combined voting power of the entity resulting from the Business Combination; (3) individuals who, as of the Effective Date, constitute the Board of Directors of LGII (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board (except that if an individual becomes a director subsequent to the to the Effective Date and his or her election or nomination for election was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board, such individual will be deemed to be a member of the Incumbent Board, but excluding any individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board); or (4) the approval by the stockholders of LGII of a comp lete liquidation or dissolution of LGII, except pursuant to a Business Combination that would not constitute a change in control.

Mr. Lacey will become the Chairman of Reorganized LGII, and Mr. Houston the President and Chief Executive Officer of Reorganized LGII, as of the Effective Date. In addition, on the Effective Date, (a) a wholly owned Canadian subsidiary of Reorganized LGII (the "Canadian Subsidiary") will assume the obligations of TLGI under the employment agreements with Messrs. Lacey and Houston and (b) a management services agreement will be entered into between Reorganized LGII and the Canadian Subsidiary providing for the provision of management services by the Canadian Subsidiary to Reorganized LGII and its other subsidiaries.

In addition to the employment agreements with Mr. Lacey and Mr. Houston, it is anticipated that the Canadian Subsidiary will enter into employment agreements with: (a) Kenneth A. Sloan, Senior Vice President, Chief Financial Officer; (b) Bradley D. Stam, Senior Vice President, Legal and Asset Management; (c) Gordon Orlikow, Senior Vice President, People; and (d) James Arthurs, Senior Vice President, Chief Information Officer. The annual base salary for each of these individuals immediately following the Effective Date is anticipated to be as follows: Mr. Sloan - $235,000; Mr. Stam - $300,000; Mr. Orlikow - $160,000; and Mr. Arthurs - $175,000. These executive officers will also be entitled to one year of salary and bonus if the executive's employment is terminated (not following a change in control) for any reason other than termination for cause or voluntary resignation. In the event of a change in control of Reorganized LGII, each of these executives will be entitled to severance benefits if such executive's employment is terminated without cause (as defined in the employment agreements) or if the executive resigns because of certain adverse changes in compensation, benefits or position during either the two-year period following the change in control or the one-year period prior to a change in control, but after discussions have begun that ultimately lead to a change in control. For purposes of these agreements, the definition of a "change in control" will be substantially identical to the definition of such term contained in the employment agreements for Mr. Lacey and Mr. Houston. The severance benefits following a change in control under the employment agreements will consist of a lump sum payment equal to two times the executive's base salary and two times the executive's annual bonus (calculated at not less than the highest annual bonus earned in any of the three years preceding the year in which the change in control occurred), plus continued benefit coverage for a period of two years. In addition, vesting with respect to stock options or other long-term incentive compensation will accelerate, and any restrictions on the payment of such compensation will lapse, on a change in control, and the executive will be entitled to a tax gross-up payment in the event the severance benefits are subject to the excise tax imposed under the Internal Revenue Code on so-called excess parachute payments.

New Benefit Plans and Agreements

Information regarding new employment, compensation and benefit arrangements that are presently expected to become effective as of the Effective Date is set forth below.

Equity Incentive Plan. As of the Effective Date, Reorganized LGII will implement the Equity Incentive Plan to attract, retain and motivate key employees following the Effective Date. On the Effective Date, options exercisable for shares of New Common Stock will be granted to certain employees of the Reorganized Debtors as described on Exhibit IV.C.3 of the Plan. Thereafter, the Reorganized LGII Board of Directors (or a committee thereof) will determine the awards to be granted under the Equity Incentive Plan. The Equity Incentive Plan will provide for grants of stock options, restricted stock, deferred shares and other typical equity incentive awards to the employees and members of the Reorganized LGII Board of Directors. A total of 4,500,000 shares of New Common Stock will be available for issuance in satisfaction of awards under the Equity Incentive Plan, including the grant of options to be made as of the Effective Date. Options covering up to 2,475,000 shares will be granted on the Effective Date. All shares available under the Equity Incentive Plan not covered by the options granted as of the Effective Date will remain available for future grants under the Equity Incentive Plan.

The option grants to be made as of the Effective Date are expected to include grants to the individuals presently expected to serve as executive officers of Reorganized LGII as follows:

Name	**Number of Shares of New Common Stock Underlying Option Grant**
John S. Lacey	495,000
Paul A. Houston	495,000
Kenneth A. Sloan	120,000
Bradley D. Stam	120,000
Gordon Orlikow	95,000
James Arthurs	95,000

The options granted as of the Effective Date will have a per share exercise price equal to the average of the daily closing sales price per share of the New Common Stock as reported on The Nasdaq Stock Market or the national securities exchange on which it is listed, as applicable, for the 30 consecutive trading days immediately following the Effective Date and will become exercisable in cumulative installments with respect to 25% of the shares on the first and second anniversaries of the date of grant and with respect to the remaining 50% of the shares on the third anniversary of the date of grant; *provided, however*, that in the case of options granted to Mr. Lacey and Mr. Houston, pursuant to their employment agreements such options will become exercisable in cumulative installments with respect to 25% of the shares on the later to occur of November 1, 2001 and the date next following the day on which the exercise price becomes fixed as described above, 25% of the shares on November 1, 2002 and the remaining 50% of the shares on November 1, 2003.

Annual Incentive Payments. Under the Annual Incentive Plan, Reorganized LGII expects to motivate and reward designated key employees for the achievement of annual corporate, departmental or individual goals and objectives through new annual cash incentives. The new annual incentives will compensate key employees chosen by the Compensation Committee of the Board of Directors based on certain performance levels. If designated performance levels are achieved, key employees will be eligible to receive a cash bonus payment.

Reserve Account Obligations Release. The Debtors have claims against certain company sales manager employees for reserve account obligations against previously earned commissions arising as a result of the historic realization rates on accounts receivable generated from sales by such personnel. The aggregate of such claims is estimated to be less than $750,000. In order to encourage such personnel to continue their employment with the Debtors following the Effective Date, the Reorganized Debtors intend to implement a program to release such claims depending upon the length of continued service by such employee and the amount of the claim against such employee.

Certain Corporate Governance Matters

Introduction

Certain provisions of Reorganized LGII's Certificate of Incorporation and Bylaws, together with applicable Delaware state law, may discourage or make more difficult the acquisition of control of Reorganized LGII by means of a tender offer, open market purchase, proxy fight or otherwise. These provisions are intended to discourage, or may have the effect of discouraging, certain types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of Reorganized LGII first to negotiate with Reorganized LGII. The management of the Debtors believes that these measures, many of which are substantially similar to the takeover-related measures in effect for numerous other publicly-held companies, provide benefits by enhancing Reorganized LGII's potential ability to negotiate with the proponent of an unsolicited proposal to acquire or restructure Reorganized LGII, which outweigh the disadvantages of discouraging such proposals because, among other things, negotiation of such proposals could result in an improvement of their terms. In addition, management of the Debtors believes that such takeover-related measures aid in protecting stockholders from takeover bids that the directors of such companies have determined to be inadequate. While there necessarily can be no assurance in this regard, the management of the Debtors also believes that the foregoing measures are not likely to have a material impact on market prices for New Common Stock in circumstances other than those described above in light of, among other factors, the existence of generally comparable measures in effect for other publicly-held companies and management's belief that market prices will be influenced most significantly by Reorganized LGII's actual results of operations, general market and economic conditions and other traditional determinants of stock market prices, rather than takeover-related measures and other corporate governance provisions. See "Risk Factors — Certain Provisions Will Have Anti-Takeover Effects."

Removal of Directors and Filling Vacancies in Directorships

The Reorganized LGII Certificate of Incorporation will provide that directors may be removed only by the affirmative vote of the holders of at least $66\,^{2}/_{3}\%$ of securities entitled to vote generally in the election of directors. Under the Reorganized LGII Certificate of Incorporation, any vacancy on the Reorganized LGII Board of Directors, including a vacancy resulting from an enlargement of the Reorganized LGII Board of Directors, may be filled by the

vote of a majority of the directors then in office. The limitations on the removal of directors and filling of vacancies may deter a third party from seeking to remove incumbent directors and simultaneously gaining control of the Reorganized LGII Board of Directors by filling the vacancies created by such removal with its own nominees. See "Risk Factors — Certain Provisions Will Have Anti-Takeover Effects."

Stockholder Action and Special Meetings of Stockholders

The Reorganized LGII Certificate of Incorporation will eliminate the ability of stockholders to act by written consent in lieu of a meeting. It will also provide that special meetings of the stockholders may only be called (a) by the Chairman of the Board, (b) by the President, (c) by the Secretary within ten calendar days after receipt of a written request of a majority of the total number of directors (assuming no vacancies) or (d) by persons holding at least 25% of all shares outstanding and entitled to vote at such meeting. Upon the receipt by Reorganized LGII of a written request by any stockholder or stockholders entitled to call a meeting of stockholders, the Board will (a) call a special meeting of the stockholders for the purposes specified in the request for a special meeting and (b) fix a record date for the determination of stockholders entitled to notice of and to vote at such meeting, which record date will not be later than 60 calendar days after the date of receipt by Reorganized LGII of the request to call the meeting. No special meeting pursuant to a stockholders' request will be required to be convened if (a) the Board calls an annual or special meeting of stockholders to be held not later than 90 calendar days after receipt by Reorganized LGII of a proper request by a stockholder to call a meeting and (b) the purposes of such annual or special meeting include the purposes specified in the stockholder's request. The Reorganized LGII Bylaws will provide that the business permitted to be conducted at any such meeting will be limited to that business specified in the notice of the meeting given by or at the direction of the Chairman of the Board, the President or a majority of the total number of directors (assuming no vacancies) or that is otherwise properly brought before the meeting by the presiding officer or by or at the direction of a majority of the total number of directors (assuming no vacancies).

Advance Notice Requirements for Stockholder Proposals and Directors Nominations

The Reorganized LGII Bylaws will provide that stockholders seeking to bring business before an annual meeting of stockholders or nominate candidates for election as directors at an annual meeting of stockholders must provide timely notice in writing. To be timely, a stockholder's notice must be delivered to or mailed and received at Reorganized LGII's principal executive offices not less than 60 calendar days nor more than 90 calendar days prior to the anniversary date of the date on which Reorganized LGII first mailed its proxy materials for the prior year's annual meeting of stockholders, except that if there was no annual meeting held during the prior year or if the annual meeting is called for a date that is not within 30 calendar days before or after that anniversary, notice by the stockholder in order to be timely must be received not later than the close of business on the later of the 90th calendar day prior to such annual meeting or the tenth calendar day following the date on which public announcement was first made of the date of the annual meeting. The Reorganized LGII Bylaws will also specify requirements as to the form and content of a stockholder's notice. These provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for directors at an annual meeting of stockholders. See " — Management and Board of Directors — Director Nomination Procedures."

Authorized But Unissued Shares

The Reorganized LGII Certificate of Incorporation will provide that Reorganized LGII is authorized to issue 100,000,000 shares of New Common Stock, par value $0.01 per share, and 10,000,000 shares of New Preferred Stock, par value $0.01 per share. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — New Common Stock" for a description of the New Common Stock.

The Reorganized LGII Board of Directors will have the authority, within the limitations and restrictions stated in the Reorganized LGII Certificate of Incorporation, to provide by resolution for the issuance of shares of New Preferred Stock, in one or more classes or series, and to fix the rights, preferences, privileges and restrictions for them, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences and the number of shares constituting any series and the designation of that series.

Authorized but unissued shares of New Common Stock and New Preferred Stock of Reorganized LGII under the Reorganized LGII Certificate of Incorporation will be available for future issuance without stockholder

approval. These additional shares may be used for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of New Common Stock and New Preferred Stock could render more difficult or discourage an attempt to obtain control of Reorganized LGII by means of a proxy contest, tender offer, merger or otherwise. In addition, any future issuance of shares of New Common Stock or New Preferred Stock could have the effect of diluting the earnings per share, book value per share and voting power of shares held by the stockholders of Reorganized LGII. The Reorganized LGII Certificate of Incorporation will provide, to the extent required by section 1123 of the Bankruptcy Code, that Reorganized LGII will not issue nonvoting equity securities.

Supermajority Vote Requirements

Delaware law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. The Reorganized LGII Certificate of Incorporation and Bylaws will require the affirmative vote of the holders of at least $66^{2}/_{3}$% of securities entitled to vote, to amend, repeal or adopt any provision inconsistent with some provisions, including those provisions relating to: (a) the election of directors; (b) directorship vacancies and removal of directors; (c) action by written consent of stockholders; (d) special meetings of stockholders; and (e) stockholder proposals and nomination of directors.

Delaware Section 203

Reorganized LGII will be subject to the provisions of section 203 of the General Corporation Law of the State of Delaware (the "DGCL"). Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the person became an interested stockholder, unless the interested stockholder attained that status with the approval of the board of directors or the business combination is approved in a prescribed manner. A "business combination" includes certain mergers, asset sales and other transactions resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with affiliates and associates, owns, or within the prior three years did own, 15% or more of the corporation's voting stock.

It is a condition to the Effective Date that the board of directors of LGII shall have approved, for purposes of Section 203 of the Delaware General Corporation Law of the State of Delaware: (a) the issuance pursuant to the Plan of New Common Stock to any person or entity that will become the owner of 15% or more of the outstanding New Common Stock as a result of such issuance; and (b) any issuance to any person or entity that will become the owner of 12% or more but less than 15% of the outstanding New Common Stock as a result of the issuance pursuant to the Plan of New Common Stock which causes such person or entity to become the owner of 15% or more of the outstanding New Common Stock.

Limitation of Liability; Indemnity Arrangements

The Reorganized LGII Certificate of Incorporation will limit the liability of the directors of Reorganized LGII to the maximum extent permitted by the DGCL. The DGCL provides that a director of a corporation will not be personally liable for monetary damages for breach of that individual's fiduciary duties as a director except for liability for any of the following: (a) a breach of the director's duty of loyalty to the corporation or its stockholders; (b) any act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (c) unlawful payments of dividends or unlawful stock repurchases or redemptions; or (d) any transaction from which the director derived an improper personal benefit. This limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Section 145 of the DGCL provides that a corporation may indemnify directors and officers, as well as other employees and individuals, against attorneys' fees and other expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending or completed actions, suits or proceedings in which such person was or is a party or is threatened to be made a party by reason of such person being or having been a director, officer, employee or agent of the corporation. The DGCL provides that

section 145 is not exclusive of other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

The Reorganized LGII Certificate of Incorporation will provide that Reorganized LGII is required to indemnify its directors and officers to the maximum extent permitted by law. Notwithstanding the foregoing, the Reorganized LGII Certificate of Incorporation will not require Reorganized LGII to indemnify any such directors and officers in connection with any Proceeding (as such term is defined in the Reorganized LGII Certificate of Incorporation) that is initiated prior to the Effective Date; *provided, however*, that Reorganized LGII may, in its sole discretion, elect to provide such indemnification in the event that any of the Debtors' directors and officers liability insurance carriers fails or refuses to provide coverage. The Reorganized LGII Certificate of Incorporation also will require Reorganized LGII to advance expenses incurred by an officer or director in connection with the defense of any action or proceeding arising out of that party's status or service as a director or officer of Reorganized LGII or as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, if serving as such at Reorganized LGII's request. In addition, the Reorganized LGII Certificate of Incorporation will permit Reorganized LGII to secure insurance on behalf of any director or officer for any liability arising out of his or her actions in a representative capacity.

It is anticipated that Reorganized LGII will enter into indemnification agreements with its directors and its executive officers containing provisions that will obligate Reorganized LGII to: (a) indemnify, to the maximum extent permitted by Delaware law, those directors and officers against liabilities that may arise by reason of their status or service as directors or officers, except liabilities arising from willful misconduct of a culpable nature; (b) advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified; and (c) obtain directors' and officers' liability insurance if maintained for other directors of officers.

The management of the Debtors believes that the provisions of Reorganized LGII's Certificate of Incorporation described above and indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

Under the Plan and subject to the provisions described below and in Section V.E of the Plan, the obligations of each Debtor or Reorganized Debtor to indemnify any person serving as one of its directors, officers or employees as of December 31, 2000 by reason of such person's prior or future service in such a capacity or as a director, officer or employee of another corporation, partnership or other legal entity to the extent provided in the applicable articles of incorporation, code of regulations or similar constituent documents, by statutory law or by written agreement, policies or procedures of or with such Debtor, will be deemed and treated as executory contracts that are assumed by the applicable Debtor or Reorganized Debtor pursuant to the Plan and section 365 of the Bankruptcy Code as of the Effective Date, to the extent that the provision of such indemnification is authorized by the certificate of incorporation or similar constituent document of the applicable Reorganized Debtor. Accordingly, such indemnification obligations will survive and be unaffected by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date. The obligations of each Debtor or Reorganized Debtor to indemnify any person who, as of December 31, 2000, was no longer serving as a director, officer or employee of such Debtor or Reorganized Debtor, which indemnity obligation arose by reason of such person's prior service in any such capacity or as a director, officer or employee of another corporation, partnership or other legal entity, whether provided in the applicable articles of incorporation, code of regulations or similar constituent documents, by statutory law or by written agreement, policies or procedures of or with such Debtor, will terminate and be discharged pursuant to section 502(e) of the Bankruptcy Code or otherwise, as of the Effective Date; *provided, however*, that, to the extent that such indemnification obligations no longer give rise to contingent Claims that can be disallowed pursuant to section 502(e) of the Bankruptcy Code, such indemnification obligations will be deemed and treated as executory contracts that are rejected by the applicable Debtor pursuant to the Plan and section 365 of the Bankruptcy Code, as of the Effective Date, and any Claims arising from such indemnification obligations (including any rejection damage claims) will be subject to the bar date provisions of Section V.D of the Plan. Additionally, Reorganized LGII will purchase a director and officer insurance policy to cover claims against any person serving as one of the Debtors' directors, officers and employees as of December 31, 2000 for acts occurring prior to the Effective Date.

SECURITIES TO BE ISSUED PURSUANT TO THE PLAN AND OTHER POST-REORGANIZATION INDEBTEDNESS

Reorganization Value

The Debtors have been advised by Wasserstein with respect to the range of estimated reorganization value of Reorganized LGII and the other Reorganized Debtors. The midpoint of the total reorganization value range, which includes the Loewen Companies' operating businesses and the expected present value of certain non-operating assets, was estimated by Wasserstein to be approximately $1.5 billion as of December 31, 2001, of which the Debtors believe approximately $370 million is attributable to non-Debtors. The midpoint of the reorganization equity value range, which takes into account the estimated debt balances at and beyond the Effective Date, was estimated by Wasserstein to be approximately $692.5 million as of an assumed Effective Date of December 31, 2001. The foregoing reorganization equity value (ascribed as of the date of this Disclosure Statement) reflects, among other factors discussed below, current financial market conditions and the inherent uncertainty as to the achievement of the Projections.

Based on the assumed reorganization equity value set forth above, the midpoint value of the approximately 40,000,000 shares of New Common Stock to be issued to the holders of Allowed Claims under the Plan is estimated to be approximately $17.17 per share. The foregoing valuations also reflect a number of assumptions, including a successful reorganization of the Debtors' businesses and finances in a timely manner, the forecasts reflected in the Projections, the amount of available cash, market conditions and the Plan becoming effective in accordance with its terms on a basis consistent with the estimates and other assumptions discussed herein.

In preparing the estimated reorganization equity value, Wasserstein: (a) reviewed certain historical financial information of the Loewen Companies for recent years and interim periods; (b) reviewed certain internal financial and operating data of the Loewen Companies and assisted in developing financial projections relating to their businesses and prospects; (c) met with certain members of senior management of the Loewen Companies to discuss the Loewen Companies' operations and future prospects; (d) reviewed publicly available financial data and considered the market values of public companies that Wasserstein deemed generally comparable to the operating businesses of the Loewen Companies; (e) reviewed the financial terms, to the extent publicly available, of certain acquisitions of companies that Wasserstein believes were comparable to the operating businesses of the Loewen Companies; (f) considered certain economic and industry information relevant to the Loewen Companies' operating businesses; and (g) reviewed certain analyses prepared by other firms retained by the Debtors and conducted such other analyses as Wasserstein deemed appropriate. Although Wasserstein conducted a review and analysis of the Loewen Companies' businesses, operating assets and liabilities and business plans, Wasserstein assumed and relied on the accuracy and completeness of all (a) financial and other information furnished to it by the Debtors and by other firms retained by the Debtors and (b) publicly available information. In addition, Wasserstein did not independently verify the assumptions underlying the Projections in connection with such valuation. No independent evaluations or appraisals of the Debtors' assets were sought or were obtained in connection therewith.

Estimates of reorganization equity value do not purport to be appraisals, nor do they necessarily reflect the values that might be realized if assets were to be sold. The estimates of reorganization equity value prepared by Wasserstein assume that the Reorganized Debtors will continue as the owner and operator of their businesses and assets. Such estimates were developed solely for purposes of formulation and negotiation of a plan of reorganization and analysis of implied relative recoveries to creditors thereunder. Such estimates do not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan, which may be significantly different from the amounts set forth herein. Such estimates reflect computations of the estimated reorganization equity value of the Loewen Companies through the application of various valuation techniques, including, among others: (a) a comparable company analysis, in which Wasserstein analyzed the enterprise value of public companies that Wasserstein deemed generally comparable to the operating businesses of the Loewen Companies as a multiple of revenues and of earnings before interest, taxes, depreciation and amortization ("EBITDA") and then applied multiples provided by such analysis to the projected revenues and EBITDA of Reorganized LGII; (b) a discounted cash flow analysis, in which Wasserstein, using a weighted average cost of capital, computed the present value of free cash flows and terminal value of the Loewen Companies; and (c) a comparable acquisitions analysis, in which Wasserstein analyzed the financial terms of certain acquisitions of companies that Wasserstein believed were

comparable to the operating businesses of the Loewen Companies and then applied the EBITDA multiples provided by such analysis to the projected EBITDA of Reorganized LGII (though Wasserstein concluded that the transactions analyzed were not truly comparable and determined such analysis should not be given much weight in estimating reorganization equity value). An estimate of reorganization equity value is not entirely mathematical, but rather it involves complex considerations and judgments concerning various factors that could affect that value of an operating business. Moreover, the value of an operating business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial conditions and prospects of such a business. As a result, the estimate of reorganization equity value set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Because such estimates are inherently subject to uncertainties, none of the Loewen Companies, Wasserstein or any other person assumes responsibility for their accuracy. Depending on the results of the Debtors' operations or changes in the financial markets, Wasserstein's valuation analysis as of the Effective Date may differ from that disclosed herein.

In addition, the valuation of newly-issued securities is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the anticipated initial securities holding of prepetition creditors, some of which may prefer to liquidate their investment rather than hold it on a long-term basis, and other factors that generally influence the prices of securities. Actual market prices of such securities also may be affected by the Debtors' history in chapter 11, conditions affecting the Debtors' competitors or the industry generally in which the Debtors participate or by other factors not possible to predict. Accordingly, the reorganization equity value estimated by Wasserstein does not necessarily reflect, and should not be construed as reflecting, values that will be attained in the public or private markets. The equity value ascribed in the analysis does not purport to be an estimate of the post-reorganization market trading value. Such trading value may be materially different from the reorganization equity value ranges associated with Wasserstein's valuation analysis. Indeed, there can be no assurance that a trading market will develop for the New Common Stock.

Furthermore, in the event that the actual distributions to Claim holders in particular Divisions of Class 11 differ from those assumed by the Debtors in their recovery analysis, the actual recoveries realized by holders of Claims in those Divisions could be significantly higher or lower than estimated by the Debtors.

The Plan contemplates the distribution of the New Warrants to holders of Allowed Claims in Class 8 and in Divisions A, B, F, G and H of Class 11 and, if Class 19 accepts the Plan, and to holders of Allowed Class 9 Claims and Allowed Class 19 Interests and Claims. The exercise price of each New Warrant issued under the Plan exceeds the estimated reorganization equity value per share, and exercise of the New Warrants requires the payment to Reorganized LGII of cash in the amount of the exercise price. While warrants may be valued using complex mathematical computations, these computations are based upon highly subjective assumptions, including, among others, the estimated trading prices of the equity securities for which the warrants may be exercised and the projected volatility of price movements of those equity securities. Based on an assumed trading price equal to the estimated reorganization equity value of $17.17 per share and an estimated trading volatility of 18.75%, Wasserstein computed the theoretical value of a New Warrant, using a variant of a standard computation methodology for the valuation of warrants, to be $1.85 per New Warrant. There can be no assurance that the New Common Stock will trade at the estimated reorganization equity value per share, that the trading volatility of the New Common Stock will be or will be perceived to be 18.75% or that the market value of a New Warrant will be $1.85. Finally, actual trading values for warrants frequently differ materially from those values derived from mathematical computations. Accordingly, the foregoing computation of value cannot be relied upon as a measure of realizable value of the New Warrants. See "Risk Factors — There Is No Established Market for New Common Stock, New Warrants, New Senior Notes or New Unsecured Subordinated Convertible Notes; Volatility Is Possible."

New Common Stock

As of the Effective Date, Reorganized LGII will be authorized to issue 100,000,000 shares of New Common Stock, par value $0.01 per share, of which: (a) approximately 40,000,000 shares will be distributed to holders of Allowed Claims in Classes 5, 6, 7, 8 and 11 and certain holders of Allowed Administrative Claims as contemplated by the Blackstone Settlement Agreement and the Key Employee Retention Program; (b) 4,500,000 shares will be reserved for issuance under the Equity Incentive Plan, including up to 2,475,000 shares covered by options to be granted as of the Effective Date; (c) 2,992,000 shares will be reserved for issuance upon the exercise of

New Warrants; and (d) 1,437,332 shares will be reserved for issuance upon conversion of New Unsecured Subordinated Convertible Notes. See "Reorganized LGII — Management and Board of Directors — New Benefit Plans and Agreements." See also " — New Warrants" and " — New Unsecured Subordinated Convertible Notes."

The holders of New Common Stock will be entitled to one vote for each share held of record on all matters submitted to a vote of stockholders and will not have cumulative voting rights. See "Distributions Under the Plan — Disputed Claims; Reserve and Estimations" and Section VI.E.2 of the Plan for provisions regarding voting of New Common Stock held in the Unsecured Claims Reserves. Holders of New Common Stock will be entitled to receive ratably such dividends as may be declared by Reorganized LGII's Board of Directors out of funds legally available for payment of dividends. However, it is not presently anticipated that dividends will be paid on New Common Stock in the foreseeable future. See "Risk Factors — Dividends Are Not Anticipated; Payment of Dividends Is Subject to Restriction." In the event of a liquidation, dissolution or winding up of Reorganized LGII, holders of New Common Stock will be entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preference of any New Preferred Stock. Holders of New Common Stock will have no preemptive, subscription, redemption or conversions rights.

All of the outstanding shares of New Common Stock to be issued pursuant to the Plan will be, upon such issuance, validly issued, fully paid and nonassessable.

New Warrants

Under the Plan, on the Effective Date, holders of Allowed Claims in Class 8 and Divisions A, D, F, G and H of Class 11 and, if Class 19 accepts the Plan, holders of Allowed Class 9 Claims and Allowed Class 19 Interests and Claims, will receive, among other things, New Warrants. See "Overview of the Plan — Summary of Classes and Treatment of Claims and Interests."

The New Warrants are to be issued under the New Warrant Agreement to be entered into between Reorganized LGII and the agent for the holders of the New Warrants to be named therein. The following description of the New Warrants is qualified in its entirety by reference to the New Warrant Agreement, a copy of which has been Filed as Exhibit IV.K to the Plan and is available for inspection in the Document Reviewing Centers and over the Internet on the web site at http://www.loewenreorgplan.com. See "Additional Information."

Each New Warrant will entitle the holder thereof to acquire one share of New Common Stock at an exercise price equal to $25.76. The exercise price and the number and kind of shares purchasable upon exercise of a New Warrant will be subject to adjustment in the following events: (a) if Reorganized LGII (i) pays a dividend or otherwise distributes to holders of New Common Stock, as such, shares of its capital stock (whether New Common Stock or capital stock of any other class), (ii) subdivides outstanding shares of New Common Stock into a greater number of shares of New Common Stock, (iii) combines outstanding shares of New Common Stock into a smaller number of shares of New Common Stock, or (iv) issues any shares of capital stock in a reclassification of outstanding shares of New Common Stock; (b) if Reorganized LGII distributes to holders of New Common Stock, as such, (i) evidences of indebtedness or assets (excluding regular cash dividends or cash distributions payable out of surplus or net profits legally available therefor and those distributions described in clause (a) above) of Reorganized LGII or any of its subsidiaries, (ii) shares of capital stock of any of its subsidiaries, (iii) securities convertible into or exchangeable for capital stock of Reorganized LGII or any of its subsidiaries, or (iv) any rights, options or warrants to purchase any of the foregoing (excluding those described in clause (c) below); (c) if Reorganized LGII issues rights, options or warrants to holders of the outstanding shares of New Common Stock, as such, entitling the holders of such rights, options or warrants to subscribe for or purchase shares of New Common Stock at a price per share that is lower on the record date than the current market price per share of New Common Stock on such record date (as determined in accordance with the New Warrant Agreement); or (d) if Reorganized LGII issues shares of New Common Stock, securities convertible into or exchangeable for shares of New Common Stock or rights, options or warrants entitling holders of such rights, options or warrants to subscribe for or purchase shares of New Common Stock (excluding shares of New Common Stock, convertible or exchangeable securities or rights, options or warrants issued in any of the transactions described in clauses (a), (b) or (c) above) for a purchase price per share of such New Common Stock, for a conversion or exchange price per share of New Common Stock initially deliverable upon conversion or exchange of such securities or for a subscription or purchase price per share of New Common Stock initially deliverable upon exercise of such rights, options or warrants, that is less than the

current market price per share of New Common Stock on the date the purchase, conversion, exchange or subscription price of such additional shares of New Common Stock are first fixed (as determined in accordance with the New Warrant Agreement).

No adjustment in the number of shares purchasable upon the exercise of a New Warrant will be required unless such adjustment would require an increase or decrease in the number of shares purchasable upon the hypothetical exercise of a New Warrant of at least 1%; *provided*, *however*, that any adjustments which are not required to be made currently will be carried forward and made at the time and together with the next subsequent adjustment which, together with any adjustments so carried forward, would require an increase or decrease in the number of shares purchasable upon the hypothetical exercise of a New Warrant of 1% or more. In addition, no adjustment in the number of shares purchasable upon the exercise of a New Warrant will be made in circumstances described in clause (a)(i), (b), (c) or (d) in the second sentence of the immediately preceding paragraph if Reorganized LGII issues or distributes to each holder of a New Warrant the shares, rights, options, warrants, convertible or exchangeable securities, evidences of indebtedness, assets or other securities referred to in such clause that such holder would have been entitled to receive had the New Warrant been exercised prior to the happening of such event or the record date with respect thereto. Further, no adjustment in the number of shares purchasable upon the exercise of a New Warrant will be made on account of: (a) any issuance of shares of New Common Stock, or of options, rights or warrants to purchase, or securities convertible into or exchangeable for, shares of New Common Stock, pursuant to the Plan; (b) any issuance of shares of New Common Stock upon the exercise of options, rights or warrants or upon the conversion or exchange of convertible or exchangeable securities, in either case issued pursuant to the Plan or outstanding as of the Effective Date; (c) any issuance of shares of New Common Stock, or of options, rights or warrants, or of other securities, pursuant to a share purchase rights plan or any similar plan adopted by the Board of Directors of Reorganized LGII; (d) any issuance of shares of New Common Stock, or of options, rights or warrants to purchase, or securities convertible into or exchangeable for, shares of New Common Stock, in accordance with any plan for the benefit of the employees or directors of Reorganized LGII existing as of the Effective Date or contemplated by the Plan or any other plan adopted by the Board of Directors of Reorganized LGII for the benefit of the employees or directors of Reorganized LGII or any of its subsidiaries; (e) any issuance of shares of New Common Stock in connection with a company-sponsored plan for reinvestment of dividends or interest; (f) any issuance of shares of New Common Stock, securities convertible into or exchangeable for shares of New Common Stock or rights, options or warrants entitling holders of such rights, options or warrants to subscribe for or purchase shares of New Common Stock pursuant to an underwritten public offering for a price per share of New Common Stock in the case of an issuance of shares of New Common Stock, for a subscription or purchase price per share of New Common Stock initially deliverable upon exercise of such securities or for a subscription or purchase price per share of New Common Stock initially deliverable upon exercise of such rights, options or warrants, that is equal to or greater than 95% of the closing price per share of New Common Stock on the date the offering, conversion, exchange or subscription price of such additional shares of New Common Stock is first fixed (as determined in accordance with the New Warrant Agreement); or (g) any issuance of shares of New Common Stock or other securities to the owners of any entity that is acquired by Reorganized LGII in an arm's-length transaction approved by the Board of Directors of Reorganized LGII. No adjustment in the number of shares purchasable upon the exercise of a New Warrant will be made for a change in the par value of the shares of New Common Stock.

The New Warrants will be exercisable at any time between the Effective Date and the fifth anniversary of the Effective Date.

New Five-Year Secured Notes

General

Under the Plan, on the Effective Date, holders of Allowed CTA Note Claims in Classes 5, 6 and 7 may receive, among other things, New Five-Year Secured Notes in respect of their Claims. New Five-Year Secured Notes will not be issued if the Exit Financing Term Loan Closing occurs. See "Overview of the Plan — Summary of Classes and Treatment of Claims and Interests."

The New Five-Year Secured Notes are to be issued under the New Five-Year Secured Notes Indenture to be dated as of the Effective Date among Reorganized LGII, the existing Subsidiary Guarantors and Wells Fargo

Bank Minnesota, National Association. The following description of the New Five-Year Secured Notes is qualified in its entirety by reference to the New Five-Year Secured Notes Indenture, a copy of which will be Filed as Exhibit I.A.119 to the Plan and will be available for inspection in the Document Reviewing Centers and over the Internet on the web site at http://www.loewenreorgplan.com. See "Additional Information."

The New Five-Year Secured Notes will mature on the fifth anniversary of the Effective Date and will bear interest at the rate of 11% per annum, payable semiannually on June 15 and December 15 of each year, commencing June 15, 2002. Reorganized LGII will pay on each of the dates indicated below the amount of principal of the New Five-Year Secured Notes set forth opposite such date:

Date	Principal Repayment
1st anniversary of Effective Date	$ 10 million
2nd anniversary of Effective Date	$ 20 million
3rd anniversary of Effective Date	$ 30 million
4th anniversary of Effective Date	$ 40 million
5th anniversary of Effective Date	$150 million

Within five business days after the third anniversary of the Effective Date, Reorganized LGII will pay an availability fee equal to 2% of the aggregate outstanding principal amount as of the third anniversary of the Effective Date.

Ranking and Collateral

The New Five-Year Secured Notes will be senior and initially secured by (a) all personal property (subject to certain exceptions) of Reorganized LGII and the Subsidiary Guarantors and (b) the material funeral home real property assets pledged under the Exit Financing Revolving Credit Facility. The aggregate book value of the collateral pledged on the Effective Date to secure the New Five-Year Secured Notes initially will be no less than the product of (x) the aggregate original principal amount of the Exit Financing Revolving Credit Facility commitment and the New Five-Year Secured Notes *times* (y) 1.25. The security interest in such collateral will be subject to release in order to effectuate certain permitted Asset Sales (as defined in the New Five-Year Secured Notes Indenture), including sales of the Disposition Properties. All security interests securing the New Five-Year Secured Notes shall be subordinated to those granted to secure the Exit Financing Revolving Credit Facility. The New Five-Year Secured Notes Indenture will also contain a so-called "Most Favored Nation" or "No More Restrictive Agreements" clause, the effect of which will be to prevent any Indebtedness (as defined in the New Five-Year Secured Notes Indenture) incurred after the Effective Date, other than securitization transactions and any refinancing of the Exit Financing Revolving Credit Facility, from having covenants, defaults or other terms materially more restrictive or burdensome on Reorganized LGII than those contained in the New Five-Year Secured Notes Indenture.

Guarantees

Each existing and future Subsidiary Guarantor shall unconditionally guarantee the payment of any and all obligations under the New Five-Year Secured Notes Indenture, such guarantees having the same ranking and collateral security as the New Five-Year Secured Notes.

Optional Redemption; Mandatory Offer To Repurchase upon a Change of Control; Repurchase upon Certain Asset Sales

The New Five-Year Secured Notes are redeemable at any time and from time to time at the option of Reorganized LGII, in whole or in part, at a price equal to 100% of the stated principal amount plus accrued and unpaid interest to the applicable redemption date. Upon the occurrence of a Change of Control (as defined in the New Five-Year Secured Notes Indenture), Reorganized LGII will be required to make an offer to purchase all of the then-outstanding New Five-Year Secured Notes at a price equal to 100% of the stated principal amount plus accrued and unpaid interest to the applicable repurchase date. Furthermore, Reorganized LGII will not, and will not permit

any of its Restricted Subsidiaries (as defined in the New Five-Year Secured Notes Indenture), which Reorganized LGII expects initially to be all of the subsidiaries of Reorganized LGII other than Loewen Life Insurance Group, Inc., a Delaware corporation, any subsidiary thereof and any successors thereto, to, consummate an Asset Sale unless (a) consideration at least equal to fair market value (determined on a market offer basis rather than book value) is received and (b) except with respect to certain scheduled assets, not less than 75% of the consideration for such Asset Sale shall be paid in cash. Within 270 days of the receipt of Net Proceeds (as defined in the New Five-Year Secured Notes Indenture) from an Asset Sale, Reorganized LGII may apply such Net Proceeds at its option (or as otherwise required) as follows: (x) with respect to Asset Sales of Disposition Properties, to pay the New Two-Year Unsecured Notes, and (y) with respect to all other Asset Sales, (i) to pay the Exit Financing Revolving Credit Facility and permanently reduce commitments with respect thereto or the New Two-Year Unsecured Notes, or (ii) to make capital expenditures or acquisitions of other assets in the same line of business as Reorganized LGII or its Restricted Subsidiaries or businesses related thereto. Any Net Proceeds not applied to (x) or (y) above in excess of $10 million in any fiscal year will constitute excess proceeds and, when cumulative excess proceeds (from and after the Effective Date) exceed $10 million, then Reorganized LGII will be obligated to make an offer to all holders of New Five-Year Secured Notes to purchase the maximum principal amount of New Five-Year Secured Notes that may be purchased out of the excess proceeds at an offer price in cash equal to 100% of the stated principal amount plus accrued and unpaid interest to the applicable repurchase date.

Events of Default

Each of the following events will constitute an Event of Default (as defined in the New Five-Year Secured Notes Indenture) with respect to the New Five-Year Secured Notes: (a) default in the payment of interest when due and payable and the continuance of such default for 20 days; (b) default in the payment of principal or premium, if any, when due and payable; (c) failure by Reorganized LGII to comply with (i) the covenants in the New Five-Year Secured Notes Indenture relating to repurchase rights of holders in the event of a Change of Control and certain Asset Sales or (ii) the covenants in the New Five-Year Secured Notes Indenture relating to merger or consolidation of assets; (d) default in the performance of or compliance with any other covenant or any of its agreements in the New Five-Year Secured Notes Indenture and the continuance of such default for 30 days after notice to Reorganized LGII by the trustee or to Reorganized LGII and the trustee by holders of at least 25% of the aggregate principal amount of outstanding New Five-Year Secured Notes; (e) default under any Indebtedness under which Reorganized LGII or any Restricted Subsidiary then has outstanding in excess of $25 million that continues beyond any applicable grace period set forth in the documentation governing that Indebtedness; *provided*, *however*, that a waiver of any such default by the requisite holders of the relevant Indebtedness shall constitute an immediate and automatic waiver of the default arising under this provision with respect to the New Five-Year Secured Notes; (f) failure to pay final judgments aggregating in excess of $25 million; (g) specified events involving bankruptcy or other insolvency-related matters; and (h) actual invalidity (or the assertion thereof by Reorganized LGII) of any lien, priority status or the benefits of subordination of other claims in respect of the New Five-Year Secured Notes resulting from actions or omissions of Reorganized LGII.

Affirmative Covenants

Reorganized LGII and the Restricted Subsidiaries on the Effective Date will account for at least 90% of Reorganized LGII's consolidated assets and revenues. Except to the extent otherwise permitted under the New Five-Year Secured Notes Indenture (which shall include reasonable and customary exceptions), Reorganized LGII will (and, where applicable, will cause each of its Restricted Subsidiaries to): (a) pay the principal of and interest on the New Five-Year Secured Notes on the dates and in the manner provided in the New Five-Year Secured Notes Indenture; (b) maintain an office or agency in the Borough of Manhattan, the City of New York, for the purposes of registration of transfer or exchange, presentation for payment and notices and demands; (c) preserve and keep in full force and effect their respective existence and rights, material licenses and/or material franchises; (d) pay or discharge all taxes, assessments and governmental charges levied upon them or their income, profits or property and all claims that, if unpaid, might result in a Lien (as defined in the New Five-Year Secured Notes Indenture) upon their property; (e) maintain and keep their properties and assets in good condition, repair and working order (reasonable wear and tear excepted); (f) maintain insurance as may be required by law and as is customarily maintained by companies similarly situated; (g) keep proper books and records; (h) comply with all statutes, laws, ordinances or governmental rules and regulations to which it is subject; and (i) file with the SEC, or, if not permitted or required to so file, deliver to the trustee under the New Five-Year Secured Notes Indenture, the annual reports,

quarterly reports and the information, documents and other reports that Reorganized LGII would be required to be filed with the SEC pursuant to sections 13 and 15 of the Exchange Act, if Reorganized LGII had a class of securities registered under the Exchange Act.

Negative Covenants

Except as otherwise permitted under the New Five-Year Secured Notes Indenture (which shall include reasonable and customary exceptions), Reorganized LGII will not (and, where applicable, will cause each of its Restricted Subsidiaries not to): (a) create, incur, issue, assume, guarantee or otherwise become liable for any Indebtedness (excluding, among other reasonable and customary exceptions, Indebtedness existing as of the Effective Date, a $350 million basket for the Exit Financing Revolving Credit Facility and the New Five-Year Secured Notes, and refinancings thereof), unless at the time the Consolidated Fixed Charge Coverage Ratio (as defined below) of Reorganized LGII for its most recently ended four full fiscal quarters immediately preceding the date on which such Indebtedness is incurred would have been at least equal to 2:1, determined on a pro forma basis giving effect to the incurrence of such Indebtedness at the beginning of such four fiscal quarter period; (b) declare, make or pay any Restricted Payments (as defined in the New Five-Year Secured Notes Indenture) unless (i) immediately after such Restricted Payments (A) no Default (as defined in the New Five-Year Secured Notes Indenture) or Event of Default shall have occurred and be continuing or would result therefrom and (B) Reorganized LGII could properly incur an additional dollar of Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio test under the limitation on incurrence of Indebtedness and (ii) the aggregate amount of all Restricted Payments declared or made after the Effective Date would not exceed the sum of (A) $10 million plus (B) 50% of the aggregate Consolidated Net Income (as defined in the New Five-Year Secured Notes Indenture) of Reorganized LGII during the period beginning on the Effective Date and ending on the last day of the fiscal quarter of Reorganized LGII preceding the date of such proposed Restricted Payment, which period shall be treated as a single accounting period (or, if such aggregate cumulative Consolidated Net Income for such period shall be a deficit, minus 100% of such deficit) plus (C) the aggregate net cash proceeds received by Reorganized LGII for the issuance or sale of capital stock after the Effective Date and not previously applied; (c) create or permit to exist or become effective any contractual restriction on the ability of any Restricted Subsidiary to pay dividends on its capital stock or to pay its obligations owed to Reorganized LGII, except as required by applicable law; (d) create, incur, assume or suffer to exist any Liens of any kind (excluding Liens existing as of the Effective Date and other Permitted Liens (as defined in the New Five-Year Secured Notes Indenture)) against or upon any of its properties or assets where the aggregate amount of Indebtedness secured by any such Liens exceeds $50 million; (e) enter into any transaction with an Affiliate (as defined in the New Five-Year Secured Notes Indenture) of Reorganized LGII (other than Restricted Subsidiaries or any other subsidiary solely to comply with regulatory requirements) unless such transaction is on terms no less favorable than those that could have been obtained in a comparable transaction with a non-Affiliate and, with respect to any transaction involving aggregate payments or value of $25 million or greater, Reorganized LGII has obtained a written opinion from an independent financial advisor stating such transaction is fair to Reorganized LGII from a financial point of view; (f) transfer, convey, sell or dispose of any capital stock of any Restricted Subsidiary (other than (i) sales, for valid business reasons, of non-voting equity comprising up to 40% of the capital stock of any Restricted Subsidiary to operators of funeral homes and/or cemeteries and (ii) with respect to DSP General Partner, Inc., a Texas corporation, Directors Succession Planning, Inc., a California corporation, Rose Hills Holding Corp., a Delaware corporation, any subsidiary of any such entity and any successors to any of the foregoing), unless all capital stock of such subsidiary is sold, and such transaction is in accordance with the provisions pertaining to Asset Sales; (g) permit any Restricted Subsidiary (other than DSP General Partner, Inc., a Texas corporation, Directors Succession Planning, Inc., a California corporation, Rose Hills Holding Corp., a Delaware corporation, any subsidiary of any such entity and any successors to any of the foregoing) to issue any of its equity interests to a person other than (i) issuances to Reorganized LGII or one of its wholly owned subsidiaries or (ii) issuances, for valid business reasons, of non-voting equity comprising up to 40% of the capital stock of any Restricted Subsidiary to operators of funeral homes or cemeteries; or (h) consolidate or merge (whether or not Reorganized LGII is the surviving corporation) or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions unless (i) Reorganized LGII is the surviving corporation or the surviving corporation is organized under the laws of the United States, any state thereof, or the District of Columbia; (ii) all of the obligations under the New Five-Year Secured Notes are assumed pursuant to a supplemental indenture substantially similar to the New Five-Year Secured Notes Indenture and otherwise acceptable to the trustee; (iii) immediately after the transaction no Default or Event of Default exists; and (iv) the surviving company assuming the New Five-Year Secured Notes (A) will have Consolidated Net Worth (as defined

in the New Five-Year Secured Notes Indenture) immediately after the transaction equal to or greater than the Consolidated Net Worth of Reorganized LGII immediately preceding the transaction, and (B) will, after giving pro forma effect to the transaction, be permitted to incur an additional dollar of Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio test under the limitation on incurrence of Indebtedness.

Amendment, Waiver or Modification of Indenture

The affirmative vote of the holders of at least a majority of the aggregate outstanding principal amount of the New Five-Year Secured Notes will be required to approve amendments, waivers or other modifications to the New Five-Year Secured Notes Indenture other than amendments, waivers or other modifications customarily requiring unanimous noteholder approval under indentures similar to the New Five-Year Secured Notes Indenture, including, without limitation, reducing the principal amount, changing the maturity, reducing the interest rate or changing the time of interest payments, releasing all or substantially all Subsidiary Guarantors and other guarantors, if any, from guarantees, releasing all or substantially all collateral securing the New Five-Year Secured Notes or changing the provisions on amendment and waiver or the obligations of Reorganized LGII to offer to purchase outstanding New Five-Year Unsecured Notes upon the occurrence of a Change of Control or Asset Sales (all of which will require unanimous approval).

Remedies upon Default

After an Event of Default has occurred and is continuing under the New Five-Year Secured Notes Indenture, the trustee or holders of at least 25% of the aggregate outstanding principal amount of the New Five-Year Secured Notes may declare the entire principal amount of and accrued and unpaid interest on the New Five-Year Secured Notes to be immediately due and payable. The holders of a majority in outstanding principal amount of the New Five-Year Secured Notes may rescind any such acceleration as provided in the New Five-Year Secured Notes Indenture.

Trustee Duties and Indemnification

The holders of a majority in aggregate outstanding principal amount of the New Five-Year Secured Notes may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee, *provided* that the trustee, with advice of counsel, may decline to follow such direction if the direction is in conflict with any rule of law or the New Five-Year Secured Notes Indenture or if the trustee in good faith determines that the action so directed would be unduly prejudicial to any holders of the New Five-Year Secured Notes not taking part in such direction or would expose the trustee to personal liability. Before proceeding to exercise any right or power under the New Five-Year Secured Notes Indenture at the direction of the noteholders, the trustee will be entitled to receive from such holders reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities that might be incurred by it in complying with any such direction.

No holder of the New Five-Year Secured Notes will have any right to pursue any remedy with respect to the New Five-Year Secured Notes Indenture or the New Five-Year Secured Notes, unless (a) such holder has previously given the trustee written notice of a continuing Event of Default, (b) the holders of at least 25% in aggregate principal amount of the outstanding New Five-Year Secured Notes have made a written request to the trustee to pursue such remedy and offered reasonable indemnity satisfactory to the trustee, (c) the trustee has not received from the holders of a majority in aggregate principal amount of the outstanding New Five-Year Secured Notes a direction inconsistent with such request within 45 days after receipt of such request, and (d) the trustee has failed to comply with the request within such 45-day period.

Bond Rating

Reorganized LGII will, in due course using its reasonable business judgment, seek a rating from at least one recognized rating agency.

Consolidated Fixed Charge Coverage Ratio

"Consolidated Fixed Charge Coverage Ratio" shall mean the ratio of (a) Consolidated EBITDA (as defined in the New Five-Year Secured Notes Indenture) to (b) the sum of (i) consolidated interest expense, (ii) scheduled mandatory principal payments of Indebtedness other than up to $35 million of scheduled repayments of the New Two-Year Unsecured Notes, (iii) principal component of capitalized leases paid and (iv) cash dividends paid to Reorganized LGII shareholders, in each case of Reorganized LGII and its Restricted Subsidiaries for the relevant period.

New Two-Year Unsecured Notes

General

Under the Plan, on the Effective Date, holders of Allowed CTA Note Claims in Classes 5, 6 and 7 may receive, among other things, New Two-Year Unsecured Notes in respect of their Claims. New Two-Year Unsecured Notes will be issued only if the Realized Asset Disposition Proceeds Amount is less than $165 million. See "Overview of the Plan — Summary of Classes and Treatment of Claims and Interests."

The New Two-Year Unsecured Notes are to be issued under the New Two-Year Unsecured Notes Indenture to be dated as of the Effective Date among Reorganized LGII, the existing Subsidiary Guarantors and Wells Fargo Bank Minnesota, National Association. The following description of the New Two-Year Unsecured Notes is qualified in its entirety by reference to the New Two-Year Unsecured Notes Indenture, a copy of which will be Filed as Exhibit I.A.118 to the Plan and will be available for inspection in the Document Reviewing Centers and over the Internet on the web site at http://www.loewenreorgplan.com. See "Additional Information."

The New Two-Year Unsecured Notes will mature on the second anniversary of the Effective Date and will bear interest at a rate of 12 ¼% per annum, payable semiannually on June 15 and December 15 of each year, commencing on June 15, 2002.

Ranking

The New Two-Year Unsecured Notes will be unsecured senior obligations of Reorganized LGII, ranking equally with other senior unsecured and general unsecured indebtedness of Reorganized LGII (such as the New Seven-Year Unsecured Notes) and senior to any subordinated indebtedness of Reorganized LGII (such as the New Unsecured Subordinated Convertible Notes).

Guarantees

Each existing and future Subsidiary Guarantor shall unconditionally guarantee the payment of any and all obligations under the New Two-Year Unsecured Notes, such guarantees having the same ranking as the New Two-Year Unsecured Notes.

Optional and Mandatory Redemption; Mandatory Offer To Repurchase upon a Change of Control

The New Two-Year Unsecured Notes are redeemable at any time and from time to time at the option of Reorganized LGII, in whole or in part at a price equal to 100% of the stated principal amount plus accrued and unpaid interest to the applicable redemption date. In addition, Reorganized LGII will be required to apply Net Proceeds (as defined in the New Two-Year Unsecured Notes Indenture), which shall be deemed to include noncash consideration received in respect of Disposition Properties, received by the Reorganized Debtors following the Effective Date in respect of the sale of any Disposition Properties to the redemption of the New Two-Year Unsecured Notes at a price equal to 100% of the stated principal amount plus accrued and unpaid interest to the applicable redemption date; *provided, however*, that Reorganized LGII will not be required to apply Net Proceeds so received to such redemption if the amount of such Net Proceeds would be an amount less than $5 million, but any such Net Proceeds shall be carried forward and applied to redemption after the receipt of, and together with, any subsequent Net Proceeds that, together with such Net Proceeds and any other amount or amounts so carried forward,

aggregates $5 million or more. Furthermore, upon the occurrence of a Change of Control (as defined in the New Two-Year Unsecured Notes Indenture), Reorganized LGII will be required to make an offer to purchase all of the then-outstanding New Two-Year Unsecured Notes at a price equal to 100% of stated principal amount plus accrued and unpaid interest to the applicable repurchase date.

Events of Default

Each of the following events will constitute an Event of Default (as defined in the New Two-Year Unsecured Notes Indenture) with respect to the New Two-Year Unsecured Notes: (a) default in the payment of interest when due and payable and the continuance of such default for 20 days; (b) default in the payment of principal or premium, if any, when due and payable; (c) failure by Reorganized LGII to comply with (i) the covenants in the New Two-Year Unsecured Notes Indenture relating to repurchase of New Two-Year Unsecured Notes in the event of a Change of Control or mandatory redemption upon the receipt of Net Proceeds in respect of the sale of any Disposition Properties described above or (ii) the covenants in the New Two-Year Unsecured Notes relating to mergers or consolidations described below; (d) default in the performance of or compliance with any other covenant or any of the other agreements in the New Two-Year Unsecured Notes Indenture and the continuance of such default for 30 days after notice to Reorganized LGII by the trustee or to Reorganized LGII and the trustee by holders of at least 25% of the aggregate principal amount of outstanding New Two-Year Unsecured Notes; (e) default under any Indebtedness (as defined in the New Two-Year Unsecured Notes Indenture), under which Reorganized LGII or any Restricted Subsidiary (as defined in the New Two-Year Unsecured Notes Indenture), which Reorganized LGII expects initially to be all of the subsidiaries of Reorganized LGII other than Loewen Life Insurance Group, Inc., a Delaware corporation, any subsidiary thereof and any successors thereto), then has outstanding Indebtedness in excess of $25 million and either (i) such default arises from Reorganized LGII's or a Restricted Subsidiaries' failure to pay when due principal or interest on any such Indebtedness, or (ii) such Indebtedness is due and payable in full or such default has resulted in the acceleration of the maturity of such Indebtedness; (f) failure to pay final judgments aggregating in excess of $25 million; and (g) specified events involving bankruptcy or other insolvency-related matters.

Affirmative Covenants

Reorganized LGII and the Restricted Subsidiaries on the Effective Date will account for at least 90% of Reorganized LGII's consolidated assets and revenues. Except to the extent otherwise permitted under the New Two-Year Unsecured Notes Indenture (which shall include reasonable and customary exceptions), Reorganized LGII will (and, where applicable, will cause each of its Restricted Subsidiaries to): (a) pay the principal of and interest on the New Two-Year Unsecured Notes on the dates and in the manner provided in the New Two-Year Unsecured Notes Indenture; (b) maintain an office or agency in the Borough of Manhattan, the City of New York, for the purposes of registration of transfer or exchange, presentation for payment and notices and demands; (c) preserve and keep in full force and effect their respective existence and rights, material licenses and/or material franchises; (d) pay or discharge all taxes, assessments and governmental charges levied upon them or their income, profits or property and all claims that, if unpaid, might result in a Lien (as defined in the New Two-Year Unsecured Notes Indenture) upon their property; (e) maintain and keep their properties and assets in good condition, repair and working order (reasonable wear and tear excepted); (f) maintain insurance as may be required by law and as is customarily maintained by companies similarly situated; (g) keep proper books and records; (h) comply with all statutes, laws, ordinances or governmental rules and regulations to which it is subject; and (i) file with the SEC, or, if not permitted or required to so file, deliver to the trustee under the New Two-Year Unsecured Notes Indenture, the annual reports, quarterly reports and the information, documents and other reports that Reorganized LGII would be required to be filed with the SEC pursuant to Sections 13 and 15 of the Exchange Act, if Reorganized LGII had a class of securities registered under the Exchange Act.

Negative Covenants

Except as otherwise permitted under the New Two-Year Unsecured Notes Indenture (which shall include reasonable and customary exceptions), Reorganized LGII will not (and, where applicable, will cause each of its Restricted Subsidiaries not to): (a) create, incur, issue, assume, guarantee or otherwise become liable for any Indebtedness (excluding, among other reasonable and customary exceptions, Indebtedness existing as of the Effective Date, a $350 million basket for the Exit Financing Revolving Credit Facility and the New Five-Year

Secured Notes, and refinancings thereof), unless at the time the Consolidated Fixed Charge Coverage Ratio (as defined below) of Reorganized LGII for its most recently ended four full fiscal quarters immediately preceding the date on which such Indebtedness is incurred would have been at least equal to, during any fiscal year in which Reorganized LGII has any scheduled principal payment due with respect to the New Five-Year Secured Notes, 1:1, and during any other year, 1.25:1, determined on a pro forma basis giving effect to the incurrence of such Indebtedness at the beginning of such four fiscal quarter period; (b) declare, make or pay any Restricted Payments (as defined in the New Two-Year Unsecured Notes Indenture) unless (i) immediately after such Restricted Payments (A) no Default (as defined in the New Two-Year Unsecured Notes Indenture) or Event of Default shall have occurred and be continuing or would result therefrom and (B) Reorganized LGII could properly incur an additional dollar of Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio test under the limitation on incurrence of Indebtedness and (ii) the aggregate amount of all Restricted Payments declared or made after the Effective Date would not exceed the sum of (A) $10 million plus (B) 50% of the aggregate Consolidated Net Income (as defined in the New Two-Year Unsecured Notes Indenture) of Reorganized LGII during the period beginning on the Effective Date and ending on the last day of the fiscal quarter of Reorganized LGII preceding the date of such proposed Restricted Payment, which period shall be treated as a single accounting period (or, if such aggregate cumulative Consolidated Net Income for such period shall be a deficit, minus 100% of such deficit) plus (C) the aggregate net cash proceeds received by Reorganized LGII for the issuance or sale of capital stock after the Effective Date and not previously applied; (c) create or permit to exist or become effective any contractual restriction on the ability of any Restricted Subsidiary to pay dividends on its capital stock or to pay its obligations owed to Reorganized LGII, except as required by applicable law; (d) create, incur, assume or suffer to exist any Liens of any kind (excluding Liens existing as of the Effective Date and other Permitted Liens (as defined in the New Two-Year Unsecured Notes Indenture)) against or upon any of its properties or assets where the aggregate amount of Indebtedness secured by any such Liens exceeds $50 million; (e) enter into any transaction with an Affiliate (as defined in the New Two-Year Unsecured Notes Indenture) of Reorganized LGII (other than Restricted Subsidiaries or any other subsidiary solely to comply with regulatory requirements) unless such transaction is on terms no less favorable than those that could have been obtained in a comparable transaction with a non-Affiliate and, with respect to any transaction involving aggregate payments or value of $25 million or greater, Reorganized LGII has obtained a written opinion from an independent financial advisor stating such transaction is fair to Reorganized LGII from a financial point of view; (f) transfer, convey, sell or dispose of any capital stock of any Restricted Subsidiary (other than (i) sales, for valid business reasons, of non-voting equity comprising up to 40% of the capital stock of any Restricted Subsidiary to operators of funeral homes and/or cemeteries and (ii) with respect to DSP General Partner, Inc., a Texas corporation, Directors Succession Planning, Inc., a California corporation, Rose Hills Holding Corp., a Delaware corporation, any subsidiary of any such entity and any successors to any of the foregoing), unless all capital stock of such subsidiary is sold, and such transaction is in accordance with the provisions pertaining to Asset Sales; (g) permit any Restricted Subsidiary (other than DSP General Partner, Inc., a Texas corporation, Directors Succession Planning, Inc., a California corporation, Rose Hills Holding Corp., a Delaware corporation, and subsidiary of any such entity and any successors to any of the foregoing) to issue any of its equity interests to a person other than (i) issuances to Reorganized LGII or one of its wholly owned subsidiaries or (ii) issuances, for valid business reasons, of non-voting equity comprising up to 40% of the capital stock of any Restricted Subsidiary to operators of funeral homes or cemeteries; or (h) consolidate or merge (whether or not Reorganized LGII is the surviving corporation) or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions unless (i) Reorganized LGII is the surviving corporation or the surviving corporation is organized under the laws of the United States, any state thereof, or the District of Columbia; (ii) all of the obligations under the New Two-Year Unsecured Notes are assumed pursuant to a supplemental indenture substantially similar to the New Two-Year Unsecured Notes Indenture and otherwise acceptable to the trustee; (iii) immediately after the transaction no Default or Event of Default exists; and (iv) the surviving company assuming the New Two-Year Unsecured Notes (A) will have Consolidated Net Worth (as defined in the New Two-Year Unsecured Notes Indenture) immediately after the transaction equal to or greater than the Consolidated Net Worth of Reorganized LGII immediately preceding the transaction, and (B) will, after giving pro forma effect to the transaction, be permitted to incur an additional dollar of Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio test under the limitation on incurrence of Indebtedness.

Amendment, Waiver or Modification of Indenture

The affirmative vote of the holders of at least a majority of the aggregate outstanding principal amount of the New Two-Year Unsecured Notes will be required to approve amendments, waivers or other modifications to the

New Two-Year Unsecured Notes Indenture other than amendments, waivers or other modifications customarily requiring unanimous noteholder approval under indentures similar to the New Two-Year Unsecured Notes Indenture, including, without limitation, reducing the principal amount, changing the maturity, reducing the interest rate or changing the time of interest payments, releasing all or substantially all Subsidiary Guarantors and other guarantors, if any, from guarantees or changing the provisions on amendment and waiver or the obligations of Reorganized LGII to offer to purchase outstanding New Two-Year Unsecured Notes upon the occurrence of a Change of Control or receipt of Net Proceeds in respect of the sale of any Disposition Properties (all of which will require unanimous approval).

Remedies upon Default

After an Event of Default has occurred and is continuing under the New Two-Year Unsecured Notes Indenture, the trustee or holders of at least 25% of the aggregate outstanding principal amount of the New Two-Year Unsecured Notes may declare the entire principal amount of and accrued and unpaid interest on the New Two-Year Unsecured Notes to be immediately due and payable. The holders of a majority in outstanding principal amount of the New Two-Year Unsecured Notes may rescind any such acceleration as provided in the New Two-Year Unsecured Notes Indenture.

Trustee Duties and Indemnification

The holders of a majority in aggregate outstanding principal amount of the New Two-Year Unsecured Notes may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee, *provided* that the trustee, with advice of counsel, may decline to follow such direction if the direction is in conflict with any rule of law or the New Two-Year Unsecured Notes Indenture or if the trustee in good faith determines that the action so directed would be unduly prejudicial to any holders of the New Two-Year Unsecured Notes not taking part in such direction or would expose the trustee to personal liability. Before proceeding to exercise any right or power under the New Two-Year Unsecured Notes Indenture at the direction of the noteholders, the trustee will be entitled to receive from such holders reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities that might be incurred by it in complying with any such direction.

No holder of the New Two-Year Unsecured Notes will have any right to pursue any remedy with respect to the New Two-Year Unsecured Notes Indenture or the New Two-Year Unsecured Notes, unless (a) such holder has previously given the trustee written notice of a continuing Event of Default, (b) the holders of at least 25% in aggregate principal amount of the outstanding New Two-Year Unsecured Notes have made a written request to the trustee to pursue such remedy and offered reasonable indemnity satisfactory to the trustee, (c) the trustee has not received from the holders of a majority in aggregate principal amount of the outstanding New Two-Year Unsecured Notes a direction inconsistent with such request within 45 days after receipt of such request, and (d) the trustee has failed to comply with the request within such 45-day period.

Consolidated Fixed Charge Coverage Ratio

"Consolidated Fixed Charge Coverage Ratio" shall mean the ratio of (a) Consolidated EBITDA (as defined in the New Two-Year Unsecured Notes Indenture) to (b) the sum of (i) consolidated interest expense, (ii) scheduled mandatory principal payments of Indebtedness other than up to $35 million of scheduled repayments of the New Two-Year Unsecured Notes, (iii) principal component of capitalized leases paid and (iv) cash dividends paid to Reorganized LGII shareholders, in each case of Reorganized LGII and its Restricted Subsidiaries for the relevant period.

New Seven-Year Unsecured Notes

General

Under the Plan, on the Effective Date, holders of Allowed CTA Note Claims in Classes 5, 6 and 7 will receive, among other things, New Seven-Year Unsecured Notes in respect of their Claims. See "Overview of the Plan — Summary of Classes and Treatment of Claims and Interests."

The New Seven-Year Unsecured Notes are to be issued under the New Seven-Year Unsecured Notes Indenture to be dated as of the Effective Date among Reorganized LGII, the existing Subsidiary Guarantors and Wells Fargo Bank Minnesota, National Association. The following description of the New Seven-Year Unsecured Notes is qualified in its entirety by reference to the New Seven-Year Unsecured Notes Indenture, a copy of which will be Filed as Exhibit I.A.113 to the Plan and will be available for inspection in the Document Reviewing Centers and over the Internet on the web site at http://www.loewenreorgplan.com. See "Additional Information."

The New Seven-Year Unsecured Notes will mature on the seventh anniversary of the Effective Date and will bear interest at the rate of 12 ¼% per annum, payable semiannually on March 15 and September 15 of each year, commencing March 15, 2002.

Ranking

The New Seven-Year Unsecured Notes will be unsecured senior obligations of Reorganized LGII, ranking equally with other senior unsecured and general unsecured indebtedness of Reorganized LGII (such as the New Two-Year Unsecured Notes) and senior to any subordinated indebtedness of Reorganized LGII (such as the New Unsecured Subordinated Convertible Notes).

Guarantees

Each existing and future Subsidiary Guarantor shall unconditionally guarantee the payment of any and all obligations under the New Seven-Year Unsecured Notes Indenture, such guarantees having the same ranking as the New Seven-Year Unsecured Notes. Such guarantees shall be subject to release to allow sales of equity interests to facilitate joint venture franchise financing (provided the Net Proceeds (as defined in the New Seven-Year Unsecured Notes Indenture) resulting therefrom are applied to repayment of the New Seven-Year Unsecured Notes).

Optional Redemption; Mandatory Offer To Repurchase upon a Change of Control; Mandatory Offer to Repurchase upon Certain Asset Sales

The New Seven-Year Unsecured Notes are redeemable from and after the third anniversary of the Effective Date, at the option of Reorganized LGII, in whole or in part. The price of any such redemption of the New Seven-Year Unsecured Notes shall be equal to the following redemption prices (indicated as a percentage of stated principal amount) plus accrued and unpaid interest to the applicable redemption date:

Date	**Redemption Price**
From the 3rd to the 4th anniversary of the Effective Date	106.250%
From the 4th to the 5th anniversary of the Effective Date	103.125%
Thereafter	100.0%

Furthermore, upon the occurrence of a Change of Control (as defined in the New Seven-Year Unsecured Notes Indenture), Reorganized LGII will be required to make an offer to purchase all of the then outstanding New Seven-Year Unsecured Notes at a purchase price equal to 101% of the stated principal amount plus accrued and unpaid interest to the applicable repurchase date. Additionally, Reorganized LGII will not, and will not permit any of its Restricted Subsidiaries (as defined in the New Seven-Year Unsecured Notes Indenture), which Reorganized LGII expects initially to be all of the subsidiaries of Reorganized LGII other than Loewen Life Insurance Group,

Inc., a Delaware corporation, any subsidiary thereof and any successors thereto, to, consummate an Asset Sale (as defined in the New Seven-Year Unsecured Notes Indenture) unless (a) consideration at least equal to fair market value (determined on a market offer basis rather than book value) is received and (b) except with respect to certain scheduled assets, not less than 75% of the consideration for such Asset Sale shall be paid in cash. Within 270 days of the receipt of Net Proceeds from an Asset Sale, Reorganized LGII may apply such Net Proceeds at its option (or as otherwise required) as follows: (x) with respect to Asset Sales of Disposition Properties, to pay the New Two-Year Unsecured Notes, and (y) with respect to all other Asset Sales, (i) to pay the Exit Financing Revolving Credit Facility and permanently reduce commitments with respect thereto, the New Five-Year Secured Notes or the New Two-Year Unsecured Notes or (ii) to make capital expenditures or acquisitions of other assets in the same line of business as Reorganized LGII or its Restricted Subsidiaries or businesses related thereto. Any Net Proceeds not applied to (x) or (y) above in excess of $10 million in any fiscal year will constitute excess proceeds and, when cumulative excess proceeds (from and after the Effective Date) exceed $10 million, then Reorganized LGII will be obligated to make an offer to all holders of New Seven-Year Unsecured Notes to purchase the maximum principal amount of New Seven-Year Unsecured Notes that may be purchased out of the excess proceeds at an offer price in cash equal to 100% of the stated principal amount plus accrued and unpaid interest to the applicable repurchase date.

Events of Default

Each of the following events will constitute an Event of Default (as defined in the New Seven-Year Unsecured Notes Indenture) with respect to the New Seven-Year Unsecured Notes: (a) default in the payment of interest when due and payable and the continuance of such default for 30 days; (b) default in the payment of principal or premium, if any, when due and payable; (c) failure by Reorganized LGII to comply with (i) the covenants of the New Seven-Year Unsecured Notes Indenture relating to the repurchase rights of holders in the event of a Change of Control and certain Asset Sales or (ii) the covenants in the New Seven-Year Unsecured Notes Indenture relating to mergers or consolidations; (d) default in the performance of or compliance with any other covenant and the continuance of such default for 30 days after notice to Reorganized LGII by the trustee or to Reorganized LGII and the trustee by holders of at least 25% of the aggregate principal amount of outstanding New Seven-Year Unsecured Notes; (e) default under any Indebtedness (as defined in the New Seven-Year Unsecured Notes Indenture) under which Reorganized LGII or any Restricted Subsidiary then has outstanding Indebtedness in excess of $25 million and either (i) such default arises from Reorganized LGII's or a Restricted Subsidiary's failure to pay when due principal and interest on such Indebtedness, or (ii) such Indebtedness is due and payable in full or such default has resulted in acceleration of the maturity of such Indebtedness; (f) failure to pay final judgments aggregating in excess of $25 million; and (g) specified events involving bankruptcy or other insolvency-related matters.

Affirmative Covenants

Reorganized LGII and the Restricted Subsidiaries on the Effective Date will account for at least 90% of Reorganized LGII's consolidated assets and revenues. Except to the extent otherwise permitted under the New Seven-Year Unsecured Notes Indenture (which shall include reasonable and customary exceptions), Reorganized LGII will (and, where applicable, will cause each of its Restricted Subsidiaries to): (a) pay the principal of and interest on the New Seven-Year Unsecured Notes on the dates and in the manner provided in the New Seven-Year Unsecured Notes Indenture; (b) maintain an office or agency in the Borough of Manhattan, the City of New York, for the purposes of registration of transfer or exchange, presentation for payment and notices and demands; (c) preserve and keep in full force and effect their respective existence and rights, material licenses and/or material franchises; (d) pay or discharge all taxes, assessments and governmental charges levied upon them or their income, profits or property and all claims that, if unpaid, might result in a Lien (as defined in the New Seven-Year Unsecured Notes Indenture) upon their property; (e) maintain and keep their properties and assets in good condition, repair and working order (reasonable wear and tear excepted); (f) maintain insurance as may be required by law and as is customarily maintained by companies similarly situated; (g) keep proper books and records; (h) comply with all statutes, laws, ordinances or governmental rules and regulations to which it is subject; and (i) file with the SEC, or, if not permitted or required to so file, deliver to the trustee under the New Seven-Year Unsecured Notes Indenture, the annual reports, quarterly reports and the information, documents and other reports that Reorganized LGII would be required to be filed with the SEC pursuant to sections 13 and 15 of the Exchange Act, if Reorganized LGII had a class of securities registered under the Exchange Act.

Negative Covenants

Except as otherwise permitted under the New Seven-Year Unsecured Notes Indenture (which shall include reasonable and customary exceptions), Reorganized LGII will not (and, where applicable, will cause each of its Restricted Subsidiaries not to): (a) create, incur, issue, assume, guarantee or otherwise become liable for any Indebtedness (excluding, among other reasonable and customary exceptions, Indebtedness existing as of the Effective Date, a $350 million basket for the Exit Financing Revolving Credit Facility, the New Five-Year Secured Notes, and refinancings thereof), unless at the time the Consolidated Fixed Charge Coverage Ratio (as defined below) of Reorganized LGII for its most recently ended four full fiscal quarters immediately preceding the date on which such Indebtedness is incurred would have been at least equal to, during any fiscal year in which Reorganized LGII has any scheduled principal payment due with respect to the New Five-Year Secured Notes, 1:1, and during any other year, 1.25:1, determined on a pro forma basis giving effect to the incurrence of such Indebtedness at the beginning of such four fiscal quarter period; (b) declare, make or pay any Restricted Payments (as defined in the New Seven-Year Unsecured Notes Indenture) unless (i) immediately after such Restricted Payments (A) no Default (as defined in the New Seven-Year Unsecured Notes Indenture) or Event of Default shall have occurred and be continuing or would result therefrom and (B) Reorganized LGII could properly incur an additional dollar of Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio test under the limitation on incurrence of Indebtedness and (ii) the aggregate amount of all Restricted Payments declared or made after the Effective Date would not exceed the sum of (A) $10 million plus (B) 50% of the aggregate Consolidated Net Income (as defined in the New Seven-Year Unsecured Notes Indenture) of Reorganized LGII during the period beginning on the Effective Date and ending on the last day of the fiscal quarter of Reorganized LGII preceding the date of such proposed Restricted Payment, which period shall be treated as a single accounting period (or, if such aggregate cumulative Consolidated Net Income for such period shall be a deficit, minus 100% of such deficit) plus (C) the aggregate net cash proceeds received by Reorganized LGII for the issuance or sale of capital stock after the Effective Date and not previously applied; (c) create or permit to exist or become effective any contractual restriction on the ability of any Restricted Subsidiary to pay dividends on its capital stock or to pay its obligations owed to Reorganized LGII, except as required by applicable law; (d) create, incur, assume or suffer to exist any Liens of any kind (excluding Liens existing as of the Effective Date and other Permitted Liens (as defined in the New Seven-Year Unsecured Notes Indenture)) against or upon any of its properties or assets where the aggregate amount of Indebtedness secured by any such Liens exceeds $50 million; (e) enter into any transaction with an Affiliate (as defined in the New Seven-Year Unsecured Notes Indenture) of Reorganized LGII (other than Restricted Subsidiaries or any other subsidiary solely to comply with regulatory requirements) unless such transaction is on terms no less favorable than those that could have been obtained in a comparable transaction with a non-Affiliate and, with respect to any transaction involving aggregate payments or value of $25 million or greater, Reorganized LGII has obtained a written opinion from an independent financial advisor stating such transaction is fair to Reorganized LGII from a financial point of view; (f) transfer, convey, sell or dispose of any capital stock of any Restricted Subsidiary (other than (i) sales, for valid business reasons, of non-voting equity comprising up to 40% of the capital stock of any Restricted Subsidiary to operators of funeral homes and/or cemeteries and (ii) with respect to DSP General Partner, Inc., a Texas corporation, Directors Succession Planning, Inc., a California corporation, Rose Hills Holding Corp., a Delaware corporation, any Subsidiary of any such entity and any successors to any of the foregoing), unless such transaction is in accordance with the provisions pertaining to Asset Sales; (g) permit any Restricted Subsidiary (other than DSP General Partner, Inc., a Texas corporation, Directors Succession Planning, Inc., a California corporation, Rose Hills Holding Corp., a Delaware corporation, any subsidiary of any such entity and any successors to any of the foregoing) to issue any of its equity interests to a person other than (i) issuances to Reorganized LGII or one of its wholly owned subsidiaries or (ii) issuances, for valid business reasons, of non-voting equity comprising up to 40% of the capital stock of any Restricted Subsidiary to operators of funeral homes or cemeteries, unless such transaction is in accordance with the provisions pertaining to Asset Sales; or (h) consolidate or merge (whether or not Reorganized LGII is the surviving corporation) or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions unless (i) Reorganized LGII is the surviving corporation or the surviving corporation is organized under the laws of the United States, any state thereof, or the District of Columbia; (ii) all of the obligations under the New Seven-Year Unsecured Notes are assumed pursuant to a supplemental indenture substantially similar to the New Seven-Year Unsecured Notes Indenture and otherwise acceptable to the trustee; (iii) immediately after the transaction no Default or Event of Default exists; and (iv) the surviving company assuming the New Seven-Year Unsecured Notes (A) will have Consolidated Net Worth (as defined in the New Seven-Year Unsecured Notes Indenture) immediately after the transaction equal to or greater than the Consolidated Net Worth of Reorganized LGII immediately preceding the transaction, and (B) will, after

giving pro forma effect to the transaction, be permitted to incur an additional dollar of Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio test under the limitation on incurrence of Indebtedness.

Amendment, Waiver or Modification of Indenture

The affirmative vote of the holders of at least a majority of the aggregate principal amount of the New Seven-Year Unsecured Notes will be required to approve amendments, waivers or other modifications to the New Seven-Year Unsecured Notes Indenture other than amendments, waivers or other modifications customarily requiring unanimous noteholder approval under indentures similar to the New Seven-Year Unsecured Notes Indenture, including, without limitation, reducing the principal amount, changing the maturity, reducing the interest rate or changing the time of interest payments, releasing all or substantially all Subsidiary Guarantors and other guarantors, if any, from guarantees, or changing the provisions on amendment and waiver or the obligations of Reorganized LGII to offer to purchase outstanding New Seven-Year Unsecured Notes upon the occurrence of a Change of Control or Asset Sales (all of which will require unanimous approval).

Remedies upon Default

After an Event of Default has occurred and is continuing under the New Seven-Year Unsecured Notes Indenture, the trustee or holders of at least 25% of the aggregate outstanding principal amount of the New Seven-Year Unsecured Notes may declare the entire principal amount of and accrued and unpaid interest on the New Seven-Year Unsecured Notes to be immediately due and payable. The holders of a majority in outstanding principal amount of the New Seven-Year Unsecured Notes may rescind any such acceleration as provided in the New Seven-Year Unsecured Notes Indenture.

Trustee Duties and Indemnification

The holders of a majority in aggregate outstanding principal amount of the New Seven-Year Unsecured Notes may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee, *provided* that the trustee, with advice of counsel, may decline to follow such direction if the direction is in conflict with any rule of law or the New Seven-Year Unsecured Notes Indenture or if the trustee in good faith determines that the action so directed would be unduly prejudicial to any holders of the New Seven-Year Unsecured Notes not taking part in such direction or would expose the trustee to personal liability. Before proceeding to exercise any right or power under the New Seven-Year Unsecured Notes Indenture at the direction of the noteholders, the trustee will be entitled to receive from such holders reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities that might be incurred by it in complying with any such direction.

No holder of the New Seven-Year Unsecured Notes will have any right to pursue any remedy with respect to the New Seven-Year Unsecured Notes Indenture or the New Seven-Year Unsecured Notes, unless (a) such holder has previously given the trustee written notice of a continuing Event of Default, (b) the holders of at least 25% in aggregate principal amount of the outstanding New Seven-Year Unsecured Notes have made a written request to the trustee to pursue such remedy and offered reasonable indemnity satisfactory to the trustee, (c) the trustee has not received from the holders of a majority in aggregate principal amount of the outstanding New Seven-Year Unsecured Notes a direction inconsistent with such request within 45 days after receipt of such request, and (d) the trustee has failed to comply with the request within such 45-day period.

Consolidated Fixed Charge Coverage Ratio

"Consolidated Fixed Charge Coverage Ratio" shall mean the ratio of (a) Consolidated EBITDA (as defined in the New Seven-Year Unsecured Notes Indenture) to (b) the sum of (i) consolidated interest expense, (ii) scheduled mandatory principal payments of Indebtedness other than up to $35 million of scheduled repayments of the New Two-Year Unsecured Notes, (iii) principal component of capitalized leases paid and (iv) cash dividends paid to Reorganized LGII shareholders, in each case of Reorganized LGII and its Restricted Subsidiaries for the relevant period.

New Unsecured Subordinated Convertible Notes

General

Under the Plan, on the Effective Date, holders of certain Allowed Administrative Claims will receive, among other things, $24,679,000 aggregate principal amount of New Unsecured Subordinated Convertible Notes in respect of their Claims as contemplated by the Blackstone Settlement Agreement. See "Overview of the Plan — Additional Information Regarding Assertion and Treatment of Administrative Claims, Substantial Contribution Claims and Priority Tax Claims — Administrative Claims" and "Operation During the Reorganization Cases — Blackstone Transactions — Blackstone Settlement."

The New Unsecured Subordinated Convertible Notes are to be issued under the New Unsecured Subordinated Convertible Notes Indenture to be dated as of the Effective Date among Reorganized LGII, the existing Subsidiary Guarantors and Wells Fargo Bank Minnesota, National Association. The following description of the New Unsecured Subordinated Convertible Notes is qualified in its entirety by reference to the New Unsecured Subordinated Convertible Notes Indenture, a copy of which will be Filed as Exhibit I.A.120 to the Plan and will be available for inspection in the Document Reviewing Centers and over the Internet on web site at http://www.loewenreorgplan.com. See "Additional Information."

The New Unsecured Subordinated Convertible Notes will mature on the tenth anniversary of the Effective Date and will bear interest at a rate of 12 ¼% per annum, payable semiannually on March 15 and September 15 of each year, commencing on March 15, 2002.

Ranking

The New Unsecured Subordinated Convertible Notes will be unsecured obligations of Reorganized LGII, ranking junior to all senior indebtedness of Reorganized LGII (such as the New Five-Year Secured Notes, the New Two-Year Unsecured Notes, the New Seven-Year Unsecured Notes and the Exit Financing Revolving Credit Facility).

Guarantees

Each existing and future Subsidiary Guarantor shall unconditionally guarantee the payment of any and all obligations under the New Unsecured Subordinated Convertible Notes Indenture, such guarantees having the same ranking as the New Unsecured Subordinated Convertible Notes.

Conversion

The New Unsecured Subordinated Convertible Notes will be convertible, at any time at the option of the holder, into shares of New Common Stock at a conversion price equal to $17.17 per share. The conversion price will be subject to adjustment in the following events: (a) if Reorganized LGII pays a dividend or otherwise distributes to holders of New Common Stock, as such, shares of New Common Stock; (b) if Reorganized LGII (i) subdivides outstanding shares of New Common Stock into a greater number of shares of New Common Stock or (ii) combines outstanding shares of New Common Stock into a smaller number of shares of New Common Stock; (c) if Reorganized LGII distributes to holders of New Common Stock, as such, (i) evidences of indebtedness or assets (excluding regular cash dividends or cash distributions payable out of surplus or net profits legally available therefor and those distributions described in clause (a) above) of Reorganized LGII or any of its subsidiaries, (ii) shares of capital stock of Reorganized LGII or any of its subsidiaries (other than New Common Stock), (iii) securities convertible into or exchangeable for capital stock of Reorganized LGII or any of its subsidiaries, or (iv) any rights, options or warrants to purchase any of the foregoing (excluding those described in clause (d) below); (d) if Reorganized LGII issues rights, options or warrants to holders of the outstanding shares of New Common Stock, as such, entitling the holders of such rights, options or warrants to subscribe for or purchase shares of New Common Stock at a price per share that is lower on the record date than the current market price per share of New Common Stock on such record date (as determined in accordance with the New Unsecured Subordinated Convertible Notes Indenture); or (e) if Reorganized LGII issues shares of New Common Stock, securities

convertible into or exchangeable for shares of New Common Stock or rights, options or warrants entitling holders of such rights, options or warrants to subscribe for or purchase shares of New Common Stock (excluding shares of New Common Stock, convertible or exchangeable securities or rights, options or warrants issued in any of the transactions described in clauses (a), (b), (c) or (d) above) for a purchase price per share of such New Common Stock, for a conversion or exchange price per share of New Common Stock initially deliverable upon conversion or exchange of such securities or for a subscription or purchase price per share of New Common Stock initially deliverable upon exercise of such rights, options or warrants, that is less than the current market price per share of New Common Stock on the date the purchase, conversion, exchange or subscription price of such additional shares of New Common Stock are first fixed (as determined in accordance with the New Unsecured Subordinated Convertible Notes Indenture).

No adjustment in the conversion price will be required unless such adjustment would require an increase or decrease in the conversion price of at least 1%; *provided, however*, that any adjustments which are not required to be made currently will be carried forward and made at the time and together with the next subsequent adjustment which, together with any adjustments so carried forward, would require an increase or decrease in the conversion price of 1% or more. In addition, no adjustment in the number of shares purchasable upon the exercise of a New Warrant will be made in circumstances described in clause (a), (c), (d) or (e) in the second sentence of the immediately preceding paragraph if Reorganized LGII issues or distributes to each holder of New Unsecured Subordinated Convertible Notes the shares, rights, options, warrants, convertible or exchangeable securities, evidences of indebtedness, assets or other securities referred to in such clause that such holder would have been entitled to receive had the New Unsecured Subordinated Convertible Notes been converted prior to the happening of such event or the record date with respect thereto. Further, no adjustment in the conversion price will be made on account of: (a) any issuance of shares of New Common Stock, or of options, rights or warrants to purchase, or securities convertible into or exchangeable for, shares of New Common Stock, pursuant to the Plan; (b) any issuance of shares of New Common Stock upon the exercise of options, rights or warrants or upon the conversion or exchange of convertible or exchangeable securities, in either case issued pursuant to the Plan or outstanding as of the Effective Date; (c) any issuance of shares of New Common Stock, or of options, rights or warrants, or of other securities, pursuant to a share purchase rights plan or any similar plan adopted by the Board of Directors of Reorganized LGII; (d) any issuance of shares of New Common Stock, or of options, rights or warrants to purchase, or securities convertible into or exchangeable for shares of New Common Stock, in accordance with any plan for the benefit of the employees or directors of Reorganized LGII existing as of the Effective Date or contemplated by the Plan or any other plan adopted by the Board of Directors of Reorganized LGII for the benefit of the employees or directors of Reorganized LGII or any of its subsidiaries; (e) any issuance of shares of New Common Stock in connection with a company-sponsored plan for reinvestment of dividends or interest; (f) any issuance of shares of New Common Stock, securities convertible into or exchangeable for shares of New Common Stock or rights, options or warrants entitling holders of such rights, options or warrants to subscribe for or purchase shares of New Common Stock pursuant to an underwritten public offering for a price per share of New Common Stock in the case of an issuance of shares of New Common Stock, for a price per share of New Common Stock initially deliverable upon conversion or exchange of such securities or for a subscription or purchase price per share of New Common Stock initially deliverable upon exercise of such rights, options or warrants, that is equal to or greater than 95% of the closing price per share of New Common Stock on the date the offering, conversion, exchange, subscription or purchase price of such additional shares of New Common Stock is first fixed (as determined in accordance with the New Unsecured Subordinated Convertible Notes Indenture); or (g) any issuance of shares of New Common Stock or other securities to the owners of any entity that is acquired by Reorganized LGII in an arm's-length transaction approved by the Board of Directors of Reorganized LGII. No adjustment in Unsecured Subordinated Convertible Notes Indenture will be made for a change in the par value of the shares of New Common Stock.

Optional Redemption; Mandatory Offer To Repurchase upon a Change of Control; Mandatory Offer To Repurchase upon Certain Asset Sales

The New Unsecured Subordinated Convertible Notes are redeemable at any time at the option of Reorganized LGII, in whole or in part at a price equal to 100% of the stated principal amount plus accrued and unpaid interest to the applicable redemption date; *provided, however*, that, prior to the second anniversary of the Effective Date, Reorganized LGII may not optionally redeem the New Unsecured Subordinated Convertible Notes unless the current market price per share Price of New Common Stock is at least 15% greater than the then applicable conversion price. Furthermore, upon the occurrence of a Change of Control (as defined in the New

Unsecured Subordinated Convertible Notes Indenture), Reorganized LGII will be required to offer to purchase all of the then-outstanding New Unsecured Subordinated Convertible Notes at a price equal to 100% of stated principal amount plus accrued and unpaid interest to the applicable repurchase date. Additionally, Reorganized LGII will not, and will not permit any of its Restricted Subsidiaries (as defined in the New Unsecured Subordinated Convertible Notes Indenture), which Reorganized LGII expects initially to be all subsidiaries of Reorganized LGII other than Loewen Life Insurance Group, Inc., a Delaware corporation, any subsidiary thereof and any successors thereto), to, consummate an Asset Sale (as defined in the New Unsecured Subordinated Convertible Notes Indenture) unless (a) consideration at least equal to fair market value (determined on a market offer basis rather than book value) is received and (b) except with respect to certain scheduled assets, not less than 75% of the consideration for such Asset Sale shall be paid in cash. Within 270 days of the receipt of Net Proceeds (as defined in the New Unsecured Subordinated Convertible Notes Indenture) from an Asset Sale, Reorganized LGII may apply such Net Proceeds at its option (or as otherwise required) as follows: (x) with respect to Asset Sales of Disposition Properties, to pay the New Two-Year Unsecured Notes, and (y) with respect to all other Asset Sales, (i) to pay the Exit Financing Revolving Credit Facility and permanently reduce commitments with respect thereto, the New Five-Year Secured Notes, the New Two-Year Unsecured Notes or the New Seven-Year Unsecured Notes or (ii) to make capital expenditures or acquisitions of other assets in the same line of business as Reorganized LGII or its Restricted Subsidiaries or businesses related thereto. Any Net Proceeds not applied to (x) or (y) above in excess of $10 million in any fiscal year will constitute excess proceeds and, when cumulative excess proceeds (from and after the Effective Date) exceed $10 million, then Reorganized LGII will be obligated to make an offer to all holders of New Unsecured Subordinated Convertible Notes that may be purchased out of the excess proceeds at an offer price in cash equal to 100% of the stated principal amount plus accrued and unpaid interest to the applicable repurchase date.

Events of Default

Each of the following events will constitute an Event of Default (as defined in the New Unsecured Subordinated Convertible Notes Indenture) with respect to the New Unsecured Subordinated Convertible Notes: (a) default in the payment of interest when due and payable and the continuance of such default for 30 days; (b) default in the payment of principal or premium, if any, when due and payable; (c) failure by Reorganized LGII to comply with (i) the covenants of the New Unsecured Subordinated Convertible Notes Indenture relating to the repurchase rights of holders in the event of a Change of Control and certain Asset Sales or (ii) the covenants in the New Unsecured Subordinated Convertible Notes Indenture relating to mergers or consolidations; (d) default in the performance of or compliance with any other covenant and the continuance of such default for 30 days after notice to Reorganized LGII by the trustee or to Reorganized LGII and the trustee by holders of at least 25% of the aggregate principal amount of outstanding New Unsecured Subordinated Convertible Notes; (e) default under any Indebtedness (as defined in the New Unsecured Subordinated Convertible Notes Indenture) under which Reorganized LGII or any Restricted Subsidiary then has outstanding Indebtedness in excess of $25 million and either (i) such default arises from Reorganized LGII's or a Restricted Subsidiary's failure to pay when due principal and interest on such Indebtedness, or (ii) such Indebtedness is due and payable in full or such default has resulted in acceleration of the maturity of such Indebtedness; (f) failure to pay final judgments aggregating in excess of $25 million; and (g) specified events involving bankruptcy or other insolvency-related matters.

Affirmative Covenants

Reorganized LGII and the Restricted Subsidiaries on the Effective Date will account for at least 90% of Reorganized LGII's consolidated assets and revenues. Except to the extent otherwise permitted under the New Unsecured Subordinated Convertible Notes Indenture (which shall include reasonable and customary exceptions), Reorganized LGII will (and, where applicable, will cause each of its Restricted Subsidiaries to): (a) pay the principal of and interest on the New Unsecured Subordinated Convertible Notes on the dates and in the manner provided in the New Unsecured Subordinated Convertible Notes Indenture; (b) maintain an office or agency in the Borough of Manhattan, the City of New York, for the purposes of registration of transfer or exchange, presentation for payment or conversion and notices and demands; (c) preserve and keep in full force and effect their respective existence and rights, material licenses and/or material franchises; (d) pay or discharge all taxes, assessments and governmental charges levied upon them or their income, profits or property and all claims which, if unpaid, might result in a Lien (as defined in the New Unsecured Subordinated Convertible Notes Indenture) upon their property; (e) maintain and keep their properties and assets in good condition, repair and working order (reasonable wear and tear excepted); (f) maintain insurance as may be required by law and as is customarily maintained by companies

similarly situated; (g) keep proper books and records; (h) comply with all statutes, laws, ordinances or governmental rules and regulations to which it is subject; and (i) file with the SEC, or, if not permitted or required to so file, deliver to the trustee under the New Unsecured Subordinated Convertible Notes Indenture, the annual reports, quarterly reports and the information, documents and other reports that Reorganized LGII would be required to be filed with the SEC pursuant to sections 13 and 15 of the Exchange Act, if Reorganized LGII had a class of securities registered under the Exchange Act.

Negative Covenants

Except as otherwise permitted under the New Unsecured Subordinated Convertible Notes Indenture (which shall include reasonable and customary exceptions), Reorganized LGII will not (and, where applicable, will cause each of its Restricted Subsidiaries not to): (a) create, incur, issue, assume, guarantee or otherwise become liable for any Indebtedness (excluding, among other reasonable and customary exceptions, Indebtedness existing as of the Effective Date, a $350 million basket for the Exit Financing Revolving Credit Facility and the New Five-Year Secured Notes, and refinancings thereof), unless at the time the Consolidated Fixed Charge Coverage Ratio (as defined below) of Reorganized LGII for its most recently ended four full fiscal quarters immediately preceding the date on which such Indebtedness is incurred would have been at least equal to, during any fiscal year in which Reorganized LGII has any scheduled principal payment due with respect to the New Five-Year Secured Notes, 1:1, and during any other year, 1.25:1, determined on a pro forma basis giving effect to the incurrence of such Indebtedness at the beginning of such four fiscal quarter period; (b) declare, make or pay any Restricted Payments (as defined in the New Unsecured Subordinated Convertible Notes Indenture) unless (i) immediately after such Restricted Payments (A) no Default (as defined in the New Unsecured Subordinated Convertible Notes Indenture) or Event of Default shall have occurred and be continuing or would result therefrom and (B) Reorganized LGII could properly incur an additional dollar of Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio test under the limitation on incurrence of Indebtedness and (ii) the aggregate amount of all Restricted Payments declared or made after the Effective Date would not exceed the sum of (A) $10 million plus (B) 50% of the aggregate Consolidated Net Income (as defined in the New Unsecured Subordinated Convertible Notes Indenture) or Reorganized LGII during the period beginning on the Effective Date and ending on the last day of the fiscal quarter of Reorganized LGII preceding the date of such proposed Restricted Payment, which period shall be treated as a single accounting period (or, if such aggregate cumulative Consolidated Net Income for such period shall be a deficit, minus 100% of such deficit) plus (C) the aggregate net cash proceeds received by Reorganized LGII for the issuance or sale of capital stock after the Effective Date and not previously applied; (c) create or permit to exist or become effective any contractual restriction on the ability of any Restricted Subsidiary to pay dividends on its capital stock or to pay its obligations owed to Reorganized LGII, except as required by applicable law; (d) create, incur, assume or suffer to exist any Liens of any kind (excluding Liens existing as of the Effective Date and other Permitted Liens (as defined in the New Unsecured Subordinated Convertible Notes Indenture)) against or upon any of its properties or assets where the aggregate amount of Indebtedness secured by any such Liens exceeds $50 million; (e) enter into any transaction with an Affiliate (as defined in the New Unsecured Subordinated Convertible Notes Indenture) of Reorganized LGII (other than Restricted Subsidiaries or any other subsidiary solely to comply with regulatory requirements) unless such transaction is on terms no less favorable than those that could have been obtained in a comparable transaction with a non-Affiliate and, with respect to any transaction involving aggregate payments or value of $25 million or greater, Reorganized LGII has obtained a written opinion from an independent financial advisor stating such transaction is fair to Reorganized LGII from a financial point of view; (f) transfer, convey, sell or dispose of any capital stock of any Restricted Subsidiary (other than (i) sales, for valid business reasons, of non-voting equity comprising up to 40% of the capital stock of any Restricted Subsidiary to operators of funeral homes and/or cemeteries and (ii) with respect to DSP General Partner, Inc., a Texas corporation, Directors Succession Planning, Inc., a California corporation, Rose Hills Holding Corp., a Delaware corporation, any subsidiary of any such entity and any successors to any of the foregoing), unless such transaction is in accordance with the provisions pertaining to asset sales; (g) permit any Restricted Subsidiary (other than DSP General Partner, Inc., a Texas corporation, Directors Succession Planning, Inc., a California corporation, Rose Hills Holding Corp., a Delaware corporation, any subsidiary of any such entity and any successors to any of the foregoing) to issue any of its equity interests to a person other than (i) issuances to Reorganized LGII or one of its wholly owned subsidiaries or (ii) issuances, for valid business reasons, of non-voting equity comprising up to 40% of the capital stock of any Restricted Subsidiary to operators of funeral homes or cemeteries, unless such transaction is in accordance with the provisions pertaining to Asset Sales; or (h) consolidate or merge (whether or not Reorganized LGII is the surviving corporation) or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or

assets in one or more related transactions unless (i) Reorganized LGII is the surviving corporation or the surviving corporation is organized under the laws of the United States, any state thereof, or the District of Columbia; (ii) all of the obligations under the New Unsecured Subordinated Convertible Notes are assumed pursuant to a supplemental indenture substantially similar to the New Unsecured Subordinated Convertible Notes Indenture and otherwise acceptable to the trustee; (iii) immediately after the transaction no Default or Event of Default exists; and (iv) the surviving company assuming the New Unsecured Subordinated Convertible Notes (A) will have Consolidated Net Worth (as defined in the New Unsecured Subordinated Convertible Notes Indenture) immediately after the transaction equal to or greater than the Consolidated Net Worth of Reorganized LGII immediately preceding the transaction, and (B) will, after giving pro forma effect to the transaction, be permitted to incur an additional dollar of Indebtedness pursuant to the Consolidated Fixed Charge Coverage Ratio test under the limitation on incurrence of Indebtedness.

Amendment, Waiver or Modification of Indenture

The affirmative vote of the holders of at least a majority of the aggregate principal amount of the New Unsecured Subordinated Convertible Notes will be required to approve amendments, waivers or other modifications to the New Unsecured Subordinated Convertible Notes Indenture other than amendments, waivers or other modifications customarily requiring unanimous noteholder approval under indentures similar to the New Unsecured Subordinated Convertible Notes Indenture, including, without limitation, reducing the principal amount, changing the maturity, reducing the interest rate or changing the time of interest payments, releasing all or substantially all Subsidiary Guarantors and other guarantors, if any, from guarantees, or changing the provisions on amendment and waiver or the obligations of Reorganized LGII to offer to purchase outstanding New Unsecured Subordinated Convertible Notes upon the occurrence of a Change of Control (all of which will require unanimous approval); *provided*, *however*, that any amendment to or waiver of defaults or other aspects of New Seven Year Unsecured Notes Indenture or the New Unsecured Subordinated Convertible Notes Indenture properly approved by or on behalf of the requisite number of holders of such debt instruments shall automatically also become effective in the same manner with respect to the New Unsecured Subordinated Convertible Notes and the New Unsecured Subordinated Convertible Notes Indenture, *provided* that at the time of such amendment or waiver there is a greater aggregate principal amount of New Seven-Year Unsecured Notes outstanding than the outstanding aggregate principal amount of New Unsecured Subordinated Convertible Notes; *and provided further*, that any amendment or waiver with respect to (i) the principal amount outstanding of any new Unsecured Subordinated Convertible Note, (ii) the rate or time for payment of interest on any New Unsecured Subordinated Convertible Note, (iii) the fixed maturity of any New Unsecured Subordinated Convertible Note, and (iv) the obligation to pay in full in cash the principal of, premium, if any, or interest on any New Unsecured Subordinated Convertible Note when due, shall require the applicable consent of each holder of New Unsecured Subordinated Convertible Notes affected thereby.

Remedies upon Default

After an Event of Default has occurred and is continuing under the New Unsecured Subordinated Convertible Notes Indenture, the trustee or holders of at least 25% of the aggregate outstanding principal amount of the New Unsecured Subordinated Convertible Notes may declare the entire principal amount of and accrued and unpaid interest on the New Unsecured Subordinated Convertible Notes to be immediately due and payable. The holders of a majority in outstanding principal amount of the New Unsecured Subordinated Convertible Notes may rescind any such acceleration as provided in the New Unsecured Subordinated Convertible Notes Indenture.

Trustee Duties and Indemnification

The holders of a majority in aggregate outstanding principal amount of the New Unsecured Subordinated Convertible Notes may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee, *provided* that the trustee, with advice of counsel, may decline to follow such direction if the direction is in conflict with any rule of law or the New Unsecured Subordinated Convertible Notes Indenture or if the trustee in good faith determines that the action so directed would be unduly prejudicial to any holders of the New Unsecured Subordinated Convertible Notes not taking part in such direction or would expose the trustee to personal liability. Before proceeding to exercise any right or power under the New Unsecured Subordinated Convertible Notes Indenture at the direction of the

noteholders, the trustee will be entitled to receive from such holders reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities that might be incurred by it in complying with any such direction.

No holder of the New Unsecured Subordinated Convertible Notes will have any right to pursue any remedy with respect to the New Unsecured Subordinated Convertible Notes Indenture or the New Unsecured Subordinated Convertible Notes, unless (a) such holder has previously given the trustee written notice of a continuing Event of Default, (b) the holders of at least 25% in aggregate principal amount of the outstanding New Unsecured Subordinated Convertible Notes have made a written request to the trustee to pursue such remedy and offered reasonable indemnity satisfactory to the trustee, (c) the trustee has not received from the holders of a majority in aggregate principal amount of the outstanding New Unsecured Subordinated Convertible Notes a direction inconsistent with such request within 45 days after receipt of such request, and (d) the trustee has failed to comply with the request within such 45-day period.

Consolidated Fixed Charge Coverage Ratio

"Consolidated Fixed Charge Coverage Ratio" shall mean the ratio of (a) Consolidated EBITDA (as defined in the New Unsecured Subordinated Convertible Notes Indenture) to (b) the sum of (i) consolidated interest expense, (ii) scheduled mandatory principal payments of Indebtedness other than up to $35 million of scheduled repayments of the New Two-Year Unsecured Notes, (iii) principal component of capitalized leases paid and (iv) cash dividends paid to Reorganized LGII shareholders, in each case of Reorganized LGII and its Restricted Subsidiaries for the relevant period.

Exit Financing

Exit Financing Revolving Credit Facility

On the Effective Date, Reorganized LGII and the Exit Financing Facility Agent Bank will enter into the Exit Financing Revolving Credit Facility. See "Overview of the Plan — Exit Financing Revolving Credit Facility." The commitment by the Confirmation Date of the Exit Financing Facility Agent Bank to provide the Exit Financing Revolving Credit Facility on terms satisfactory to the Debtors is a condition to Confirmation, and the execution and delivery of the documents effectuating the Exit Financing Revolving Credit Facility by Reorganized LGII and the Exit Financing Facility Agent Bank are conditions to the Effective Date.

The Debtors currently contemplate that the Exit Financing Revolving Credit Facility will be a $100 million revolving credit facility, $30 million of which will also be available in the form of letters of credit, and that borrowings under the Exit Financing Revolving Credit Facility will bear interest at a floating rate based on the London Interbank Borrowing Rate plus a specified margin to be determined based on certain financial ratios achieved by Reorganized LGII. Borrowings under the Exit Financing Revolving Credit Facility will be secured by the capital stock of certain subsidiaries of Reorganized LGII and personal and real property of Reorganized LGII. The Projections assume that there will be no borrowings under the Exit Financing Revolving Credit Facility as of the Effective Date.

Exit Financing Term Loan

The Debtors also may seek to obtain from the Exit Financing Facility Agent Bank a $250 million Exit Financing Term Loan as of the Effective Date. It is currently contemplated that such Exit Financing Term Loan would bear interest at a floating rate based on the London Interbank Borrowing Rate plus a specified margin to be determined based on certain financial ratios achieved by Reorganized LGII and would be secured by the capital stock of certain subsidiaries of Reorganized LGII and personal and real property of Reorganized LGII. It is also currently anticipated that the principal amount of the Exit Financing Term Loan would be repaid in accordance with the following amortization schedule:

Date	Principal Repayment
1st anniversary of Effective Date	$ 10 million
2nd anniversary of Effective Date	$ 20 million
3rd anniversary of Effective Date	$ 30 million
4th anniversary of Effective Date	$ 40 million
5th anniversary of Effective Date	$150 million

If Reorganized LGII and the Exit Financing Facility Agent Bank agree on satisfactory terms for the Exit Financing Term Loan and the Exit Financing Term Loan Closing occurs, the New Five-Year Secured Notes will not be issued pursuant to the Plan, but rather the amount of cash to be distributed to holders of Allowed Claims in Classes 5, 6 and 7 would be increased by $250 million. The Debtors currently do not expect the Exit Financing Term Loan Closing to occur.

Rose Hills Indebtedness

Upon consummation of the transactions contemplated by the Blackstone Settlement, Reorganized LGII will own all or substantially all of the outstanding capital stock of Rose Hills. Rose Hills has a senior secured amortization extended term loan facility (the "Rose Hills Term Facility") in an aggregate principal amount of $75 million and a senior secured revolving credit facility (the "Rose Hills Revolving Facility") in an aggregate principal amount of up to $25 million. The Rose Hills Term Facility and the Rose Hills Revolving Facility mature on November 1, 2003 and 2001, respectively. The Rose Hills Term Facility is subject to amortization, subject to certain conditions, in semi-annual installments in the amounts of $1 million in each of the first three years after the anniversary of the closing date of the Rose Hills Term Facility (the "Bank Closing"), which occurred in November 1996; $3 million in the fourth year after the Bank Closing; $7 million in the fifth year after the Bank Closing; $9 million in the sixth year after the Bank Closing and $53 million upon maturity of the Bank Term Facility. The Rose Hills Revolving Credit Facility is payable in full at maturity, with no prior amortization. As of December 31, 2000, the outstanding principal amount under the Rose Hills Term Facility was approximately $69 million and there were no outstanding borrowings under the Rose Hills Revolving Facility.

Rose Hills also issued $80 million aggregate principal amount of 9 ½% Senior Subordinated Notes due 2004 (the "Rose Hill Notes"). The Rose Hills Notes mature on November 15, 2004 and bear interest at the rate of 9 ½% per annum, payable semiannually on May 15 and November 15 of each year. The Rose Hills Notes are redeemable from and after November 15, 2000, at the option of Rose Hills, in whole or in part. The initial price of any such redemption is 104.75% of stated principal amount (subject to annual reduction reaching 100% in 2003), plus accrued and unpaid interest to the applicable redemption date.

Other Indebtedness

Pursuant to the treatment of holders of Class 4 Claims under the Plan, certain secured indebtedness of the Debtors incurred or assumed primarily in connection with TLGI's acquisition of funeral home and cemetery business will be Reinstated on the Effective Date. See "Overview of the Plan — Summary of Classes and Treatment of Claims and Interests." Generally, this indebtedness is secured by liens on certain specific properties that were the subject of such acquisition and contains favorable interest and payment terms. The Debtors estimate that such indebtedness to be Reinstated on the Effective Date, together with long term indebtedness of Loewen Companies that are not Debtors, will be approximately $55 million.

LIQUIDATING TRUST TO BE FORMED PURSUANT TO THE PLAN

General

In connection with the Plan, on the Effective Date, Reorganized LGII and the Liquidating Trust Trustee will enter into the Liquidating Trust Agreement and the Liquidating Trust will be established pursuant to the terms

of the Plan and the Liquidating Trust Agreement. The following description of the Liquidating Trust is qualified in its entirety by reference to the Liquidating Trust Agreement, a copy of which has been Filed as Exhibit III.H to the Plan and is available for inspection in the Document Reviewing Centers and over the Internet on the web site at http://www.loewenreorgplan.com. See "Additional Information."

Creation and Purpose

The Liquidating Trust Agreement will provide for, among other things, the creation of the Liquidating Trust, which will be known as the "Loewen Creditor Liquidating Trust," and the appointment of the Liquidating Trust Trustee. The sole purpose of the Liquidating Trust is to hold, sell and distribute the Liquidating Trust Assets (as defined in the Liquidating Trust Agreement). The Liquidating Trust Agreement is intended to be treated as a liquidating trust pursuant to Treasury Regulation Section 301.7701-4(d) and as a grantor trust subject to the provisions of subchapter J, subpart E of the Internal Revenue Code.

Initial Liquidating Trust Assets

Pursuant to the Plan and the Liquidating Trust Agreement, Reorganized LGII will transfer or cause to be transferred, immediately following completion of the Reinvestment Transactions on the Effective Date, to the Liquidating Trust for the benefit of holders of Allowed Claims in Class 8 and in Divisions A, B, F, G and H of Class 11, (a) the Prime Succession Warrants and (b) an undivided 25% interest in the NAFTA Net Proceeds, *i.e.*, the proceeds, if any, of the NAFTA Claims as such proceeds may be adjusted as a result of the arbitration contemplated by the NAFTA Arbitration Agreement, less (i) amounts payable under paragraph 3 of the NAFTA Arbitration Agreement and (ii) amounts payable pursuant to the NAFTA Contingency Fee Agreement. See "Operations During the Reorganization Cases — Blackstone Transactions — Prime Succession" and "Collateral Trust Agreement Issues; Recovery Actions; and Other Legal Proceedings — Other Legal Proceedings — NAFTA Claims." Upon such transfer, such assets shall cease to be property of the CCAA Debtors, the Debtors, the Reorganized Debtors or their respective Estates.

Funding

Pursuant to the Liquidating Trust Agreement, Reorganized LGII will advance to the Liquidating Trust Trustee on the Effective Date cash in an amount to be agreed upon by the Creditors' Committee and LGII, for use by the Liquidating Trust Trustee in a manner consistent with the purposes of the Liquidating Trust. In addition, the Liquidating Trust Agreement will require Reorganized LGII, commencing January 1, 2003, to advance to the Liquidating Trust Trustee, on a quarterly basis, cash in an amount reasonably estimated by the Liquidating Trust Trustee (when taken together with cash previously advanced to the Liquidating Trust Trustee) to be necessary to satisfy in full expenses associated with the Liquidating Trust. Other than its obligation to make the advances described above, Reorganized LGII will have no liability in respect of any cost, expense or liability of the Liquidating Trust. If after the final distribution any of the cash advanced to the Liquidating Trust Trustee by Reorganized LGII remains undistributed, such remaining cash will be returned to Reorganized LGII.

Trust Advisory Board

Prior to the Effective Date, the Creditors' Committee will designate individuals to serve on a board to be created pursuant to the Liquidating Trust Agreement for the purpose of advising, instructing or directing the Liquidating Trust Trustee with respect to matters arising in the administration, disposition and distribution of the Liquidating Trust Assets as requested by the Liquidating Trust Trustee and as otherwise provided in the Liquidating Trust Agreement (the "Trust Advisory Board"). The Liquidating Trust Agreement will provide that the Liquidating Trust Trustee must obtain the approval of the Trust Advisory Board, by majority vote, prior to taking the following actions in respect of the Liquidating Trust: (a) terminating the Liquidating Trust prior to the third anniversary of the Effective Date; (b) extending the termination date set forth in the Liquidating Trust Agreement; (c) entering into any contract or obligation reasonably anticipated to result in payments by the Liquidating Trust of more than $10,000 per year; (d) exercising or selling the Prime Succession Warrants; (e) borrowing funds in excess of $10,000 in any calendar year; (f) commencing any litigation; or (g) investing Liquidating Trust Assets comprised of cash except as expressly provided in the Liquidating Trust Agreement. The Trust Advisory Board will be comprised of three members. Each member of the Trust Advisory Board will receive compensation in an amount to be agreed upon by

the Creditors' Committee and LGII, with such compensation to be funded by Reorganized LGII as described above. See " — Funding." If any member is unable or unwilling to continue to serve, such member will be replaced by designation of the remaining members. If any vacancy is not so filled within 30 days, such vacancy will be filled by designation of the Liquidating Trust Trustee within 15 days thereafter.

Liquidating Trust Trustee

Pursuant to the Liquidating Trust Agreement, the Liquidating Trust Trustee (or, subject to approval of the Trust Advisory Board, a nominee of the Liquidating Trust Trustee) will hold legal title to the Liquidating Trust Assets. Pursuant to the Liquidating Trust Agreement, in general the Liquidating Trust Trustee will have control and exercise authority over the Liquidating Trust Assets and the acquisition, management and distribution thereof to the same extent as if the Liquidating Trust Trustee were the sole owner of the Liquidating Trust Assets in its own right. Notwithstanding the foregoing, as discussed further below, none of the Liquidating Trust, the Liquidating Trust Trustee, the Trust Advisory Board or the beneficiaries of the Liquidating Trust will have any right to participate in or direct the conduct of the prosecution, settlement or other resolution of the NAFTA Claims.

The Liquidating Trust Trustee may be removed by a majority vote of the Trust Advisory Board. In addition, the Liquidating Trust Trustee may be removed by the Bankruptcy Court for cause shown on a motion by any member of the Trust Advisory Board. In the event of removal or resignation of the Liquidating Trust Trustee, the members of the Trust Advisory Board will designate its successor by majority vote.

The Liquidating Trust Trustee will be paid reasonable compensation for services rendered and expenses incurred in fulfilling its duties pursuant to the Liquidating Trust Agreement. Such compensation will be funded by Reorganized LGII as described above. See " — Funding."

Liquidation of Prime Succession Warrants

The Liquidating Trust Trustee may determine, with the consent by a majority vote of the Trust Advisory Board, whether and when to: (a) distribute the Prime Succession Warrants to the beneficiaries of the Liquidating Trust; (b) sell the Prime Succession Warrants and distribute the net proceeds of such sale to the beneficiaries of the Liquidating Trust; or (c) exercise the Prime Succession Warrants and, promptly thereafter, sell the common stock obtained thereby and distribute the net proceeds of such sale to the beneficiaries of the Liquidating Trust.

Liquidation of Interest in NAFTA Net Proceeds

Nafcanco will exercise, in its sole discretion, all powers and responsibilities in respect of the pursuit and prosecution of the NAFTA Claims and the arbitration under the NAFTA Arbitration Agreement. See "Collateral Trust Agreement Issues; Recovery Actions; and Other Legal Proceedings — Other Legal Proceedings — NAFTA Claims." None of the Liquidating Trust, the Liquidating Trust Trustee, the Trust Advisory Board or the beneficiaries of the Liquidating Trust will have any right to participate in or direct the pursuit and prosecution of the NAFTA Claims or the arbitration under the NAFTA Arbitration Agreement. The Liquidating Trust Trustee may not distribute any rights other than cash in respect of the Liquidating Trust's 25% undivided interest in the NAFTA Claims.

Cash Distributions

On at least an annual basis, the Liquidating Trust Trustee will distribute any cash held by the Liquidating Trust, including proceeds of Liquidating Trust Assets but excluding cash advanced by Reorganized LGII as described above, in the following manner and priorities (*provided* the cash to be so distributed exceeds a specified amount):

(a) first, to Reorganized LGII to repay Reorganized LGII for any amounts advanced by Reorganized LGII as described above that have not been previously repaid; and

(b) second, to the beneficiaries of the Liquidating Trust in accordance with the terms of the Liquidating Trust Agreement.

Trust Certificates

The beneficial interests in the Liquidating Trust will be represented by certificates and may be transferred, but only to the extent that the Liquidating Trust Trustee determines that such a transfer would not exceed the limits of all "publicly traded partnership" safe harbors described in Treasury Regulation Section 1.7704-1 that would be applicable if the Liquidating Trust were characterized as a partnership for U.S. federal income tax purposes. Among the enumerated safe harbors that may be relevant are the following: (a) transfers in which the basis of the beneficial interest in the Liquidating Trust in the hands of the transferee is determined, in whole or in part, by reference to its basis in the hands of the transferor (*e.g.*, transfers by gift); (b) transfers at death; (c) transfers between family members; (d) distributions from a qualified plan; and (e) block transfers, defined as transfers by a holder and any person related to the holder (within the meaning of section 267(b) or 707(b)(1) of the Internal Revenue Code) of interests in the Liquidating Trust in one or more transactions during any 30-calendar-day period representing in the aggregate more than two percent of the total interests in the Liquidating Trust's capital or profits. Finally, the regulations create a safe harbor for circumstances in which the sum of interests in the Liquidating Trust transferred during any taxable year, other than certain disregarded transfers, does not exceed two percent of the total interests in the Liquidating Trust's capital or profits. Given the complexity of the safe harbors and the fact that a transfer of interest by one holder may affect the ability of another holder to make a similar transfer during the same period of time, it is not possible to determine in advance the extent to which transfers of interests (other than those transfers includible in one of the enumerated categories listed in (a) through (e) above) will be permitted by the Liquidating Trust Trustee. Moreover, the Liquidating Trust Agreement prohibits the Liquidating Trust Trustee, the Trust Advisory Board, the Reorganized Debtors and the beneficiaries of the Liquidating Trust from taking any steps to facilitate the listing of interests in the Liquidating Trust on any securities exchange and prohibits the Liquidating Trust Trustee and the Trust Advisory Board from taking any steps to otherwise facilitate the development of a secondary market in interests in the Liquidating Trust.

The Debtors and the Creditors' Committee believe that it is unlikely that an active trading market will develop for interests in the Liquidating Trust. Factors which may contribute to the illiquidity of interests in the Liquidating Trust include, among others, the unique nature of such instrument and provisions of the Liquidating Trust Agreement described in the immediately preceding paragraph. In addition, to the extent that interests in the Liquidating Trust may be deemed to constitute "securities," any transfer thereof by an "underwriter" within the meaning of section 1145(b) of the Bankruptcy Code would be required to be effected pursuant to an effective registration or qualification under the Securities Act and applicable state securities laws (which is not anticipated to occur) or an exemption therefrom. It is not presently anticipated that the Liquidating Trust will be required to register its beneficial interests under the Exchange Act. See "Applicability of Certain U.S. Federal and State Securities Laws."

Amendments

The Liquidating Trust Agreement may be amended from time to time by majority vote of the Trust Advisory Board and the written consent of Reorganized LGII.

Termination and Extension

The Liquidating Trust will terminate on the earlier to occur of (a) the date on which all of the Liquidating Trust Assets have been distributed in accordance with the terms of the Liquidating Trust Agreement and (b) the third anniversary of the Effective Date. Notwithstanding the foregoing, (a) the initial three-year term shall automatically, without further order of the Bankruptcy Court, be extended for successive one-year terms if on the termination date as previously in effect there has been no final order or final arbitration decision with respect to the NAFTA Claims and (b) if the Liquidating Trust Trustee shall have been unable after continuing reasonable efforts to sell or otherwise dispose of and realize upon the Liquidating Trust Assets in the initial three year period, the Liquidating Trust Trustee will have the right, after receiving the approval of the Trust Advisory Board, to apply to the Bankruptcy Court to extend the term of the Liquidating Trust for successive one-year terms, provided that an order approving a motion requesting such an extension is entered (after notice and a hearing) by the Bankruptcy Court

within the six-month period ending on the existing termination date. In no event will the Liquidating Trust terminate later than the tenth anniversary of the Effective Date.

RISK FACTORS

The securities to be distributed pursuant to the Plan are subject to a number of material risks, including those enumerated below. The risk factors enumerated below assume Confirmation and the consummation of the Plan and the transactions contemplated by the Plan and do not include matters that could prevent Confirmation. See "Overview of the Plan — Summary of Classes and Treatment of Claims and Interests," "Overview of the Plan — Conditions to Confirmation and Effective Date of the Plan" and "Voting and Confirmation of the Plan" for discussions of such matters. Prior to voting on the Plan, each holder of Claims entitled to vote should carefully consider the risk factors enumerated or referred to below, as well as all of the information contained in this Disclosure Statement, including the exhibits hereto.

Projections Are Inherently Uncertain

The fundamental premise of the Plan is the successful implementation of the Debtors' business plan, as reflected in the Projections. The Projections are inherently uncertain and are dependent upon the successful implementation of the business plan and the reliability of the other assumptions contained therein. The Projections reflect numerous assumptions, including Confirmation and consummation of the Plan in accordance with its terms, the anticipated future performance of Reorganized LGII, industry performance, general business and economic conditions and other matters, most of which are beyond the control of Reorganized LGII and some of which may not materialize. In addition, unanticipated events and circumstances occurring subsequent to the date of this Disclosure Statement, including unanticipated changes in applicable regulations or U.S. GAAP, may affect the actual financial condition, results of operations and cash flows of the Reorganized Debtors in the future.

Substantial Leverage Will Continue

Giving *pro forma* effect to the Confirmation of the Plan, on the Effective Date the Reorganized Debtors' total long-term indebtedness (including the current portion thereof) is expected to be approximately $834 million. While management of the Debtors believe that future operating cash flow, together with financing arrangements, will be sufficient to finance operating requirements under the Debtors' business plan, the Reorganized Debtors' leverage and debt service requirements could make them more vulnerable to economic downturns in the markets the Reorganized Debtors intend to serve or in the economy generally. The Reorganized Debtors' indebtedness could restrict their ability to obtain additional financing in the future and, because the Reorganized Debtors may be more leveraged than certain of their competitors, could place the Reorganized Debtors at a competitive disadvantage. In addition, the Exit Financing Facility, the New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes and the New Unsecured Subordinated Convertible Notes will contain covenants that impose operating and financial restrictions on the Reorganized Debtors. These covenants could adversely affect the Reorganized Debtors' ability to finance future operations, potential acquisitions or capital needs or to engage in business activities that may be in their interest, including in implementing the Debtors' business plan.

Subsidiary Stock Will Be Subject to Security Interests

The capital stock of certain of Reorganized LGII's subsidiaries will be subject to various liens and security interests. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — Exit Financing." If a holder of a security interest becomes entitled to exercise its rights as a secured party, it would have the right to foreclose upon and sell or otherwise transfer the collateral subject to its security interest, and the collateral accordingly would be unavailable to Reorganized LGII or the subsidiary owning the collateral and to other creditors of Reorganized LGII or such subsidiary, except to the extent, if any, that such other creditors have a superior or equal security interest in the affected collateral, or the value of the affected collateral exceeds the amount of indebtedness in respect of which such foreclosure rights are exercised.

The Security for the New Five-Year Secured Notes May Not Be Sufficient To Secure Payments

Reorganized LGII's obligations under the New Five-Year Secured Notes Indenture will be secured by collateral which will consist of (a) all personal property (other than capital stock) and (b) the material funeral home real property assets pledged under the Exit Financing Revolving Credit Facility of Reorganized LGII and certain of its wholly owned subsidiaries. The rights of the holders of the New Five-Year Notes to this collateral will be subordinate to those of the lenders under the Exit Financing Revolving Credit Facility. The proceeds from the sale of this collateral may not be sufficient to satisfy amounts due on the New Five-Year Secured Notes.

If, upon a foreclosure on the collateral, the proceeds from the sale of such collateral is insufficient to satisfy the entire amount due on the New Five-Year Secured Notes, the claim by the holders of the New Five-Year Secured Notes against Reorganized LGII for this deficiency would rank equally with the claims of the other general, unsubordinated creditors of Reorganized LGII. The remaining assets of Reorganized LGII may not be sufficient to satisfy this deficiency.

The New Notes Will Be Effectively Subordinated to Obligations of Subsidiaries

Reorganized LGII principally will be a holding company, and therefore its right to participate in any distribution of assets of any subsidiary upon that subsidiary's dissolution, winding-up, liquidation or reorganization or otherwise is subject to the prior claims of creditors of that subsidiary, except to the extent that Reorganized LGII may be a creditor of that subsidiary and its claims are recognized. There are various legal limitations on the extent to which some of the subsidiaries of Reorganized LGII may extend credit, pay dividends or otherwise supply funds to, or engage in transactions with, Reorganized LGII or its other subsidiaries. The New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes and the New Unsecured Subordinated Convertible Notes will be effectively subordinated to all indebtedness and other obligations of the subsidiaries except to the extent that those subsidiaries have guaranteed that obligations of Reorganized LGII to pay amounts due on the New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes or the New Unsecured Subordinated Convertible Notes, as applicable.

Dividends Are Not Anticipated; Payment of Dividends Is Subject to Restriction

Reorganized LGII does not anticipate paying any dividends on the New Common Stock in the foreseeable future. In addition, covenants in the respective indentures governing the New Five-Year Secured Notes, if issued, New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes, the New Unsecured Subordinated Convertible Notes and the Exit Financing Facility will restrict the ability of Reorganized LGII to pay dividends and may prohibit the payment of dividends and certain other payments. Certain institutional investors may only invest in dividend-paying equity securities or may operate under other restrictions that may prohibit or limit their ability to invest in the New Common Stock.

There Is No Established Market for New Common Stock, New Warrants, New Senior Notes or New Unsecured Subordinated Convertible Notes; Volatility Is Possible

No established market exists for the New Five-Year Secured Notes, the New Two-Year Unsecured Notes, the New Seven-Year Unsecured Notes, the New Unsecured Subordinated Convertible Notes, the New Common Stock or the New Warrants. Although it is currently anticipated that the New Common Stock will be designated as a Nasdaq National Market security by The Nasdaq Stock Market, Inc., there can be no assurance, even if such designation is obtained, that an active market for the New Common Stock will develop or, if any such market does develop, that it will continue to exist or as to the degree of price volatility in any such market that does develop. Moreover, the New Common Stock will be issued pursuant to the Plan to holders of Allowed Claims in Classes 5, 6, 7, 8, 11 and 17, some of which may prefer to liquidate their investment rather than hold it on a long-term basis. Accordingly, it is anticipated that the market for the New Common Stock will be volatile, at least for an initial period after the Effective Date. Moreover, although the Plan was developed based upon an assumed midpoint reorganization value of $17.17 per share of the New Common Stock, such valuation was not an estimate of the prices at which the New Common Stock may trade in the market, and the Debtors have not attempted to make any such estimate in connection with the development of the Plan. In addition, the market price of the New Common Stock may be subject to significant fluctuations in response to numerous factors, including variations in Reorganized

LGII's annual or quarterly financial results or those of its competitors, changes by financial analysts in their estimates of the future earnings of Reorganized LGII, conditions in the economy in general or in the funeral industry in particular or unfavorable publicity. The stock market also has, from time to time, experienced significant price and volume fluctuations that have been unrelated to the operating performance of companies with publicly-traded securities. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — Reorganization Value." No assurance can be given as to the market prices for New Common Stock that will prevail following the Effective Date.

The Debtors intend to use commercially reasonable efforts to have the New Warrants designated as a Nasdaq National Market security by The Nasdaq Stock Market, Inc. However, there can be no assurance that such designation will be obtained or, even if such a designation is obtained, that an active market for the New Warrants will develop, or, if any such market does develop, that it will continue to exist or as to the degree of price volatility in any such market that does develop. Accordingly, no assurance can be given that a holder of the New Warrants will be able to sell such securities in the future or as to the price at which any such sale may occur. The actual market price for the New Warrants at any particular time will be influenced by a number of factors, including factors affecting the value of the New Common Stock discussed in the immediately preceding paragraph. There can be no assurance that the market value of the New Common Stock will exceed the exercise price of the New Warrants at any time prior to their expiration. Moreover, although Wasserstein has computed a theoretical value of $1.85 per New Warrant as discussed above, such valuation was not an estimate of the prices at which the New Warrants may trade in the market, and the Debtors have not attempted to make any such estimate in connection with the development of the Plan. See "Securities To Be Issued Pursuant to the Plan and Other Post-Reorganization Indebtedness — Reorganization Value."

None of the New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes or the New Unsecured Subordinated Convertible Notes will be listed on any exchange. In addition, there can be no assurance that an active market therefor will develop or as to the degree of price volatility in any such particular market. Accordingly, no assurance can be given that a holder of the New Senior Notes or the New Unsecured Subordinated Convertible Notes will be able to sell such securities in the future or as to the price at which any such sale may occur. If such markets were to exist, the New Senior Notes or the New Unsecured Subordinated Convertible Notes could trade at prices higher or lower than the face amount thereof, depending on many factors, including prevailing interest rates, markets for similar securities, industry conditions and the performance of, and investor expectations for, Reorganized LGII.

The Nature of the Liquidating Trust Is Unique; The Market for Interests Therein Is Likely To Be Illiquid

The Liquidating Trust Assets will initially consist of: (a) the Prime Succession Warrants and (b) an undivided 25% interest in the NAFTA Net Proceeds. See "Overview of the Plan — Formation of Liquidating Trust" and "Liquidating Trust To Be Formed Pursuant to the Plan — Initial Liquidating Trust Assets." The Debtors are unable at this time to predict what value, if any, may be ultimately realized in respect of the Prime Succession Warrants. See "Operations During the Reorganization Cases — Blackstone Transactions — Prime Succession." In addition, the Debtors do not believe that it is possible at this time to predict the final outcome of the NAFTA proceeding or the timing thereof or to establish a reasonable estimate of the damages, if any, that may be awarded or the proceeds, if any, that may be received in respect of the NAFTA Claims, or to predict the outcome of any arbitration pursuant to the NAFTA Arbitration Agreement or establish a reasonable estimate of the NAFTA Net Proceeds, if any. See "Collateral Trust Agreement Issues, Recovery Actions; and Other Legal Proceedings — Other Legal Proceedings — NAFTA Claims" and " — Outcome of NAFTA Claims Is Impossible to Predict."

Although the interests in the Liquidating Trust will be certificated and may be transferred, the Debtors and the Creditors' Committee believe that it is unlikely that an active trading market will develop for interests in the Liquidating Trust. Factors that may contribute to such illiquidity include, among others, (a) the unique nature of the Liquidating Trust and (b) provisions in the Liquidating Trust Agreement that prohibit (i) transfers in excess of the limits for "publicly traded partnerships" under Treasury Regulations, (ii) listing of interests in the Liquidating Trust on a national securities exchange and (iii) steps by the Liquidating Trust Trustee to facilitate the development of a secondary market. In addition, it is not presently anticipated that the Liquidating Trust will be required to register its beneficial interests under the Exchange Act. See "Liquidating Trust To Be Formed Pursuant to the Plan — Trust Certificates."

Because of the uncertainty associated with the value of the Prime Succession Warrants and with the NAFTA Claims, no value has been assigned to interests in the Liquidity Trust for purposes of the Plan.

Historical Financial Information Will Not Be Comparable

As a result of the consummation of the Plan and the transactions contemplated thereby, Reorganized LGII will operate the existing business of the Loewen Companies under a new capital structure. In addition, Reorganized LGII will be subject to the fresh-start accounting rules, will report using U.S. GAAP rather than Canadian GAAP and will, as a result of SAB 101, apply accounting policies relating to preneed revenue recognition that differ from those applied by TLGI for 2000 and earlier fiscal years. See "Reorganized LGII — Restructuring Transactions," "Reorganized LGII — Business of Reorganized LGII" and "Reorganized LGII — Projected Financial Information." In addition, historically the financial statements of TLGI have not consolidated the assets, liabilities and results of operations of Rose Hills as they will after the Blackstone Settlement is consummated, and in the future the consolidated financial statements of Reorganized LGII will not reflect the assets, liabilities or results of operations of properties that have been or will, as part of the Debtors' disposition program, be sold or otherwise disposed of. Accordingly, the financial condition and results of operations of Reorganized LGII from and after the Effective Date will not be comparable to the financial condition or results of operations reflected in the historical financial statements of TLGI set forth in the TLGI 2000 Form 10-K and TLGI Second Quarter 2001 Form 10-Q.

Disputed Claims May Adversely Affect Distribution Amounts

A number of Disputed Claims are expected to be material, and the total amount of all Claims, including Disputed Claims, may be materially in excess of the total amount of Allowed Claims assumed in the development of the Plan. The actual ultimate aggregate amount of Allowed Claims in any Class or, in the case of Class 11, any Division, may differ significantly from the estimates set forth in the table under the caption "Overview of the Plan — Summary of Classes and Treatment of Claims and Interests." Accordingly, the amount of distributions that ultimately will be received by any particular holder of an Allowed Unsecured Claim in a Division of Class 11 may be adversely affected by the aggregate amount of Claims ultimately allowed in that Division. Consequently, distributions to holders of Allowed Unsecured Claims in each Division of Class 11 will be made on an incremental basis until all Disputed Claims in each such Division have been resolved. See "Distributions Under the Plan — Timing and Calculation of Amounts To Be Distributed." In addition, the amount of any Disputed Claim that ultimately is allowed by the Bankruptcy Court may be significantly less than the amount of the Disputed Claim asserted by the holder thereof.

Outcome of NAFTA Claims Is Impossible To Predict

In October 1998, TLGI filed the NAFTA Claims against the U.S. government seeking damages under the arbitration provisions of NAFTA. Prior to the Effective Date, TLGI will cause LGII to form (a) Delco, a wholly owned Delaware limited liability company, and (b) Nafcanco, a wholly owned Nova Scotia unlimited liability company. On the Effective Date, LGII will transfer its rights to receive any proceeds of the NAFTA Claims arising under article 1117 of NAFTA to Delco and will transfer the membership interests in Delco to TLGI. Immediately thereafter, TLGI will transfer to Nafcanco all right, title and interest to any proceeds of the NAFTA Claims arising under article 1116 of NAFTA and TLGI will cause Delco to transfer to LGII all right, title, and interest to any proceeds of the NAFTA Claims arising under article 1117 of NAFTA, and in respect thereof, TLGI will irrevocably delegate to Nafcanco all powers and responsibilities of TLGI in respect of the pursuit and prosecution of the NAFTA Claims, all in accordance with the terms of Exhibit I.A.30 to the Plan. In addition, pursuant to the Plan, on the Effective Date immediately following completion of the Reinvestment Transactions, an undivided 25% interest in the NAFTA Net Proceeds will be transferred to the Liquidating Trust. Although TLGI and LGII believe that these actions should not affect the NAFTA Claims, the U.S. government, respondent in the NAFTA proceeding, will likely argue that these actions, if taken before an award is issued, would divest the Arbitration Tribunal of jurisdiction over some or all of the claims. In addition, the Debtors do not believe that it is possible at this time to predict the final outcome of this proceeding or to establish a reasonable estimate of the damages, if any, that may be awarded, or the proceeds, if any, that may be received in respect of the NAFTA Claims. See "Overview of the Plan — Formation of Liquidating Trust," "Overview of the Plan — the CCAA Order," "Collateral Trust Agreement Issues; Recovery Actions; and Other Legal Proceedings — Other Legal Proceedings — NAFTA Claims" and "Liquidating Trust To Be Formed Pursuant to the Plan."

Ongoing Tax Audit Could Impact Priority Tax Claims

Although the Debtors do not presently anticipate that any material payment will be made to the Internal Revenue Service on account of Priority Tax Claims, the Debtors' 1993 through 1998 tax years remain under audit by the Internal Revenue Service, and, as a result, the Internal Revenue Service could assert additional claims against the Debtors that could, if sustained, result in a material net payment being made by the Debtors to the Internal Revenue Service in respect of Priority Tax Claims. See "Overview of the Plan — Additional Information Regarding Assertion and Treatment of Administrative Claims and Priority Tax Claims — Priority Tax Claims."

Revenue from Preneed Sales Is Dependent upon an Adequate Salesforce

Revenue from funeral and cemetery operations is significantly impacted by the level of preneed sales, and the level of preneed sales is largely dependent upon maintaining an adequate salesforce. Accordingly, the future success of Reorganized LGII is dependent upon the ability of the Debtors and the Reorganized Debtors to attract, train and retain an adequate number of salespeople.

Revenue from Trust and Finance Income Is Subject to Market Conditions

Revenue from funeral and cemetery operations is significantly impacted by the level of trust income from perpetual care and merchandise trust funds. The level of trust income is largely dependent upon yields available in connection with the investment of the balances held in such trust funds. Available yields may be subject to significant fluctuations in response to conditions in the economy in general.

Federal, State and Local Regulations May Change to the Detriment of Reorganized LGII

The operations of Reorganized LGII will be subject to regulation, supervision and licensing under numerous federal, state and local laws, ordinances and regulations, including extensive regulations concerning trust funds, preneed sales of funeral and cemetery products and services, environmental matters and various other aspects of the business. The impact of such regulations varies depending on the location of funeral homes and cemeteries.

From time to time, states and other regulatory agencies have considered and may enact additional legislation or regulations that could affect the industry. For example, some states and regulatory agencies have considered or are considering regulations that could require more liberal refund and cancellation policies for preneed sales of products and services, prohibit door-to-door or telephone solicitation of potential customers, increase trust requirements and prohibit the common ownership of funeral homes and cemeteries in the same market. If adopted in the states in which Reorganized LGII operates, these and other possible proposals could have a material adverse effect on the results of operations of Reorganized LGII.

The Death Rate May Decrease

The death rate in the United States declined approximately 1% in 1997 and approximately 2% in 1998, reversing a trend of an approximately 1% increase per year since 1980. Industry studies indicate that the average age of the population is increasing. The financial results of Reorganized LGII may be affected by any decline in the death rate.

The Rate of Cremation Is Increasing

There is an increasing trend in the United States toward cremation. According to industry studies, cremations represented approximately 26% of the burials performed in the United States in 2000, as compared with approximately 10% in 1980, and this percentage has been increasing by approximately 1% annually over the past five years. Compared to traditional funeral services, cremations have historically generated similar gross profit percentages but lower revenues. A substantial increase in the rate of cremations performed by Reorganized LGII could have a material adverse effect on the results of operations of Reorganized LGII.

Certain Provisions Will Have Anti-Takeover Effects

Certain provisions of the Certificate of Incorporation and Bylaws, as well as the DGCL, may have the effect of delaying, deferring or preventing a change in control of Reorganized LGII. Such provisions, including those providing for the possible issuance of New Preferred Stock without stockholder approval, regulating the nomination of directors and eliminating stockholder action by written consent may make it more difficult for other persons, without the approval of the Board of Directors, to make a tender offer or otherwise acquire substantial amounts of the New Common Stock or to launch other takeover attempts that a stockholder might consider to be in such stockholder's best interest. See "Reorganized LGII — Certain Corporate Governance Matters."

GENERAL INFORMATION CONCERNING THE PLAN

Confirmation of the Plan and the occurrence of the Effective Date will result in the discharge of certain Claims and Interests and the creation of related injunctions with respect thereto. Moreover, upon Confirmation and the occurrence of the Effective Date, the Debtors will retain and may enforce certain claims and causes of actions against other entities, including the Retained Claims, not specifically released pursuant to the Plan. These legal effects of the Plan are set forth in Article XI of the Plan and are described below.

Discharge of Claims and Termination of Interests; Related Injunction

Except as provided in the Plan or in the Confirmation Order, the rights afforded under the Plan and the treatment of Claims and Interests under the Plan will be in exchange for and in complete satisfaction, discharge and release of all Claims and termination of all Interests arising on or before the Effective Date, including any interest accrued on Claims from the Petition Date. Except as provided in the Plan or in the Confirmation Order, Confirmation will, as of the Effective Date: (a) discharge the Debtors from all Claims or other debts that arose on or before the Effective Date, and all debts of the kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) a proof of Claim based on such debt is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code, (ii) a Claim based on such debt is allowed pursuant to section 502 of the Bankruptcy Code or (iii) the holder of a Claim based on such debt has accepted the Plan; and (b) terminate all Interests and other rights of equity security holders in the Debtors.

Except as provided in the Plan or the Confirmation Order, as of the Effective Date, the Confirmation Order will be a judicial determination of a discharge of all such Claims and other debts and liabilities against the Debtors and a termination of all such Interests and other rights of equity security holders in the Debtors, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge will void any judgment obtained against a Debtor at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all entities that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan will be permanently enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities or terminated Interests or rights: (a) commencing or continuing in any manner any action or other proceeding against the Debtors, the Reorganized Debtors or their respective property, other than to enforce any right pursuant to the Plan to a distribution; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors, the Reorganized Debtors or their respective property, other than as permitted pursuant to (a) above; (c) creating, perfecting or enforcing any lien or encumbrance against the Debtors, the Reorganized Debtors or their respective property; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors or the Reorganized Debtors; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

As of the Effective Date, all entities that have held, currently hold or may hold any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities that are released pursuant to the Plan, including releases pursuant to Section IV.F of the Plan, will be permanently enjoined from taking any of the following actions against any released entity or its property on account of such released claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities: (a) commencing or continuing in any manner any action or other proceeding; (b) enforcing, attaching, collecting or recovering in any manner any

judgment, award, decree or order; (c) creating, perfecting or enforcing any lien or encumbrance; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to any released entity; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

In the event an action, suit or proceeding is brought against a person or entity in respect to a claim, demand, right, cause of action or other matter in respect to which such person or entity has been released, waived or discharged under the Plan, including Section IV.F thereof, or the Confirmation Order, the reasonable attorneys' fees and costs of such person or entity in successfully defending such action, suit or proceeding will be paid by the party or parties commencing such action, suit or proceeding and, as a condition to going forward with such action, suit, or proceeding at the outset thereof, the party or parties commencing such action, suit or proceeding shall be required to provide adequate assurance of their capacity to make such payment of reasonable attorneys' fees and costs.

By accepting distributions pursuant to the Plan, each holder of an Allowed Claim or Allowed Interest receiving distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions and such fee provisions set forth in the Plan.

The classification and manner of satisfying all Claims and Interests under the Plan take into consideration all subordination rights, whether arising under general principles of equitable subordination, contract, section 510(c) of the Bankruptcy Code or otherwise, that a holder of a Claim or Interest may have against other Claim or Interest holders with respect to any distribution made pursuant to the Plan. All subordination rights that a holder of a Claim or Interest may have with respect to any distribution to be made pursuant to the Plan will be discharged and terminated, and all actions related to the enforcement of such subordination rights will be permanently enjoined. Accordingly, distributions pursuant to the Plan to holders of Allowed Claims or Allowed Interests will not be subject to payment to a beneficiary of such terminated subordination rights or to levy, garnishment, attachment or other legal process by a beneficiary of such terminated subordination rights.

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan will constitute a good faith compromise and settlement of all claims or controversies relating to the subordination rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Allowed Interest or any distribution to be made pursuant to the Plan on account of any Allowed Claim or Allowed Interest. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors, the Reorganized Debtors and their respective property and Claim and Interest holders and is fair, equitable and reasonable.

Preservation of Rights of Action Held by the Debtors or the Reorganized Debtors

Except as provided in the Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors or their successors will retain and may enforce any claims, demands, rights, causes of action and liabilities that any Debtor or Estate may hold, including claims transferred to Reorganized LGII by TLGI on the Effective Date and the Retained Claims, against any person or entity. The Reorganized Debtors or their successors may pursue such retained claims, demands, rights or causes of action, as appropriate, in accordance with the best interests of the Reorganized Debtors or their successors holding such claims, demands, rights or causes of action. Further, the Reorganized Debtors or their successors retain their rights to File and pursue any adversary proceedings against any trade creditor or vendor related to debit balances or deposits owed to any Debtor. Notwithstanding the foregoing, on the Effective Date, the Reorganized Debtors and their successors will be deemed to waive and release any claims, rights, causes of action or liabilities arising under section 547 of the Bankruptcy Code relating to preferential transfers held by any Debtor or Reorganized Debtor (including claims subject to a pending proceeding set forth on Exhibit IX.B.8 to the Plan) against any entity other than any Retained Claims identified on Exhibit IV.F.1 to the Plan.

Releases and Related Injunction

As of the Effective Date, in consideration for the obligations of the Debtors and the Reorganized Debtors under the Plan and the cash, New Senior Notes, New Unsecured Subordinated Convertible Notes, New Common Stock, New Warrants or interests in the Liquidating Trusts to be distributed pursuant to the Plan, the settlement of certain issues relating to certain CTA Note Claims and other contracts, instruments, releases, agreements or documents to be entered into or delivered by the Debtors or the Reorganized Debtors in connection with the Plan, (a) each holder of a Claim or Interest that votes in favor of the Plan, (b) to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, each entity that has held, holds or may hold a Claim or Interest or at any time was a creditor or stockholder of any of the Debtors and that does not vote on the Plan or votes against the Plan, and (c) solely as to clause (ii) below, each Debtor, Reorganized Debtor and other Loewen Company will be deemed to forever release, waive and discharge all claims, demands, rights, causes of action and liabilities (other than the right to enforce the Debtors' or the Reorganized Debtors' obligations under the Plan and the contracts, instruments, releases, agreements and documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising in law, equity or otherwise, that are based in whole or in part on any act, omission, transaction or other occurrence taking place on or prior to the Effective Date in any way relating to a Debtor, the Reorganization Cases, the Plan, the CTA or the CTA Note Claims (excluding any claims with respect to the reimbursement and indemnification provisions of the credit facilities excepted from cancellation under Section IV.I of the Plan) that such entity has, had or may have against (i) any Debtor or other Loewen Company and each of their respective present or former directors, officers, employees, attorneys, accountants, financial advisors and agents, acting in such capacity and (ii) the members of the Creditors' Committee, each Indenture Trustee, each Principal CTA Creditor, each holder of a CTA Note Claim and each of their respective present or former directors, officers, employees, attorneys, accountants, financial advisors and agents, acting in such capacity (including all claims, demands, rights, causes of action and liabilities alleged in the CTA Proceeding, which will be dismissed with prejudice as of the Effective Date) (which release, waiver and discharge will be in addition to the discharge of Claims and termination of Interests provided in the Plan and under the Confirmation Order and the Bankruptcy Code). Notwithstanding the foregoing, no claims, demands, causes of action or liabilities against (x) any Tolling Party or (y) any present or former director, officer or employee of any Loewen Company (other than TLGI and LGII), acting in such capacity that relates to the operations in the ordinary course of business of such Company will be released, waived or discharged by Section IV.F.2 of the Plan; however, the Indenture Trustees shall have no right, duty or obligation, contractual or otherwise, to, and shall not pursue (and shall have no right to pursue) any claims, demands, causes of action or liabilities in respect of the CTA or the CTA Note Claims or the status thereof under the CTA, including, without limitation, any such claims, demands, rights, causes of action or liabilities that any Indenture Trustee may have, on behalf of itself or any holder, against any of the Tolling Parties after the Effective Date. Other than the securities class action litigation against certain former officers and directors of TLGI (see "Certain Events Preceding the Debtors' Chapter 11 Filings — Securities Class Action"), certain litigation relating to the Michigan Cemeteries (see "Operations During the Reorganization Cases — Michigan Cemeteries") certain potential claims in respect to the Subject Debt (see "Collateral Trust Agreement Issues; Recovery Actions; and Other Legal Proceedings — Collateral Trust Agreement Issues and Other Claims Related to the Collateral Trust Agreement") and certain other litigation matters in which one or more of the Debtors are co-defendants, the Debtors are not aware of any claims between third parties relating to the Debtors, the Reorganization Cases or the Plan.

Insofar as the releases and related injunctions described above purport to discharge and release the third-party liabilities of non-Debtors, the staff of the SEC views these provisions of the Plan as being inconsistent with section 524(e) of the Bankruptcy Code. The staff of the SEC may object to Confirmation of the Plan on these grounds. The Debtors believe that these provisions are permissible under the Bankruptcy Code.

As of the Effective Date, and upon cancellation of the CTA as provided in Section IV.I of the Plan, each Indenture Trustee, the CTA Trustee and each holder of a CTA Note Claim will be deemed to forever release, waive and discharge each Loewen Company, including as a Pledgor or guarantor under the CTA, and each of their respective current or former directors, officers or employees from any claims, demands, rights or causes of action or liabilities in respect to any rights or claims under or in respect to the CTA and CTA Note Claims (other than the right to enforce the Debtors' or the Reorganized Debtors' obligations under the Plan and the contracts, instruments, releases, agreements and documents delivered thereunder), all of such claims, demands, rights, causes of action and

liabilities having been settled and discharged through the respective distributions to holders of Claims in Class 5, Class 6 or Class 7.

As of the Effective Date, each holder of a CTA Note Claim will be deemed to forever release, waive and discharge each other holder of a CTA Note Claim and each Indenture Trustee from any claims, demands, rights, causes of action and liabilities in respect to the treatment and distributions under the Plan or otherwise in respect of CTA Note Claims or payments thereon (excluding any claims with respect to reimbursement and indemnification provisions of the credit facilities excepted from cancellation under Section IV.I of the Plan), all of such claims having been settled, released, waived and discharged as part of the settlement embodied in the Plan. Notwithstanding the foregoing, no Tolling Party will be released, waived or discharged under Section IV.F.3.b of the Plan.

As of the Effective Date, the Debtors will be deemed to forever release, waive and discharge any and all avoidance claims or causes of action under sections 510, 542, 544, 545, 547, 548, 549, 550, 551 or 553 of the Bankruptcy Code against all persons and entities in respect to any CTA Note Claim or in respect of any payment thereon (including avoidance claims subject to a proceeding set forth on Exhibit IX.B.8 to the Plan which will be deemed dismissed, with prejudice).

Notwithstanding the cancellation of the Prepetition Indentures under Section IV.I of the Plan, subject to the limitations in this paragraph, the obligation of any Debtor to indemnify any Indenture Trustee under a Prepetition Indenture shall continue in effect after the Effective Date until the fifth anniversary of the Effective Date and be performed by Reorganized LGII but in any case only for the reimbursement of reasonable attorneys' fees and expenses net of any amounts actually collected from adverse parties thereto of an Indenture Trustee incurred in connection with the defense by such Indenture Trustee of an action against such Indenture Trustee for an action or omission by such Indenture Trustee relating to the settlement of the issues concerning the status of certain CTA Note Claims under the CTA including the CTA Issue and the matters that are the subject of Adversary Proceeding No. 00-01181 pending before the Bankruptcy Court. In no event will Reorganized LGII be obligated to make any reimbursement under Section IV.F.3.d of the Plan to all Indenture Trustees in the aggregate in excess of $1,000,000. Moreover, no Indenture Trustee will be entitled to receive more than $250,000 of reimbursement hereunder, unless on the fifth anniversary of the Effective Date the $1,000,000 has not been fully disbursed and no proper claims by an Indenture Trustee for amounts up to its individual $250,000 limit are outstanding (including claims by an Indenture Trustee for amounts up to its individual $250,000 limit that such Indenture Trustee reasonably expects to incur as part of a pending proceeding (as described above)) in which case any remaining unclaimed and undisbursed portion of such $1,000,000 may and shall be distributed on a *pro rata* basis based on unreimbursed Indenture Trustee claims under Section III.F.3.d of the Plan, but in no event in excess of the aggregate of such unreimbursed amounts.

As of the Effective Date, each holder of a CTA Note Claim, each Indenture Trustee and each Principal CTA Creditor will be deemed to forever release, waive and discharge the CTA Trustee and its respective present or former directors, officers, employees, attorneys and agents, acting in such capacity, from any claims, demands, rights, causes of actions or liabilities that, if enforced against the CTA Trustee, entitle the CTA Trustee to an Allowed Claim for indemnification from TLGI or LGII pursuant to the terms of Section 7.5 of the CTA; *provided, however*, that nothing in Section IV.F.3.e of the Plan shall constitute a release, waiver or discharge of any claim, demand, right, cause of action or liability relating to the amount of the CTA Trustee Reserve Amount or to treatment of a Claim as an Allowed Class 22 Claim.

As of the Effective Date, each holder of a CTA Note Claim, each Indenture Trustee and each Principal CTA Creditor will be deemed to forever release, waive and discharge State Street and its respective present or former directors, officers, employees, attorneys and agents, acting in such capacity, from any claims, demands, rights, causes of action or liabilities that, if enforced against State Street, entitle State Street to an Allowed Claim for indemnification from TLGI or LGII pursuant to the terms of any Prepetition Indenture; *provided, however*, that nothing in Section IV.F.3.f of the Plan shall constitute a release, waiver or discharge of any claim, demand, right, cause of action or liability relating to the amount of any Series Reserve Amount or to treatment of a Claim as an Allowed Class 23 Claim.

In connection with the Debtors' 1994 Management Equity Incentive Plan (the "1994 Plan"), approximately 30 executives financed their acquisition of options to acquire MEIPs Debentures under the 1994 Plan. As a result of

such financing, the Debtors have claims against such participants for interest costs in the aggregate amount of approximately $1.4 million and such participants have Filed other Claims against the Debtors in respect of the 1994 Plan. Pursuant to the Plan, to the extent not otherwise settled or resolved prior to the Effective Date, the Debtors will release each such participant (other than Raymond L. Loewen) from any and all claims of the Debtors against such participant arising from the financing of such participant's purchase of an option to purchase MEIPs Debentures pursuant to the 1994 Plan, subject, however, to the execution and delivery by such participant on or prior to the Effective Date of a release of the Loewen Companies from any and all Claims of such participant related to the 1994 Plan or such participant's participation therein.

As further provided in Section XI.B of the Plan, the Confirmation Order will permanently enjoin the commencement or prosecution by any entity, whether directly, derivatively or otherwise, of any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities released pursuant to the Plan.

Executory Contracts and Unexpired Leases

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into in connection with the Plan, on the Effective Date, pursuant to section 365 of the Bankruptcy Code, the applicable Debtor or Debtors will assume, or assume and assign, each Executory Contract and Unexpired Lease including the Rose Hills Put/Call Agreement and those listed on Exhibit V.A.1 to the Plan, but excluding those listed on Exhibit V.C to the Plan; *provided, however*, that the Debtors or Reorganized Debtors reserve the right, at any time through and including 90 days after the Effective Date, or, in the case of any Unresolved Michigan Cemetery Contracts, at any time through and including 90 days after entry of a Final Order in Adversary Proceeding No. 00-929 pending before the Bankruptcy Court, to amend Exhibit V.A.1 to the Plan to: (a) delete any Executory Contract or Unexpired Lease listed therein, thus providing for its rejection pursuant to Section V.C of the Plan; or (b) add any Executory Contract or Unexpired Lease thereto, thus providing for its assumption or assumption and assignment pursuant to Section V.A of the Plan. The Debtors or Reorganized Debtors will provide notice of any amendments to Exhibit V.A.1 to the Plan to the parties to the Executory Contracts or Unexpired Leases affected thereby and, if prior to the Effective Date, to the parties on the then-applicable service list in the Reorganization Cases (including counsel to the Creditors' Committee). Listing a contract or lease on Exhibit V.A.1 to the Plan will not constitute an admission by a Debtor or Reorganized Debtor a Debtor or Reorganized Debtor has any liability thereunder or that such contract or lease is executory.

Each (a) Real Property Executory Contract and Unexpired Lease and (b) Executory Contract or Unexpired Lease assumed under Section V.A of the Plan will include any modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such contract or lease, irrespective of whether such agreement, instrument or other document is listed on Exhibit V.A.1 to the Plan, unless any such modification, amendment, supplement, restatement or other agreement is rejected pursuant to Section V.C of the Plan and is listed on Exhibit V.C to the Plan.

Any Executory Contract or Unexpired Lease (including any related agreements as described in Sections I.A.150 and V.A.2 of the Plan) to be held by any Debtor or another surviving, resulting or acquiring corporation in an applicable Restructuring Transaction, will be deemed assigned to the applicable entity, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date (irrespective of when the applicable Restructuring Transaction is effected). Nothing in the preceding sentence shall restrict, modify or otherwise limit the Debtors' or Reorganized Debtors' right to amend Exhibit V.A.1 or V.C in accordance with Sections V.A.1 and V.C, respectively, of the Plan.

The Confirmation Order will constitute an order of the Bankruptcy Court approving the assumptions and assignments described in Sections V.A and V.E of the Plan, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date. An order of the Bankruptcy Court entered on or prior to the Confirmation Date will specify the procedures for providing notice to each party whose Executory Contract or Unexpired Lease is being assumed or assumed and assigned pursuant to the Plan of: (a) the contract or lease being assumed or assumed and assigned; (b) the Cure Amount Claim, if any, that the applicable Debtor believes it would be obligated to pay in connection with such assumption; and (c) the procedures for such party to object to the assumption or assumption and assignment of the applicable contract or lease or the amount of the proposed Cure Amount Claim.

To the extent that such Claims constitute monetary defaults, the Cure Amount Claims associated with each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan will be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, at the option of the Debtor assuming such contract or lease or the assignee of such Debtor, if any: (a) by payment of the Cure Amount Claim in cash on the Effective Date; (b) after the Effective Date, as soon as practicable after the amendment to Exhibit V.A.1 to the Plan, as applicable, providing for the assumption or the assumption and assignment of the Executory Contract or Unexpired Lease; or (c) on such other terms as are agreed to by the parties to such Executory Contract or Unexpired Lease. If there is a dispute regarding (a) the amount of any Cure Amount Claim, (b) the ability of the applicable Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or (c) any other matter pertaining to assumption or assumption and assignment of such contract or lease, the payment of any Cure Amount Claim required by section 365(b)(1) of the Bankruptcy Code will be made following the entry of a Final Order resolving the dispute and approving the assumption. For assumptions of Executory Contracts or Unexpired Leases between Debtors, the Reorganized Debtor assuming such contract may cure any monetary default (a) by treating such amount as either a direct or indirect contribution to capital or distribution (as appropriate) or (b) through an intercompany account balance in lieu of payment in cash.

On the Effective Date, except for an Executory Contract or Unexpired Lease that was previously assumed, assumed and assigned or rejected by an order of the Bankruptcy Court or that is assumed pursuant to Section V.A or V.F. of the Plan (including any related agreements assumed pursuant to Sections I.A.150 and V.A.2 of the Plan), each Executory Contract and Unexpired Lease listed on Exhibit V.C to the Plan that has not previously expired or terminated pursuant to its own terms will be rejected pursuant to section 365 of the Bankruptcy Code; *provided, however*, that the Debtors or Reorganized Debtors reserve the right, at any time through and including 90 days after the Effective Date, or, in the case of any Unresolved Michigan Cemetery Contracts, at any time through and including 90 days after entry of a Final Order in Adversary Proceeding Number 00-929 pending before the Bankruptcy Court, to amend Exhibit V.C to the Plan to: (a) delete any Executory Contract or Unexpired Lease listed therein, thus providing for its assumption or assumption and assignment pursuant to Section V.A of the Plan; or (b) add any Executory Contract or Unexpired Lease thereto, thus providing for its rejection pursuant to Section V.C of the Plan. The Debtors or Reorganized Debtors will provide notice of any amendments to Exhibit V.C to the Plan to the parties to the Executory Contracts or Unexpired Leases affected thereby and, if prior to the Effective Date, to the parties on the then-applicable service list in the Reorganization Cases (including counsel to the Creditors' Committee). Listing a contract or lease on Exhibit V.C to the Plan will not constitute an admission by a Debtor or Reorganized Debtor a Debtor or Reorganized Debtor has any liability thereunder or that such contract or lease is executory. The Confirmation Order will constitute an order of the Bankruptcy Court approving such rejections, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date.

Notwithstanding anything in the Bar Date Order to the contrary, if the rejection of an Executory Contract or Unexpired Lease pursuant to Section V.C of the Plan gives rise to a Claim (including any Claims arising from those indemnification obligations described in Section V.E.2 of the Plan) by the other party or parties to such contract or lease, such Claim will be forever barred and will not be enforceable against the Debtors, the Reorganized Debtors, their respective successors or their respective properties unless a proof of Claim is Filed and served on the Reorganized Debtors, pursuant to the procedures specified in the Confirmation Order and the notice of the entry of the Confirmation Order or another order of the Bankruptcy Court, no later than: (a) 30 days after the Effective Date; or (b) if Exhibit V.C to the Plan is amended after the Effective Date to provide for the rejection of the Executory Contract or Unexpired Lease, 30 days after the Debtors or Reorganized Debtors serve notice of such amendment.

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the Debtor or Reorganized Debtor liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

DISTRIBUTIONS UNDER THE PLAN

General

Except as otherwise provided in Article VI of the Plan, distributions of cash, New Senior Notes, New Unsecured Subordinated Convertible Notes and New Common Stock to be made on the Effective Date to holders of Claims that are allowed as of the Effective Date will be deemed made on the Effective Date if made on the Effective Date or as promptly thereafter as practicable, but in any event no later than: (a) 60 days after the Effective Date; or (b) such later date when the applicable conditions of Section V.B of the Plan (regarding cure payments for Executory Contracts and Unexpired Leases being assumed), Section VI.E.2 of the Plan (regarding undeliverable distributions) or Section VI.J of the Plan (regarding surrender of canceled instruments and securities) are satisfied. Distributions on account of Claims that become Allowed Claims after the Effective Date will be made pursuant to Sections VI.H and VII.C of the Plan.

Methods of Distributions

The method of distributing the consideration provided for in the Plan is set forth in Article VI of the Plan and summarized below.

Distributions to Holders of Allowed Claims and Interests

Reorganized LGII, or such Third Party Disbursing Agents as Reorganized LGII may employ in its sole discretion, will make all distributions of cash, New Senior Notes, New Unsecured Subordinated Convertible Notes, New Common Stock, New Warrants and other instruments or documents required under the Plan. The respective Indenture Trustee will serve as a Third Party Disbursing Agent for each series of Public Notes and, subject to the requirements of Section VI.F of the Plan, will make distributions contemplated by Section III.C.3, Section III.C.4 or Section III.C.5, as the case may be, of the Plan in accordance with the terms of the respective Prepetition Indenture; *provided*, *however*, that no Indenture Trustee will have any obligation in respect of distributions to holders of CTA Note Claims from funds set aside under Section III.C.18, Section III.C.19, Section III.E or Section III.F of the Plan. Each Disbursing Agent will serve without bond, and any Disbursing Agent may employ or contract with other entities to assist in or make the distributions required by the Plan. Distribution of certificates representing interests in the Liquidating Trust and distributions, if any, in respect of the Liquidating Trust Assets will be made by the Liquidating Trust Trustee in accordance with the terms of the Liquidating Trust Agreement.

Compensation and Reimbursement for Services Related to Distributions

Each Third Party Disbursing Agent providing services related to distributions pursuant to the Plan will receive from Reorganized LGII, without further Bankruptcy Court approval, reasonable compensation for such services and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services. These payments will be made on terms agreed to with Reorganized LGII and will not be deducted from distributions to be made pursuant to the Plan to holders of Allowed Claims (including any distributions of Cash Investment Yield) receiving distributions from a Third Party Disbursing Agent.

Delivery of Distributions in General

Except as provided below for distributions to holders of the Public Notes, distributions to holders of Allowed Claims will be made by a Disbursing Agent: (a) at the addresses set forth on the respective proofs of Claim Filed by holders of such Claims, (b) at the addresses set forth in any written certification of address change delivered to the Disbursing Agent (including pursuant to a letter of transmittal delivered to a Disbursing Agent) after the date of Filing of any related proof of Claim or (c) at the addresses reflected in the applicable Debtor's Schedules if no proof of Claim has been Filed and the Disbursing Agent has not received a written notice of a change of address.

Special Provisions for Distributions to Holders of Public Note Claims

Subject to the requirements of Section VI.J of the Plan, distributions to holders of Allowed Public Note Claims will be made by a Disbursing Agent to the record holders of the Public Notes as of the Distribution Record Date, as identified on a record holder register to be provided to the Disbursing Agent by the applicable Indenture Trustee within five Business Days after the Distribution Record Date. Such record holder register: (a) will provide the name, address and holdings of each respective registered holder of Public Notes as of the Distribution Record Date; and (b) must be consistent with the respective Indenture Trustee's Allowed proof of Claim. Each entry on the applicable record holder register will be treated as an Allowed Class 5 Claim, an Allowed Class 6 Claim or an Allowed Class 7 Claim, as the case may be, for purposes of distributions made pursuant to Article VI of the Plan.

Special Provisions for Distributions to Holders of Credit Facility Claims

Cash distributions to holders of Allowed Claims arising under the BMO Revolving Credit Facility or the MEIP Credit Facility will be paid to the respective administrative agent of each such facility for distribution by such administrative agent to the holders consistent with Exhibit III.C of the Plan; *provided*, *however*, that, notwithstanding any other provisions of the Plan and regardless of the occurrence of the Exit Financing Term Loan Closing, such administrative agent shall be entitled to reserve or set off from the amount of such cash or other non-cash distribution otherwise distributable or payable to such holders the full amount that is (i) undrawn under any letters of credit (a) issued under the BMO Revolving Credit Facility or the MEIP Credit Facility and (b) outstanding as of the Effective Date, or (ii) otherwise owed or payable to such administrative agent pursuant to the reimbursement and indemnification provisions contained in Section 11.8 of the BMO Revolving Credit Facility or Section 7.05 of the MEIP Credit Facility. Subject to the preceding, and subject to the requirements of Section VI.I of the Plan, non-cash distributions to holders of Allowed Claims arising under the BMO Revolving Credit Facility or the MEIP Credit Facility will be made by a Disbursing Agent to the holders of such Claims as of the Distribution Record Date, as identified on a register to be provided to the Disbursing Agent by the administrative agent under the respective credit agreement within five Business Days after the Distribution Record Date. Such register: (i) will provide the name, address and claim amount of each respective holder of such Claims as of the Distribution Record Date; and (ii) must be consistent with Exhibit III.C of the Plan. At least five Business Days prior to making any non-cash distributions on account of Allowed Claims arising under the BMO Revolving Credit Facility or the MEIP Credit Facility, the Disbursing Agent will provide to the administrative agent under the respective credit agreement a schedule setting forth the type and amount of the distributions to be made to each holder of such Allowed Claims.

Undeliverable or Unclaimed Distributions

If any distribution to a holder of an Allowed Claim or Allowed Interest is returned to a Disbursing Agent as undeliverable, no further distributions will be made to such holder unless and until the applicable Disbursing Agent is notified by written certification of such holder's then-current address. Subject to Section VI.E.2.c of the Plan (regarding the failure to claim undeliverable distributions), undeliverable distributions will remain in the possession of the applicable Disbursing Agent pursuant to Section VI.E.2.a.i of the Plan until such time as a distribution becomes deliverable. Undeliverable cash (including dividends or other distributions on account of undeliverable New Common Stock) will be held in segregated bank accounts in the name of the applicable Disbursing Agent for the benefit of the potential claimants of such funds. Any Disbursing Agent holding undeliverable cash will invest such cash in a manner consistent with the Reorganized Debtors' investment and deposit guidelines. Undeliverable New Common Stock or New Warrants will be held by the applicable Disbursing Agent for the benefit of the potential claimants of such securities.

Pending the distribution of any New Common Stock, the applicable Disbursing Agent will cause all of the New Common Stock held by it in its capacity as Disbursing Agent to be (a) represented in person or by proxy at each meeting of the stockholders of Reorganized LGII, (b) voted in any election of directors of Reorganized LGII for the nominees recommended by the Board of Directors of Reorganized LGII and (c) voted with respect to any other matter as recommended by the Board of Directors of Reorganized LGII.

On each Quarterly Distribution Date, the applicable Disbursing Agents will make all distributions that become deliverable to holders of Allowed Claims or Allowed Interests during the preceding calendar quarter. Each such distribution will include, to the extent applicable: (a) a Pro Rata share of dividends or other distributions, if

any, that were previously paid to the Disbursing Agent in respect of any New Common Stock included in such distribution; and (b) a Pro Rata share of the Cash Investment Yield from the investment of any undeliverable cash (including dividends or other distributions on undeliverable New Common Stock) from the date that such distribution would have first been due had it then been deliverable to the date that such distribution becomes deliverable.

Any holder of an Allowed Claim or Allowed Interest that does not assert a claim pursuant to the Plan for an undeliverable distribution to be made by a Disbursing Agent within two years after the later of (a) the Effective Date and (b) the last date on which a distribution was deliverable to such holder will have its claim for such undeliverable distribution discharged and will be forever barred from asserting any such claim against the Reorganized Debtors or their respective property. In such cases with respect to Allowed Claims or Allowed Interests in any Division of Class 11: (a) unclaimed cash, New Common Stock and New Warrants will be retained in the applicable Unsecured Claims Reserve for Pro Rata distribution to holders of Allowed Claims in such Division, pursuant to Section VI.H.2.b of the Plan; and (b) for purposes of this redistribution, each Allowed Claim in such Division of Class 11 for which such distributions are undeliverable will be deemed disallowed in its entirety. In such cases with respect to Allowed Claims in any Class other than Class 11, unclaimed distributions will become property of Reorganized LGII, free of any restrictions thereon, and any such unclaimed distribution held by a Third Party Disbursing Agent will be returned to Reorganized LGII. Nothing contained in the Plan will require any Debtor, Reorganized Debtor or Disbursing Agent to attempt to locate any holder of an Allowed Claim or Allowed Interest.

Distribution Record Date

A Disbursing Agent will have no obligation to recognize the transfer of, or the sale of any participation in, any Allowed Claim or Allowed Interest that occurs after the close of business on the Distribution Record Date and will be entitled for all purposes under the Plan to recognize and make distributions only to those holders of Allowed Claims or Allowed Interests that are holders of such Claims or Interests, or participants therein, as of the close of business on the Distribution Record Date. Pursuant to the Plan, the Distribution Record Date will be the date on which the Bankruptcy Court enters the Confirmation Order on its docket. In addition, as of the close of business on the Distribution Record Date, the respective transfer registers for the Public Notes, as maintained by the Debtors or the respective Indenture Trustee, will be closed. The applicable Disbursing Agent will have no obligation to recognize the transfer or sale of any Public Note Claims that occurs after the close of business on the Distribution Record Date and will be entitled for all purposes under the Plan to recognize and make distributions only to those holders of Public Note Claims who are holders of such Claims as of the close of business on the Distribution Record Date. Except as otherwise provided in a Final Order of the Bankruptcy Court, the transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Distribution Record Date will be treated as the holders of such Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to such transfer has not expired by the Distribution Record Date.

Means of Cash Payments

Except as otherwise specified in the Plan, cash payments made pursuant to the Plan will be in U.S. currency by checks drawn on a domestic bank selected by the applicable Debtor or Reorganized Debtor or, at the option of the applicable Debtor or Reorganized Debtor, by wire transfer from a domestic bank; *provided, however,* that cash payments to foreign holders of Allowed Trade Claims may be made, at the option of the applicable Debtor or Reorganized Debtor, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

Timing and Calculation of Amounts To Be Distributed

Subject to Section VI.A of the Plan, on the Effective Date, each holder of an Allowed Claim or Allowed Interest in a Class other than Class 11 will receive the full amount of the distributions that the Plan provides for Allowed Claims or Allowed Interests in the applicable Class. On each Quarterly Distribution Date, distributions also will be made, pursuant to Section VII.C of the Plan, to holders of Disputed Claims in any such Class that were allowed during the preceding calendar quarter. Such quarterly distributions also will be in the full amount that the Plan provides for Allowed Claims in the applicable Class.

The amount of distributions to be made on the Effective Date (subject to Section VI.A of the Plan) to holders of Allowed Claims in a Division of Class 11 on account of such Claims will be made from the applicable Unsecured Claims Reserve for such Class and will be calculated as if each Disputed Claim in each such Division were an Allowed Claim in its Face Amount. On each Quarterly Distribution Date, distributions also will be made, pursuant to Section VII.C of the Plan, to holders of Disputed Claims in each such Division that were allowed during the preceding calendar quarter. Such quarterly distributions also will be calculated pursuant to the provisions set forth in Section VI.H.2.a of the Plan.

On the fourth Quarterly Distribution Date and annually thereafter, each holder of a Claim previously allowed in a Division of Class 11 will receive an additional distribution from the applicable Unsecured Claims Reserve for such Class on account of such Claim in an amount equal to: (a) the amount of New Common Stock and New Warrants that such holder would have been entitled to receive pursuant to Section VI.H.2.a of the Plan as if such Claim had become an Allowed Claim on the applicable Quarterly Distribution Date, *minus*, in each case, (b) the aggregate amount of New Common Stock and New Warrants previously distributed on account of such Claim. Each such additional distribution also will include, on the basis of the amount then being distributed (a) a Pro Rata share of any dividends or other distributions made on account of the New Common Stock held in the Unsecured Claims Reserve and (b) a Pro Rata share of the related Cash Investment Yield from the investment of any cash dividends or other distributions in the Unsecured Claims Reserve, from the date such cash was deposited into the Unsecured Claims Reserve to the date that such distribution is made.

Distribution of New Debt Securities

Notwithstanding any other provisions of the Plan, principal amounts of the New Five-Year Secured Notes, New Two-Year Secured Notes, New Seven-Year Secured Notes and New Unsecured Subordinated Convertible Notes will be issued only in denominations of $100 and integral multiples thereof. When any distribution on account of an Allowed Claim would otherwise result in the issuance of New Five-Year Secured Notes, New Two-Year Unsecured Notes, New Seven-Year Unsecured Notes or New Unsecured Subordinated Convertible Notes with an aggregate principal amount that is not an integral multiple of $100, the actual distribution of such notes shall be rounded to the next higher or lower integral multiple of $100, as follows: (i) principal amounts of $50 or greater shall be rounded to the next higher integral multiple of $100 and (ii) principal amounts of less than $50 shall be rounded to the next lower multiple of $100. No consideration shall be provided in lieu of principal amounts of New Five-Year Secured Notes, New Two-Year Secured Notes, New Seven-Year Secured Notes or New Unsecured Subordinated Convertible Notes that are rounded down.

Distributions of New Equity

Notwithstanding any other provision of the Plan, only whole numbers of shares of New Common Stock and New Warrants exercisable to purchase whole numbers of shares of New Common Stock will be issued. When any distribution on account of an Allowed Claim or Allowed Interest would otherwise result in the issuance of a number of shares of New Common Stock that is not a whole number or New Warrants exercisable to purchase a number of shares of New Common Stock that is not a whole number, the number of shares of such stock will be rounded to the next higher or lower whole number as follows: (a) fractions equal to or greater than ½ will be rounded to the next higher whole number and (b) fractions less than ½ will be rounded to the next lower whole number. The total number of shares of New Common Stock to be distributed or shares of New Common Stock issuable upon exercise of such New Warrants on account of Allowed Claims and Allowed Interests will be adjusted as necessary to account for the rounding provided for in Section VI.H.3 of the Plan. No consideration will be provided in lieu of fractional shares that are rounded down.

De Minimis Distributions

No Disbursing Agent will distribute cash to the holder of an Allowed Claim in an impaired Class if the amount of cash to be distributed on account of such Claim is less than $25. Any holder of such an Allowed Claim on account of which the amount of cash to be distributed is less than $25 will have its claim for such distribution discharged and will be forever barred from asserting any such claim against the Reorganized Debtors or their respective property. Any cash not distributed pursuant to Section VI.H.4 of the Plan with respect to Claims in a Class other than Class 11 will be the property of Reorganized LGII, free of any restrictions thereon, and any such

cash held by a Third Party Disbursing Agent will be returned to Reorganized LGII. Any cash not distributed pursuant to Section VI.H.4 of the Plan with respect to Allowed Claims in a Division of Class 11, including dividends or other distributions made on account of New Common Stock held in an Unsecured Claims Reserve, will be retained in the applicable Unsecured Claims Reserve for redistribution Pro Rata to holders of Allowed Claims in such Division of Class 11, pursuant to Section VI.H.2.b of the Plan. For purposes of this redistribution, each Allowed Claim in Class 11 for which distributions are less than $25 will have its claim for such distribution discharged and will be forever barred from asserting any such claim against the Unsecured Claims Reserve or otherwise.

Compliance with Tax Requirements

In connection with the Plan, to the extent applicable, each Disbursing Agent will comply with all Tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant to the Plan will be subject to such withholding and reporting requirements. Each Disbursing Agent will be authorized to take any actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan, each entity receiving a distribution of cash, New Senior Notes, New Unsecured Subordinated Convertible Notes, New Common Stock, New Warrants or interests in the Liquidating Trust or pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed on it by any governmental unit on account of such distribution, including income, withholding and other Tax obligations.

Surrender of Canceled Securities or Other Instruments

As a condition precedent to receiving any distribution pursuant to the Plan on account of an Allowed Claim or Allowed Interest evidenced by the notes, instruments, securities or other documentation canceled pursuant to Section IV.I of the Plan, the holder of such Claim or Interest must tender, as specified in Section VI.J of the Plan, the applicable notes, instruments, securities or other documentation evidencing such Claim or Interest to the applicable Disbursing Agent together with any letter of transmittal required by such Disbursing Agent. Pending such surrender, any distributions pursuant to the Plan on account of any such Claim or Interest will be treated as an undeliverable distribution pursuant to Section VI.E.2 of the Plan.

Except as provided in Section VI.J.2 of the Plan for lost, stolen, mutilated or destroyed Public Notes or as otherwise provided in the Plan, each holder of an Allowed Public Note Claim shall surrender such certificated security to the respective Indenture Trustee by mail, in person, electronically or by other means acceptable to such Indenture Trustee for cancellation All surrendered Public Notes will be marked as canceled and delivered to the appropriate Reorganized Debtor. Surrender of a global certificate held in the name of Cede & Co. Inc. shall constitute surrender for the purposes of this provision.

Any holder of an Allowed Public Note Claim with respect to which the underlying Public Note has been lost, stolen, mutilated or destroyed must, in lieu of surrendering such Public Note, deliver to the applicable Indenture Trustee (a) evidence satisfactory to the Indenture Trustee of the loss, theft, mutilation or destruction and (b) such security or indemnity as may be required by the Indenture Trustee to hold the Indenture Trustee and the Reorganized Debtors, as applicable, harmless from any damages, liabilities or costs incurred in treating such individual as a holder of an Public Note. Upon compliance with the foregoing procedures (as contained in Section VI.J.2 of the Plan) by a holder of an Allowed Public Note Claim, such holder will, for all purposes under the Plan, be deemed to have surrendered the applicable Public Note.

Any holder of an Allowed Public Note Claim that fails to surrender or be deemed to have surrendered the applicable Public Note within two years after the Effective Date will have its right to distributions pursuant to the Plan on account of such Public Note Claim discharged and will be forever barred from asserting any such Claim against the Reorganized Debtors or their respective property. In such case, any cash, New Senior Notes or New Common Stock held for distribution on account of such Public Note Claim will be treated pursuant to the provisions set forth in Section VI.E.2.c of the Plan.

Holders of Allowed Claims will be required to tender any notes evidencing such Claims or, if not evidenced by a note, any other instrument evidencing their respective Allowed Claims to the applicable Disbursing

Agent as and when such entities receive distributions under the Plan. If any such entity's notes or other instruments evidencing its Allowed Claims are lost, stolen, mutilated or destroyed, such entity will be required, in lieu of surrendering such note or other instrument, to deliver to the applicable Disbursing Agent (a) evidence satisfactory to the Disbursing Agent of the loss, theft, mutilation or destruction and (b) such security or indemnity as may be required by the Disbursing Agent to hold the Disbursing Agent and the Reorganized Debtors, as applicable, harmless from any damages, liabilities or costs incurred in treating such individual as the holder of such Claims.

Setoffs

Except with respect to claims of a Debtor or Reorganized Debtor released pursuant to the Plan or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the Reorganized Debtors or, as instructed by the applicable Reorganized Debtor or its successor, a Third Party Disbursing Agent may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before any distribution is made on account of such Claim) the claims, rights and causes of action of any nature that the applicable Debtor or Reorganized Debtor or its successor may hold against the holder of such Allowed Claim; *provided, however*, that neither the failure to effect a setoff nor the allowance of any Claim under the Plan will constitute a waiver or release by the applicable Debtor or Reorganized Debtor or its successor of any claims, rights and causes of action that the Debtor or Reorganized Debtor or its successor may possess against such a Claim holder.

Disputed Claims; Reserves and Estimations

Notwithstanding any other provisions of the Plan, no payments or distributions will be made on account of a Disputed Claim until such Claim becomes an Allowed Claim. In lieu of distributions under the Plan to holders of Disputed Claims in Class 11, if allowed, the applicable Unsecured Claims Reserves will be established on the Effective Date to hold property for the benefit of these Claim holders, as well as holders of Allowed Claims in that Division of Class 11. Reorganized LGII will fund the Unsecured Claims Reserve with New Common Stock and New Warrants, as described in Section VI.D.1 of the Plan.

Funding of Unsecured Claims Reserves

On the Effective Date, the respective number of Reserved Shares, will be placed in the applicable Unsecured Claims Reserve for the benefit of holders of Allowed Claims in each Division of Class 11.

Each holder of an Allowed Claim (or a Disputed Claim that ultimately becomes an Allowed Claim) in Class 11 will have recourse only to the undistributed cash and New Common Stock held in the applicable Unsecured Claims Reserve for satisfaction of the distributions to which such holders of that Division of Class 11 are entitled under the Plan, and not to any Reorganized Debtor, its property or any assets previously distributed on account of any Allowed Claim. Cash held in an Unsecured Claims Reserve as a result of dividends and other distributions (a) will be deposited in a segregated bank account in the name of the applicable Disbursing Agent and held in trust pending distribution by the Disbursing Agent for the benefit of holders of the respective Division of Class 11, (b) will be accounted for separately and (c) will not constitute property of the Reorganized Debtors. The Disbursing Agent will invest the cash held in the Unsecured Claims Reserve in a manner consistent with the Reorganized Debtors' investment and deposit guidelines. The Disbursing Agent also will place in the Unsecured Claims Reserve the Cash Investment Yield from such investment of cash, and distributions on account of each Allowed Class 11 Claim will include a Pro Rata share of the Cash Investment Yield from such investment of cash.

Distributions on Account of Disputed Claims once They Are Allowed

On each Quarterly Distribution Date, the applicable Disbursing Agent will make all distributions on account of any Disputed Claim that has become an Allowed Claim during the preceding calendar quarter. Such distributions will be made pursuant to the provisions of the Plan governing the applicable Class, including the incremental distribution provisions set forth in Section VI.H.2 of the Plan.

Payment of Post-Effective Date Interest from Cash Investment Yield

In the event that any cash or dividends on New Common Stock are held in an Unsecured Claims Reserve, holders of the respective Class may receive post-Effective Date interest at a rate determined by the Cash Investment Yield. For the federal income tax consequences to the holders of receipt of Cash Investment Yield, see "Certain U.S. Federal Income Tax Consequences of Consummation of the Plan — Certain Other Tax Considerations for Holders of Claims — Receipt of Pre-Effective Date Interest" and "Certain U.S. Federal Income Tax Consequences of Consummation of the Plan — Certain Other Tax Considerations for Holders of Claims — Receipt of Dividend and Interest Income Earned by the Unsecured Claims Reserve."

Objections to Claims or Interests and Authority To Prosecute Objections

All objections to Claims must be Filed and served on the holders of such Claims by the Claims Objection Bar Date, and, if Filed prior to the Effective Date, such objections will be served on the parties on the then-applicable service list in the Reorganization Cases. If an objection has not been Filed to a proof of Claim or a scheduled Claim by the Claims Objection Bar Date, the Claim to which the proof of Claim or scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been allowed earlier. An objection is deemed to have been timely Filed as to all Tort Claims, thus making each such Claim a Disputed Claim as of the Claims Objection Bar Date. Each such Tort Claim will remain a Disputed Claim until it becomes an Allowed Claim in accordance with Section I.A.4 of the Plan. As of the Effective Date, the Debtors will have been deemed to have waived any and all objections to the Allowed CTA Note Claims in the amount listed on Exhibit III.C to the Plan, all of which Claims in such amounts will be treated as Allowed Claims for purposes of the Plan.

After the Confirmation Date, only the Debtors or the Reorganized Debtors or their successors will have the authority to File, settle, compromise, withdraw or litigate objections to Claims, including pursuant to any alternative dispute resolution or similar procedures previously or hereafter approved by the Bankruptcy Court. After the Effective Date, the Reorganized Debtors or their successors may settle or compromise any Disputed Claim without approval of the Bankruptcy Court.

Dissolution of the Creditors' Committees

On the Effective Date, the Creditors' Committee will dissolve and the members of the Creditors' Committee will be released and discharged from all duties and obligations arising from or related to the Reorganization Cases.

VOTING AND CONFIRMATION OF THE PLAN

General

To confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of findings concerning the Plan and the Debtors, including that: (a) the Plan has classified Claims and Interests in a permissible manner; (b) the Plan complies with the applicable provisions of the Bankruptcy Code; (c) the Debtors have complied with the applicable provisions of the Bankruptcy Code; (d) the Debtors, as proponents of the Plan, have proposed the Plan in good faith and not by any means forbidden by law; (e) the disclosure required by section 1125 of the Bankruptcy Code has been made; (f) the Plan has been accepted by the requisite votes of creditors and equity interest holders (except to the extent that cramdown is available under section 1129(b) of the Bankruptcy Code (see " — Confirmation" and " — Acceptance or Cramdown")); (g) the Plan is feasible and Confirmation will not likely be followed by the liquidation or the need for further financial reorganization of the Debtors or the Reorganized Debtors; (h) the Plan is in the "best interests" of all holders of Claims or Interests in an impaired Class by providing to creditors or interest holders on account of such Claims or Interests property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain in a chapter 7 liquidation, unless each holder of a Claim or Interest in such Class has accepted the Plan; (i) all fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of such fees on the Effective Date; (j) the Plan provides for the continuation after the Effective Date of all retiree benefits, as defined in section 1114 of the Bankruptcy Code, at the level established at any time prior to Confirmation pursuant to section 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code, for the duration of the period

that the applicable Debtor has obligated itself to provide such benefits; and (k) the disclosures required under section 1129(a)(5) concerning the identity and affiliations of persons who will serve as officers and directors of the Reorganized Debtors have been made.

The Plan constitutes a separate plan of reorganization for each Debtor. As such, in order to confirm the Plan as to any Debtor, the Bankruptcy Court will have to find compliance of the Plan with respect to each of the foregoing as to each such Debtor.

Voting Procedures and Requirements

Pursuant to the Bankruptcy Code, only classes of claims against or equity interests in a debtor that are "impaired" under the terms of a plan of reorganization are entitled to vote to accept or reject a plan. A class is "impaired" if the legal, equitable or contractual rights attaching to the claims or interests of that class are modified, other than by curing defaults and reinstating maturity. Classes of Claims and Interests that are not impaired are not entitled to vote on the Plan and are conclusively presumed to have accepted the Plan. In addition, Classes of Claims and Interests that receive no distributions under the Plan and Class 4 Claims as to which the applicable Debtor elects Option C treatment are impaired, are not entitled to vote on the Plan and are deemed to have rejected the Plan unless such Class otherwise indicates acceptance. The classification of Claims and Interests is summarized, together with an indication of whether each Class of Claims or Interests is impaired or unimpaired, in "Overview of the Plan — Summary of Classes and Treatment of Claims and Interests."

Pursuant to section 502 of the Bankruptcy Code and Bankruptcy Rule 3018, the Bankruptcy Court may estimate and temporarily allow a Claim for voting or other purposes. By order of the Bankruptcy Court, certain vote tabulation rules have been approved that temporarily allow or disallow certain Claims for voting purposes only. These tabulation rules are described in the solicitation materials provided with your Ballot.

VOTING ON THE PLAN BY EACH HOLDER OF AN IMPAIRED CLAIM OR INTEREST ENTITLED TO VOTE ON THE PLAN IS IMPORTANT. IF YOU HOLD CLAIMS IN MORE THAN ONE CLASS OR IF YOU HOLD MULTIPLE GENERAL UNSECURED CLAIMS OR UNDER CERTAIN OTHER CIRCUMSTANCES, YOU MAY RECEIVE MORE THAN ONE BALLOT. YOU SHOULD COMPLETE, SIGN AND RETURN EACH BALLOT YOU RECEIVE.

PLEASE CAREFULLY FOLLOW ALL OF THE INSTRUCTIONS CONTAINED ON THE BALLOT PROVIDED TO YOU. ALL BALLOTS MUST BE COMPLETED AND RETURNED IN ACCORDANCE WITH THE INSTRUCTIONS PROVIDED.

TO BE COUNTED, BALLOTS MUST BE ACTUALLY RECEIVED BY 5:00 P.M., EASTERN TIME, ON THE VOTING DEADLINE OF NOVEMBER 6, 2001 (UNLESS THE VOTING DEADLINE IS EXTENDED). IT IS OF THE UTMOST IMPORTANCE TO THE DEBTORS THAT YOU VOTE PROMPTLY TO ACCEPT THE PLAN.

A CREDITOR OR EQUITY HOLDER WHOSE CLAIMS OR INTERESTS ARE HELD IN THE NAME OF A BROKER, DEALER, COMMERCIAL BANK, TRUST COMPANY OR OTHER NOMINEE MUST COMPLETE AND DELIVER TO SUCH NOMINEE THE BALLOTS PROVIDED TO SUCH CREDITOR OR EQUITY HOLDER IN ORDER TO VOTE ON THE PLAN. SUCH CREDITORS AND EQUITY HOLDERS ARE URGED TO DELIVER SUCH BALLOT(S) TO THEIR RESPECTIVE NOMINEE HOLDERS NO LATER THAN NOVEMBER 1, 2001 IN ORDER TO ENSURE THAT THEIR VOTE WILL BE COUNTED.

Votes cannot be transmitted orally. Accordingly, you are urged to return your signed and completed Ballot promptly.

IF ANY OF THE CLASSES OF HOLDERS OF IMPAIRED CLAIMS OR INTERESTS VOTE TO REJECT THE PLAN, (A) THE DEBTORS MAY SEEK TO SATISFY THE REQUIREMENTS FOR CONFIRMATION OF THE PLAN UNDER THE CRAMDOWN PROVISIONS OF SECTION 1129(b) OF THE BANKRUPTCY CODE AND, IF REQUIRED, MAY AMEND THE PLAN TO CONFORM TO THE

STANDARDS OF SUCH SECTION OR (B) THE PLAN MAY BE MODIFIED OR WITHDRAWN WITH RESPECT TO A PARTICULAR DEBTOR, WITHOUT AFFECTING THE PLAN AS TO OTHER DEBTORS, OR IN ITS ENTIRETY. IF THE HOLDERS OF THE MIPS (CLASS 19) DO NOT APPROVE THE PLAN, THEY WILL RECEIVE NO DISTRIBUTION UNDER THE PLAN AND THE DEBTORS WILL SEEK CONFIRMATION PURSUANT TO SUCH CRAMDOWN PROVISIONS. See " — Acceptance or Cramdown" and " — Alternatives to Confirmation and Consummation of the Plan."

IF YOU ARE ENTITLED TO VOTE AND YOU DID NOT RECEIVE A BALLOT, RECEIVED A DAMAGED BALLOT OR LOST YOUR BALLOT, PLEASE CALL THE DEBTORS' SOLICITATION AGENT, GEORGESON SHAREHOLDER COMMUNICATIONS, INC., AT (888) 421-5883.

Holders of Unsecured Claims in Class 11 against any Debtor other than TLGI or LGII in amounts greater than $10,000 and holders of Unsecured Claims in Class 11 against TLGI or LGII in amounts greater than $1,000 that wish for such Claims to be treated in Class 2 or Class 3, respectively (convenience Classes) must indicate that election on the Ballot. A separate Ballot will be provided, and a separate election may be made, for each such Claim. If a holder of a Class 11 Claim elects to be treated in Class 2 or Class 3, the Ballot submitted with respect to such Claim shall be treated as a Class 2 or Class 3 Ballot, as the case may be, for voting purposes under the Plan. See "Overview of the Plan — Summary of Classes and Treatment of Claims and Interests."

Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on whether the Debtors have fulfilled the Confirmation requirements of section 1129 of the Bankruptcy Code. The Confirmation Hearing has been scheduled to commence on November 27, 2001 at 9:30 a.m., Eastern time, and if necessary, to continue through and including November 29, 2001, before the Honorable Peter J. Walsh, Chief U.S. Bankruptcy Judge for the District of Delaware, in the Judge's usual courtroom at the U.S. Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing. Any objection to Confirmation must be made in writing and must specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim or Interest held by the objector. Any such objections must be Filed and served upon the persons designated in the notice of the Confirmation Hearing, in the manner and by the deadline described therein.

Confirmation

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the applicable requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for Confirmation are that the Plan: (a) is accepted by the requisite holders of Claims and Interests in impaired Classes of such Debtor or, if not so accepted, is "fair and equitable" and "does not discriminate unfairly" as to the nonaccepting Class; (b) is in the "best interests" of each holder of a Claim or Interest in each impaired Class under the Plan for such Debtor; (c) is feasible; and (d) complies with the applicable provisions of the Bankruptcy Code.

Acceptance or Cramdown

A plan is accepted by an impaired class of claims if holders of at least two-thirds in dollar amount and a majority in number of claims of that class vote to accept the plan. A plan is accepted by an impaired class of interests if holders of at least two-thirds in amount of that class vote to accept the plan. Only those holders of claims who actually vote (and are entitled to vote) to accept or to reject a plan count in this tabulation. For purposes of determining whether the requisite approval has been received as to any Debtor, the votes in each Class or, in the case of Class 11, each Division, in respect to each Debtor will be tabulated. In addition to this voting requirement, section 1129 of the Bankruptcy Code requires that a plan be accepted by each holder of a claim or interest in an impaired class or that the plan otherwise be found by the Bankruptcy Court to be in the best interests of each holder of a claim or interest in an impaired class. See "Voting and Confirmation of the Plan — Best Interests Test; Liquidation Analysis." The Bankruptcy Code contains provisions for confirmation of a plan even if it is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. These so-called "cramdown" provisions are set forth in section 1129(b) of the Bankruptcy Code. As indicated above, the Plan may

be confirmed under the cramdown provisions if, in addition to satisfying the other requirements of section 1129 of the Bankruptcy Code, it: (a) is "fair and equitable;" and (b) "does not discriminate unfairly" with respect to each Class of Claims or Interests that is impaired under, and has not accepted, the Plan. The "fair and equitable" standard, also known as the "absolute priority rule," requires, among other things, that unless a dissenting Class of Unsecured Claims or a Class of Interests receives full compensation for its Allowed Claims or Allowed Interests, no holder of Allowed Claims or Interests in any junior Class may receive or retain any property on account of such Claims or Interests. With respect to a dissenting Class of Secured Claims, the "fair and equitable" standard requires, among other things, that holders either (a) retain their liens and receive deferred cash payments with a value as of the Effective Date equal to the value of their interest in property of the applicable Estate or (b) receive the indubitable equivalent of their Secured Claims. The "fair and equitable" standard has also been interpreted to prohibit any Class senior to a dissenting Class from receiving under a plan more than 100% of its Allowed Claims or Allowed Interests. The Debtors believe that, if necessary, the Plan may be crammed down over the dissent of certain Classes of Claims, in view of the treatment proposed for such Classes. If necessary and appropriate, the Debtors intend to modify the Plan to permit cramdown of dissenting Classes of Claims.

The requirement that the Plan not "discriminate unfairly" means, among other things, that a dissenting Class must be treated substantially equally with respect to other Classes of equal rank. The Debtors do not believe that the Plan unfairly discriminates against any Class that may not accept or otherwise consent to the Plan.

Any Class of Claims or Interests that receives nothing under the Plan and Class 4 Claims as to which the applicable Debtor elects Option C treatment are deemed to be dissenting Classes. As a result, in addition to any Class or Division of Class 11 that does not vote to accept the Plan, the Debtors will, to the extent required, seek to use the "cramdown" provisions described above in respect to the Claims and Interests in Classes 9, 12, 13, 14, 15, 16, 17 and 19 and in Class 4 (as to which the applicable Debtor elects Option C treatment). While certain Intercompany Claims in Class 10 will receive nothing under the Plan, the Loewen Companies will be deemed to have consented.

Subject to the conditions set forth in the Plan, a determination by the Bankruptcy Court that the Plan, as it applies to any particular Debtor, is not confirmable pursuant to section 1129 of the Bankruptcy Code will not limit or affect: (a) the confirmability of the Plan as it applies to any other Debtor; or (b) the Debtors' ability to modify the Plan, as it applies to any particular Debtor, to satisfy the provisions of section 1129(b) of the Bankruptcy Code.

Substantive Consolidation

The Debtors reserve the right to seek approval of the Bankruptcy Court for the substantive consolidation of some or all of the Debtors for the purpose of implementing the Plan, including for purposes of voting, Confirmation and distributions to be made under the Plan.

Best Interests Test; Liquidation Analysis

Notwithstanding acceptance of the Plan by each impaired Class, to confirm the Plan, the Bankruptcy Court must determine that the Plan is in the best interests of each holder of a Claim or Interest in any such impaired Class who has not voted to accept the Plan. Accordingly, if an impaired Class does not unanimously accept the Plan, the "best interests" test requires that the Bankruptcy Court find that the Plan provides to each member of such impaired Class a recovery on account of the member's Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the distribution that each such member would receive if the applicable Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

To estimate what members of each impaired Class of Claims or Interests would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must first determine the aggregate dollar amount that would be available if each of the Reorganization Cases were converted to a chapter 7 case under the Bankruptcy Code and each of the respective Debtor's assets were liquidated by a chapter 7 trustee (the "Liquidation Value"). The Liquidation Value of a Debtor would consist of the net proceeds from the disposition of the assets of the Debtor, augmented by any cash held by the Debtor.

The Liquidation Value available to holders of Unsecured Claims and Interests would be reduced by, among other things: (a) the Claims of secured creditors to the extent of the value of their collateral; (b) the costs, fees and expenses of the liquidation, as well as other administrative expenses of the Debtor's chapter 7 case; (c) unpaid Administrative Claims of the Reorganization Cases; and (d) Priority Claims and Priority Tax Claims. The Debtors' costs of liquidation in chapter 7 cases would include the compensation of trustees, as well as of counsel and of other professionals retained by such trustees, asset disposition expenses, applicable Taxes, litigation costs, Claims arising from the operation of the Debtors during the pendency of the chapter 7 cases and all unpaid Administrative Claims incurred by the Debtors during the Reorganization Cases that are allowed in the chapter 7 cases. The liquidation itself would trigger certain Priority Claims, such as Claims for severance pay, and would likely accelerate the payment of other Priority Claims and Priority Tax Claims that would otherwise be payable in the ordinary course of business. These Priority Claims and Priority Tax Claims would be paid in full out of the net liquidation proceeds, after payment of Secured Claims, before the balance would be made available to pay Unsecured Claims or to make any distribution in respect of Interests. The Debtors believe that the liquidation also would generate a significant increase in Unsecured Claims, such as rejection damage Claims, and Tax and other governmental Claims.

The information contained in Exhibit III hereto provides a summary of the Liquidation Values of the Debtors' interests in property, on a consolidated basis by Division, assuming a hypothetical chapter 7 liquidation in which a trustee appointed by the Bankruptcy Court would liquidate the Debtors' properties and interests in property. In addition, the Disclosure Supplement being provided separately to holders of Claims in Classes 8 and 11 contains liquidation value information on a Debtor-by-Debtor basis for the 134 Loewen Subsidiary Debtors that are believed to have creditors holding Class 11 Claims. A summary of the Disclosure Supplement is attached as Exhibit V. See "Overview of the Plan — General Information Concerning Treatment of Claims and Interests." Such information for all Loewen Subsidiary Debtors is available over the Internet on the web site at http://www.loewenreorgplan.com See "Additional Information." For purposes of this liquidation analysis, holders of the CTA Note Claims have been assumed to be treated on a secured and *pari passu* basis. As more fully described in Exhibit III, the liquidation analysis is based on a number of estimates and assumptions that are subject to significant uncertainties, including estimates and assumptions relating to the proceeds of sales of assets, the timing of such sales, the impact of pending liquidations on continuing operations and values and certain tax matters. No amounts have been included in the liquidation analysis in respect of any potential recovery by the Debtors in respect of the Retained Claims or the NAFTA Claims. While the Debtors believe that these estimates and assumptions are reasonable for the purpose of preparing hypothetical chapter 7 liquidation analyses, no assurance exists that such estimates and assumptions would be valid if the Debtors were, in fact, to be liquidated. Moreover, as noted above, the Debtors believe that chapter 7 liquidations could result in substantial litigation that could delay the liquidation beyond the periods assumed in Exhibit III. This delay could materially reduce the amount determined on a present value basis available for distribution to creditors. Moreover, the Debtors believe that such litigation and attendant delay could adversely affect the values realizable in the sale of the Debtors' assets to an extent that cannot be estimated at this time.

Based on the liquidation analyses set forth in Exhibit III, the Debtors believe that holders of Claims will receive greater value as of the Effective Date under the Plan than such holders would receive under a chapter 7 liquidation.

In actual liquidations of the Debtors, distributions to holders of Claims would be made substantially later than the Effective Date assumed in connection with the Plan. This delay would materially reduce the amount determined on a present value basis available for distribution to creditors, including holders of Unsecured Claims. The hypothetical chapter 7 liquidations of the Debtors are assumed to commence on January 1, 2002 and to be completed on December 31, 2002.

In summary, the Debtors believe that chapter 7 liquidations of the Debtors would result in substantial diminution in the value to be realized by holders of Claims, as compared to the proposed distributions under the Plan, because of, among other factors: (a) the failure to realize the maximum going concern value of the Debtors' assets; (b) the substantial negative impact of conversion to a chapter 7 case and subsequent liquidation on the employees and customers of the Debtors; (c) additional costs and expenses involved in the appointment of trustees, attorneys, accountants and other professionals to assist such trustees in the chapter 7 cases; (d) additional expenses and Claims, some of which would be entitled to priority in payment, which would arise by reason of the liquidation and from the rejection of unexpired real estate leases and other Executory Contracts and Unexpired Leases in connection with a cessation of the Debtors' operations; and (e) the substantial time that would elapse before entities

would receive any distribution in respect of their Claims. Consequently, the Debtors believe that the Plan will provide a substantially greater ultimate return to holders of Claims than would chapter 7 liquidations.

Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that Confirmation not be likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors (unless such liquidation or reorganization is proposed in the Plan). For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their respective obligations under the Plan. As part of this analysis, the Debtors have prepared the Projections. See "Reorganized LGII — Projected Financial Information." Based upon the Projections, the Debtors believe that their reorganization under the Plan will meet the feasibility requirements of the Bankruptcy Code.

Compliance with Applicable Provisions of the Bankruptcy Code

Section 1129(a)(1) of the Bankruptcy Code requires that the Plan comply with the applicable provisions of the Bankruptcy Code. The Debtors have considered each of these issues in the development of the Plan and believe that the Plan complies with all provisions of the Bankruptcy Code.

Alternatives to Confirmation and Consummation of the Plan

The Debtors have evaluated numerous alternatives to the Plan, including alternative structures and terms of the Plan, the liquidation of the Debtors and delaying the adoption of any plan of reorganization and the pursuit of various litigation strategies. While the Debtors have concluded that the Plan is the best alternative and will maximize recoveries by holders of Claims, if the Plan is not confirmed, the Debtors, individually or collectively, or (subject to the Debtors' exclusive periods under the Bankruptcy Code to File and solicit acceptances of a plan or plans of reorganization) any other party in interest in the Reorganization Cases could attempt to formulate and propose a different plan or plans of reorganization. Further, if no plan of reorganization can be confirmed, the Reorganization Cases may be converted to chapter 7 cases. In a liquidation case under chapter 7 of the Bankruptcy Code, a trustee or trustees would be elected or appointed to liquidate the assets of each Debtor. The proceeds of the liquidation would be distributed to the respective creditors of the Debtors in accordance with the priorities established by the Bankruptcy Code. For further discussion of the potential impact on the Debtors of the conversion of the Reorganization Cases to chapter 7 liquidations, see " — Best Interests Test; Liquidation Analysis." The Debtors believe that Confirmation and consummation of the Plan is preferable to the alternatives described above.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF CONSUMMATION OF THE PLAN

General

A DESCRIPTION OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN IS PROVIDED BELOW. THE DESCRIPTION IS BASED ON THE INTERNAL REVENUE CODE, TREASURY REGULATIONS ISSUED THEREUNDER, JUDICIAL DECISIONS AND IRS AND ADMINISTRATIVE DETERMINATIONS, ALL AS IN EFFECT ON THE DATE HEREOF. CHANGES IN ANY OF THESE AUTHORITIES, OR CHANGES IN THE INTERPRETATIONS OF ANY OF THESE AUTHORITIES, WHICH MAY HAVE RETROACTIVE EFFECT, MAY CAUSE THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO DIFFER MATERIALLY FROM THE CONSEQUENCES DESCRIBED BELOW. MOREOVER, NO RULING HAS BEEN REQUESTED FROM THE IRS AND NO LEGAL OPINION HAS BEEN REQUESTED FROM COUNSEL CONCERNING ANY TAX CONSEQUENCE OF THE PLAN, AND NO TAX OPINION IS GIVEN BY THIS DISCLOSURE STATEMENT.

THIS DESCRIPTION DOES NOT COVER ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO THE DEBTORS OR HOLDERS OF CLAIMS. FOR EXAMPLE, THE DESCRIPTION DOES NOT ADDRESS ISSUES OF SPECIAL CONCERN TO CERTAIN TYPES OF TAXPAYERS, SUCH AS DEALERS IN SECURITIES, LIFE INSURANCE COMPANIES, FINANCIAL INSTITUTIONS, TAX EXEMPT ORGANIZATIONS AND FOREIGN TAXPAYERS (OTHER THAN TLGI),

NOR DOES IT ADDRESS TAX CONSEQUENCES TO HOLDERS OF STOCK INTERESTS IN TLGI. IN ADDITION, THIS DESCRIPTION DOES NOT ADDRESS ANY TAX CONSEQUENCES OF THE SUBSIDIARY RESTRUCTURING TRANSACTIONS OR THE BLACKSTONE SETTLEMENT. MOREOVER, THE DESCRIPTION IS LIMITED TO U.S. FEDERAL INCOME TAX CONSEQUENCES AND DOES NOT DISCUSS U.S. STATE LAW OR THE POSSIBLE STATE TAX CONSEQUENCES OR NON-U.S. TAX CONSEQUENCES THAT MIGHT APPLY TO THE DEBTORS OR TO HOLDERS OF CLAIMS UNDER CANADIAN OR OTHER FOREIGN TAX LAWS.

FOR THESE REASONS, THE DESCRIPTION THAT FOLLOWS IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

Consequences to the Debtors

For U.S. federal income tax purposes, the Plan consists of two parts: (a) the recapitalization of LGII and its Debtor subsidiaries, in which the LGII Old Stock is canceled and the holders of Allowed Claims against LGII and its Debtor subsidiaries receive cash, New Five-Year Secured Notes, if issued, New Two-Year Unsecured Notes, if issued, New Seven-Year Unsecured Notes, New Unsecured Subordinated Convertible Notes, New Common Stock, New Warrants and interests in the Liquidating Trust; and (b) the portion of the Reinvestment Transactions in which TLGI transfers its assets to LGII in return for LGII's agreement to transfer New Five-Year Secured Notes, if issued, New Two-Year Unsecured Notes, if issued, New Seven-Year Unsecured Notes, New Common Stock, New Warrants and interests in the Liquidating Trust to the holders of Allowed Claims against TLGI and the CCAA Debtors. The Debtors believe that the recapitalization of LGII will qualify as a reorganization under section 368(a)(1)(E) of the Internal Revenue Code, and that the Reinvestment Transactions should qualify as a reorganization under section 368(a)(1)(G) of the Internal Revenue Code. As a consequence, none of the Debtors expects to recognize taxable income or loss as a result of the implementation of the Plan, except with respect to the transfer of the Liquidating Trust Assets to the Liquidating Trust (the fair market value of which LGII expects to include in taxable income at the time of the transfer).

The discharge of a debt obligation for an amount less than its adjusted issue price (in most cases, the amount the debtor received on incurring the debt obligation, with certain adjustments) generally gives rise to cancellation of indebtedness ("COD") income, which must be included in the debtor's income. However, COD income is not recognized by a taxpayer that is a debtor in a chapter 11 case if the discharge is granted by the court or pursuant to a plan of reorganization approved by the court. The Plan, if approved, would enable the Debtors to qualify for this bankruptcy exclusion rule with respect to any COD income triggered by the Plan.

If debt is discharged in a chapter 11 case, however, certain tax attributes otherwise available and of value to the debtor are reduced, in most cases by the principal amount of the indebtedness forgiven. The tax attributes subject to reduction (and the order of reduction) are: (a) net operating losses ("NOLs") and NOL carryforwards; (b) most credit carryforwards, including the general business credit and the minimum tax credit carryforward; (c) capital losses and capital loss carryforwards; (d) the tax basis of the debtor's depreciable and nondepreciable assets, but not in an amount greater than the excess of the aggregate tax bases of the property held by the debtor immediately after the discharge over the aggregate of the debtor's liabilities immediately after the discharge; and (e) foreign tax credit carryforwards. Attribute reduction is calculated only after the tax for the year of discharge has been determined.

A debtor may elect to avoid the prescribed order of attribute reduction and instead reduce the basis of depreciable property first. The Debtors do not plan to make this election. In the case of affiliated corporations filing a consolidated return (such as LGII and its subsidiaries), the attribute reduction rules generally should apply separately to the particular corporation whose debt is being discharged, not to the entire consolidated group without regard to the identity of the particular debtor. The IRS recently has taken the position, however, that consolidated NOLs must be reduced irrespective of the source of those losses. The current IRS position as to the impact of the attribute reduction rules on other tax attributes of consolidated group members is unclear. The Projected Consolidated Statements of Operations contained in this Disclosure Statement assume that all of the NOLs and NOL

carryforwards generated by the LGII affiliated group prior to the Effective Date will be eliminated by the triggering of COD income in the Plan, and otherwise assume that attribute reduction applies separately to the particular corporation whose debt is discharged. See "Reorganized LGII — Projected Financial Information — Principal Assumptions for Projections — Income Taxes."

Consequences to Holders of Claims

The federal income tax consequences of the Plan to a holder of a Claim will depend, in part, on whether the Claim constitutes a "tax security" for federal income tax purposes, what type of consideration was received in exchange for the Claim, whether the holder is a resident of the U.S. for tax purposes, whether the holder reports income on the accrual or cash basis, whether the holder has taken a bad debt deduction or worthless security deduction with respect to the Claim and whether the holder receives distributions under the Plan in more than one taxable year.

Definition of Securities

There is no precise definition of what constitutes a "security" under the federal income tax law, and all facts and circumstances pertaining to the origin and character of a claim are relevant in determining its status. Nevertheless, courts generally have held that corporate debt obligations evidenced by written instruments with original maturities of ten years or more will be considered tax securities for this purpose. Based on their original maturities, it is likely that the Series D Notes and Series E Notes will be considered tax securities for this purpose. By contrast, it is likely that the PATS Notes will not be considered tax securities for this purpose.

Holders of Claims Constituting Tax Securities

Under the terms of the Plan, holders of Allowed Claims possibly constituting tax securities will receive some combination of, among other things: (a) cash; (b) New Five-Year Secured Notes, if issued; (c) New Two-Year Unsecured Notes, if issued; (d) New Seven-Year Unsecured Notes; (e) New Common Stock; (f) New Warrants; and (g) interests in the Liquidating Trust in satisfaction of their Claims under the Plan. Holders of Claims constituting tax securities who receive only New Common Stock in satisfaction of their Claims generally will not recognize income or gain on the exchange (except that amounts allocable to interest on their Claims will be treated as interest income). Holders of Claims constituting tax securities may, however, recognize gain if they receive cash, an obligation not constituting a tax security, or any other non-cash items ("Boot"), in either full or partial satisfaction of those Claims. In that event, any gain on the exchange, measured generally by the excess of the amount realized by the holder over the holder's tax basis in the Claim, will be recognized by the holder, but in an amount not exceeding the sum of the cash and the fair market value of the non-cash Boot received. Any gain so recognized will generally be capital gain provided that the Claim was held as a capital asset by the holder at the time of the exchange. Holders of Claims constituting tax securities who exchange their Claims solely for New Warrants should recognize gain or loss on the exchange in an amount equal to the difference between the value of the New Warrants received and the holders tax basis in the claim given up.

Holders of Claims constituting tax securities who receive New Common Stock or New Senior Notes constituting tax securities under the Plan in either partial or full satisfaction of their Claims generally will not be permitted to recognize any loss on the exchange.

A holder's aggregate tax basis in the New Common Stock received under the Plan in respect of a Claim constituting a tax security — aside from amounts allocable to interest — generally will equal the holder's basis in the Claim, decreased by the amount of any cash and any other consideration not constituting tax securities received by the holder and increased by the amount of any gain recognized by the holder in connection with the exchange. The holding period for any New Common Stock or New Senior Notes constituting tax securities received in the exchange in respect of a Claim constituting a tax security — other than those allocable to interest — generally will include the holding period of the Claim surrendered. A holder's tax basis in New Common Stock or New Senior Notes constituting tax securities allocable to interest will equal the fair market value of such New Common Stock or New Senior Notes, and the holding period will begin on the day after the day of receipt.

Holders of Claims Not Constituting Tax Securities

Holders of Claims not constituting tax securities will recognize gain or loss equal to the amount realized under the Plan in respect of their Claims less their respective tax bases in those Claims. The amount realized for this purpose generally will equal the sum of the cash and the fair market value of any other consideration received under the Plan, including any New Common Stock.

Any gain or loss recognized in the exchange will be capital or ordinary depending on the status of the Claim in the holder's hands, including whether or not the Claim constitutes a market discount bond in the holder's hands. The holder's aggregate tax basis for any consideration received under the Plan generally will equal the amount realized. The holding period for any consideration received under the Plan generally will begin on the day following the receipt of that consideration.

Dividend and Interest Income Earned by the Unsecured Claims Reserve

Pursuant to the Plan, shares of New Common Stock issued as of the Effective Date but not then subject to distribution to holders of Allowed Claims will be held by an Unsecured Claims Reserve until distribution is required by the Plan. Therefore, it is possible that an Unsecured Claims Reserve will receive cash dividends or other distributions from Reorganized LGII on account of the shares of New Common Stock held in such Unsecured Claims Reserve. Any cash thus received would be reinvested pursuant to the Plan, thereby generating additional income.

Congress has made it clear that amounts earned by an escrow account, settlement fund or similar fund are subject to current tax, but Treasury Regulations addressing the tax treatment of reserve accounts like an Unsecured Claims Reserve in a bankruptcy setting have not yet become effective. Therefore, depending on the facts (and the interpretation given to those facts), reserve accounts like an Unsecured Claims Reserve might be treated for tax purposes under current law as separately taxable trusts, grantor trusts treated as owned by either the corporate transferor or the creditor beneficiaries, or in some other fashion.

On February 1, 1999, the IRS issued a proposed Treasury Regulation that would cause reserve accounts like the Unsecured Claims Reserves to be treated as "qualified settlement funds" for federal income tax purposes, which, in turn, would have the consequence of causing income earned by those accounts to be subject to a separate entity-level tax. The proposed Treasury Regulation is not currently in effect and will only become effective once it is promulgated in final form. In the interim, the proposed Treasury Regulation provides that the IRS will not challenge any reasonable, consistently-applied method for reporting income earned by a reserve account like an Unsecured Claims Reserve.

Against this background, the Debtors have determined to treat the Unsecured Claims Reserves as grantor trusts of which the Reorganized Debtors are the grantors, and therefore will treat income earned by an Unsecured Claims Reserve as income of the Reorganized Debtors. To assure that this income is fully subject to tax, the Reorganized Debtors will waive whatever right they might otherwise have to claim a dividends-received deduction with respect to any dividends paid to an Unsecured Claims Reserve on account of the undistributed New Common Stock. Any income thus earned should be offset dollar-for-dollar on a current basis by an interest deduction to the Reorganized Debtors reflecting their obligations under the Plan to pay any income earned by the Unsecured Claims Reserve on account of New Common Stock (or on the reinvestment of dividends paid on that New Common Stock) to holders of Allowed Claims.

Certain Other Tax Considerations for Holders of Claims

Receipt of Pre-Effective Date Interest

Holders of Claims not previously required to include in their taxable income any accrued but unpaid pre-Effective Date interest on a Claim may be treated as receiving taxable interest to the extent any consideration they receive under the Plan is allocable to such interest, but the Plan provides that each holder's recovery is being received first in exchange for the principal amount of the holder's debt, not the unpaid pre-Effective Date interest (if

any) on that debt. Holders previously required to include in their taxable income any accrued but unpaid interest on a Claim may be entitled to recognize a deductible loss to the extent that such interest is not satisfied under the Plan.

Receipt of Dividend and Interest Income Earned by the Unsecured Claims Reserve

As described above (see " — Consequences to Holders of Claims" and " — Dividend and Interest Income Earned by the Unsecured Claims Reserve"), it is possible that the Unsecured Claims Reserve will receive cash dividends on shares of New Common Stock held by it and then generate additional cash by reinvesting those dividends pending distribution. When that cash is distributed to holders of Allowed Claims, the Reorganized Debtors will treat the cash as taxable interest income to the holder, and will file information returns reflecting that treatment.

Reinstatement of Claims

Holders generally should not recognize gain, loss or other taxable income upon the Reinstatement of their Claims under the Plan. Taxable income, however, may be recognized by those holders if they are considered to receive interest, damages or other income in connection with the Reinstatement or if the Reinstatement is considered for tax purposes to involve a substantial modification of the Claim.

Federal Income Tax Treatment of the Liquidating Trust

The federal income tax treatment of the Liquidating Trust and the holders of interest therein is not completely free from doubt.

For federal income tax purposes, the Debtors believe that the transfer of the Liquidating Trust Assets to the Liquidating Trust on the Effective Date should be deemed to occur in two steps: first, a deemed transfer of the Liquidating Trust Assets by LGII to the holders of Allowed Claims receiving interests in the Liquidating Trust pursuant to the Plan, in exchange for cancellation of a portion of those holders' claims equal to the fair market value on the Effective Date of the Liquidating Trust Assets, and second, a deemed transfer of the Liquidating Trust Assets by holders of interests in the Liquidating Trust to the Liquidating Trust. The Debtors expect to include in income the fair market value on the Effective Date of the Liquidating Trust Assets. However, because of the nature of the Liquidating Trust Assets, these assets are currently assumed to have no value. See "Risk Factors — The Nature of the Liquidating Trust Is Unique; The Market for Interests Therein Is Likely To Be Illiquid." The Liquidating Trust's basis in the Liquidating Trust Assets should be equal to their fair market value on the Effective Date.

The Debtors believe that the Liquidating Trust should be treated as a "pass-through" entity for federal income tax purposes. As a result, it should not be taxed directly on any net income that it receives; instead, all items of Trust income, gain, loss or deduction should be passed through to and recognized by each holder of an interest in the Liquidating Trust in the tax year within which the Liquidating Trust's tax year ends, whether or not any distributions are actually made by the Liquidating Trust to the holder during that year. In the event that the Liquidating Trust obtains aggregate recoveries (net of deductible expenses) with respect to the Liquidating Trust Assets in excess of their respective fair market values on the Effective Date, the excess amount should constitute taxable income to holders of interests in the Liquidating Trust. On the other hand, if the Liquidating Trust obtains net aggregate recoveries with respect to the Liquidating Trust Assets that are less than their respective fair market values on the Effective Date, the difference should constitute a taxable loss to holders of interests in the Liquidating Trust. That loss may or may not be available to offset other income of those holders, depending on each holder's particular circumstances. Taxable items passed through to the holders should have the same character (capital or ordinary) in their hands as they have in the hands of the Liquidating Trust. The Liquidating Trust will file annual information returns reporting all such items to the holders, as well as the ownership interest of each holder in those items.

Bad Debt Deduction

A holder who, under the Plan, receives in respect of a Claim an amount less than the holder's tax basis in that Claim may be entitled in the year of receipt (or in an earlier year) to a bad debt deduction under section 166(a)

of the Internal Revenue Code. The rules governing the timing and amount of bad debt deductions place considerable emphasis on the facts and circumstances of the holder, the obligor and the instrument with respect to which a deduction is claimed; holders of Claims therefore are urged to consult their tax advisors with respect to their ability to take such a deduction.

Information Reporting and Withholding

Under the Internal Revenue Code's backup withholding rules, a holder of a Claim may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan unless that holder (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact or (b) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax, but merely an advance payment that may be refunded to the extent it results in an overpayment of tax. Holders of Claims may be required to establish exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

In addition, holders of Claims against TLGI are urged to consult their tax advisors to determine whether or not receipt of the New Senior Notes will result in a withholding obligation that did not exist in the past.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF CONSUMMATION OF THE PLAN

General

A DESCRIPTION OF CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF THE CONSUMMATION OF THE PLAN IS PROVIDED BELOW. THE DESCRIPTION IS BASED ON THE PROVISIONS OF THE INCOME TAX ACT (CANADA) AND THE REGULATIONS THERETO (THE "ACT"), THE PUBLISHED ADMINISTRATIVE AND INTERPRETIVE POSITIONS OF THE CANADA CUSTOMS & REVENUE AGENCY, PROPOSED AMENDMENTS TO THE ACT AND CASE LAW PUBLISHED OR REPORTED AS AT THE DATE OF THIS DISCLOSURE STATEMENT. CHANGES IN ANY OF THESE AUTHORITIES, OR CHANGES IN THE INTERPRETATIONS OF ANY OF THESE AUTHORITIES, WHICH MAY HAVE RETROACTIVE EFFECT, MAY CAUSE THE CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO DIFFER MATERIALLY FROM THE CONSEQUENCES DESCRIBED BELOW. MOREOVER, NO ADVANCE INCOME TAX RULING HAS BEEN REQUESTED FROM CANADA CUSTOMS & REVENUE AGENCY AND NO LEGAL OPINION HAS BEEN REQUESTED FROM COUNSEL CONCERNING ANY TAX CONSEQUENCE OF THE PLAN, AND NO TAX OPINION IS GIVEN BY THIS DISCLOSURE STATEMENT.

THIS DESCRIPTION DOES NOT COVER ALL ASPECTS OF CANADIAN FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO THE DEBTORS OR HOLDERS OF CLAIMS OR INTERESTS. IN PARTICULAR, THIS DESCRIPTION DOES NOT ADDRESS THE CCAA DEBTOR RESTRUCTURING TRANSACTIONS DESCRIBED IN EXHIBIT I.A.29 TO THE PLAN OR ANY OTHER SIMILAR TRANSACTIONS UNDERTAKEN PRIOR TO THE CCAA DEBTOR RESTRUCTURING TRANSACTIONS, THE BLACKSTONE SETTLEMENT OR ISSUES OF CONCERN TO HOLDERS OF CLAIMS WITH RESPECT TO THE CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF THE DISPOSITION OR SETTLEMENT OF SUCH CLAIMS OR INTERESTS.

FOR THESE REASONS, THE DESCRIPTION THAT FOLLOWS IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE CANADIAN FEDERAL, PROVINCIAL AND LOCAL AND NON-CANADIAN CONSEQUENCES OF THE PLAN.

Settlement of Debt

The settlement of TLGI's Commercial Debt Obligations (as defined in the Act, which do not include any debt obligations arising from a guarantee given by TLGI in respect of another party's debt) will result in the application of the Canadian debt forgiveness rules. Under these rules, the Forgiven Amount (as defined in the Act and briefly described following) will reduce certain tax attributes of TLGI in prescribed order. The Forgiven Amount is the lesser of the amount for which the obligation was issued and the unpaid principal amount, plus any accrued interest which was deducted or is deductible, less amounts paid in satisfaction of the debt and certain other adjustments.

The Plan will result in an amount being paid in satisfaction of TLGI's indebtedness equal to the amount of cash and the fair market value of the New Five-Year Secured Notes, if issued, New Two-Year Unsecured Notes, if issued, New Seven-Year Unsecured Notes and New Common Stock received by the holders of Claims against TLGI in respect of TLGI's indebtedness. Under the terms of the Plan, such payment is not allocated between indebtedness that would constitute Commercial Debt Obligations (as defined in the Act) and other indebtedness (principally the obligations of TLGI arising as a guarantor). If, for example, the full amount of the payment was considered to apply to TLGI's indebtedness other than its Commercial Debt Obligations, TLGI would have a Forgiven Amount equal to the full amount of its Commercial Debt Obligations.

Any Forgiven Amount will result in the reduction of TLGI's non-capital losses and capital losses of prior years and will result in the reduction of its capital losses, but not its non-capital losses, arising in the year of settlement. Even if the Forgiven Amount is equal to the full amount of TLGI's Commercial Debt Obligations, the aggregate of available non-capital losses and capital losses of prior years and capital losses of the year of settlement is expected to exceed the Forgiven Amount, so that no adverse Canadian federal tax consequences are expected to arise as a result of settlement of TLGI's Commercial Debt Obligations.

Transfer of Assets to Canadian Holding Companies

As part of the CCAA Debtor Restructuring Transactions, all of TLGI's assets, other than the shares of its subsidiaries, will be transferred to two Canadian holding companies. For purposes of determining TLGI's proceeds of disposition and tax loss as a result of this transfer, and the tax cost of the transferred assets to the Canadian company, these assets are disposed of by TLGI and acquired by the Canadian company at fair market value. In the case of the tangible assets, it is expected that this will result in a substantial reduction in the tax cost of such assets to the Canadian company as compared to the current tax cost to TLGI, and will result in a corresponding non-capital loss to TLGI.

Transfer of Assets to LGII

For Canadian tax purposes, the transfer by TLGI to LGII of all of its assets, including the shares of the Canadian holding companies referred to above, pursuant to the CCAA Order, should be treated as having taken place for proceeds of disposition equal to the fair market value of those assets.

Cancellation of LGII Shares

The cancellation of LGII shares owned by TLGI will result in a capital loss to TLGI equal to the tax cost of the shares for Canadian tax purposes.

Acquisition of Control

A number of provisions of the Act apply to a corporation which undergoes an acquisition of control. These include reductions of the tax cost of certain property, expiry of capital losses, restrictions on the deductibility of non-capital losses and deemed taxation year ends. The application of these provisions may be undesirable relative to future operations; however, their application would not alter the tax consequences described herein. Furthermore, the Debtors have no knowledge that any person or group of persons acting in concert will control LGII after the

Effective Date. Provided that this holds true, there should be no acquisition of control of LGII or any of its subsidiaries for Canadian federal income tax purposes as a result of the Plan.

APPLICABILITY OF CERTAIN U.S. FEDERAL AND STATE SECURITIES LAWS

General

No registration statement will be filed under the Securities Act of 1933, as amended, 15 U.S.C. §§ 77a-77aa (the "Securities Act"), or any state securities laws with respect to the offer and distribution under the Plan of the New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes, the New Unsecured Subordinated Convertible Notes, the New Common Stock, the New Warrants or the interests in the Liquidating Trust (which may be deemed to constitute "securities" and are treated as such for purposes of the following discussion). The Debtors believe that the provisions of section 1145(a)(1) of the Bankruptcy Code exempt the offer and distribution of such securities under the Plan from federal and state securities registration requirements.

Bankruptcy Code Exemptions from Registration Requirements

Initial Offer and Sale of Securities

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under the Securities Act and state securities laws if three principal requirements are satisfied: (a) the securities must be offered and sold under a plan of reorganization and must be securities of the debtor, an affiliate participating in a joint plan with the debtor or a successor to the debtor under the plan; (b) the recipients of the securities must hold a prepetition or administrative expense claim against the debtor or an interest in the debtor; and (c) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or principally in such exchange and partly for cash or property. Section 1145(a)(2) of the Bankruptcy Code exempts the offer of a security through any warrant, option, right to purchase or conversion privilege that is sold in the manner specified in section 1145(a)(1) and the sale of a security upon the exercise of such a warrant, option, right or privilege. The Debtors believe that the offer and sale of the New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes, the New Unsecured Subordinated Convertible Notes, the New Common Stock, the New Warrants and the interests in the Liquidating Trust under the Plan satisfy the requirements of section 1145(a)(1) of the Bankruptcy Code and, therefore, are exempt from registration under the Securities Act and state securities laws. Similarly, the Debtors believe that the offer of New Common Stock through the New Unsecured Subordinated Convertible Notes and the New Warrants and the sale of New Common Stock upon the conversion of the New Unsecured Subordinated Convertible Notes or exercise of the New Warrants satisfy the requirements of section 1145(a)(2) of the Bankruptcy Code and, therefore, are exempt from registration under the Securities Act and state securities laws.

Subsequent Transfers of Securities

In general, all resales and subsequent transactions in the New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes, the New Unsecured Subordinated Convertible Notes, the New Common Stock, the New Warrants or the interests in the Liquidating Trust distributed under the Plan and in New Common Stock issued upon conversion of the New Unsecured Subordinated Convertible Notes or exercise of the New Warrants will be exempt from registration under the Securities Act pursuant to section 4(1) of the Securities Act, unless the holder thereof is deemed to be an "affiliate" of Reorganized LGII or an "underwriter" with respect to such securities. Rule 144 under the Securities Act defines "affiliate" of an issuer as any person directly or indirectly through one or more intermediaries controlling, controlled by or under common control with the issuer. Section 1145(b) of the Bankruptcy Code defines four types of "underwriters":

(a) persons who purchase a claim against, an interest in, or a claim for administrative expense against the debtor with a view to distributing any security received in exchange for such a claim or interest ("accumulators");

(b) persons who offer to sell securities offered under a plan for the holders of such securities ("distributors");

(c) persons who offer to buy securities from the holders of such securities, if the offer to buy is (i) with a view to distributing such securities and (ii) made under a distribution agreement; and

(d) a person who is an "issuer" with respect to the securities, as the term "issuer" is defined in section 2(11) of the Securities Act.

Under section 2(11) of the Securities Act, an "issuer" includes any "affiliate" of the issuer. Whether or not any particular person would be deemed to be an "affiliate" of Reorganized LGII or an "underwriter" with respect to any security to be issued pursuant to the Plan would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any person would be deemed to be an "affiliate" of Reorganized LGII or an "underwriter" with respect to any security to be issued pursuant to the Plan.

Rule 144 under the Securities Act provides an exemption from registration under the Securities Act for certain limited public resales of unrestricted securities by "affiliates" of the issuer of such securities. Rule 144 allows a holder of unrestricted securities that is an "affiliate" of the issuer of such securities to sell, without registration, within any three-month period a number of shares of such unrestricted securities that does not exceed the greater of 1% of the number of outstanding securities in question or the average weekly trading volume in the securities in question during the four calendar weeks preceding the date on which notice of such sale was filed pursuant to Rule 144, subject to the satisfaction of certain other requirements of Rule 144 regarding the manner of sale, notice requirements and the availability of current public information regarding the issuer. The Debtors believe that, pursuant to section 1145(c) of the Bankruptcy Code, the New Five-Year Secured Notes, the New Two-Year Unsecured Notes, the New Seven-Year Unsecured Notes, the New Unsecured Subordinated Convertible Notes, the New Common Stock, the New Warrants and the interests in the Liquidating Trust to be distributed pursuant to the Plan will be unrestricted securities for purposes of Rule 144.

In connection with prior bankruptcy cases, the staff of the SEC has taken the position that resales by accumulators and distributors of securities distributed under a plan of reorganization that are not "affiliates" of the issuer are exempt from registration under the Securities Act if effected in "ordinary trading transactions." The staff of the SEC has indicated in this context that a transaction may be considered an "ordinary trading transaction" if it is made on an exchange or in the over-the-counter market and does not involve any of the following factors:

(a) either (i) concerted action by the recipients of securities issued under a plan in connection with the sale of such securities or (ii) concerted action by distributors on behalf of one or more such recipients in connection with such sales;

(b) the use of informational documents concerning the offering of the securities prepared or used to assist in the resale of such securities, other than a bankruptcy court-approved disclosure statement and supplements thereto and documents filed with the SEC pursuant to the Exchange Act; or

(c) the payment of special compensation to brokers and dealers in connection with the sale of such securities designed as a special incentive to the resale of such securities (other than the compensation that would be paid pursuant to arms' length negotiations between a seller and a broker or dealer, each acting unilaterally, not greater than the compensation that would be paid for a routine similar-sized sale of similar securities of a similar issuer).

The Debtors have not sought the views of the SEC on this matter and, therefore, no assurance can be given regarding the proper application of the "ordinary trading transaction" exemption described above. Any persons intending to rely on such exemption are urged to consult their own counsel as to the applicability thereof to any particular circumstances.

GIVEN THE COMPLEX NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN "AFFILIATE" OF REORGANIZED LGII OR "UNDERWRITER" WITH RESPECT TO THE NEW

SENIOR NOTES, THE NEW UNSECURED SUBORDINATED CONVERTIBLE NOTES, THE NEW COMMON STOCK, THE NEW WARRANTS OR THE INTERESTS IN THE LIQUIDATING TRUST TO BE DISTRIBUTED PURSUANT TO THE PLAN, THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING THE RIGHT OF ANY PERSON TO TRADE IN SUCH SECURITIES AND RECOMMEND THAT HOLDERS OF CLAIMS CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES.

State securities laws generally provide registration exemptions for subsequent transfers by a bona fide owner for the owner's own account and subsequent transfers to institutional or accredited investors. Such exemptions generally are expected to be available for subsequent transfers of the New Five-Year Secured Notes, the New Two-Year Unsecured Notes, the New Seven-Year Unsecured Notes, the New Unsecured Subordinated Convertible Notes, the New Common Stock, the New Warrants and the interests in the Liquidating Trust.

Notwithstanding the foregoing, under the terms of the Liquidating Trust Agreement, the transferability of interests in the Liquidating Trust will be limited. See "Liquidating Trust To Be Formed Pursuant to the Plan — Trust Certificates."

Certain Transactions by Stockbrokers

Under section 1145(a)(4) of the Bankruptcy Code, stockbrokers effecting transactions in the New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes, the New Unsecured Subordinated Convertible Notes, the New Common Stock, the New Warrants or the interests in the Liquidating Trusts prior to the expiration of 40 days after the first date on which such securities were bona fide offered to the public by Reorganized LGII or by or through an underwriter are required to deliver to the purchaser of such securities a copy of this Disclosure Statement (and supplements hereto, if any, if ordered by the Bankruptcy Court) at or before the time of delivery of such securities to such purchaser. In connection with prior bankruptcy cases, the staff of the SEC has taken so-called "no-action" positions with respect to noncompliance by stockbrokers with such requirement in circumstances in which the debtor was, and the reorganized debtor was to continue to be, subject to and in compliance with the periodic reporting requirements of the Exchange Act. *The views of the SEC on this matter, however, have not been sought by the Debtors and, therefore, no assurance can be given regarding the possible consequences of noncompliance by stockbrokers with the disclosure statement delivery requirements of section 1145(a)(4). Stockbrokers are urged to consult their own counsel with respect to such requirements.*

Registration Rights Agreements

The following description of certain registration rights is qualified in its entirety by reference to the Registration Rights Agreements, copies of which have been Filed as Exhibit IV.J to the Plan and are available for inspection in the Document Reviewing Centers and over the Internet on the web site at http://www.loewenreorgplan.com. See "Additional Information."

Equity Registration Rights Agreement

Pursuant to the Plan, each of Angelo Gordon & Co., Cerberus Capital Management, Franklin Mutual Advisers, LLP, GSCP Recovery, Inc. and Oaktree Capital Management LLC and each other person or entity entitled to receive at least 10% of the outstanding shares of New Common Stock solely as a result of distributions made pursuant to the Plan on account of Allowed Claims held as of the Distribution Record Date ("Eligible Holders") will be entitled to enter into an equity registration rights agreement with Reorganized LGII (the "Equity Registration Rights Agreement") on the Effective Date. Under the Equity Registration Rights Agreement, the Eligible Holders or their permitted transferees will be entitled to the registration rights described below with respect to shares of New Common Stock issued to them pursuant to the Plan, until such shares: (a) are disposed of pursuant to an effective registration statement under the Securities Act; (b) are distributed to the public pursuant to Rule 144 under the Securities Act; (c) have been transferred other than to permitted transferees; or (d) have ceased to be outstanding (prior to the occurrence of any such event, such shares constituting "Registrable Equity Securities").

On or before the later to occur of (a) the date that is 60 calendar days after the Effective Date and (b) April 1, 2002, Reorganized LGII will file a shelf registration statement (the "Equity Shelf Registration Statement") covering the Registrable Equity Securities held by the Eligible Holders. Such shelf registration, which is required to be kept effective for up to two years, will be subject to customary suspension provisions. Holders of at least 10% of the Registrable Equity Securities may demand a maximum of three underwritten offerings pursuant to the Equity Shelf Registration Statement, provided in each case that the securities proposed to be sold have a then-current market value of at least $10.0 million. Furthermore, a demand for an underwritten offering pursuant to the Equity Shelf Registration Statement cannot be made sooner than 120 days after the effectiveness of the next preceding underwritten offering pursuant to the Equity Shelf Registration Statement. Customary priority provisions will apply in the context of an underwritten offering.

Commencing 120 days after the Equity Shelf Registration Statement ceases to be effective, holders of Registrable Equity Securities who are Affiliates may demand a maximum of three registrations under the Securities Act, provided in each case that the securities to be registered have an aggregate offering price of at least $10.0 million. Furthermore, a demand for registration cannot be made sooner than 120 days after the effectiveness of a registration pursuant to the next preceding demand. Reorganized LGII will have the right to defer the filing of a demand registration in certain circumstances, and customary priority provisions will apply in the context of an underwritten offering. Rights to demand registration will be suspended during any period in which a shelf registration on which such requesting holder's Registrable Equity Securities were included or were properly offered to be included, and which would permit the proposed disposition, is effective.

If Reorganized LGII registers New Common Stock for its own account or the account of other stockholders (other than in connection with employee benefit plans or a merger or reorganization), each holder of Registrable Equity Securities will be offered the opportunity to include its Registrable Equity Securities in such registration. Customary priority provisions will apply in the context of an underwritten offering.

Rights under the Equity Registration Rights Agreement may be assigned in connection with any transfer of Registrable Equity Securities provided that the transferee either (i) receives all of the Registrable Equity Securities then held by the transferor or (ii) receives at least 25% of the Registrable Equity Securities then held by the transferor and, as a result of such transfer, beneficially owns five percent or more of the shares of New Common Stock then outstanding. Furthermore, rights under the Equity Registration Rights Agreement may be assigned by an Eligible Holder to a transferee acquiring at least 25% of the Registrable Equity Securities issued to such Eligible Holder on the Effective Date pursuant to the Plan. In any case, for the transferee to receive rights under the Equity Registration Rights Agreement, the transfer must be made in accordance with applicable securities laws and the transferee must agree to be bound by the provisions of the Equity Registration Rights Agreement.

The Equity Registration Rights Agreement will contain customary indemnification provisions which will survive termination.

Debt Registration Rights Agreement

Pursuant to the Plan, each of the Eligible Holders will also be entitled to enter into a debt registration rights agreement with Reorganized LGII (the "Debt Registration Rights Agreement") on the Effective Date. Under the Debt Registration Rights Agreement, the Eligible Holders or their permitted transferees will be entitled to the registration rights described below with respect to New Five-Year Secured Notes, New Two-Year Unsecured Notes and New Seven-Year Unsecured Notes issued to them pursuant to the Plan, until such securities: (a) are disposed of pursuant to an effective registration statement under the Securities Act; (b) are distributed to the public pursuant to Rule 144 under the Securities Act; (c) have been transferred other than to permitted transferees; or (d) have ceased to be outstanding (prior to the occurrence of any such event, such securities constituting "Registrable Debt Securities").

On or before the later to occur of (a) the date that is 60 calendar days after the Effective Date and (b) April 1, 2002, Reorganized LGII will file a shelf registration statement (the "Debt Shelf Registration Statement") covering the Registrable Debt Securities held by the Eligible Holders. Such shelf registration, which is required to be kept effective for up to two years, will be subject to customary suspension provisions. Holders of at least 10% of the aggregate principal amount the Registrable Debt Securities may demand a maximum of three underwritten

offerings pursuant to the Debt Shelf Registration Statement, provided in each case that the securities proposed to be sold have a then-current market value of at least $10.0 million. Furthermore, demand for an underwritten offering pursuant to the Debt Shelf Registration Statement may not be made sooner than 120 days after the effectiveness of the next preceding underwritten offering pursuant to the Debt Shelf Registration Statement. Customary priority provisions will apply in the context of an underwritten offering.

Commencing 120 days after the Debt Shelf Registration Statement ceases to be effective, holders of Registrable Debt Securities who are Affiliates may demand a maximum of three registrations under the Securities Act, provided in each case that the securities to be registered have an aggregate offering price of at least $10.0 million. A demand for registration may not be made sooner than 120 days after the effectiveness of a registration pursuant to the next preceding demand. Reorganized LGII will have the right to defer the filing of a demand registration in certain circumstances, and customary priority provisions will apply in the context of an underwritten offering. Rights to demand registration will be suspended during any period in which a shelf registration on which such requesting holder's Registrable Debt Securities were included or were properly offered to be included, and which would permit the proposed distribution, is effective.

If Reorganized LGII registers any class of debt securities for its own account or the account of other holders of debt securities (other than in connection with employee benefit plans or a merger or reorganization), each holder of Registrable Debt Securities will be offered the opportunity to include its Registrable Debt Securities in such registration. Customary priority provisions will apply in the context of an underwritten offering.

Rights under the Debt Registration Rights Agreement may be assigned in connection with any transfer of Registrable Debt Securities provided that the transferee either (i) receives all of the Registrable Debt Securities then held by the transferor or (ii) receives at least 25% of the aggregate principal amount of the New Five-Year Secured Notes, New Two-Year Unsecured Notes or New Seven-Year Unsecured Notes constituting Registrable Debt Securities then held by the transferor and, as a result of such transfer, beneficially owns five percent or more of aggregate principal amount of the New Five-Year Secured Notes, New Two-Year Unsecured Notes and New Seven-Year Unsecured Notes then outstanding. Furthermore, rights under the Debt Registration Rights Agreement may be assigned by an Eligible Holder to a transferee acquiring at least 25% of the aggregate principal amount of the New Five-Year Secured Notes, New Two-Year Unsecured Notes or New Seven-Year Unsecured Notes constituting Registrable Debt Securities issued to such Eligible Holder on the Effective Date pursuant to the Plan. In any case, for the transferee to receive rights under the Debt Registration Rights Agreement, the transfer must be made in accordance with applicable securities laws and the transferee must agree to be bound by the provisions of the Debt Registration Rights Agreement.

The Debt Registration Rights Agreement will contain customary indemnification provisions, which will survive termination.

APPLICABILITY OF CERTAIN CANADIAN SECURITIES LAWS

The issuance by Reorganized LGII of the New Five-Year Secured Notes, if issued, the New Two-Year Unsecured Notes, if issued, the New Seven-Year Unsecured Notes, the New Unsecured Subordinated Convertible Notes, the New Common Stock, the New Warrants and the interests in the Liquidating Trust will be subject to the Securities Act (Ontario) and to the applicable securities laws of such other provinces of Canada in which persons entitled to receive such securities reside. The issuance and subsequent transfer of such securities must be made pursuant to exemptions from applicable dealer registration and prospectus requirements of applicable Canadian securities laws or pursuant to discretionary orders or rulings from applicable Canadian provincial securities regulatory authorities. Based on relief granted in connection with similar CCAA restructurings in the past to other public companies, the Debtors believe that such discretionary relief is obtainable.

There is no assurance that such relief will be obtained or that it will not be subject to certain restrictions or conditions, including restrictions on the transferability of such securities.

Persons resident in a province of Canada who are entitled to receive such securities pursuant to such exemptions or discretionary relief are advised that they will not be entitled to rights that would have been afforded to them had such securities been distributed pursuant to a prospectus including rights of rescission and damages.

If at the time of any subsequent transfer in Canada of securities of Reorganized LGII the seller holds a sufficient number of securities of Reorganized LGII to materially affect its control, a prospectus will be required to be delivered to the purchaser(s) unless a prospectus exemption is then available for such transfer. For these purposes, the holding by any person or combination of persons of more than 20% of the voting securities of a company is deemed to affect materially the control of the company.

The Plan constitutes a "related party transaction" under Ontario Securities Commission Rule 61-501 and Policy Statement No. Q-27 of the Commission des valeurs mobilièrs du Quebec (the "Related Party Transaction Rules"). The Related Party Transaction Rules are applicable to TLGI since it is a "reporting issuer" under the securities legislation of the provinces of Ontario and Quebec. These rules impose disclosure, valuation and minority approval requirements on certain related party transactions. TLGI intends to comply with the disclosure requirements of the rules. However, the Related Party Transaction Rules provide exemptions from the valuation and minority approval requirements applicable to related party transactions if the proposed transaction is subject to court approval under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada) or bankruptcy or insolvency laws of another jurisdiction and the court is advised of the requirements of the Related Party Transaction Rules and does not require compliance with the valuation and minority approval requirements. TLGI believes these exemptions are applicable in respect of the Plan since the Plan requires that the CCAA Order be entered by the Canadian Court and TLGI intends to advise such court of the requirements of the Related Party Transaction Rules.

RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtors believe that the Confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtors urge all holders of Claims in voting Classes to vote to accept the Plan and to evidence their acceptance by duly completing and returning their Ballots so that they will be received on or before the Voting Deadline.

Dated: September 10, 2001

Respectfully submitted,

LOEWEN GROUP INTERNATIONAL, INC.

By: /s/ BRADLEY D. STAM
Name: Bradley D. Stam
Title: Senior Vice President, Legal & Asset Management

THE LOEWEN GROUP INC., on its own behalf and on behalf of each of the Loewen Subsidiary Debtors

By: /s/ BRADLEY D. STAM
Name: Bradley D. Stam
Title: Senior Vice President, Legal & Asset Management

COUNSEL:

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ATTORNEYS FOR DEBTORS AND
DEBTORS IN POSSESSION

EXHIBIT I

TLGI, LGII AND LOEWEN SUBSIDIARY DEBTORS, INCLUDING THE APPLICABLE DIVISION TO WHICH EACH HAS BEEN ASSIGNED FOR PURPOSES OF CLASS 11 OF THE PLAN, AN IDENTIFICATION OF PLEDGORS AND AN IDENTIFICATION OF NON-OWNERSHIP REGULATED DEBTORS FOR PURPOSES OF CLASS 17 OF THE PLAN

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name*	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1247	50th State Funeral Plan, Ltd.	H	No	No
99-1248	A. C. Hemperley & Sons, Inc.	C	No	No
99-1249	Abreu Gonzalez Funeral Homes, Inc.	H	No	No
99-1250	Acacia Memorial Park	C	No	No
99-1251	ADA Cemetery Holding Company, Inc.	H	Yes	No
99-1252	Added Touch Flower Shop, Inc.	H	No	No
99-1253	Advance Funeral Insurance Services	H	No	No
99-1258	Advance Planning - Southwest, Inc.	H	No	No
99-1255	Advance Planning of Arkansas, Inc.	C	No	No
99-1254	Advance Planning of Mississippi, Inc.	H	No	No
99-1257	Advance Planning of Tennessee, Inc.	H	No	No
99-1256	Advance Planning of West Virginia, Inc.	H	No	No
99-1259	Advanced Funeral Planning of North Carolina, Inc.	H	No	No
99-1260	Advanced Funeral Planning of The Dakotas, Inc.	H	No	No
99-1262	Advanced Planning (Alabama), Inc.	H	No	No
99-1268	Advanced Planning of Georgia, Inc.	H	No	No
99-1267	Advanced Planning of Indiana, Inc.	H	No	No
99-1265	Advanced Planning of Kentucky, Inc.	H	No	No
99-1264	Advanced Planning of Virginia, Inc.	H	No	No
99-1263	Advanced Planning of Washington, Inc.	H	No	No
99-1266	Advanced Planning Services of Maryland, Inc.	H	No	No
99-1261	Advanced Planning, Inc.	H	No	No
99-1269	Affordable Caskets, Inc.	H	No	No
99-1270	AFH, Inc.	H	No	No
99-1271	Alexandria Cemetery Association, Inc.	H	No	No
99-1272	Allen-Melvin Funeral Home, Ltd.	F	No	No
99-1273	Alleva Leasing Corporation	H	No	No
99-1274	Almont, Inc.	C	No	No
99-1275	Alpharetta Funeral Home, Inc.	G	No	No
99-2098	Alternative Acquisition, Inc.	F	No	No
99-1276	American Burial & Cremation Services, Inc.	C	No	No
99-1278	American Burial & Cremation Services, Inc.	C	No	No
99-1277	American Burial & Crematory Service	H	No	No
99-1279	American Burial and Cremation Centers, Inc.	H	No	No
99-1281	American Mausoleum Co.	G	No	No
99-1284	Area Funeral Services, Inc.	C	No	No
99-1285	Arlington Funeral Home, Incorporated	C	No	No
99-1286	Arlington Memory Gardens, Inc.	E	No	No
99-1287	Arlington Park Cemetery, Inc.	C	No	No

* Loewen Subsidiary Debtors that are not wholly-owned by the Loewen Companies after giving effect to the exercise of repurchase options for nominal cost of certain interests owned by third parties prior to the Confirmation Date are marked with an asterisk.

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1289	Associated Memorial Group Ltd.	G	Yes	No
99-1290	B & H Contractors Inc.	E	No	No
99-1291	Baggerley Acquisition, Inc.	E	No	No
99-1292	Baldwin-Lee Funeral Homes, Inc.	C	No	No
99-1293	Bannon Disposition, Inc.	H	No	No
99-1294	Barham Funeral Home, Inc.	F	No	No
99-1295	Barnett's Marion Funeral Home, Inc.	H	No	No
99-1296	Bateman Funeral Chapel, Inc.	C	No	No
99-1297	Batesville Funeral Services, Inc.	H	No	No
99-1298	Bauer Funeral Chapel, Inc.	C	No	No
99-1299	Beam Funeral Home, Inc.	E	No	No
99-1300	Beau Pre Memorial Park, Inc.	H	No	No
99-1301	Beaverton Funeral Home, Inc.	C	No	No
99-1302	Behrens Mortuary, Inc.	C	No	No
99-1303	Belcrest Memorial Park, Inc.	F	No	No
99-1304	Bell Bros., Incorporated	C	No	No
99-1305	Bennett-Emmert Funeral Home, Inc.	D	No	No
99-1306	Benton County Memorial Park, Inc.	F	No	No
99-1307	Berhalter-Hutchins Funeral Home, Inc.	C	No	No
99-1308	Bernard Probst Funeral Home, Inc.	H	No	No
99-1309	Berry Funeral Home, Inc.	C	No	No
99-1310	Bess-Kolski-Combs, Inc.	C	No	No
99-1311	Beth David Memorial Gardens, Inc.	F	No	No
99-1313	BFH Acquisition, Inc.	H	No	No
99-1314	BFMI Co.	H	No	No
99-1315	Bicknell Memorial Cemetery, Inc.	H	No	No
99-1316	Bill Eisenhour Funeral Homes, Inc.	C	No	No
99-1317	Bishop Funeral Chapel Inc.	D	No	No
99-1318	BJFH Acquisition, Inc.	H	No	No
99-1319	Blackhawk Garden of Memories, Inc.	F	No	No
99-1320	Blalock-Coleman Funeral Home, Inc.*	H	No	No
99-1321	Blasberg Memorial Chapels, Inc.	H	No	No
99-1322	Blessing Funeral Home, Inc.	H	No	No
99-1323	BLH Management, Inc.	D	No	No
99-1324	BN Incorporated	C	No	No
99-1325	Bob Miller Funeral Home, Inc.	C	No	No
99-1326	Boelter Funeral Home, Inc.	G	No	No
99-1327	Bond-Mitchell Funeral Home, Inc.	C	No	No
99-1328	Bowling Green-Warren County Memorial Gardens, Inc.	H	No	No
99-1329	Boyd E. Braman Mortuary, Inc.	C	No	No
99-1330	Brentwood Funeral Home, Inc.	C	No	No
99-1331	Bright Undertaking Company	C	No	No
99-1332	Broadlawn, Inc.	E	No	No
99-1333	Brooks-Cargile Funeral Home, Inc.	G	No	No
99-1334	Brosmer Drabing Funeral Home, Inc.	C	No	No
99-1335	Brown Funeral Home, Ltd.	H	No	No
99-1336	Brown Mortuary Service, Inc.	C	No	No
99-1337	Browning Funeral Home, Inc. Water Valley, Mississippi	C	No	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1338	Browning Funeral Homes, Inc.	C	No	No
99-1339	Buck-Heggie Funeral Home, Inc.	H	No	No
99-1340	Bucktrout Funeral Home of Williamsburg, Inc.	H	No	No
99-1341	Buell Chapel, Inc.	C	No	No
99-1342	Burcham Funeral Home, Inc.	C	No	No
99-1343	Burlington Cemetery Management, Inc.	G	No	No
99-1344	Burris Funeral Home, Inc.	F	No	No
99-1345	Byrd-Snodgrass Funeral Home, Inc.	C	No	No
99-2097	Calico General Partners, Inc.	H	Yes	No
99-1346	Campbellsville Memorial Gardens, Incorporated	H	No	No
99-2099	Camposanto PR, Inc.*	D	No	Yes
99-1347	Camposanto-Aguadilla, Inc.	H	No	No
99-1348	Cardinal Flowers & Fine Gifts, Inc.	G	No	No
99-1349	Cardwell Funeral Home, Inc.	C	No	No
99-1350	Care Memorial Society, Inc.	H	No	No
99-1352	Carothers Holding Company (Georgia), Inc.	C	No	No
99-1353	Carothers Holding Company (South Carolina), Inc.	D	Yes	No
99-1351	Carothers Holding Company, Inc.	E	Yes	No
99-1354	Carpenter's Funeral Homes, Inc.	C	No	No
99-1355	Carr Mortuary, Inc.	C	No	No
99-1356	Cauthen's, Inc. of York County	H	No	No
99-1357	Cauthen's, Inc.	E	Yes	No
99-1358	Cavazos Memorial Chapel, Inc.	F	No	No
99-1359	Cecere Acquisition, Inc.	H	No	No
99-1360	Cedar Hill Memorial Cemetery Association	H	No	No
99-1361	Cedar Park Acquisition, Inc.	H	No	No
99-1362	Cemetery Management Company, Inc.	H	No	No
99-1363	Cemetery Management Corp.	G	No	No
99-1364	Cemetery Sales Holding Corp.	F	Yes	No
99-1365	Cemetery Services, Inc.	F	No	No
99-1366	Ceredo Mortuary Chapel, Inc.	H	No	No
99-1367	Champion Funeral Home, Inc.	H	No	No
99-1368	Chapel Hill Memorial Gardens & Funeral Home Ltd.	G	No	No
99-1369	Chapel Lawn Memorial Gardens, Inc.	F	No	No
99-1371	Chapel of Chimes Funeral Home, Inc.	C	No	No
99-1370	Chapel of Seaside, Inc.	C	No	No
99-1373	Chapel of the Pines Funeral Home, Inc.	C	No	No
99-1372	Chapel of the Valley of Castro Valley, Inc.	C	No	No
99-1375	Charlotte Memorial Gardens Acquisition, Inc.	G	No	No
99-1374	Charlotte Memorial Gardens, Inc.	G	No	No
99-1376	Chatham Memorial Park, Inc.	C	No	No
99-1377	Chicago Cemetery Corporation	C	No	No
99-1378	Chism-Smith Funeral Home, Inc.	G	No	No
99-1379	Chrastka Funeral Home, Ltd.	E	No	No
99-1381	Coal Creek Memorial Cemetery, Inc.	G	No	No
99-1382	Cockrell Funeral Home, Inc.	C	No	No
99-1383	Coffey Mortuary, Inc.	G	No	No
99-1384	Coge Investment Corporation	C	No	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1385	Coleman Funeral Home, Inc.	C	No	No
99-1386	Coloni Funeral Homes, Inc.	E	No	No
99-1387	Colonial Services, Ltd.	H	No	No
99-2100	Community Funeral Homes of Wisconsin, Inc.*	H	Yes	Yes
99-1388	Community-Opyt Funeral Home, Ltd.	C	No	No
99-1389	Conejo Mountain Memorial Park	C	No	No
99-1390	Conrad Lemon Grove Mortuary, Inc.	C	No	No
99-1391	Cook-Webb Funeral Home, Inc.*	C	No	No
99-1392	Coral Ridge Funeral Home and Cemetery, Inc.	E	No	No
99-1393	Corrigan Funeral Home, Inc.	C	No	No
99-1394	Covell Funeral Home, Inc.	C	No	No
99-1395	Covell-Smith Funeral Home, Inc.	C	No	No
99-1396	Craciun Funeral Home, Inc.	C	No	No
99-1397	Crescent Hill Memorial Gardens	C	No	No
99-1398	Crest Lawn Acquisitions, Inc.	H	No	No
99-1400	Crestview Memorial Park, Inc.	D	No	No
99-1399	Crestview Memorial Park, Inc.	H	No	No
99-1401	Crown Hill Memorial Park, Inc.	G	No	No
99-1402	Culjis, Miller, Skelton and Herberger, Inc.	H	No	No
99-1403	Cumberland Memorial Gardens, Inc.	F	No	No
99-1404	Curry Raley Funeral Home, Inc.	H	No	No
99-1405	Cusimano & Russo, Inc.	C	No	No
99-1406	Dahl McVicker Funeral Homes, Inc.	C	No	No
99-1407	Dakota Memorial Chapel, Inc.	G	No	No
99-1408	Dale Maloney Funeral Home, Inc.	H	No	No
99-1409	Danlan Corporation	H	No	No
99-1410	Danville Memorial Gardens, Incorporated	H	No	No
99-1411	Darling-Mouser Funeral Home, Inc.	C	No	No
99-1412	David T. Ferguson Funeral Home, Inc.	D	No	No
99-1413	Davies Cremation & Burial Services, Inc.	E	No	No
99-1414	Daviess Co. Cemetery Assoc., Inc.	G	No	No
99-1415	Davis Funeral Home Memorial Plan	H	No	No
99-1416	Davis Funeral Home, Inc.	C	No	No
99-1417	Davis Funeral Home, Inc.	F	No	No
99-1418	Dekle-Wainwright Funeral Home, Inc.	H	No	No
99-1419	Delano Mortuary	C	No	No
99-1420	Delaware Park Memorial Chapel, Inc.	H	No	No
99-1421	Denbo Funeral Home, Inc.	C	No	No
99-1422	Deremiah-Frye Mortuary, Inc.	C	No	No
99-1423	Desert DR Acquisition, Inc.	F	No	No
99-1424	DeVaney-Bennett Funeral Home, Inc.	C	No	No
99-1425	Devon Livery, Inc.	H	No	No
99-1426	Devotional Gardens, Inc.	D	No	No
99-1428	DiCicco and Son, Inc.	C	No	No
99-1429	Dickson Funeral Home, Incorporated	C	No	No
99-1430	Dimond & Sons Silver Bell Chapel, Inc.	C	No	No
99-1431	Dixon-Bowen-Taylor Funeral Home, Inc.	F	No	No
99-1432	DMA Corporation	F	No	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1433	Dorsey Funeral Home, Inc.	C	No	No
99-1434	Dowell & Martin Funeral Home, Inc.*	D	No	No
99-1435	Driscoll Mortuary, Inc.	H	No	No
99-1436	Drownwood Forest National Pet Cemetery, Inc.	H	No	No
99-1438	Dudley M. Hughes Funeral Home North Chapel, Inc.	H	No	No
99-1437	Dudley M. Hughes Funeral Home, Inc.	H	No	No
99-1439	E. & M. Frandsen, Inc.	C	No	No
99-1440	E.K. May Funeral Home, Inc.	C	No	No
99-1441	Eagle Financial Association, Inc.	H	No	No
99-1442	Eagle Lending Inc.	H	No	No
99-2101	Earthman Holdings, Inc.*	E	Yes	Yes
99-1443	East Ashland Memorial Gardens, Inc.	H	No	No
99-1444	East Metro Agency, Inc.	H	No	No
99-1445	Eastern Arkansas Memorial Gardens, Inc.	H	No	No
99-1446	Eastgate Funeral Service, Inc.	C	No	No
99-1447	Eastgate Holdings, Inc.	G	Yes	No
99-1448	Eastview Memorial Gardens, Inc.	H	No	No
99-1449	Eastwood Memorial Gardens, Inc.	D	No	No
99-1450	Ed C. Smith & Brothers Funeral Directors, Inc.	H	No	No
99-1451	Edgecombe Forest, Inc.	F	No	No
99-1452	Edo Miller Merger, Inc.	C	No	No
99-1453	Edward F. Carter, Inc.	C	No	No
99-1454	Edward Swanson & Son Funeral Home, Inc.	C	No	No
99-1455	Elmwood Acquisition Corporation	F	No	No
99-1456	Elmwood Cemetery & Gardens, Inc.	H	No	No
99-1457	Elzey & Haggard Funeral Homes, Inc.	C	No	No
99-1458	Enga Memorial Chapels, Inc.	G	No	No
99-1460	Eternal Light Funeral Directors And Counselors, Inc.	E	No	No
99-1461	Eternity Memorial, Inc.	D	No	No
99-1462	Evangeline Funeral Home, Inc.	C	No	No
99-1463	Evergreen Acquisition, Inc.	H	No	No
99-1464	Evergreen Funeral Home and Cemetery, Inc.	C	No	No
99-1466	Evergreen Memorial Cemetery, Inc.	D	No	No
99-1465	Evergreen Memorial Chapel, Inc.	C	No	No
99-1467	Evergreen Memorial Gardens, Inc.	G	No	No
99-1468	F. J. W. Incorporated	H	No	No
99-1469	Fairview Memorial Park of Albemarle, Inc.	H	No	No
99-1470	Family Care, Inc.	H	No	No
99-2102	Family Funeral Service Group, Inc.*	G	Yes	No
99-1471	Family Memorial Caskets, Inc.	H	No	No
99-1472	Ferrell Mortuary, Inc.	D	No	No
99-1473	FFH, Inc.	H	No	No
99-1474	Fir Lawn Chapel, Inc.	C	No	No
99-1475	Fisher-Riles Funeral Insurance Company	H	No	No
99-1476	Fitzgerald & Son Funeral Directors, Inc.	C	No	No
99-1477	Fitzpatrick Funeral Services, Ltd.	C	No	No
99-1478	Flagstaff-Greenlaw Mortuary, Inc.	D	No	No
99-1480	Floral Hills Memorial Gardens, Inc.	G	No	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1482	Forest Hills Management Company	H	No	No
99-1483	Forest Lawn Cemetery, Inc.	G	No	No
99-1484	Forest Lawn Memorial Gardens, Inc.	F	No	No
99-1485	Forest Lawn Memorial Gardens, Inc.	H	No	No
99-1488	Forest Park Cemetery of Shreveport, Inc.	F	No	No
99-1487	Forest Park Cemetery West of Shreveport, Inc.	C	No	No
99-1489	Fort Steuben Management, Inc.	H	No	No
99-1490	Foster and Good Funeral Home, Incorporated	C	No	No
99-1491	Foster Family Funeral Home, Inc.	G	No	No
99-1492	Frank J. Fisher Funeral Directors, Inc	C	Yes	No
99-1493	Frank R. Gorton & Sons, Inc.	C	No	No
99-1494	Franklin Memorial Chapel, Inc.	C	No	No
99-1495	Frazier & Son Funeral Home, Inc.	C	No	No
99-1496	Frederica Cemeteries, Inc.	G	No	No
99-1497	Frederick Memorial Gardens, Inc.	F	No	No
99-1498	Fryberger Acquisition, Inc.	G	No	No
99-1499	Funeral Concepts of Knoxville, Inc.	H	No	No
99-1500	Funeral Discount Center, Inc.	H	No	No
99-1502	Funeral Services Acquisition Group, Inc.	F	Yes	No
99-1503	Furman Funeral Home, Inc.	H	No	No
99-1504	Gable and Parkrose Funeral Chapels, Inc.	D	No	No
99-1505	Garden Sanctuary Acquisition, Inc.	G	No	No
99-1507	Gardens of Faith Cemetery, Inc.	C	No	No
99-1506	Gardens of Memory, Inc.	H	No	No
99-1508	Gemini Memorial, Inc.	H	Yes	No
99-1509	Genesis Associates, Ltd.	H	Yes	No
99-1510	George M. Wilbur-Romano & Sons, Inc.	C	No	No
99-1512	Gethsemane Cemetery North, Inc.	H	No	No
99-1513	Gethsemane Cemetery, Inc.	H	No	No
99-1511	Gethsemane Mausoleum and Sales Company	H	No	No
99-1514	Gilman Funeral Home, Inc.	C	No	No
99-1515	Glacier Memorial Gardens, Inc.	F	No	No
99-1516	Gleason Mortuary, Inc	H	No	No
99-1517	Glendale Memorial Gardens, Inc.	G	No	No
99-1518	Golden Oaks Memorial Gardens, Incorporated	H	No	No
99-1519	Good Shepherd Memorial Park, Inc.	H	No	No
99-1521	Gorder Funeral Home, Inc.	C	No	No
99-1522	Gordon E. Utt Funeral Home, Inc.	C	No	No
99-1523	Grace Memorial Park, Inc.	F	No	No
99-1524	Graceland Cemetery Development Co.	E	No	No
99-1525	Grants Mortuary, Inc.	C	No	No
99-1526	Gray Funeral Service, Inc.	C	No	No
99-1527	Gray Gish, Inc.	C	No	No
99-1528	Great Lake Cemetery Corp.	H	No	No
99-1529	Great Lakes Cemeteries I, Inc.	G	No	No
99-1530	Green Hills Memorial Gardens, Inc.	H	No	No
99-1531	Green Lawn Cemetery Corporation	C	No	No
99-1532	Green Service Corporation	E	Yes	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1533	Greenview Cemetery, Inc.	H	No	No
99-1534	Greenwell-Jenkins Funeral Home, Inc.*	C	No	No
99-1536	Greer - Mountain View Mortuary, Inc.	C	No	No
99-1535	Greer Funeral Home	C	No	No
99-1537	Grennan Funeral Home, Ltd.	F	No	No
99-1538	Griffin Funeral Home, Inc.	C	No	No
99-1540	Guerrero Mortuary, Inc.	C	No	No
99-1541	Gulf Coast Funeral Services, Inc.	H	No	No
99-1542	H. & D. Management Company, Inc.	H	Yes	No
99-1543	H. C. Alexander Funeral Home, Inc.	C	No	No
99-1544	H. H. Birkenkamp Funeral Home, Inc.	C	No	No
99-1545	H. P. Brandt Funeral Home, Inc.	C	No	No
99-1546	H. Samson, Inc.	E	No	No
99-1547	Haakinson-Groulx Mortuary, Inc.	C	No	No
99-1548	Hadley Funeral Chapels, Inc.	C	No	No
99-1549	Halverson Chapel, Inc.	E	No	No
99-1550	Hanes-Lineberry Advanced Funeral Planning, Inc.	H	No	No
99-1552	Harnett Devotional Gardens, Inc.	C	No	No
99-1553	Harrell-Faircloth Funeral Home, Inc.	D	No	No
99-1554	Harris Funeral Home, Inc.	E	No	No
99-1555	Harvey Funeral Home, Inc.	C	No	No
99-1556	Hatfield Funeral Home, Inc.	C	No	No
99-1557	Hawaiian Memorial Park Mortuary Corporation	G	Yes	No
99-1558	Hawks Funeral Home, Inc.	F	No	No
99-1559	Heffner Funeral Home, Inc.	H	No	No
99-1560	Heritage Cemetery Management Corporation	C	No	No
99-1562	HFH Acquisition, Inc.	C	No	No
99-1563	HFH, Inc.	C	No	No
99-1564	Hibbard-Ruggles Funeral Home, Inc.	F	No	No
99-1565	Highland Management Corp.	C	No	No
99-1566	Highland Memorial Gardens, Inc.	E	No	No
99-1568	Hill Funeral Home, Inc.	C	No	No
99-1567	Hill Funeral Home, Inc.	H	No	No
99-1569	Hillcrest Cemetery Corporation	G	No	No
99-1570	Hillcrest Garden of Memories, Inc.	H	No	No
99-1571	Hillcrest Memorial Gardens Cemetery, Inc.	G	No	No
99-1572	HLLB, Inc.	C	No	No
99-1573	HM Acquisition, Inc.	H	No	No
99-1574	Hofmeister Funeral Chapels, Inc.	C	No	No
99-1575	Hogenkamp-Bonham Funeral Home, Inc.	H	No	No
99-1576	Holder-Wells Funeral Home, Inc.	C	No	No
99-1577	Horizon Funeral Direction, Inc.	H	No	No
99-1578	Horizon-Glynn Properties, Inc.	H	No	No
99-1579	Howell-Edwards-Doerksen Chapel of the Gardens, Inc.	C	No	No
99-1581	HPS Acquisition, Inc.	H	No	No
99-1582	HRMP Management, Inc.	H	No	No
99-1583	Huff-Cook Funeral Home, Inc.	H	No	No
99-1584	Hughes Funeral Homes, Inc.	H	No	No

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Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1585	Hughes Funerals, Inc.	H	No	No
99-1586	Hughes Southland Funeral Home, Inc.	H	No	No
99-1587	Hunsaker-Wooten Funeral Home, Inc.	C	No	No
99-1588	Imperial Memorial Gardens, Inc.	F	No	No
99-1589	International Memorial Society, Inc.	E	No	No
99-1590	Ives-Pearson Funeral Homes, Inc.	H	No	No
99-1591	J & K Management Company	C	No	No
99-1592	J. H. Finefrock & Sons, Inc.	C	No	No
99-1593	J. W. Curry & Son, Inc.	C	No	No
99-1594	James & Dean, Inc.	E	No	No
99-1596	James Funeral Home, Inc.	C	Yes	No
99-1597	James J. Stout Funeral Home, Inc.	C	No	No
99-1598	Janousek Funeral Home, Inc.	F	No	No
99-1599	Jenkins Funeral Home, Inc.*	C	No	No
99-1600	Jensen-Carpenter Mortuary, Inc.	C	No	No
99-1601	Jerns Funeral Chapel, Inc.	C	No	No
99-1602	Jewish Memorial Society, Inc.	H	No	No
99-1603	Jibe Services Corporation	F	No	No
99-1604	John B. Romano & Sons, Inc.	H	No	No
99-1605	John Dormi & Sons, Inc.	D	No	No
99-1606	John J. Healey Funeral Home, Inc.	C	No	No
99-1608	Johnson Funeral Home Of Church Hill, Inc.	F	No	No
99-1607	Johnson Funeral Home, Inc.	C	No	No
99-1609	Jones-Ash Funeral Home, Inc.	C	No	No
99-1610	Joseph B. Cofer Funeral Home, Inc.	H	No	No
99-1611	Joseph G. Duffy, Inc.	C	No	No
99-1612	Kadek Enterprises of Florida, Inc.	E	No	No
99-1613	KAL Cemetery Management, Inc.	H	No	No
99-1614	Kapala-Glodek Funeral Service, Ltd.	G	Yes	No
99-1615	Kapala-Glodek Gearhart Funeral Home, Inc.	D	No	No
99-1616	Keaton Mortuaries, Inc.	C	No	No
99-1617	Keith Monument Co. of Bowling Green, Inc.	G	No	No
99-1618	Kemple Funeral Homes, Inc.	C	No	No
99-1619	Kennedy Monument Co., Inc.	H	No	No
99-1620	Kennedy-Morgan Funeral Home, Inc.	F	No	No
99-1621	Kennedy-Roth Funeral Home, Inc.	C	No	No
99-1622	Kiesau Funeral Home, Inc.	C	No	No
99-1623	Kimball Funeral Home, Inc.	C	No	No
99-1624	Kingston Memorial Gardens, Inc.	C	No	No
99-1625	Kiser Funeral Home, of Greeneville, Incorporated	C	No	No
99-1626	Knauff Funeral Home, Inc.	E	No	No
99-1627	Knee Funeral Home of Wilkinsburg, Inc.	D	No	No
99-1628	Kraeer Funeral Homes, Inc.	C	No	No
99-1629	Kraeer Holdings, Inc.	G	Yes	No
99-1631	Kyger Funeral Home, Inc.	H	No	No
99-1632	L & D Enterprises, Incorporated	C	No	No
99-1633	La Familia Funeral Home, Inc.	H	No	No
99-1634	Lacy Funeral Home, Inc.	C	No	No

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99-1635	Lake Havasu Memorial Gardens, Inc.	H	No	No
99-1636	Lang-Tobia-DiPalma Funeral Home, Inc.	F	No	No
99-1638	Larry A. McGee, Inc.	C	No	No
99-1639	Laurel Funeral Home, Inc.*	F	No	No
99-2093	Leasure-Stein Management Company, L.L.C.	H	No	No
99-1641	Leavitt Acquisition One, Inc.	H	No	No
99-1640	Leavitt Acquisition Two, Inc.	H	No	No
99-1642	Lee Funeral Home of Manassas, Inc.	C	No	No
99-1643	Leitz-Eagan Funeral Home, Inc.	F	Yes	No
99-1644	Lester L. Hayman Funeral Home, Inc.	H	No	No
99-1645	Levitt Memorial Chapel, Inc.	H	No	No
99-1646	Levitt-Weinstein Memorial Chapels, Inc.	F	Yes	No
99-1648	Lienkaemper Chapels, Inc.	C	No	No
99-1649	Lindsey Funeral Home, Inc.*	G	No	No
99-1650	Lineberry Cemetery Corporation	H	No	No
99-1652	Lineberry Group (Virginia), Inc.	D	Yes	No
99-1651	Lineberry Group, Inc.	F	Yes	No
99-1653	Litwiller Funeral Home, Inc.	C	No	No
99-1654	Livingston-Malletta & Geraghty Funeral Home, Inc.	H	No	No
99-1655	LM Park, Inc.	G	No	No
99-2096	Loewen (Alabama), L.P.	C	No	No
99-1689	Loewen (Alabama),Inc.	H	Yes	No
99-1656	Loewen (Arkansas) Holdings, Inc.	H	Yes	No
99-1657	Loewen (Georgia), Inc.	G	Yes	No
99-1658	Loewen (Indiana), Inc.	H	Yes	No
99-2095	Loewen (Indiana), L.P.	D	No	No
99-1659	Loewen (Iowa), Inc.	G	No	No
99-1660	Loewen (Kentucky), Inc.*	F	No	No
99-1661	Loewen (Michigan), Inc.	C	No	No
99-1662	Loewen (North Carolina), Inc.	C	No	No
99-1663	Loewen (Oklahoma), Inc.	C	Yes	No
99-1664	Loewen (Texas) II, Inc.	H	No	No
99-1665	Loewen (Texas), Inc.	H	Yes	No
99-2094	Loewen (Texas), L.P.	C	No	No
99-1666	Loewen Cape Cod Holdings (1991), Inc.	G	No	No
99-1667	Loewen Capital Corporation	H	No	No
99-1669	Loewen Cemetery (Ohio), Inc.	H	No	No
99-1668	Loewen Cemetery (Texas), Inc.	E	Yes	No
99-1670	Loewen Communication Center, Inc.	H	No	No
99-1671	Loewen Corporate Benefits of North Carolina, Inc.	H	No	No
99-1672	Loewen Eastern Massachusetts Holdings (1992), Inc.	G	No	No
01-2319	Loewen Financial Corporation	H	Yes	No
99-1673	Loewen Group Acquisition Corp.	H	Yes	No
99-1246	Loewen Group Capital, L.P.	H	No	No
99-1244	Loewen Group International, Inc.	B	No	No
99-1674	Loewen Group, Inc.	F	Yes	No
99-2103	Loewen HDG Acquisition, Inc.*	H	No	Yes
99-1675	Loewen Life Insurance Group, Inc.	C	No	No

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99-1676	Loewen Louisiana Holdings, Inc.	G	Yes	No
99-2114	Loewen Luxembourg (No. 1) S.A.	H	Yes	No
99-1677	Loewen Management Investment Corporation	H	No	No
99-1678	Loewen Massachusetts Holding (1991), Inc.	F	No	No
99-1679	Loewen Missouri, Inc.	H	No	No
99-1680	Loewen New Hampshire Holdings 1990, Inc.	H	No	No
99-1681	Long and Folk Funeral Home, Inc.	C	No	No
99-1682	Longview Memorial Park, Inc.	G	No	No
99-1683	Los Jardines Memorial Park, Inc.	C	No	No
99-1684	Los Rosales Memorial Park, Inc.	F	No	No
99-1685	Lough, Inc.	C	Yes	No
99-1686	Louis Hirsch & Sons, Inc.	C	No	No
99-1687	Louisville Memorial Gardens, Inc.	F	Yes	No
99-2104	Lowell Holdings, Inc.*	H	Yes	Yes
99-1691	Lower Valley Memorial Gardens, Inc.	E	No	No
99-1688	Lowe's Funeral Home, Inc.	C	No	No
99-1692	Ludlum Management Services, Inc.	C	No	No
99-1693	Luff Bowen Funeral Home, Inc.	C	No	No
99-1694	Lumbee Memorial Gardens, Inc.	C	No	No
99-1695	M. J. Smith Sons, Inc.	C	No	No
99-1696	Macedonia Memorial Park, Inc.	H	No	No
99-1697	Madison County Memorial Gardens, Inc.	G	No	No
99-1698	Magnolia Memorial Gardens of Meridian, Inc.	H	No	No
99-1699	Malletta-Vertin Holdings, Inc.	H	Yes	No
99-1700	Malone Funeral Home, Inc.	F	No	No
99-1701	Mann-Walden Funeral Home, Inc.	C	No	No
99-1702	Maple Valley Chapel, Inc.	C	No	No
99-1703	Maplelawn Park Cemetery, Inc.	H	No	No
99-1704	Martin Funeral Home Acquisition, Inc.	C	No	No
99-1705	Marysville Acquisition, Inc.	F	No	No
99-1706	Mass-Hinitt-Alexander Funeral Home, Inc.	H	No	No
99-1707	Maui Funeral Plan, Inc.	C	No	No
99-2105	Maui Memorial Park, Inc.	C	Yes	No
99-1708	Max Martinez Funeral Home, Incorporated	H	No	No
99-1709	Maxwell Holding Company, Inc.	H	Yes	No
99-1710	Mayes Mortuary, Inc.	C	Yes	No
99-1711	McClure Funeral Service, Inc.	C	No	No
99-1712	McCracken Funeral Home, Inc.	H	No	No
99-1713	McLeod Mortuary, Inc.	C	No	No
99-1715	McPeters, Incorporated - Funeral Directors	H	No	No
99-1716	Melwood Cemetery, Inc.	H	No	No
99-1717	Memorial Cemetery Advisors, Inc.	H	No	No
99-1718	Memorial Consultants of California, Inc.	D	No	No
99-1719	Memorial Consultants, Inc.	H	Yes	No
99-1720	Memorial Gardens Association, Inc.	F	No	No
99-1721	Memorial Gardens of Charleston, Inc.	G	No	No
99-1722	Memorial Guardian Company	H	No	No
99-1723	Memorial Park of Ada, Inc.	H	No	No

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99-1724	Memorial Park, Inc.	D	No	No
99-1726	Memorial Services Acquisition, Inc.	D	No	No
99-1725	Memorial Services Corporation	H	No	No
99-1727	Memorial Services, Inc.	H	Yes	No
99-1728	Memory Chapel, Inc.	C	No	No
01-1881	Memory Gardens, Inc.	H	No	No
99-1729	Merced Funeral Chapel	C	No	No
99-1730	Merkley-Mitchell Mortuary	C	No	No
99-1731	MHI Financial, Inc.	H	No	No
99-1732	MHI Group, Inc.	H	Yes	No
99-1733	Midwest Cemetery Service Company	H	Yes	No
99-1734	Miller's Tulare Funeral Home	C	No	No
99-1735	Mission Chapel of San Jose, Inc.	G	No	No
99-1736	Mission Memorial Park	F	No	No
99-1737	Mission Mortuary, Inc.	H	No	No
99-1738	Missouri Cemetery Management, Inc.	H	No	No
99-1739	Mittendorf Calvert Funeral Home, Ltd.	H	No	No
99-1740	Montana Memorial Services, Inc.	H	Yes	No
99-1741	Monte Cristo, Inc.	D	No	No
99-1742	Montgomery Memorial Cemetery, Inc.	H	No	No
99-1743	Monument Hill Memorial Park	E	No	No
99-1744	Moody Funeral Home, Inc.	G	No	No
99-1745	Moon Acquisition, Inc.	H	No	No
99-1746	Morningside Memorial Gardens, Inc.	G	No	No
99-1747	Morrison Funeral Home, Inc.	C	No	No
99-1749	Mount Auburn Cemetery Company	H	No	No
99-1750	Mount Auburn Funeral Home, Inc.	E	No	No
99-1748	Mount Auburn Memorial Park, Inc.	C	No	No
99-1759	Mount Hope Cemetery, Inc.	E	No	No
99-1751	Mount Hope Woodlawn Corporation	H	No	No
99-1754	Mount Nebo Chapels, Inc.	H	No	No
99-1753	Mount Nebo Memorial Gardens, Inc.	G	No	No
99-1752	Mount Nebo of the Palm Beaches Memorial Gardens, Inc.	H	No	No
99-1756	Mountain Vale Memorial Park, Inc.	H	No	No
99-1757	Mountain View Floral, Inc.	H	No	No
99-1758	Mozley Memorial Gardens, Inc.	H	No	No
99-1760	Mullins Holding Company	F	Yes	No
99-1761	Murdock Funeral Home, Inc.	C	No	No
99-1762	Murray Memorial Gardens, Inc.	H	No	No
99-2106	Nakamura Mortuary, Inc.	G	Yes	No
99-1764	Naples Memorial Gardens, Inc.	E	No	No
99-1765	Nashville Funeral Home, Inc.	H	No	No
99-1766	National Home Service Institute, Inc.	H	No	No
99-1767	Nave Funeral Home, Inc.	C	No	No
99-1769	New Crown Cemetery Company, Inc.	G	No	No
99-1770	New England Holding Co., Inc.	F	Yes	No
99-1771	New Rose Hill, Inc.	G	No	No
99-1772	Newby Funeral Home, Inc.	C	No	No

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Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-4537	Neweol (Delaware) LLC	H	No	No
99-1773	Newoel Investments (U.S.A.), Inc.	H	No	No
99-1774	Newton County Memorial Gardens, Inc.	G	No	No
99-1775	NFH Leasing Corporation	H	No	No
99-1776	Nicoletti, Culjis & Herberger Funeral Home, Inc.	C	No	No
99-1777	Norman's Family Chapel, Inc.	C	No	No
99-1778	North Alabama Memorial Gardens, Inc.	H	No	No
99-1779	North American Cremation Society, Inc.	D	No	No
99-1780	North American Cremation Society, Inc.	H	No	No
99-1781	North Lawn Cemetery, Inc.	H	No	No
99-1782	Northeast Monument Company, Inc.	H	No	No
99-1783	Northeast Ohio Crematory, Inc.	H	No	No
99-1784	Northern Land Company, Inc.	H	No	No
99-1785	Northridge/Woodhaven Chapel & Cemetery, Inc.	D	No	No
99-1786	Northwest Services, Inc.	C	No	No
99-1787	Northwood Park Cemetery, Inc.	H	No	No
99-1791	Oak Bluff Memorial Park, Inc., of Port Neches	F	No	No
99-1792	Oak Enterprises, Inc.	F	No	No
99-1794	Oak Ridge Memorial Park, Inc.	F	No	No
99-1795	Oak Woods Management Company	H	No	No
99-1796	Oakland Memory Lanes, Inc.	F	Yes	No
99-1797	OBC Acquisitions, Ltd.	C	No	No
99-1788	O'Connor Funeral Home & Crematory, Inc.	C	No	No
99-1799	Oehler Building Corporation	H	No	No
99-1789	O'Hair's Funeral Chapel, Inc.	C	No	No
99-1790	O'Neill-Redden-Drown Funeral Home, Inc.	C	No	No
99-2107	Ordenstein Holding Company, Inc.*	H	No	Yes
99-1805	Osiris Holding Corporation	F	Yes	No
99-1801	Osiris Holding of Florida, Inc.	H	No	No
99-1802	Osiris Holding of Illinois	G	Yes	No
99-1803	Osiris Holding of Kentucky, Inc.	H	No	No
99-1804	Osiris Holding of Wisconsin, Inc.	G	Yes	No
99-1806	Osiris Insurance Agency of Pennsylvania	H	No	No
99-1807	Osthus Funeral Home, Inc.	G	No	No
99-1809	Ourso Funeral Home, Airline Gonzales, Inc.	H	No	No
99-1808	Ourso Funeral Home, Inc.	C	No	No
99-1810	Pace-Stancil Funeral Home, Inc.	C	No	No
99-1811	Pace-Stancil Memorial Rest Gardens, Inc.	G	No	No
99-1812	Pacific Mausoleum Co., Inc.	F	No	No
99-1813	Padgett Funeral Home, Inc.	F	No	No
99-1814	Page Mortuary, Inc.	H	No	No
99-1815	Palm Beach County Community Chapel, Inc.	G	No	No
99-1816	Palm Springs Mausoleum, Inc.	F	No	No
99-1817	Pamlico Memorial Gardens, Inc.	H	No	No
99-1818	Paradise Memorial Gardens, Inc.	G	No	No
99-1819	Paragon Trevino Funeral Home, Inc.	H	No	No
99-1820	Paris-Frederick Mortuary, Inc.	F	No	No
99-1821	Park Cemetery of Carthage, Inc.	H	No	No

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99-1822	Parks Development Company, Inc.	F	No	No
99-1823	Parkway Garden Chapel, Inc.	C	No	No
99-1824	Parkway Memorial Cemetery Corporation	F	No	No
99-1825	Patterson Greer Funeral Home, Inc.	C	No	No
99-1827	Payne Family Mortuary, Inc.	H	No	No
99-1828	Peace Rose, Inc.	G	No	No
99-1829	Peake Memorial Chapel, Inc.	E	No	No
99-1830	Perfection Management Corporation	C	No	No
99-1831	Pet Haven Memorial Gardens, Inc.	H	No	No
99-1832	Peter Feldpaush & Co., Inc.	H	No	No
99-1833	Pettus-Owen & Wood Funeral Home, Inc.	C	No	No
99-1834	Phil Kiser Funeral Home, Inc.	C	No	No
99-1835	Phoenix Memorial Mortuary, Inc.	C	No	No
99-1836	Pierce Mortuary Chapels, Inc.	C	No	No
99-1837	Pineview Memorial Park, Inc.	E	No	No
99-1838	Pinkham-Mitchell Mortuary, Inc.	H	No	No
99-1840	Pitts Kreidler-Ashcraft Funeral Directors, Inc.	H	No	No
99-1841	Pittsburg Cemetery Company	H	No	No
99-1842	Pontarelli-Marino Funeral Home, Inc.	C	No	No
99-1843	Portland Funeral Alternatives, Inc.	D	No	No
99-1844	Poteet Funeral Home, Inc.	H	No	No
99-1845	Poteet Holdings, Inc.	C	No	No
99-1846	Potts Funeral Home, Inc.	C	No	No
99-1847	Powers Ambulance Service, Inc.	H	No	No
99-1848	Powers Funeral Home, Inc.	C	No	No
99-1849	Prata Funeral Homes, Inc.	C	No	No
99-1850	Pre-Arrangement Consultants, Inc.	H	No	No
99-1851	Price-Helton Funeral Chapel, Inc.	C	No	No
99-1853	Quiring Monument Company	C	No	No
99-1854	R. J. P. Enterprises, Inc.	H	No	No
99-1855	R. Stutzmann & Son, Inc.	C	No	No
99-1856	Raleigh Memorial Park, Inc.	F	No	No
99-1857	Rawlings Funeral Home, Inc.	C	No	No
99-1858	Reed-Nichols Funeral Home, Inc.	H	No	No
99-1859	Reese Leasing Corporation	H	No	No
99-1860	Reese Management Corporation	H	No	No
99-1861	Reeves Funeral Home, Inc.	C	No	No
99-1862	Reeves, Inc.	F	No	No
99-1864	Resmal, Inc.	H	No	No
99-1865	Rest-Haven Cemetery Association, Inc.	G	No	No
99-1866	Resthaven Memorial Company	D	No	No
99-1868	Restlawn Cemetery, Inc.	H	No	No
99-1869	Restlawn Gardens of Memory, Inc.	C	No	No
99-1870	Restlawn Memorial Gardens, Inc.	H	No	No
99-1871	Restlawn Memory Gardens, Inc.	H	No	No
99-1872	Resurrection Funeral Home, Inc.	E	No	No
99-1873	Retz Funeral Home, Inc.	C	No	No
99-1874	Reynolds Funeral Chapel, Inc.	D	No	No

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99-1875	Ridge Chapels, Inc.	H	No	No
99-1876	Ridgewood Cemetery Company, Inc.	D	No	No
99-1878	Riemann Enterprises, Inc.	F	No	No
99-1879	Riemann Funeral Homes, Inc.	C	No	No
99-1880	Riemann Funeral Insurance Company, Inc.	H	No	No
99-2108	Riemann Holdings, Inc.	G	Yes	No
99-1881	Riemann Insurance Company, Inc.	H	No	No
99-1882	Riverside Memorial Park, Inc.	C	No	No
99-1885	Roane Memorial Gardens, Inc.	D	No	No
99-1887	Robert A. Weinstein Funeral Directors, Ltd.	H	No	No
99-1886	Robert A. Weinstein, Ltd.	H	Yes	No
99-1888	Robert Douglas Goundrey Funeral Home, Inc.	C	No	No
99-1889	Robert E. Evans Funeral Home, Inc.	E	No	No
99-1890	Rock Hill Memorial Gardens, Inc.	H	No	No
99-1891	Rockfish Memorial Cemetery, Inc.	F	No	No
99-1892	Rogers Funeral Home of Clarkson, Kentucky, Inc.*	C	No	No
99-1893	Rose Hill Management Company, Inc.	H	No	No
99-1894	Rose Hill Memorial Park, Inc.	E	No	No
99-1898	Roseland Park Cemetery, Inc.	G	No	No
99-1897	Roseland Park Sales Company	H	No	No
99-1901	Roselawn Memorial Gardens Corporation	E	No	No
99-1899	Roselawn Memorial Gardens, Inc.	F	No	No
99-1900	Roselawn Memorial Park Company	D	No	No
99-1902	Roselawn Operations, Inc.	H	No	No
99-1903	Roses Delaware, Inc.	E	No	No
99-1904	Rosewood Memorial Gardens, Inc.	H	No	No
99-1905	Roth Funeral Chapel, Incorporated*	G	No	No
99-1906	Roundtree Funeral Home, Inc.	E	No	No
99-1907	Roy Brown Service Funeral Home, Inc.	H	No	No
99-1908	Royal Palm Acquisition Corporation	G	No	No
99-1909	Rushlow-Iacoi Funeral Home, Inc.	F	No	No
99-1911	Rutherford County Memorial Cemetery, Inc.	G	No	No
99-1912	Ruzich Funeral Home, Inc.	H	No	No
99-1913	Ruzich Funeral Home, Inc.	H	No	No
99-1914	S & H Properties and Enterprises, Inc.	D	Yes	No
99-1916	Saint Clair Memorial Gardens, Incorporated	H	No	No
99-1918	Sandling Funeral Home, Inc.	C	No	No
99-1921	Sandy Springs Acquisition Corporation	H	No	No
99-1919	Sandy Springs Chapel, Inc.	E	No	No
99-1920	Sandy Springs Development Corporation	H	No	No
99-1922	Sarasota Memorial Park Acquisition, Inc.	G	No	No
99-1924	Schaefer-Shipman Funeral Home, Inc.	C	No	No
99-1925	Schoppenhorst Brothers - Funeral Home*	G	No	No
99-1926	Scotland County Cemetery, Inc.	F	No	No
99-1927	Scott Funeral Home, Inc.	C	No	No
99-1928	Searcy Funeral Home, Inc.	C	No	No
99-1929	Sears-Middleton-Jones Funeral Home, Inc.	F	No	No
99-1930	Security Plus Mini & RV Storage, Inc.	H	No	No

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99-1931	Security Trust Plans, Inc.	C	No	No
99-1932	Seeger Funeral Home, Inc.	E	No	No
99-1934	Sensible Alternatives of Virginia, Inc.	H	No	No
99-1933	Sensible Alternatives, Inc.	H	No	No
99-1936	Shadowlawn Acquisition Corporation	E	No	No
99-1937	Sharpstown Services, Inc.	C	No	No
99-1938	Shaw & Sons Funeral Directors, Inc.	C	No	No
99-1939	Sherrill-Guerry Funeral Home, Inc.	C	No	No
99-1940	Short's Funeral Chapel, Inc.	C	No	No
99-1941	Shrine of Memories, Inc.	G	No	No
99-1942	Shuford-Hatcher Company	C	No	No
99-1943	Sidney F. Harrell Funeral Home, Inc.	C	No	No
99-1944	Siferd Professional Associates, Inc.	C	No	No
99-1945	Sims - Medford Enterprises, Inc.	G	No	No
99-1946	Sinai Funeral Home, Inc.	H	No	No
99-1947	Sinfran, Inc.	H	No	No
99-1948	Skyway Memorial Gardens Acquisition, Inc.	G	No	No
99-1950	Smith Funeral Home, Inc.	C	No	No
99-1951	Smith Reardon Incorporated	H	Yes	No
99-1953	Smith-Tillman Mortuary, Inc.	C	No	No
99-1954	South Bend Highland Cemetery Association, Inc.	F	No	No
99-1955	Southeastern Cemeteries Association	H	No	No
99-1956	Southeastern Funeral Homes, Inc.	C	No	No
99-1957	Southern Memorial Park, Inc.	E	No	No
99-1958	Spadaccino Funeral Home, Inc.	F	No	No
99-1959	Sperry-McConnell-Bath Funeral Homes, Inc.	C	No	No
99-1960	Spiker-Foster-Shriver Funeral Homes, Inc.	E	No	No
99-1961	Spring Hill Cemetery Company	F	No	No
99-1962	Springhill Memorial Gardens, Inc.	H	No	No
99-1963	Spurgeon Funeral Home, Inc.	D	No	No
99-1964	Squire-Simmons & Carr Funeral Home, Inc.	G	No	No
99-1965	St. Joseph Valley Memorial Park, Inc.	G	No	No
99-1966	St. Laurent Funeral Home, Inc.	C	No	No
99-1967	Stanley N. Vaughan Funeral Home, Inc.	H	No	No
99-1968	Stanly Gardens of Memory, Inc.	H	No	No
99-1969	Star Cement and Vault Company	H	No	No
99-1970	Star of David Memorial Gardens, Inc.	H	No	No
99-1971	Stein Hebrew Memorial Funeral Home, Inc.	F	No	No
99-1972	Stephens & Bean	C	No	No
99-1973	Stephens Burial Association, Inc.	H	No	No
99-1974	Stephens Funeral Benefit Association, Inc.	H	No	No
99-1975	Stephens Funeral Fund, Inc.	H	No	No
99-1976	Stephens Funeral Homes, Inc.	C	Yes	No
99-1977	Sticklin Funeral Chapel, Inc.	H	No	No
99-1978	Stone & Metal, Inc.	H	No	No
99-1979	Stringer's Hartman-Baldwin Funeral Home, Inc.	C	No	No
99-1980	Strong-Thorne Mortuary, Inc.	E	No	No
99-1982	Sunset Acquisition Corporation	F	No	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1983	Sunset Funeral Home, Inc.	H	No	No
99-1984	Sunset Management, Inc.	H	No	No
99-1985	Sunset Marketing, Inc.	H	No	No
99-1987	Sunset Memorial Cemetery & Funeral Home, Inc.	G	No	No
99-1991	Sunset Memorial Gardens of Billings, Inc.	G	No	No
99-1986	Sunset Memorial Gardens of Irvine Kentucky, Inc.	H	No	No
99-1989	Sunset Memorial Gardens, Inc.	F	No	No
99-1988	Sunset Memorial Park, Inc.	H	No	No
99-1990	Sunset Memorial, Inc.	F	No	No
99-1992	Sunset Memory Gardens, Inc.	E	No	No
99-1993	Sunset Ridge, Inc.	F	No	No
99-1994	Swan Hill Acquisition, Inc.	H	No	No
99-1995	Sweetwater Valley Memorial Park, Inc.	G	No	No
99-1996	T.J. McGowan Sons Funeral Home, Inc.	C	No	No
99-1997	Takoma Funeral Home, Inc.	C	No	No
99-1998	Tankersley Funeral Home, Inc.	D	No	No
99-1999	Tazewell County Memorial Gardens, Inc.	H	No	No
99-2000	Tennessee Valley Memory Gardens and Funeral Home, Inc.	H	No	No
99-2001	Terebinski Funeral Home Forest Hills Chapel, Inc.	F	No	No
99-2002	The Center For Pre-Arranged Funeral Planning, Inc.	H	No	No
99-2004	The Huntt Funeral Home, Inc.	C	No	No
99-1245	The Loewen Group Inc.	A	No	No
99-2006	The Oak Woods Cemetery Association	C	No	No
99-2007	The Portland Memorial, Inc.	F	No	No
99-2008	The Pulaski Funeral Home, Inc.*	H	No	No
99-2009	The Schmidt-Dhonau Company	C	No	No
99-2010	Thomas L. King Funeral Home, Inc.	F	No	No
99-2011	Thompson Funeral Home, Incorporated	C	No	No
99-2012	Thweatt Funeral Insurance Company, Inc.	H	No	No
99-2013	Thweatt-King Funeral Home, Inc.	F	Yes	No
99-2014	Titzer Funeral Home, Inc.	C	No	No
99-2015	Tomlinson Funeral Home, Inc.	H	No	No
99-2016	Travis Land Company	H	No	No
99-2017	Trevino Funeral Home - Palo Alto, Inc.	H	No	No
99-2018	Trevino Funeral Home, Inc.	C	No	No
99-2020	Umphlett Funeral Home, Inc.	E	No	No
99-2021	United Cemetery Management & Development Corp.	H	No	No
99-2027	Universal Memorial Centers I, Inc.	F	No	No
99-2028	Universal Memorial Centers II, Inc.	H	No	No
99-2024	Universal Memorial Centers III, Inc.	H	No	No
99-2022	Universal Memorial Centers V, Inc.	C	No	No
99-2023	Universal Memorial Centers VI, Inc.	D	No	No
99-2029	Valley Memory Gardens, Inc.	F	No	No
99-2030	Valley Mortuary, Inc.	C	No	No
99-2031	Valley of The Temples Mortuaries, Ltd.	E	No	No
99-2032	Vancouver Funeral Chapel, Inc.	D	Yes	No
99-2109	Vay-Meeson Holding Company, Inc.*	H	Yes	Yes
99-2033	Vay-Schleich & Meeson Funeral Home Inc.	D	No	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-2034	Vernon C. Wagner Funeral Homes, Inc.	C	No	No
99-2035	W.B.M., Inc.	C	No	No
99-2036	Wachterhauser-Brietzke Funeral Homes, Inc.	E	No	No
99-2037	Waco Memorial Park, Inc.	F	No	No
99-2110	Wagner Acquisition Corporation*	G	Yes	Yes
99-2038	Walker Cemetery Corporation	H	No	No
99-2039	Wallace-Martin Funeral Home, Inc.*	C	No	Yes
99-2040	Wanamaker & Carlough, Inc.	C	No	No
99-2041	Wattengel Funeral Home, Inc.	F	No	No
99-2042	Weaver Funeral Home, Inc.	C	No	No
99-2043	Weeks Funeral Home, Inc.	C	No	No
99-2044	Weigel Funeral Home, Inc.	G	No	No
99-2045	Weinstein Brothers, Inc.	C	Yes	No
99-2046	Weinstein Chapels, Inc.	H	No	No
99-2047	Weinstein Family Services, Inc.	H	Yes	No
99-2111	Weinstein Family Services, Inc.*	H	Yes	Yes
99-2048	West Funeral Home, Inc.	C	No	No
99-2049	West Lawn Cemetery, Inc.	E	No	No
99-2050	Westminster Gardens, Inc.	E	No	No
99-2051	Westwood Memorial Chapel, Inc.	C	No	No
99-2052	WHC, Inc.	H	Yes	No
99-2053	White Mortuary, Inc.	C	No	No
99-2056	Whitehurst - Grim Funeral Service	C	No	No
99-2057	Whitehurst - Lakewood Memorial Park And Funeral Service	D	No	No
99-2058	Whitehurst - Loyd Funeral Service	C	No	No
99-2059	Whitehurst - McNamara Funeral Service	C	No	No
99-2060	Whitehurst - Muller Funeral Service	C	No	No
99-2061	Whitehurst - Norton - Diaz Funeral Service	C	No	No
99-2064	Whitehurst-Norton Funeral Service	H	No	No
99-2055	Whitehurst California	D	Yes	No
99-2062	Whitehurst, Sullivan, Burns & Blair Funeral Service	C	No	No
99-2054	White's Vault Co.	H	No	No
99-2065	Wilcoxen Funeral Home, Inc.	H	No	No
99-2066	Wilder Funeral Home, Inc.*	E	No	No
99-2067	William Leahy Funeral Home, Inc.	C	No	No
99-2068	Williams Funeral Service, (Incorporated)	C	No	No
99-2069	Williamsburg Funeral Home, Inc.	H	No	No
99-2070	Willow Glen Mortuary, Inc.	C	No	No
99-2071	Wilson County Memorial Park, Inc.	G	No	No
99-2072	Windridge Funeral Home, Ltd.	G	No	No
99-2112	Windward Crematory, Inc.	H	No	No
99-2073	Wm. F. Cushing, Inc.	H	No	No
99-2077	Woodlawn Cemetery of Chicago, Inc.	E	No	No
99-2113	Woodlawn Memorial Park, Inc.*	E	No	Yes
99-1895	Woodlawn Memory Gardens, Inc.	H	No	No
99-2079	Woodstock Funeral Home, Inc.	C	No	No
99-2080	Woodward Funeral Home, Incorporated	C	No	No
99-2081	Wren Funeral Home, Inc.	C	No	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-2082	Wright & Ferguson Funeral Home	H	Yes	No
99-2083	Wulff Family Mortuary, Inc.	C	Yes	No
99-2084	Wylie-Baxley Funeral Home, Inc.	C	No	No
99-2085	Yablokoff Kingsway Memorial Chapel, Inc.	D	No	No
99-2086	Yablokoff-Wandy Funeral Home, Inc.	H	No	No
99-2088	Young's Funeral Home, Inc.	C	No	No
99-2089	Yuma Mortuary & Crematory, Inc.	G	No	No
99-2090	Zefran Funeral Home, Ltd.	C	No	No
99-2092	ZS Acquisition, Inc.	C	No	No

EXHIBIT II

FOURTH AMENDED JOINT PLAN OF REORGANIZATION OF LOEWEN GROUP INTERNATIONAL, INC., ITS PARENT CORPORATION AND CERTAIN OF THEIR DEBTOR SUBSIDIARIES

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

IN RE:	:	**Jointly Administered Case No. 99-1244 (PJW)**
LOEWEN GROUP INTERNATIONAL, INC., a Delaware corporation, *et al*.,	: :	**Chapter 11**
Debtors.	:	
	:	

FOURTH AMENDED JOINT PLAN OF REORGANIZATION OF LOEWEN GROUP INTERNATIONAL, INC., ITS PARENT CORPORATION AND CERTAIN OF THEIR DEBTOR SUBSIDIARIES

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September 10, 2001

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Exhibit IV.C.3	List of employment and other agreements and plans that are in effect or will take effect as of the Effective Date; Initial Grants under Equity Incentive Plan
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[1] Except as otherwise indicated, all Exhibits will be available for review during regular business hours at the Document Reviewing Centers. The Debtors reserve the right to modify, amend, supplement, restate or withdraw any of the Exhibits after they are Filed. The Debtors will File all modified, amended, supplemented or restated Exhibits as promptly as possible and will make such Exhibits available for review at the Document Reviewing Centers.

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[2] To be Filed and available for review at the Document Reviewing Centers no later than ten days before the deadline to object to Confirmation of the Plan.

INTRODUCTION

Loewen Group International, Inc. ("LGII"), its parent corporation, The Loewen Group Inc. ("TLGI"), and the other above-captioned debtors and debtors in possession other than the Michigan Cemetery Debtors as defined below (collectively, the "Debtors") propose the following fourth amended joint plan of reorganization (the "Plan") for the resolution of the outstanding claims against and equity interests in the Debtors. The Debtors are proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code. Reference is made to the Debtors' Disclosure Statement, Filed contemporaneously with the Plan, for a discussion of the history, businesses, results of operations, historical financial information, projections and properties of the Debtors, and for a summary and analysis of the Plan. There also are other agreements and documents, which are or will be Filed with the Bankruptcy Court, that are referenced in the Plan or the Disclosure Statement and that will be available for review.

ARTICLE I

DEFINED TERMS, RULES OF INTERPRETATION AND COMPUTATION OF TIME

A. Defined Terms

As used in the Plan, capitalized terms have the meanings set forth below. Any term that is not otherwise defined herein, but that is used in the Bankruptcy Code or the Bankruptcy Rules, will have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

1. **"1994 Plan"** means the 1994 Management Equity Investment Plan of TLGI, as amended or modified.

2. **"Administrative Claim"** means a Claim for costs and expenses of administration allowed under section 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the respective Estates and operating the businesses of the Debtors (such as wages, salaries, commissions for services and payments for inventories, leased equipment and premises), including Claims under the DIP Financing Facility and the Blackstone Settlement Agreement; (b) compensation for legal, financial advisory, accounting and other services and reimbursement of expenses awarded or allowed under section 330(a) or 331 of the Bankruptcy Code, including Fee Claims; (c) all fees and charges assessed against the Estates under chapter 123 of title 28, United States Code, 28 U.S.C. §§ 1911-1930; (d) Claims for reclamation allowed in accordance with section 546(c)(2) of the Bankruptcy Code and section 2-702 of the Uniform Commercial Code; and (e) all Intercompany Claims accorded priority pursuant to section 364(c)(1) of the Bankruptcy Code or the Cash Management Order.

3. **"Administrative Trade Claim"** means an Administrative Claim arising from or with respect to the sale of goods or rendition of services on or after the Petition Date in the ordinary course of the applicable Debtor's business, including Administrative Claims of employees for ordinary course wages, expense reimbursement and health and welfare benefits.

4. **"Allowed Claim"** means:

a. a Claim that: (i) has been listed by a particular Debtor on its Schedules as other than disputed, contingent or unliquidated; and (ii) is not otherwise a Disputed Claim;

b. a Claim (i) for which a proof of Claim or request for payment of Administrative Claim has been Filed by the applicable Bar Date or otherwise been deemed timely Filed under applicable law; and (ii) that is not otherwise a Disputed Claim; or

c. a Claim that is allowed: (i) in any Stipulation of Amount and Nature of Claim executed by the applicable Reorganized Debtor and Claim holder on or after the Effective Date; (ii) in any contract,

instrument or other agreement entered into in connection with the Plan and, if prior to the Effective Date, approved by the Bankruptcy Court; (iii) in a Final Order; or (iv) pursuant to the terms of the Plan.

5. **"Allowed . . . Claim"** means an Allowed Claim in the particular Class or category specified. Any reference herein to a particular Allowed Claim includes both the secured and unsecured portions of such Claim.

6. **"Allowed Class . . . Interest"** means an Allowed Interest in the particular Class described.

7. **"Allowed Interest"** means an Interest: (a) that is registered as of the Distribution Record Date in a stock or equity interest register that is maintained by or on behalf of the applicable Debtor and (b)(i) is not a Disputed Interest or (ii) has been allowed by a Final Order.

8. **"Available Cash Amount"** means an amount equal to: (a) the amount of "cash" reflected on the Cut-Off Date Balance Sheet (which term will include cash equivalents); *less* (b) the sum of (i) the amount of any Net Proceeds received by the Debtors on or prior to the Cut-Off Date in respect of the sale of Disposition Properties, (ii) any amounts reflected as "cash" on the Cut-Off Date Balance Sheet that are required to be kept on hand or on deposit with any third person (including any financial institution) pursuant to any contract or agreement or any law, statute, governmental regulation (including any insurance regulation) or judicial or administrative order or decree, (iii) the estimated amount of Administrative Claims, including the amounts required to be paid or set aside under Section III.E and Section III.F, payable in cash, financing fees and other reorganization expenses as of the Effective Date, (iv) the estimated aggregate amount of Claims in Classes 1, 2 and 3 as of the Effective Date, (v) the estimated amount of Claims in Class 4 as to which a Debtor has elected Option A treatment as provided in Section III.B.2 as of the Effective Date and the estimated amount of any cash payments required to be made under section 1124(2) of the Bankruptcy Code in respect of Claims in Class 4 as to which a Debtor has elected or is deemed to have elected Option B treatment as provided in Section III.B.2 as of the Effective Date, (vi) the amount payable to the Liquidating Trust Trustee on the Effective Date pursuant to Section 3.1 of the Liquidating Trust Agreement, (vii) any amount set aside pursuant to Section III.I and (viii) the estimated amount of Cure Amount Claims payable in cash as of the Effective Date, all as determined by the Debtors.

9. **"Ballot"** means the form or forms distributed to each holder of an impaired Claim entitled to vote on the Plan on which the holder indicates acceptance or rejection of the Plan or, in the case of a holder of an Unsecured Claim in Class 11, whether such holder elects to have such Unsecured Claim treated in Class 2 or Class 3, as applicable, rather than Class 11, in accordance with Section II.B.1 or II.B.2. With respect to any Ballot on which a holder elects to have an Unsecured Claim treated in Class 2 or Class 3, for voting purposes under the Plan that Ballot will be treated as being voted in Class 2 or Class 3, as the case may be.

10. **"Bankruptcy Code"** means title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as now in effect or hereafter amended.

11. **"Bankruptcy Court"** means the United States District Court having jurisdiction over the Reorganization Cases and, to the extent of any reference made pursuant to 28 U.S.C. § 157, the bankruptcy unit of such District Court.

12. **"Bankruptcy Rules"** means, collectively, the Federal Rules of Bankruptcy Procedure and the local rules of the Bankruptcy Court, as now in effect or hereafter amended.

13. **"Bar Date"** means the applicable bar date by which a proof of Claim must be or must have been Filed, as established by an order of the Bankruptcy Court, including the Bar Date Order and the Confirmation Order.

14. **"Bar Date Order"** means an order of the Bankruptcy Court establishing Bar Dates for Filing proofs of Claims in the Reorganization Cases, as the same may be amended, modified or supplemented.

15. **"Blackstone"** means, as appropriate, Blackstone Capital Partners II Merchant Banking Fund L.P., Blackstone Rose Hills Offshore Capital Partners L.P., Blackstone Family Investment Partnership, L.P. and/or Blackstone Offshore Capital Partners II L.P.

16. **"Blackstone Release"** means a mutual release pursuant to which the parties to the Blackstone Settlement Agreement will each, as of the Effective Date, forever release, waive and discharge the other and affiliates thereof from any and all claims, demands, rights, causes of action and controversies arising from or relating to the Prime Put/Call Agreement (including the rejection thereof), the Rose Hills Put/Call Agreement or otherwise relating to or involving Prime or Rose Hills, except as provided in the Blackstone Settlement Agreement.

17. **"Blackstone Settlement"** means the settlement and resolution among TLGI, LGII, Roses Delaware, Inc., Blackstone and RHI of all claims, issues and disputes between such parties relating to or involving Prime, Rose Hills or the Reorganization Cases as contemplated by the Blackstone Settlement Agreement.

18. **"Blackstone Settlement Agreement"** means an agreement among TLGI, LGII, Roses Delaware, Inc., Blackstone and RHI, substantially in the form of Exhibit I.A.18, pursuant to which on the Effective Date: (a) the parties thereto will grant the Blackstone Release; (b) Reorganized LGII will assume the Rose Hills Put/Call Agreement as amended and modified as provided therein; and (c) the Rose Hills Put/Call Agreement will be amended and modified to provide that (i) the put thereunder will automatically be exercised, (ii) in full satisfaction of all the Debtor's obligations under the Rose Hills Put/Call Agreement, Reorganized LGII will deliver to Blackstone and RHI the New Unsecured Subordinated Convertible Notes and New Common Stock as provided in Section III.G, (iii) in full satisfaction of all obligations of Blackstone and RHI under the Rose Hills Put/Call Agreement, Blackstone and RHI will convey to Reorganized LGII all common stock of Rose Hills owned by them, free and clear of all liens, and (iv) upon the closing of such transaction, the Rose Hills Put/Call Agreement will terminate and be of no further force or effect.

19. **"Blackstone Settlement Documents"** means any and all agreements, documents and instruments (including the Blackstone Settlement Agreement) necessary or appropriate to document, effectuate and consummate the Blackstone Settlement, each in form and substance acceptable to the parties thereto.

20. **"BMO Letter of Credit Facility"** means the Letter of Credit Facility, dated as of July 16, 1996, by and between Bank of Montreal and LGII, together with the guaranty thereof by TLGI.

21. **"BMO Revolving Credit Facility"** means the Second Amended and Restated Credit Agreement, dated as of March 27, 1998, as amended or modified, between LGII, as borrower, TLGI, as guarantor, the lenders named therein, as lenders, and Bank of Montreal, as L/C Issuer, swing line lender and administrative and syndication agent.

22. **"Business Day"** means any day, other than a Saturday, Sunday or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).

23. **"Canadian Court"** means the Ontario Superior Court of Justice having jurisdiction in respect of TLGI and the CCAA Debtors under the CCAA.

24. **"Canadian Operating Assets"** means the assets of TLGI identified on Exhibit I.A.24, together with the real property located at 4126 Norland Avenue, Burnaby, B.C.

25. **"Cash Investment Yield"** means the net yield earned by the applicable Disbursing Agent from the investment of cash held pending distribution pursuant to the Plan (including any dividends and other distributions on account of New Common Stock), which investment will be in a manner consistent with the Reorganized Debtors' investment and deposit guidelines.

26. **"Cash Management Order"** means the "Order: (A) Approving Centralized Cash Management Systems, Entry into Letter Agreement with Wachovia Bank, N.A., Certain Intercompany Transactions with Nondebtor Affiliates, Use of Existing Bank Accounts and Business Forms and Current Investment and Deposit Guidelines; and (B) According Superiority Status to All Postpetition Intercompany Claims" entered by the Bankruptcy Court on June 1, 1999, as amended June 11, 1999.

27. **"CCAA"** means the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended, of Canada.

28. **"CCAA Debtors"** means those companies subject to the proceedings under the CCAA before the Canadian Court (Court File No. 99-CL-3384) and identified on Exhibit I.A.28.

29. **"CCAA Debtor Restructuring Transactions"** means those restructuring transactions involving the CCAA Debtors as described in Exhibit I.A.29.

30. **"CCAA Order"** means one or more orders of the Canadian Court providing that:

a. a plan of arrangement pursuant to the terms of the Business Corporations Act (Ontario) to effect the CCAA Debtor Restructuring Transactions is approved;

b. recognition is given to the Confirmation Order and Plan that, in consideration for LGII making the distributions to TLGI's creditors set out in article III hereof, TLGI will assign, transfer and deliver (or, in the case of NAFTA Claims arising under article 1117 of NAFTA, will cause Delco to assign, transfer and deliver), free and clear of all liens, claims and encumbrances, including all Claims:

i. to LGII, all of TLGI's right, title and interest in, to and under all rights, properties and assets of every kind, character and description, wherever located and whether tangible or intangible, real or personal or fixed or contingent then owned, held, used, licensed, conceived or developed by TLGI other than (A) its rights in the NAFTA Claims, (B) its ownership interests in Delco and (C) its rights in the Canadian Operating Assets;

ii. to Nafcanco, all of TLGI's right, title and interest in and to all proceeds of the NAFTA Claims arising under article 1116 of NAFTA that TLGI receives; and to LGII all of Delco's right, title and interest in and to all proceeds of the NAFTA Claims arising under article 1117 of NAFTA that Delco receives; and in respect thereof, TLGI will irrevocably delegate to Nafcanco all powers and responsibilities of TLGI in respect of the pursuit and prosecution of the NAFTA Claims; all in accordance with the terms of Exhibit I.A.30; and

iii. to a holding company incorporated under the laws of one of the Provinces of Canada, which, following competition of the transfer contemplated in (i) above, will be a wholly owned subsidiary of LGII, all of TLGI's right, title and interest in, to and under the Canadian Operating Assets;

such consideration having a value equal to the fair market value of such rights, properties and assets, all without the need for any action by TLGI's directors or shareholders, but subject to such other terms and conditions as may be imposed by the Canadian Court;

c. recognition is given to the Confirmation Order and Plan providing that on the Effective Date none of the holders of a CTA Note Claim will have any further claim against the CCAA Debtors;

d. recognition is given to the provisions of the Bankruptcy Court's order approving the settlement of the CTA Issue and other matters that are the subject of Adversary Proceeding No. 00-01181 and to the provisions of the Confirmation Order and Plan providing for injunctions and releases; and

e. the provisions of the Confirmation Order, other orders of the Bankruptcy Court and Plan referred to in clauses b, c and d above will have full force and effect in Canada.

31. **"Claim"** means a "claim," as defined in section 101(5) of the Bankruptcy Code, against any Debtor.

32. **"Claims Objection Bar Date"** means, for all Claims, other than those Claims allowed in accordance with Section I.A.4.c, the latest of: (a) 150 days after the Effective Date; (b) 90 days after the Filing of a proof of Claim for such Claim; (c) 60 days after the conclusion of an arbitration, mediation or other alternative dispute resolution process in respect to a Claim as to which no objection was Filed prior to the commencement of such process; and (d) such other period of limitation as may be specifically fixed by the Plan, the Confirmation Order, the Bankruptcy Rules or a Final Order for objecting to such Claim.

33. **"Class"** means a class of Claims or Interests, as described in Article II.

34. **"Collateralized Accommodation Claims"** means, with respect to any transaction in which the obligation of a Debtor has been secured by property of one or more other Debtors, (a) the Unsecured Claims against the Debtor that is the primary obligor in respect of such obligation and (b) the Secured Claims against the other Debtor or Debtors that have granted an interest in collateral to secure such obligation.

35. **"Confirmation"** means the entry of the Confirmation Order on the docket of the Bankruptcy Court.

36. **"Confirmation Date"** means the date on which the Bankruptcy Court enters the Confirmation Order on its docket, within the meaning of Bankruptcy Rules 5003 and 9021.

37. **"Confirmation Hearing"** means the hearing held by the Bankruptcy Court on Confirmation of the Plan, as such hearing may be continued from time to time.

38. **"Confirmation Order"** means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

39. **"Creditors' Committee"** means the official committee of unsecured creditors of the Debtors appointed by the United States Trustee in the Reorganization Cases pursuant to section 1102 of the Bankruptcy Code.

40. **"CTA"** means the Collateral Trust Agreement, dated as of May 15, 1996, among the CTA Trustee, TLGI, LGII and the Pledgors, as amended or modified.

41. **"CTA Issue"** means the absence of Additional Secured Indebtedness Registration Statements (as defined in the CTA) in the CTA Trustee's files in respect of the Series 6 Notes, the Series 7 Notes or the PATS Notes.

42. **"CTA Note Claim"** means a Group I CTA Note Claim, a Group II CTA Note Claim or a Group III CTA Note Claim, as applicable.

43. **"CTA Trustee"** means Bankers Trust Company, as trustee under the CTA.

44. **"CTA Trustee Reserve Amount"** means the amount, determined by the Bankruptcy Court in connection with the Confirmation Hearing upon motion by the CTA Trustee Filed not later than October 5, 2001, that would provide an adequate reserve for the CTA Trustee's Claims to fees and expenses under and pursuant to the indemnification provisions of the CTA, taking into account the provisions of the Plan and assuming that the provisions of Section IV.F.3.e will be fully enforceable against the persons or entities deemed to grant releases, waivers and discharges thereunder.

45. **"Cure Amount Claim"** means a Claim based upon a Debtor's defaults pursuant to an Executory Contract or Unexpired Lease at the time such contract or lease is assumed by that Debtor under section 365 of the Bankruptcy Code.

46. **"Cut-Off Date"** means the close of business on the last day of the month immediately preceding the month during which the Effective Date occurs.

47. **"Cut-Off Date Balance Sheet"** means the consolidated balance sheet of TLGI as of the Cut-Off Date prepared in accordance with U.S. GAAP.

48. **"Debtors"** means, collectively, TLGI, LGII and the debtors and debtors in possession identified in Exhibit I.A.48.

49. **"Delco"** means a Delaware limited liability company formed as a wholly owned subsidiary of LGII.

50. **"DIP Financing Facility"** means, collectively: (a) the Debtor-in-Possession Credit Agreement, dated as of May 24, 2000, as it may be subsequently amended and modified, among the Debtors, those entities identified therein as "Lenders" and their respective successors and assigns and First Union National Bank (as agent bank); (b) all amendments thereto and extensions thereof; and (c) all security agreements and instruments related to the documents identified in (a) and (b).

51. **"DIP Lender"** means, collectively: (a) those entities identified as "Lenders" in the DIP Financing Facility and their respective successors and assigns and (b) First Union National Bank (as agent bank).

52. **"Disbursing Agent"** means Reorganized LGII, in its capacity as a disbursing agent pursuant to Section VI.B, or any Third Party Disbursing Agent.

53. **"Disclosure Statement"** means the disclosure statement (including all exhibits and schedules thereto or referenced therein) that relates to the Plan, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code, as the same may be amended, modified or supplemented.

54. **"Disposition Properties"** means, collectively: (a) Security Industrial Insurance Company; (b) the properties of the Debtors described in paragraph 11 of the Bankruptcy Court's "Order (A) Approving Global Bid Procedures Program and (B) Authorizing Debtors to Grant Pre-Approved Bid Protections to Prospective Purchasers" dated January 21, 2000; (c) the properties of the Debtors described in paragraph 3 of the Bankruptcy Court's "Order Establishing Procedures for Transactions Involving Certain Miscellaneous Assets" dated August 25, 1999; and (d) any other assets of the Debtors designated by the Debtors as "Disposition Properties" on or prior to the Effective Date.

55. **"Disputed Claim"** means:

a. if no proof of Claim has been Filed by the applicable Bar Date or has otherwise been deemed timely Filed under applicable law: (i) a Claim that is listed on a Debtor's Schedules as other than disputed, contingent or unliquidated, but as to which the applicable Debtor, Reorganized Debtor or, prior to the Confirmation Date, any other party in interest, has Filed an objection by the Claims Objection Bar Date and such objection has not been withdrawn or denied by a Final Order; or (ii) a Claim that is listed on a Debtor's Schedules as disputed, contingent or unliquidated;

b. if a proof of Claim or request for payment of an Administrative Claim has been Filed by the Bar Date or has otherwise been deemed timely Filed under applicable law: (i) a Claim for which no corresponding Claim is listed on a Debtor's Schedules; (ii) a Claim for which a corresponding Claim is listed on a Debtor's Schedules as other than disputed, contingent or unliquidated, but the nature or amount of the Claim as asserted in the proof of Claim varies from the nature and amount of such Claim as it is listed on the Schedules; (iii) a Claim for which a corresponding Claim is listed on a Debtor's Schedules as disputed, contingent or unliquidated; (iv) a Claim for which an objection has been Filed by the applicable Debtor, Reorganized Debtor or, prior to the Confirmation Date, any other party in interest, by the Claims Objection Bar Date, and such objection has not been withdrawn or denied by a Final Order; or (v) a Tort Claim;

c. a Claim for damages in respect of an Executory Contract or Unexpired Lease that has been rejected or is anticipated to be rejected under section 365 of the Bankruptcy Code and as to which the applicable Bar Date has not occurred and such Claim is not otherwise an Allowed Claim; or

d. a Claim if the holder of such Claim is subject to a Retained Claim listed on Exhibit IV.F.1 and such Retained Claim has not been resolved pursuant to a Final Order.

56. "Disputed Insured Claim" and "Disputed Uninsured Claim" mean, respectively, an Insured Claim or an Uninsured Claim that is also a Disputed Claim.

57. "Disputed Interest" means an Interest as to which: (a) an objection (i) has been timely Filed under applicable law and (ii) has not been withdrawn on or before any date fixed by the Plan or by order of the Bankruptcy Court for Filing such objections; and (b) such objection has not been denied by a Final Order.

58. "Distribution Record Date" means the Confirmation Date.

59. "Division" means a subclass of Claims in Class 11 based upon the classification of the Debtors as set forth on Exhibit I.A.48.

60. "Document Reviewing Centers" means, collectively: (a) the offices of Jones, Day, Reavis & Pogue located at (i) North Point, 901 Lakeside Avenue, Cleveland, Ohio 44114 and (ii) 599 Lexington Avenue, 32nd Floor, New York, New York 10022; (b) the offices of Meighen Demers LLP located at Suite 1100, Merrill Lynch Canada Tower, 200 King Street West, Toronto, Ontario M5H 3T4; and (c) any other locations designated by the Debtors at which any party in interest may review all of the exhibits and schedules to the Plan and the Disclosure Statement.

61. "Effective Date" means a day, as determined by the Debtors, that is the Business Day as soon as reasonably practicable after all conditions to the Effective Date in Section IX.B have been met or waived pursuant to Section IX.C.

62. "Eligible Group III Proceeding" means a legal proceeding commenced by or on behalf of holders of Group III CTA Note Claims (other than holders of Claims under the BMO Letter of Credit Facility) within one year of the Effective Date against one or more parties relating to such party's liability to the holders of the Group III CTA Note Claims in respect to the CTA Issue.

63. "Estate" means, as to each Debtor, the estate created for that Debtor in its Reorganization Case pursuant to section 541 of the Bankruptcy Code.

64. "Equity Incentive Plan" means the Equity Incentive Plan to be adopted by Reorganized LGII on the Effective Date as described on Exhibit IV.C.3.

65. "Excess Cash Distribution Amount" means the sum of: (a) Minimum Cash Distribution Amount and (b) if the Available Cash Amount exceeds the sum of (i) the Minimum Cash Distribution Amount and (ii) $40 million, an amount equal to 75% of any such excess.

66. "Exchange Act" means the Securities Exchange Act of 1934, 15 U.S.C. §§ 78a-78jj, as now in effect or hereafter amended.

67. "Executory Contract and Unexpired Lease" or "Executory Contract or Unexpired Lease" means a contract or lease to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.

68. "Exit Financing Facility Agent Bank" means the agent bank under the Exit Financing Revolving Credit Facility and, if applicable, the Exit Financing Term Loan.

69. **"Exit Financing Revolving Credit Facility"** means a secured revolving credit facility in the amount of $100 million, a specified portion of which will be available as a letter of credit sub-facility, which will be entered into by Reorganized LGII and the Exit Financing Facility Agent Bank on the Effective Date on substantially the terms set forth on Exhibit I.A.69.

70. **"Exit Financing Term Loan"** means a secured term loan in an original principal amount equal to the New Secured Debt Principal Amount, which will be entered into by Reorganized LGII and the Exit Financing Facility Agent Bank on the Effective Date if satisfactory terms can be agreed upon by such parties.

71. **"Exit Financing Term Loan Closing"** means the closing, if any, on the Effective Date of the Exit Financing Term Loan, including the funding of the New Secured Debt Principal Amount thereunder.

72. **"Face Amount"** means:

a. when used with reference to a Disputed Insured Claim, either (i) the full stated amount claimed by the holder of such Claim in any proof of Claim Filed by the Bar Date, or otherwise deemed timely Filed under applicable law, if the proof of Claim specifies only a liquidated amount; (ii) if no proof of Claim is Filed by the Bar Date or otherwise deemed timely Filed under applicable law, the full amount of the Claim listed on the Schedules, provided that such amount is not listed as disputed, contingent or unliquidated; or (iii) the applicable deductible under the relevant insurance policy, *minus* any reimbursement obligations of the applicable Debtor to the insurance carrier for sums expended by the insurance carrier on account of such Claim (including defense costs), if such amount is less than the amount specified in (i) or (ii) above or the proof of Claim specifies an unliquidated amount;

b. when used with reference to a Disputed Uninsured Claim, either (i) the full stated amount claimed by the holder of such Claim in any proof of Claim Filed by the Bar Date or otherwise deemed timely Filed under applicable law, if the proof of Claim specifies only a liquidated amount; or (ii) the amount of the Claim acknowledged by the applicable Debtor or Reorganized Debtor in any objection Filed to such Claim or in the Schedules as an undisputed, noncontingent and liquidated Claim, estimated by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code, proposed by the Debtors or established by the Reorganized Debtors following the Effective Date, if no proof of Claim has been Filed by the Bar Date or has otherwise been deemed timely Filed under applicable law or if the proof of Claim specifies an unliquidated amount; and

c. when used with reference to a Disputed Claim under Section I.A.53.c, either the amount of such Claim (i) as estimated by the applicable Debtor or Reorganized Debtor or (ii) if applicable, as estimated by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code.

73. **"Fee Claim"** means a Claim under section 330(a), 331, 503 or 1103 of the Bankruptcy Code for compensation of a Professional or other entity for services rendered or expenses incurred in the Reorganization Cases.

74. **"Fee Order"** means the "Administrative Order, Pursuant to Sections 105 and 331 of the Bankruptcy Code, Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals" entered by the Bankruptcy Court on or about August 24, 1999.

75. **"File," "Filed" or "Filing"** means file, filed or filing with the Bankruptcy Court or its authorized designee in the Reorganization Cases.

76. **"Final Order"** means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in any Reorganization Case or the docket of any other court of competent jurisdiction, that has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari or move for a new trial, reargument or rehearing has expired, and no appeal or petition for certiorari or other proceedings for a new trial, reargument or rehearing has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been withdrawn or resolved by the highest

court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument or rehearing shall have been denied or resulted in no modification of such order.

77. **"Group I CTA Note Claim"** means a Claim under the BMO Revolving Credit Facility, the MEIP Credit Facility, the Series D Notes, the Series E Notes, the Series 1 Notes, the Series 2 Notes or the Series 5 Notes, including any and all guaranties thereof but does not include any Claims that are treated under Section III.C.18, Section III.C.19, Section III.E or Section III.F or otherwise would constitute an Administrative Claim.

78. **"Group II CTA Note Claim"** means a Claim under the Series 3 Notes or the Series 4 Notes, including any and all guaranties thereof but does not include any Claims that are treated under Section III.C.18, Section III.C.19, Section III.E or Section III.F or otherwise would constitute an Administrative Claim.

79. **"Group III CTA Note Claim"** means a Claim under the Series 6 Notes, the Series 7 Notes, the PATS Notes or the BMO Letter of Credit Facility, including any and all guaranties thereof but does not include any Claims that are treated under Section III.C.18, Section III.C.19, Section III.E or Section III.F or otherwise would constitute an Administrative Claim.

80. **"Indenture Trustee"** means an indenture trustee under one of the Prepetition Indentures and the trustee under the PATS Trust Agreement, in each case acting as such on the date hereof or any successor thereto.

81. **"Insured Claim"** means any Claim arising from an incident or occurrence alleged to have occurred prior to the Effective Date that is covered under an insurance policy, other than a workers' compensation insurance policy, applicable to the Debtors or their businesses.

82. **"Intercompany Claim"** means any claim by a Loewen Company against a Debtor including an Administrative Claim.

83. **"Interest"** means the rights of the holder of the Old Stock of any Debtor and the rights of any entity to purchase or demand the issuance of any of the foregoing, including: (a) redemption, conversion, exchange, voting, participation and dividend rights; (b) liquidation preferences; and (c) stock options and warrants.

84. **"LGCLP"** means Loewen Group Capital, L.P.

85. **"Liquidating Trust"** means the trust created pursuant to the Liquidating Trust Agreement to hold the Liquidating Trust Assets.

86. **"Liquidating Trust Agreement"** means the trust agreement to be entered into pursuant to Section III.H substantially in the form of Exhibit III.H.

87. **"Liquidating Trust Assets"** means (a) the Prime Succession Warrants, (b) an undivided 25% interest in the NAFTA Net Proceeds and (c) any cash proceeds thereof.

88. **"Liquidating Trust Trustee"** means the trustee under the Liquidating Trust Agreement selected by the Creditors' Committee.

89. **"Loewen Companies"** means TLGI, LGII, all Loewen Subsidiary Debtors, the CCAA Debtors, the Michigan Cemetery Debtors and each other entity that is wholly-owned, directly or indirectly, by TLGI or LGII, including the entities listed on Exhibit I.A.89.

90. **"Loewen Subsidiary Debtors"** means, individually or collectively, a Debtor or Debtors other than TLGI or LGII.

91. **"MEIP Credit Facility"** means the Amended and Restated MEIP Credit Agreement, dated as of June 14, 1994, as amended and restated on May 15, 1996, as amended or modified, among Loewen Management

Investment Corporation, in its capacity as agent for LGII, TLGI, Wachovia Bank of Georgia, N.A., as agent, and the banks listed therein as lenders.

92. **"MEIPs Debentures"** means the 1994 Exchangeable Floating Rate Debentures due July 15, 2001 issued by LGII to Loewen Management Investment Corporation.

93. **"Michigan Cemetery Debtors"** means the entities identified on Exhibit I.A.93.

94. **"Minimum Cash Distribution Amount"** means $40 million less the sum of (a) amounts to be paid or set aside pursuant to Section III.E and (b) amounts to be paid or set aside pursuant to Section III.F in respect to Claims in clause (a) of Section III.F.1.

95. **"MIPS"** means the 9.45% Cumulative Monthly Income Preferred Securities, Series A, issued by LGCLP.

96. **"MIPS Guarantee"** means the guarantee of TLGI of certain payments in respect to the MIPS pursuant to the MIPS Guarantee Agreement, executed as of August 15, 1994, by TLGI.

97. **"MIPS Junior Subordinated Debenture"** means the subordinated debenture issued by LGII pursuant to the Indenture, dated as of August 15, 1994, between LGII, TLGI, as guarantor, and State Street Bank and Trust Company, as trustee.

98. **"MIPS Junior Subordinated Debenture Guarantee"** means the guarantee of TLGI of payment of the MIPS Junior Subordinated Debenture pursuant to the Guarantee, executed as of August 15, 1994, by TLGI.

99. **"Nafcanco"** means a Nova Scotia unlimited liability company formed as a wholly owned subsidiary of LGII.

100. **"NAFTA"** means the North American Free Trade Agreement.

101. **"NAFTA Arbitration Agreement"** means the letter agreement between TLGI and Raymond L. Loewen, dated May 27, 1999.

102. **"NAFTA Claims"** means the claims and causes of action asserted by TLGI in the pending arbitration matter of The Loewen Group, Inc. and Raymond L. Loewen v. The United States of America, ICSID Case No. ARB (AF)/98/3.

103. **"NAFTA Contingency Fee Agreement"** means the contingency fee letter agreement between Jones, Day, Reavis & Pogue and TLGI, dated July 25, 2000, as approved by the order of the Bankruptcy Court entered on or about October 12, 2000.

104. **"NAFTA Net Proceeds"** means the proceeds, if any, of the NAFTA Claims as such proceeds may be adjusted as a result of the arbitration contemplated by the NAFTA Arbitration Agreement, less (a) any amounts payable under paragraph 3 of the NAFTA Arbitration Agreement and (b) any amounts payable pursuant to the NAFTA Contingency Fee Agreement.

105. **"National Securities Exchange"** means any exchange registered pursuant to section 6(a) of the Exchange Act.

106. **"Net Proceeds"** means the aggregate cash proceeds received by the Debtors in respect of the sale of any of the Disposition Properties (including any amounts allocated to Neweol (Delaware) LLC in respect of the sale of receivables relating to the Disposition Properties), net of the direct costs relating to such sale, including: (a) legal, accounting and investment banking fees and sales commissions paid or payable in connection with such sale; (b) any Taxes paid or payable as a result of such sale; and (c) any amounts required to be applied to the

repayment of indebtedness secured by a lien on the asset or assets that were the subject of the sale (other than the DIP Financing Facility).

107. **"New Common Stock"** means the shares of common stock, par value $0.01 per share, of Reorganized LGII, authorized pursuant to the certificate of incorporation of Reorganized LGII.

108. **"New Five-Year Secured Notes"** means the secured notes of Reorganized LGII, if any, to be issued to holders of Allowed Claims in Class 5, Class 6 and Class 7 pursuant to the New Five-Year Secured Notes Indenture in a principal amount equal to the New Secured Debt Principal Amount.

109. **"New Five-Year Secured Notes Indenture"** means, if New Five-Year Secured Notes are issued pursuant to the Plan, the indenture among Reorganized LGII, the Reorganized Loewen Subsidiary Debtors named therein, the other Loewen Companies named therein, if any, and the trustee named therein substantially in the form of Exhibit I.A.109.

110. **"New Registration Rights Agreements"** means (a) the Equity Registration Rights Agreement between Reorganized LGII and the holders of New Common Stock named therein with respect to the registration of such shares of New Common Stock and (b) the Debt Registration Rights Agreement between Reorganized LGII and the holders of the New Five-Year Secured Notes, the New Seven-Year Unsecured Notes and the New Two-Year Unsecured Notes named therein with respect to the registration of such debt securities held by such parties, substantially in the forms of Exhibit IV.J.

111. **"New Secured Debt Principal Amount"** means $250 million.

112. **"New Seven-Year Unsecured Notes"** means the unsecured notes of Reorganized LGII to be issued to holders of Allowed Claims in Class 5, Class 6 and Class 7 pursuant to the New Seven-Year Unsecured Notes Indenture in a principal amount equal to the New Seven-Year Unsecured Principal Amount.

113. **"New Seven-Year Unsecured Notes Indenture"** means the indenture among Reorganized LGII, the Reorganized Loewen Subsidiary Debtors named therein, the other Loewen Companies named therein, if any, and the trustee named therein substantially in the form of Exhibit I.A.113.

114. **"New Seven-Year Unsecured Notes Additional Principal Amount"** means the lesser of (a) the amount by which $35 million exceeds the Excess Cash Distribution Amount or (b) $5 million.

115. **"New Seven-Year Unsecured Notes Principal Amount"** means the sum of (a) $325 million and (b), if the Excess Cash Distribution Amount is less than $35 million, the New Seven-Year Unsecured Notes Additional Principal Amount.

116. **"New Tax Sharing Agreement"** means the tax sharing agreement among the Reorganized Debtors and certain of the other Loewen Companies, substantially in the form of Exhibit IV.L.

117. **"New Two-Year Unsecured Notes"** means the unsecured notes of Reorganized LGII, if any, to be issued to holders of Allowed Claims in Class 5, Class 6 and Class 7 pursuant to the New Two-Year Unsecured Notes Indenture.

118. **"New Two-Year Unsecured Notes Indenture"** means, if New Two-Year Unsecured Notes are issued pursuant to the Plan, the indenture among Reorganized LGII, the Reorganized Loewen Subsidiary Debtors named therein, the other Loewen Companies named therein, if any, and the trustee named therein substantially in the form of Exhibit I.A.118.

119. **"New Unsecured Subordinated Convertible Notes"** means the unsecured subordinated convertible notes of Reorganized LGII to be issued to Blackstone and RHI, in connection with the Blackstone Settlement, pursuant to the New Unsecured Subordinated Convertible Notes Indenture.

120. "New Unsecured Subordinated Convertible Notes Indenture" means the indenture among Reorganized LGII, the Reorganized Loewen Subsidiary Debtors named therein, the other Loewen Companies named therein, if any, and the trustee named therein substantially in the form of Exhibit I.A.120.

121. "New Unsecured Subordinated Convertible Notes Principal Amount" means $24,678,571.

122. "New Warrant Agreement" means the warrant agreement between Reorganized LGII and the warrant agent named therein substantially in the form of Exhibit IV.K.

123. "New Warrants" means the warrants to be issued by Reorganized LGII exercisable to purchase up to 3,034,700 shares of New Common Stock pursuant to the New Warrant Agreement, substantially in the form provided therein.

124. "Non-Ownership Regulated Debtors" means a Debtor listed as such on Exhibit I.A.48, certain Old Stock of which is owned by a person or entity other than a Loewen Company and such ownership is not required by the governmental regulations applicable to such Debtor.

125. "O'Keefe Notes" means: (a) the note dated June 2, 1997, issued by LGII, Reimann Holdings, Inc. and Wright & Ferguson Funeral Home to Teachers Insurance and Annuity Association pursuant to the O'Keefe Note Agreement; and (b) the note dated June 2, 1997, issued by the same entities to certain individuals and law firms named therein.

126. "O'Keefe Note Agreement" means the Note Agreement by LGII and TLGI, as guarantor, and accepted by Teachers Insurance and Annuity Association, dated as of November 15, 1997, as amended or modified.

127. "O'Keefe Note Claim" means a Claim against LGII, Reimann Holdings, Inc. and Wright & Ferguson Funeral Home under the O'Keefe Note Agreement or the O'Keefe Notes or against TLGI under the O'Keefe Note Guaranties.

128. "O'Keefe Note Guaranties" means the Guaranties dated as of June 2, 1997, by TLGI, as amended or modified, in respect of the O'Keefe Notes.

129. "Old Stock of . . ." or " . . . Old Stock" means, when used with reference to a particular Debtor or Debtors, the common stock, preferred stock, membership interests, partnership interests or similar ownership interests, including options, warrants or rights to acquire any such interests, issued by such Debtor or Debtors and outstanding immediately prior to the Petition Date.

130. "Ordinary Course Professionals Order" means the "Order Authorizing Debtors and Debtors in Possession to Retain, Employ and Pay Professionals in the Ordinary Course of the Debtors' Businesses" entered by the Bankruptcy Court on or about June 1, 1999.

131. "PATS Notes" means the PATS Guaranteed Notes issued pursuant to the Indenture, dated as of September 30, 1997, as amended or modified, among LGII, as issuer, TLGI, as guarantor, and State Street Bank and Trust, as trustee.

132. "PATS Trust Agreement" means the Trust Agreement, dated as of September 25, 1997, as amended or modified, between LGII and State Street, as trustee, in respect to the Loewen Pass-Through Asset Trust 1997-1.

133. "Petition Date" means June 1, 1999.

134. "Plan" means this fourth amended joint plan of reorganization for the Debtors, to the extent applicable to any Debtor, and all exhibits attached hereto or referenced herein, as the same may be amended, modified or supplemented.

135. **"Pledgor"** means a pledgor under the CTA, including the Debtor pledgors that are listed on Exhibit I.A.48.

136. **"Prepetition Indenture"** means an indenture in respect of any of the Public Notes (including the PATS Trust Agreement) or the MIPS Junior Subordinated Debenture, as applicable.

137. **"Prepetition Note Agreement"** means the Series D Note Agreement or the Series E Note Agreement, as applicable.

138. **"Prime"** means Prime Succession Holdings, Inc.

139. **"Prime Put/Call Agreement"** means the Put/Call Agreement, dated as of August 26, 1996, as amended or modified, among Blackstone, PSI Management Direct L.P., TLGI and LGII and any and all agreements, documents and instruments related thereto or executed and delivered in connection therewith.

140. **"Prime Succession Warrants"** means the warrants exercisable to purchase shares of common stock of reorganized Prime originally issued to 4103 Investments Ltd., a CCAA Debtor, pursuant to the Joint Plan of Reorganization of Prime Succession Holdings, Inc. and Prime Succession, Inc. and Its Subsidiaries in respect to Prime's chapter 11 proceeding in United States Bankruptcy Court District of Delaware (Case No. 00-2969 (PJW)).

141. **"Principal CTA Creditors"** means Bank of Montreal, Wachovia Bank, N.A., Angelo Gordon & Co., Cerberus Capital Management, Franklin Mutual Advisers, LLP, GSCP Recovery, Inc. and Oaktree Capital Management LLC.

142. **"Priority Claim"** means a Claim that is entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code that is not an Administrative Claim or a Priority Tax Claim.

143. **"Priority Tax Claim"** means a Claim that is entitled to priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code.

144. **"Professional"** means any professional employed in the Reorganization Cases pursuant to section 327 or 1103 of the Bankruptcy Code or any professional or other entity seeking compensation or reimbursement of expenses in connection with the Reorganization Cases pursuant to section 503(b)(4) of the Bankruptcy Code.

145. **"Pro Rata"** means:

a. when used with reference to a distribution of cash, New Five-Year Secured Notes, New Two-Year Unsecured Notes, New Seven-Year Unsecured Notes, New Common Stock, New Warrants or interests in the Liquidating Trust, to holders of Allowed Claims in Classes 5, 6, 7 and 8 or, in the case of Class 11, a Division of Class 11 pursuant to Article III, proportionately so that with respect to a particular Allowed Claim in such Class or Division of Class 11, the ratio of (i)(A) the amount of cash, New Five-Year Secured Notes, New Two-Year Unsecured Notes, New Seven-Year Unsecured Notes, New Common Stock, New Warrants or interests in the Liquidating Trust distributed on account of such Claim to (B) the amount of such Claim, is the same as the ratio of (ii)(A) the amount of cash, New Five-Year Secured Notes, New Two-Year Unsecured Notes, New Seven-Year Unsecured Notes, New Common Stock, New Warrants or interests in the Liquidating Trust, distributed on account of all Allowed Claims in such Class or Division of Class 11 to (B) the amount of all Allowed Claims in such Class or Division of Class 11;

b. when used with reference to distributions of cash to holders of Allowed Claims in a Division of Class 11, including the Cash Investment Yield, the portion of cash allocable to a particular Allowed Claim on the basis of the amount of cash then being distributed on account of such Claim (including dividends and other distributions on New Common Stock being distributed on account of such Claim). Calculations of the Pro Rata shares of Cash Investment Yield to be distributed at any particular time will be

based on the Cash Investment Yield generated as of the last day of the month prior to the month in which such distributions are to be made; and

c. when used with reference to distributions of New Warrants to holders of Allowed Interests and Claims in Class 19, a fraction equal to (a) the number of MIPS held by the particular holder of Allowed Interests and Claims in Class 19, divided by (b) 3,000,000.

146. "Public Notes" means any of the Series 1 Notes, the Series 2 Notes, the Series 3 Notes, the Series 4 Notes, the Series 5 Notes, the Series 6 Notes, the Series 7 Notes and the PATS Notes.

147. "Public Note Claims" means any Claim arising under the Public Notes.

148. "Quarterly Distribution Date" means the last Business Day of the month following the end of each calendar quarter after the Effective Date; *provided, however,* that if the Effective Date is within 45 days of the end of a calendar quarter, the first Quarterly Distribution Date will be the last Business Day of the month following the end of the first calendar quarter after the calendar quarter in which the Effective Date falls.

149. "Realized Asset Disposition Proceeds Amount" means an amount equal to the aggregate Net Proceeds received by the Debtors on or prior to the Effective Date in respect of the sale of Disposition Properties.

150. "Real Property Executory Contract and Unexpired Lease" means, collectively, an Executory Contract or Unexpired Lease relating to a Debtor's interest in real property and any Executory Contracts and Unexpired Leases granting rights or interests related to or appurtenant to the applicable real property, including all easements; licenses; permits; rights; privileges; immunities; options; rights of first refusal; powers; uses; usufructs; reciprocal easement or operating agreements; vault, tunnel or bridge agreements or franchises; development rights; and any other interests in real estate or rights in rem related to the applicable real property.

151. "Recovery Actions" means, collectively and individually, preference actions, fraudulent conveyance actions, rights of setoff and other claims, demands, rights or causes of action under sections 502(d), 510, 544, 547, 548, 549, 550 and 553 of the Bankruptcy Code and other applicable bankruptcy or nonbankruptcy law.

152. "Reinstated" or "Reinstatement" means rendering a Claim or Interest unimpaired within the meaning of section 1124 of the Bankruptcy Code. Unless the Plan specifies a particular method of Reinstatement, when the Plan provides that an Allowed Claim or Allowed Interest will be Reinstated, such Claim or Interest will be Reinstated, at the applicable Reorganized Debtor's sole discretion, in accordance with one of the following:

a. the legal, equitable and contractual rights to which such Claim or Interest entitles the holder will be unaltered; or

b. notwithstanding any contractual provision or applicable law that entitles the holder of such Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default:

i. any such default that occurred before or after the commencement of the applicable Reorganization Case, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code, will be cured;

ii. the maturity of such Claim or Interest as such maturity existed before such default will be reinstated;

iii. the holder of such Claim or Interest will be compensated for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law; and

iv. the legal, equitable or contractual rights to which such Claim or Interest entitles the holder of such Claim or Interest will not otherwise be altered.

153. "Reinvestment Transactions" means the transactions specified in Section IV.B.2.

154. "Reorganization Case" means: (a) when used with reference to a particular Debtor, the chapter 11 case pending for that Debtor in the Bankruptcy Court; and (b) when used with reference to all Debtors, the chapter 11 cases pending for the Debtors in the Bankruptcy Court.

155. "Reorganized . . ." means, when used in reference to a particular Debtor, such Debtor on and after the Effective Date.

156. "Reserved CTA Claims" has the meaning ascribed thereto in Section IV.F.6.a.

157. "Reserved Shares" means the shares of New Common Stock to be placed in the applicable Unsecured Claims Reserve for distribution to holders of a Division of Allowed Claims in Class 11 in the amount specified in Section III.C.9.

158. "Reserved Warrants" means the New Warrants, if any, to be placed in the applicable Unsecured Claims Reserve for distribution to holders of a Division of Allowed Claims in Class 11 in the amount specified in Section III.C.9.

159. "Restructuring Transactions" means, collectively, the Subsidiary Restructuring Transactions and the Reinvestment Transactions.

160. "Retained Claims" means those claims, demands, rights and causes of action set forth in Exhibit IV.F.1.

161. "RHI" means RHI Management Direct L.P., a Delaware limited partnership.

162. "Rose Hills" means Rose Hills Holdings Corp.

163. "Rose Hills Put/Call Agreement" means the Put/Call Agreement, dated as of November 19, 1996, as amended or modified, including as amended or modified by the Blackstone Settlement Agreement, among Blackstone, Roses Delaware, Inc., TLGI, LGII and RHI and any and all agreements, documents and instruments related thereto or executed and delivered in connection therewith.

164. "Schedules" means the schedules of assets and liabilities and the statement of financial affairs Filed by a particular Debtor, as required by section 521 of the Bankruptcy Code and the Official Bankruptcy Forms, as the same may have been or may be amended, modified or supplemented.

165. "Secondary Liability Claim" means a Claim that arises from a Debtor being liable jointly, severally or secondarily liable for any contractual, tort, guaranty or other obligation of another Debtor based on (a) vicarious liability, (b) liabilities arising out of piercing the corporate veil or alter ego liability or (c) other similar legal theories.

166. "Secured Claim" means a Claim that is secured by a lien on property in which an Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) and, if applicable, section 1129(b) of the Bankruptcy Code.

167. "Securities Litigation" means any litigation, including all actions currently consolidated in the United States District Court for the Eastern District of Pennsylvania captioned In re The Loewen Group, Inc. Securities Litigation, Master File No. 98-CV-6740, arising out of: (a) the purchase or sale of the TLGI Old

Common Stock or the TLGI Old Preferred Stock or any other Old Stock of any Debtor; and (b) the purchase or sale of the MIPS.

168. **"Series 1 Notes"** means the Series 1 Senior Notes issued by LGII pursuant to the Indenture, dated as of March 20, 1996, between LGII, TLGI, as guarantor, and Fleet National Bank of Connecticut, as Indenture Trustee, as amended or modified.

169. **"Series 2 Notes"** means the Series 2 Senior Notes issued by LGII pursuant to the Indenture, dated as of March 20, 1996, between LGII, TLGI, as guarantor, and Fleet National Bank of Connecticut, as Indenture Trustee, as amended or modified.

170. **"Series 3 Notes"** means the Series 3 Senior Notes issued by LGII pursuant to the Indenture, dated as of October 1, 1996, between LGII, as issuer, TLGI, as guarantor, and Fleet National Bank, as Indenture Trustee, as amended or modified.

171. **"Series 4 Notes"** means the Series 4 Senior Notes issued by LGII pursuant to the Indenture, dated as of October 1, 1996, between LGII, as issuer, TLGI, as guarantor, and Fleet National Bank, as Indenture Trustee, as amended or modified.

172. **"Series 5 Notes"** means the Series 5 Senior Guaranteed Notes issued by TLGI pursuant to the Indenture, dated as of September 26, 1997, between TLGI, as issuer, LGII, as guarantor, and The Trust Company of Bank of Montreal, as Indenture Trustee, as amended or modified.

173. **"Series 6 Notes"** means the Series 6 Senior Notes issued by LGII pursuant to the Indenture, dated as of March 28, 1998, between LGII, as issuer, TLGI, as guarantor, and State Street Bank and Trust Company, as Indenture Trustee, as amended or modified.

174. **"Series 7 Notes"** means the Series 7 Senior Notes issued by LGII pursuant to the Indenture, dated as of March 28, 1998, between LGII, as issuer, TLGI, as guarantor, and State Street Bank and Trust Company, as Indenture Trustee, as amended or modified.

175. **"Series D Notes"** means the Series D Senior Guaranteed Notes issued by TLGI pursuant to the Note Agreement, dated as of September 1, 1993, between TLGI, as issuer, LGII, as guarantor, and the purchasers thereunder together with the related guaranties of Neweol Finance B.V. and Loewen Group Barbados Inc. and all related agreements, as amended or modified.

176. **"Series E Notes"** means the Series E Senior Guaranteed Notes issued by LGII pursuant to the Note Agreement, dated as of February 1, 1994, between LGII, as issuer, TLGI, as guarantor, and the purchasers thereunder together with the related guarantees of Neweol Finance B.V. and Loewen Financial Corporation and all related agreements, as amended or modified.

177. **"Series Reserve Amount"** means, as to each of the Series 1 Notes, Series 2 Notes, Series 3 Notes, Series 4 Notes, Series 6 Notes, Series 7 Notes and PATS Notes, the amount for such series, determined by the Bankruptcy Court in connection with the Confirmation Hearing upon motion of State Street filed not later than October 1, 2001, that would provide an adequate reserve for State Street's Claims to fees and expenses under and pursuant to the indemnification provisions of the applicable Prepetition Indenture, taking into account the provisions of the Plan and assuming that the provisions of Section IV.F.3.f will be enforceable against persons or entities deemed to grant releases, waivers and discharges thereunder.

178. **"State Street"** means State Street Bank and Trust Company.

179. **"Stipulation of Amount and Nature of Claim"** means (a) a stipulation or other agreement between the applicable Debtor or Reorganized Debtor and a holder of a Claim or Interest or (b) an agreed order of the Bankruptcy Court establishing the amount and nature of a Claim or Interest.

180. **"Subsidiary Restructuring Transactions"** means those transactions, individually or collectively, reducing the number of LGII's direct or indirect subsidiaries organized within each state and effecting certain other structural changes, pursuant to Section IV.B.1 and as described in Exhibit IV.B.1.

181. **"Tax"** means: (a) any net income, alternative or add-on minimum, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, property, environmental or other tax, assessment or charge of any kind whatsoever (together in each instance with any interest, penalty, addition to tax or additional amount) imposed by any federal, state, local or foreign taxing authority; or (b) any liability for payment of any amounts of the foregoing types as a result of being a member of an affiliated, consolidated, combined or unitary group, or being a party to any agreement or arrangement whereby liability for payment of any such amounts is determined by reference to the liability of any other entity.

182. **"Third Party Disbursing Agent"** means an entity designated by Reorganized LGII to act as a Disbursing Agent pursuant to Section VI.B.

183. **"TLGI Old Common Stock"** means the common shares, without par value, of TLGI, including options, warrants or rights to acquire any such shares.

184. **"TLGI Old Preferred Stock"** means the Series C Preferred Shares, without par value, of TLGI, including options, warrants or rights to acquire any such shares.

185. **"Tolling Parties"** means the following entities: (a) Bankers Trust Company; (b) Davis, Polk & Wardwell; (c) Kramer Levin Naftalis & Frankel LLP; (d) Reid & Reige, P.C.; (e) Russell & DuMoulin; (f) Salomon Smith Barney, for itself and as successor to Smith Barney, Inc.; (g) Skadden, Arps, Slate, Meagher & Flom LLP; (h) State Street Bank and Trust Company; (i) Thelen Reid & Priest LLP; (j) UBS Warburg LLC, for itself and as successor to UBS Securities LLC; and (k) Fleet National Bank.

186. **"Tort Claim"** means any Claim that has not been settled, compromised or otherwise resolved that: (a) arises out of allegations of personal injury, wrongful death, property damage, products liability or similar legal theories of recovery; or (b) arises under any federal, state or local statute, rule, regulation or ordinance governing, regulating or relating to health, safety, hazardous substances or the environment.

187. **"Trade Claim"** means any Unsecured Claim arising from or with respect to the sale of goods or rendition of services prior to the Petition Date in the ordinary course of the applicable Debtor's business, including any Claim of an employee that is not a Priority Claim.

188. **"UBS Option Contract"** means, collectively: (a) the ISDA Master Agreement, dated as of September 25, 1997, between Union Bank of Switzerland and LGII; (b) the letter agreement, dated September 30, 1997, between the same parties; (c) the Company Call Option Guaranty of TLGI, dated September 30, 1997; and (d) any agreements relating to the foregoing, in each case as amended or modified.

189. **"Uninsured Claim"** means any Claim that is not an Insured Claim.

190. **"Unrealized Asset Disposition Proceeds Amount"** means any positive amount equal to (a) $165 million, *less* (b) the Realized Asset Disposition Proceeds Amount.

191. **"Unresolved Michigan Cemetery Contracts"** means any Executory Contract or Unexpired Lease between any Michigan Cemetery Debtor and/or LGII and any of Meadco, L.L.C., Siena Group, L.L.C. or Alger Group, L.L.C.

192. **"Unsecured Claim"** means any Claim that is not an Administrative Claim, Cure Amount Claim, Priority Claim, Priority Tax Claim, Secured Claim or Intercompany Claim.

193. **"Unsecured Claims Reserve"** means the reserve holding cash, if any, Reserved Shares and Reserved Warrants, if any, established pursuant to Section VI.D.1 for a Division in Class 11, which reserve will be

maintained in trust for holders of Allowed Claims in such Division of Class 11 and will not constitute property of any of the Reorganized Debtors.

194. **"U.S. GAAP"** means U.S. generally accepted accounting principles.

195. **"Voting Deadline"** means the deadline for submitting Ballots to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code that is specified in the Disclosure Statement, the Ballots or related solicitation documents approved by the Bankruptcy Court.

B. Rules of Interpretation and Computation of Time

1. Rules of Interpretation

For purposes of the Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural; (b) unless otherwise provided in the Plan, any reference in the Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; (c) any reference in the Plan to an existing document or Exhibit Filed or to be Filed means such document or Exhibit, as it may have been or may be amended, modified or supplemented pursuant to the Plan or the Confirmation Order; (d) any reference to an entity as a holder of a Claim or Interest includes that entity's successors, assigns and affiliates; (e) all references in the Plan to Sections, Articles and Exhibits are references to Sections, Articles and Exhibits of or to the Plan; (f) the words "herein," "hereunder" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (g) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (h) subject to the provisions of any contract, certificates of incorporation, bylaws, similar constituent documents, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the rights and obligations arising under the Plan will be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and the Bankruptcy Rules; and (i) the rules of construction set forth in section 102 of the Bankruptcy Code will apply.

2. Computation of Time

In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) will apply.

ARTICLE II

CLASSES OF CLAIMS AND INTERESTS

All Claims and Interests, except Administrative Claims and Priority Tax Claims, are placed in the following Classes. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims, as described in Section III.A, have not been classified and thus are excluded from the following Classes. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any remainder of the Claim or Interest qualifies within the description of such other Classes.

A. Unimpaired Classes of Claims

1. Class 1 (Unsecured Priority Claims): Priority Claims against any Debtor that are entitled to priority under section 507(a)(3), 507(a)(4) or 507(a)(6) of the Bankruptcy Code.

2. Class 4 (Secured Claims Other than CTA Note Claims, Class 22 Claims and Class 23 Claims): Secured Claims against any Debtor and Collateralized Accommodation Claims, in each case that are not otherwise classified in Class 5, Class 6, Class 7, Class 22 or Class 23.

3. Class 18 (Loewen Company Owned Old Stock in Non-Ownership Regulated Debtors): Interests in any Non-Ownership Regulated Debtor held by any Loewen Company.

4. Class 21 (Other Equity Interests): Interests in any Debtor other than Interests in Class 14, 15, 16, 17, 18, 19 or 20.

B. Impaired Classes of Claims and Interests

1. Class 2 (Loewen Subsidiary Debtor Convenience Claims): Unsecured Claims against any Loewen Subsidiary Debtor that otherwise would be included in Class 11, but with respect to each such Claim, the applicable Claim either (a) is equal to or less than $10,000 or (b) is reduced to $10,000 pursuant to an election by such holder made on the Ballot provided for voting on the Plan by the Voting Deadline. For purposes of treatment under Class 2, multiple Claims of a holder against a particular Debtor arising in a series of similar or related transactions between such Debtor and the original holder of such Claims will be treated as a single Claim and no splitting of Claims will be recognized for purposes of distribution.

2. Class 3 (TLGI and LGII Convenience Claims): Unsecured Claims against TLGI or LGII that otherwise would be included in Class 11, but with respect to each such Claim, the applicable Claim either (a) is equal to or less than $1,000 or (b) is reduced to an aggregate of $1,000 pursuant to an election by such holder made on the Ballot provided for voting on the Plan by the Voting Deadline. For purposes of treatment under Class 3, multiple Claims of a holder against a particular Debtor arising in a series of similar or related transactions between such Debtor and the original holder of such Claims will be treated as a single Claim and no splitting of Claims will be recognized for purposes of distribution.

3. Class 5 (Group I CTA Note Claims): All Group I CTA Note Claims.

4. Class 6 (Group II CTA Note Claims): All Group II CTA Note Claims.

5. Class 7 (Group III CTA Note Claims): All Group III CTA Note Claims.

6. Class 8 (O'Keefe Note Claims): All O'Keefe Note Claims.

7. Class 9 (MIPS Debenture Claims): Unsecured Claims against LGII and TLGI under or in respect of the MIPS Junior Subordinated Debenture and the MIPS Junior Subordinated Debenture Guarantee.

8. Class 10 (Intercompany Claims): Claims of any of the Loewen Companies against any of the Debtors that are not classified in Class 9.

9. Class 11 (Unsecured Nonpriority Claims): Unsecured Claims against any Debtor (including the unsecured portion of any Claim that if fully secured would have been classified in Class 4 and as to which the applicable Debtor shall have elected Option A or Option C treatment under Section III.B.2 and including any Claims in respect to the UBS Option Contract) that are not Collateralized Accommodation Claims or otherwise classified in Class 1, 2, 3, 5, 6, 7, 8, 9, 10, 12 or 13.

10. Class 12 (MIPS Securities Litigation Claims): Unsecured Claims, including the Securities Litigation Claims, against TLGI, LGII or LGCLP arising: (a) from rescission of a purchase or sale of the MIPS; (b) for damages arising from the purchase or sale of the MIPS, including Claims for damages for fraud or misrepresentation or otherwise subject to section 510(b) of the Bankruptcy Code; or (c) for indemnification, reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such Claims.

11. Class 13 (Other Securities Litigation Claims): Unsecured Claims, including the Securities Litigation Claims, against any Debtor arising: (a) from rescission of a purchase or sale of TLGI Old Preferred Stock, TLGI Old Common Stock or any other equity security of any Debtor (other than the MIPS); (b) for damages arising from the purchase or sale of any such security, including Claims for damages for fraud or misrepresentation

or otherwise subject to section 510(b) of the Bankruptcy Code; or (c) for indemnification, reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such Claims.

12. Class 14 (TLGI Old Preferred Stock): Interests in TLGI on account of the TLGI Old Preferred Stock.

13. Class 15 (TLGI Old Common Stock): Interests in TLGI on account of the TLGI Old Common Stock.

14. Class 16 (LGII Old Stock): Interests in LGII on account of LGII Old Stock.

15. Class 17 (Third Party Owned Old Stock of Non-Ownership Regulated Debtors): Interests in any Non-Ownership Regulated Debtor held by any person or entity other than a Loewen Company.

16. Class 19 (Loewen Group Capital, L.P. MIPS Partnership Interests): Interests in LGCLP on account of the MIPS and any Claims the holders of such Interests have against TLGI under the MIPS Guarantee.

17. Class 20 (Other Loewen Group Capital, L.P. Partnership Interests): Interests in LGCLP other than on account of the MIPS.

18. Class 22 (Indemnified Fee and Expense Claims of the CTA Trustee): All Allowed Claims of the CTA Trustee against any Debtor for indemnification in respect of fees and expenses under, and pursuant to the provisions of, the CTA.

19. Class 23 (Indemnified Fee and Expense Claims of the State Street): All Allowed Claims of State Street against any Debtor for indemnification in respect of fees and expenses in State Street's capacity as predecessor indenture trustee under, and pursuant to the provisions of, the Prepetition Indentures for each of the Series 1 Notes, Series 2 Notes, Series 3 Notes, Series 4 Notes, Series 6 Notes, Series 7 Notes and PATS Notes (including the PATS Trust Agreement).

ARTICLE III

TREATMENT OF CLAIMS AND INTERESTS

A. Unclassified Claims

1. Payment of Administrative Claims

a. Administrative Claims in General

Except as specified in this Section III.A.1, and subject to the bar date provisions herein, unless otherwise agreed by the holder of an Administrative Claim and the applicable Debtor or Reorganized Debtor, each holder of an Allowed Administrative Claim will receive from Reorganized LGII or the applicable Reorganized Debtor, in full satisfaction of its Administrative Claim, cash equal to the allowed amount of such Administrative Claim either: (i) on the Effective Date; or (ii) if the Administrative Claim is not allowed as of the Effective Date, 30 days after the date on which an order allowing such Administrative Claim becomes a Final Order or a Stipulation of Amount and Nature of Claim is executed by Reorganized LGII or the applicable Reorganized Debtor and the holder of the Administrative Claim.

b. Statutory Fees

On or before the Effective Date, Administrative Claims for fees payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, will be paid in cash equal to the amount of such Administrative Claims. All fees payable pursuant to 28 U.S.C. § 1930 will be paid by the

Reorganized Debtors in accordance therewith until the closing of the Reorganization Cases pursuant to section 350(a) of the Bankruptcy Code.

c. Ordinary Course Liabilities

Allowed Administrative Claims based on liabilities incurred by a Debtor in the ordinary course of its business (including Administrative Trade Claims, Administrative Claims of governmental units for Taxes, including Tax audit Claims related to Tax years commencing after the Petition Date, and Allowed Administrative Claims arising from those contracts and leases of the kind described in Section V.F or out of the employee benefit policies, plans and agreements identified in Exhibit IV.C.3) will be paid by the applicable Reorganized Debtor pursuant to the terms and conditions of the particular transaction giving rise to such Administrative Claims, without any further action by the holders of such Administrative Claims, provided that Administrative Claims in respect of the Rose Hills Put/Call Agreement will be paid in accordance with Section III.G.

d. Claims Under the DIP Financing Facility

Unless otherwise agreed by the DIP Lenders pursuant to the DIP Financing Facility, on or before the Effective Date, Allowed Administrative Claims under or evidenced by the DIP Financing Facility will be paid in cash equal to the amount of such Allowed Administrative Claims.

e. Administrative Claims of Indenture Trustees

Allowed Administrative Claims of each Indenture Trustee will be paid pursuant to the terms of Section III.E.

f. Bar Dates for Administrative Claims

i. General Bar Date Provisions

Except as otherwise provided in Sections III.A.1.f; III.E and III.F, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Reorganized Debtors, pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order, no later than 30 days after the Effective Date. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims and that do not File and serve such a request by such date will be forever barred from asserting such Administrative Claims against the Debtors, the Reorganized Debtors or their respective property and such Administrative Claims will be deemed discharged as of the Effective Date. Objections to such requests must be Filed and served on the Reorganized Debtors and the requesting party by the later of (A) 90 days after the Effective Date or (B) 60 days after the Filing of the applicable request for payment of Administrative Claims.

ii. Bar Dates for Certain Administrative Claims

A. Professional Compensation

Professionals or other entities asserting a Fee Claim (other than under Section III.E or Section III.F) for services rendered before the Effective Date must File and serve on the Reorganized Debtors and such other entities who are designated by the Bankruptcy Rules, the Confirmation Order, the Fee Order or other order of the Bankruptcy Court an application for final allowance of such Fee Claim no later than 60 days after the Effective Date; *provided, however*, that any professional who may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals Order may continue to receive such compensation and reimbursement of expenses for services rendered before the Effective Date, without further Bankruptcy Court review or approval, pursuant to the Ordinary Course Professionals Order. Objections to any Fee Claim must be Filed and served on the Reorganized Debtors and the requesting party by the later of (1) 90 days after the Effective Date or (2) 30 days after the Filing of the applicable request for payment of the Fee Claim. To the extent necessary,

the Confirmation Order will amend and supersede any previously entered order of the Bankruptcy Court, including the Fee Order, regarding the payment of Fee Claims.

B. Ordinary Course Liabilities

Holders of Administrative Claims based on liabilities incurred by a Debtor in the ordinary course of its business, including Administrative Trade Claims, Administrative Claims of governmental units for Taxes (including Tax audit Claims arising after the Petition Date) and Administrative Claims arising from those contracts and leases of the kind described in Section V.F, including the Rose Hills Put/Call Agreement, will not be required to File or serve any request for payment of such Administrative Claims. Such Administrative Claims will be satisfied pursuant to Section III.A.1.c.

C. Claims Under the DIP Financing Facility

Holders of Administrative Claims under or evidenced by the DIP Financing Facility will not be required to File or serve any request for payment of such Claims. Such Administrative Claims will be satisfied pursuant to Section III.A.1.d.

2. Payment of Priority Tax Claims

a. Priority Tax Claims

Pursuant to section 1129(a)(9)(C) of the Bankruptcy Code, unless otherwise agreed by the holder of a Priority Tax Claim and the applicable Debtor or Reorganized Debtor, each holder of an Allowed Priority Tax Claim will receive, in full satisfaction of its Priority Tax Claim, deferred cash payments over a period not exceeding six years from the date of assessment of such Priority Tax Claim. Payments will be made in equal annual installments of principal, plus simple interest accruing from the Effective Date at 7% per annum on the unpaid portion of each Allowed Priority Tax Claim (or upon such other terms determined by the Bankruptcy Court to provide the holders of Priority Tax Claims with deferred cash payments having a value, as of the Effective Date, equal to the allowed amount of such Priority Tax Claims). Unless otherwise agreed by the holder of a Priority Tax Claim and the applicable Debtor or Reorganized Debtor, the first payment on account of an Allowed Priority Tax Claim will be payable one year after the Effective Date or, if the Priority Tax Claim is not allowed within one year after the Effective Date, the first Quarterly Distribution Date after the date on which (i) an order allowing such Priority Tax Claim becomes a Final Order or (ii) a Stipulation of Amount and Nature of Claim is executed by the applicable Reorganized Debtor and the holder of the Priority Tax Claim; *provided, however*, that the Reorganized Debtors will have the right to pay any Allowed Priority Tax Claim, or any remaining balance of such Priority Tax Claim, in full at any time on or after the Effective Date, without premium or penalty.

b. Other Provisions Concerning Treatment of Priority Tax Claims

Notwithstanding the provisions of Section III.A.2.a, the holder of an Allowed Priority Tax Claim will not be entitled to receive any payment on account of any penalty arising with respect to or in connection with the Allowed Priority Tax Claim. Any such Claim or demand for any such penalty (i) will be subject to treatment in Class 11 and (ii) the holder of an Allowed Priority Tax Claim will not be entitled to assess or attempt to collect such penalty from the Reorganized Debtors or their property.

B. Unimpaired Classes of Claims

1. Class 1 (Unsecured Priority Claims): On the Effective Date, each holder of an Allowed Claim in Class 1 will receive cash equal to the amount of such Claim.

2. Class 4 (Secured Claims Other than CTA Note Claims, Class 22 Claims and Class 23 Claims): On the Effective Date, unless otherwise agreed by a Claim holder and each applicable Debtor or Reorganized Debtor including pursuant to those agreements listed on Exhibit III.B.2, each holder of an Allowed Claim in Class 4 will receive treatment on account of such Allowed Claim in the manner set forth in

Option A, B or C below, at the election of the applicable Debtor or, in the case of Collateralized Accommodation Claim, Debtors. The applicable Debtor or Debtors will be deemed to have elected Option B, except with respect to any Allowed Claims as to which the applicable Debtor or Debtors elect Option A or Option C in a certification Filed prior to the conclusion of the Confirmation Hearing. To the extent that the applicable Debtor or Debtors elect Option C treatment for any Class 4 Claims, such Claims will be deemed impaired and to have rejected the Plan.

Option A: Each holder of an Allowed Claim in Class 4 with respect to which the applicable Debtor or Debtors elect Option A will receive cash in the full amount of such Allowed Claim. For purposes of Option A, Collateralized Accommodation Claims against multiple Debtors in respect of a particular transaction will be treated as a single Claim and no multiple recoveries will be permitted.

Option B: Each Allowed Claim in Class 4 with respect to which the applicable Debtor or Debtors elect or is deemed to have elected Option B will be Reinstated.

Option C: Each holder of an Allowed Claim in Class 4 with respect to which the applicable Debtor or Debtors elect Option C will be entitled to receive, and the applicable Debtor or Debtors (or Reorganized Debtor or Reorganized Debtors) shall release and transfer to such holder, the collateral securing such Allowed Claim.

3. Class 18 (Loewen Company Owned Old Stock in Non-Ownership Regulated Debtors): On the Effective Date, subject to the Subsidiary Restructuring Transactions, Allowed Interests in Class 18 will be Reinstated.

4. Class 21 (Other Equity Interests): On the Effective Date, subject to the Subsidiary Restructuring Transactions, Allowed Interests in Class 21 will be Reinstated.

C. Impaired Classes of Claims and Interests

TLGI's transfer of assets to LGII as part of the Reinvestment Transactions will occur before the cancellation of the LGII Old Stock and the issuance of the New Common Stock. Each holder's recovery is being received first in exchange for the principal amount of holder's Claim, not the unpaid pre-Petition Date interest, if any, on that Claim.

1. Class 2 (Loewen Subsidiary Debtor Convenience Claims): On the Effective Date, each holder of an Allowed Claim in Class 2 against any Loewen Subsidiary Debtor will receive cash equal to the amount of such Claim against such Debtor (as reduced, if applicable, pursuant to an election by the holder thereof in accordance with Section II.B.1).

2. Class 3 (TLGI and LGII Convenience Claims): On the Effective Date, each holder of an Allowed Claim in Class 3 against TLGI or LGII will receive cash equal to the amount of such Claim against such Debtor (as reduced, if applicable, pursuant to an election by the holder thereof in accordance with Section II.B.2).

3. Class 5 (Group I CTA Note Claims): On the Effective Date, each holder of an Allowed Claim in Class 5 will receive in full satisfaction of all of its Allowed Group I CTA Note Claims: (a) a Pro Rata share of cash in an amount equal to the sum of (i) $125,392,500 if the Exit Financing Term Loan Closing occurs, (ii) 50.157% of the Realized Asset Disposition Proceeds Amount and (iii) 50.157% of the Excess Cash Distribution Amount; (b) a Pro Rata share of New Five-Year Secured Notes in an original principal amount of $125,392,500, unless the Exit Financing Term Loan Closing occurs; (c) a Pro Rata share of New Two-Year Unsecured Notes in an original principal amount equal to 50.157% of the Unrealized Asset Disposition Proceeds Amount; (d) a Pro Rata share of New Seven-Year Unsecured Notes in an original principal amount of $163,010,200; (e) a Pro Rata share of New Seven-Year Unsecured Notes in an original principal amount equal to 50.157% of the New Seven-Year Unsecured Notes Additional Principal Amount, if the Excess Cash Distribution Amount is less than $35,000,000; and (f) a Pro Rata share of 18,421,900 shares of New Common Stock. Notwithstanding the foregoing, (x) 50.157% of the CTA Trustee Reserve Amount will be withheld from the cash otherwise distributable in respect of the Excess Cash Distribution Amount to holders of Allowed Class 5 Claims and applied as set forth in Section III.C.18 and

(y) the applicable Series Reserve Amount will be withheld from the cash otherwise distributable in respect of the Excess Cash Distribution Amount to holders of Allowed Claims relating to the Series 1 Notes and Series 2 Notes and applied as set forth in Section III.C.19. The Allowed Group I CTA Note Claims are set forth on Exhibit III.C.

4. Class 6 (Group II CTA Note Claims): On the Effective Date, each holder of an Allowed Claim in Class 6 will receive in full satisfaction of all of its Allowed Group II CTA Note Claims: (a) a Pro Rata share of cash in an amount equal to the sum of (i) $45,755,000, if the Exit Financing Term Loan Closing occurs, (ii) 18.302% of the Realized Asset Disposition Proceeds Amount and (iii) 18.302% of the Excess Cash Distribution Amount; (b) a Pro Rata share of New Five-Year Secured Notes in an original principal amount of $45,755,000, unless the Exit Financing Term Loan Closing occurs; (c) a Pro Rata share of New Two-Year Unsecured Notes in an original principal amount equal to 18.302% of the Unrealized Asset Disposition Proceeds Amount; (d) a Pro Rata share of New Seven-Year Unsecured Notes in an original principal amount of $59,481,500; (e) a Pro Rata share of New Seven-Year Unsecured Notes in an original principal amount equal to 18.302% of the New Seven-Year Unsecured Notes Additional Principal Amount, if the Excess Cash Distribution Amount is less than $35,000,000; and (f) a Pro Rata share of 6,722,100 shares of New Common Stock. Notwithstanding the foregoing, (x) 18.302% of the CTA Trustee Reserve Amount will be withheld from the cash otherwise distributable in respect of the Excess Cash Distribution Amount to holders of Allowed Class 6 Claims and applied as set forth in Section III.C.18 and (y) the applicable Series Reserve Amount will be withheld from the cash otherwise distributable in respect of the Excess Cash Distribution Amount to holders of Allowed Claims relating to the Series 3 Notes and Series 4 Notes and applied as set forth in Section III.C.19. The Allowed Group II CTA Note Claims are set forth on Exhibit III.C.

5. Class 7 (Group III CTA Note Claims): On the Effective Date, each holder of an Allowed Claim in Class 7 will receive in full satisfaction of all of its Allowed Group III CTA Note Claims: (a) a Pro Rata share of cash in an amount equal to the sum of (i) $78,852,500, if the Exit Financing Term Loan Closing occurs, (ii) 31.541% of the Realized Asset Disposition Proceeds Amount and (iii) 31.541% of the Excess Cash Distribution Amount; (b) a Pro Rata share of New Five-Year Secured Notes in an original principal amount of $78,852,500, unless the Exit Financing Term Loan Closing occurs; (c) a Pro Rata share of New Two-Year Unsecured Notes in an original principal amount equal to 31.541% of the Unrealized Asset Disposition Proceeds Amount; (d) a Pro Rata share of New Seven-Year Unsecured Notes in an original principal amount of $102,500,300; (e) a Pro Rata share of New Seven-Year Unsecured Notes in an original principal amount equal to 31.541% of the New Seven-Year Unsecured Notes Additional Principal Amount, if the Excess Cash Distribution Amount is less than $35,000,000; and (f) a Pro Rata share of 11,584,500 shares of New Common Stock. Notwithstanding the foregoing, (x) 31.541% of the CTA Trustee Reserve Amount will be withheld from the cash otherwise distributable in respect of the Excess Cash Distribution Amount to holders of Allowed Class 7 Claims and applied as set forth in Section III.C.18 and (y) the applicable Series Reserve Amount will be withheld from the cash otherwise distributable in respect of the Excess Cash Distribution Amount to holders of Allowed Claims relating to the Series 6 Notes, Series 7 Notes and PATS Notes and applied as set forth in Section III.C.19. The Allowed Group III CTA Note Claims are set forth on Exhibit III.C.

6. Class 8 (O'Keefe Note Claims): On the Effective Date, each holder of an Allowed Claim in Class 8 will receive in satisfaction of all of its Class 8 Claims against all Debtors: (a) a Pro Rata share of 771,400 shares of New Common Stock, (b) a Pro Rata share of New Warrants exercisable to purchase 235,200 shares of New Common Stock and (c) a Pro Rata share of a 16.91% interest in the Liquidating Trust.

7. Class 9 (MIPS Debenture Claims): On the Effective Date, in full satisfaction of all of its Class 9 Claims against LGII and TLGI, if Class 19 accepts the Plan, LGCLP will receive New Warrants exercisable to purchase 496,800 shares of New Common Stock, which New Warrants will in turn be distributed by LGCLP to the holders of Allowed Interests and Claims in Class 19. If Class 19 does not accept the Plan, no property shall be distributed to or retained by the holder of Allowed Claims in Class 9. The general partner of LGCLP will be deemed to have accepted the Plan on behalf of LGCLP.

8. Class 10 (Intercompany Claims): Except as provided below, all Claims in Class 10 will be Reinstated. Notwithstanding the foregoing: (a) on the Effective Date, each holder of an Allowed Claim in Class 10 in respect of the MEIPs Debentures will receive its Pro Rata share of $10,000 in complete discharge of any such Claim; (b) no property will be distributed to or retained by any of the Loewen Companies on account of any Allowed Claim in Class 10 with respect to which, immediately prior to the Effective Date, the obligor is LGII and

the holder is TLGI or a non-United States, wholly owned, direct or indirect subsidiary of TLGI (or an entity that is treated as a branch of any such subsidiary for U.S. federal income tax purposes); and (c) no property will be distributed to or retained by any of the Loewen Companies that is a member of the "affiliated group" (as that term is defined in section 1504(a) of the Internal Revenue Code) of which LGII is the common parent with respect to any Allowed Claim in Class 10 on which the obligor is also a member of such affiliated group; any such Claims referenced in clauses (b) and (c) will be discharged on the Effective Date, and the amounts thus discharged will be measured by reference to the net balances of such Claims on the Effective Date after being offset by any amounts owed by the holder thereof to the particular Debtor obligor on the Effective Date. For purposes of clause (c) hereof any of the Loewen Companies, all of the partners of which are members of such affiliated group, will be deemed to be a member of such affiliated group. Notwithstanding this treatment of Class 10 Claims, each of the Loewen Companies holding an Allowed Claim in Class 10 will be deemed to have accepted the Plan.

9. Class 11 (Unsecured Nonpriority Claims): On the Effective Date, each holder of an Allowed Claim in Class 11 of any particular Debtor will receive, based upon the principal amount of such holder's Allowed Claim and the Division in which such Debtor is classified: (a) a Pro Rata share of the number of shares of New Common Stock indicated below for such Division; (b) a Pro Rata share of New Warrants exercisable to purchase the number of shares of New Common Stock indicated below for such Division, if any; and (c) a Pro Rata share of the percentage interest in the Liquidating Trust indicated below for such Division, if any:

Division	Shares of New Common Stock	Shares of New Common Stock Purchasable Upon Exercise of New Warrants	Percentage Interest in Liquidating Trust
A	132,500	443,600	14.70%
B	464,100	1,554,000	51.50%
C	768,200	0	0
D	120,500	0	0
E	136,800	0	0
F	292,800	91,200	5.87%
G	67,100	38,500	2.48%
H	134,000	132,700	8.54%

10. Class 12 (MIPS Securities Litigation Claims): No property will be distributed to or retained by the holders of Allowed Claims in Class 12.

11. Class 13 (Other Securities Litigation Claims): No property will be distributed to or retained by the holders of Allowed Claims in Class 13.

12. Class 14 (TLGI Old Preferred Stock): No property will be distributed to holders of Allowed Interests in Class 14.

13. Class 15 (TLGI Old Common Stock): No property will be distributed to holders of Allowed Interests in Class 15.

14. Class 16 (LGII Old Stock): No property will be distributed to or retained by the holders of Allowed Interests in Class 16 and such Interests will be canceled on the Effective Date as part of the Reinvestment Transactions.

15. Class 17 (Third Party Owned Old Stock in Non-Ownership Regulated Debtors): No property will be distributed to or retained by the holders of Allowed Interests in Class 17 and such Interests will be canceled on the Effective Date; *provided*, *however*, that with respect to any Non-Ownership Regulated Debtor that is determined by the Bankruptcy Court to be solvent (as defined under the Bankruptcy Code) as of the Confirmation Date, a holder of an Allowed Interest in Class 17 in such Debtor will receive, on the Effective Date, New Common Stock with an aggregate value, based on the reorganization value per share as set forth in the Disclosure Statement, equal to the value of such holder's interest in such Debtor as determined by the Bankruptcy Court.

16. Class 19 (Loewen Group Capital, L.P. MIPS Partnership Interests): If Class 19 accepts the Plan, on the Effective Date, each holder of Allowed Interests and Claims in Class 19 will receive a Pro Rata share of New Warrants distributed to LGCLP as the holder of Class 9 Claims and exercisable to purchase 496,800 shares of New Common Stock. If Class 19 does not accept the Plan, no property shall be distributed to or retained by holders of Allowed Interests in Class 19.

17. Class 20 (Other Loewen Group Capital, L.P. Partnership Interests): No property will be distributed to or retained by holders of Allowed Interests in Class 20.

18. Class 22 (Indemnified Fee and Expense Claims of the CTA Trustee): On the Effective Date, the Debtors will set aside in a segregated account cash in an amount equal to the CTA Trustee Reserve Amount to which account applicable lien rights, if any, of the CTA Trustee under the CTA will be deemed to attach. The source of funds for such account will be the cash otherwise payable under Section III.C.3, Section III.C.4 and Section III.C.5 in respect of the Excess Cash Distribution Amount. Upon entry of a Final Order of the Bankruptcy Court granting an Allowed Class 22 Claim, Reorganized LGII will pay to the CTA Trustee, solely from funds in such account, cash in the amount of such Allowed Claim. Upon entry of a Final Order of the Bankruptcy Court that all or a portion of Class 22 Claims shall not be Allowed, cash in an amount equal to all or such portion of the CTA Trustee Reserve Amount, together with any interest earned thereon, shall be distributed from such account as cash payable in respect of the Excess Cash Distribution Amount as provided in Section III.C.3, Section III.C.4 and Section III.C.5. Any amounts remaining in such account on the third anniversary of the Effective Date will be distributed to holders of Class 5, Class 6 and Class 7 Claims by Reorganized LGII as if such funds were being paid in respect of the Excess Cash Distribution Amount on the Effective Date as set forth in Section III.C.3, Section III.C.4 and Section III.C.5; *provided*, *however*, that if there is a proceeding then pending against the CTA Trustee in respect of which it may be entitled to an Allowed Class 22 Claim, upon motion of the CTA Trustee, the Bankruptcy Court may extend the period such account must be maintained. Until disbursed as provided in this Section III.C.18, subject to any lien rights of the CTA Trustee, any cash in the segregated account shall be deemed to be held in trust for the holders of Class 5, Class 6 and Class 7 Claims.

19. Class 23 (Indemnified Fee and Expense Claims of State Street): On the Effective Date, the Debtors will set aside in separate segregated accounts cash in an amount equal to the Series Reserve Amount applicable to each of the Series 1 Notes, Series 2 Notes, Series 3 Notes, Series 4 Notes, Series 6 Notes, Series 7 Notes and PATS Notes. Applicable lien rights, if any, of State Street under the respective Prepetition Indenture will be deemed to attach to the applicable segregated account. The source of funds for each such account will be the cash otherwise payable under Section III.C.3, Section III.C.4 or Section III.C.5 in respect of the Excess Cash Distribution Amount to holders of CTA Note Claims under the particular series of notes in respect to which such account was established. Upon entry of a Final Order of the Bankruptcy Court granting an Allowed Class 23 Claim in respect of a particular series of notes, Reorganized LGII will pay to State Street, solely from funds in the applicable account, cash in the amount of such Allowed Claim. Upon entry of a Final Order of the Bankruptcy Court that all or any portion of Class 23 Claims in respect of a particular series shall not be Allowed, cash in an amount equal to all or a portion of the respective Series Reserve Amount, together with any interest earned thereon, shall be distributed pro rata to the holders of such series of CTA Note Claims. Any amounts remaining in any such account on the third anniversary of the Effective Date will be distributed pro rata to the holders of the particular series of CTA Note Claims from whose distributions the amount in such account was withheld by Reorganized LGII as if such funds were being paid on the Effective Date; *provided*, *however*, that if there is a proceeding then

outstanding against State Street in respect to which it may be entitled to a Class 23 Allowed Claim under the respective Prepetition Indenture, upon motion of State Street, the Bankruptcy Court may extend the period such account must be maintained. Until disbursed as provided in this Section III.C.19, subject to any lien rights of State Street, any cash held in a segregated account shall be deemed to be held in trust for the holders of Claims in respect of the applicable series of CTA Note Claims.

D. Special Provisions Regarding the Treatment of Allowed Secondary Liability Claims; Maximum Recovery

1. The classification and treatment of Allowed Claims under the Plan take into consideration all Secondary Liability Claims, and no distributions in respect of any Secondary Liability Claims will be made.

2. Notwithstanding any provision hereof to the contrary, a creditor holding multiple Allowed Claims against more than one Debtor that do not constitute Secondary Liability Claims and that arise from the contractual joint, joint and several or several liability of such Debtors, the guaranty by one Debtor of another Debtor's obligation or other similar circumstances may not receive in the aggregate from all Debtors more than 100% of the amount of the underlying Claim giving rise to such multiple Claims.

E. Special Provisions Regarding Indenture Trustees' Claims

1. In full satisfaction of each Indenture Trustee's fee and expense Claims for services rendered under the respective Prepetition Indenture prior to the Effective Date (including such services rendered in connection with the Reorganization Cases and Adversary Proceeding No. 00-01181), including such Claims secured by the Indenture Trustee's charging lien under the Prepetition Indentures, subject to the provisions of this Section III.E, each Indenture Trustee will receive from Reorganized LGII cash equal to the amount of such Claims and any charging lien held by such Indenture Trustee will be released on the Effective Date. Distributions received by holders of Allowed Claims in Classes 5, 6, 7, 9 and 19 pursuant to the Plan will not be reduced on account of the payment of the Indenture Trustees' Claims pursuant to this Section III.E. Notwithstanding any other provision of this Section III.E, any payments in respect of amounts estimated to be incurred prior to the Effective Date pursuant to Section III.E.2 will not exceed the lesser of the estimate provided pursuant to Section III.E.2 or the actual amount incurred as reflected in appropriate supporting documentation submitted to Reorganized LGII promptly following the Effective Date.

2. No later than September 28, 2001, each Indenture Trustee will submit to LGII, each other Indenture Trustee, the Creditors' Committee, and each of the Principal CTA Creditors appropriate documentation in support of such fees and expenses incurred or estimated to be incurred by such Indenture Trustee through the Effective Date, whether incurred prior to or subsequent to the Petition Date. The amount of these fees and expenses will be reported to the Bankruptcy Court at the Confirmation Hearing. Notwithstanding the foregoing, if the Effective Date will not occur on or prior to December 31, 2001, any Indenture Trustee may supplement, no later than five Business Days prior to the Effective Date, such documentation to estimate the additional amount of such fees and expenses from January 1, 2002 to the anticipated Effective Date, which additional amount will be treated in accordance with this Section III.E and as otherwise directed by the Bankruptcy Court, including with respect to any supplemental objection procedures.

3. On the Effective Date, Reorganized LGII will pay to each Indenture Trustee, in full satisfaction of such Trustee's fee and expense Claim, cash in an amount equal to the fee and expense amount such Trustee submitted under Section III.E.2; *provided, however,* that (a) only LGII, an Indenture Trustee, the Creditors' Committee or a Principal CTA Creditor shall have standing to File an objection to the fee and expense amount submitted by an Indenture Trustee under Section III.E.2, (b) any such objection shall be Filed with the Bankruptcy Court on or before the tenth day preceding the Voting Deadline, (c) if such objection is timely Filed, cash equal to the amount subject to such objection will not be paid to such Trustee but rather will be placed in a segregated, interest bearing money market account in which the respective Indenture Trustee will be granted a perfected security interest and (d) if such an objection is not timely Filed such Trustee's fee and expense Claim will be treated as an Allowed Claim and will be paid as provided under Section III.E.1. In addition, pending submission of the supporting documentation in respect of previously estimated Claims as contemplated by the last sentence of Section III.E.1, an amount equal to such previously estimated Claims will be placed in such segregated account.

The Confirmation Order will provide that such Trustee's charging lien will attach solely to the cash placed in such money market account until the funds in that account are distributed as provided in Section III.E.4. The portion of any such Claim for fees and expenses actually incurred and as to which no objection has been made will be paid on the Effective Date notwithstanding the pendency of an objection to the remaining portion or receipt of supporting documentation in respect of previously estimated Claims.

4. In the event of an objection to the amount of an Indenture Trustee's fees and expenses as contemplated by Section III.E.3, the disputed portion of the fees and expenses will be subject to approval of the Bankruptcy Court and approved except to the extent found not reasonable (within the meaning of respective Prepetition Indenture). A Trustee's request for its fees and expenses will not be subject to the additional standards contained in section 503(b) of the Bankruptcy Code. Promptly upon approval by the Bankruptcy Court, the Trustee's approved fees and expenses will be treated as Allowed Claims and will be paid from the segregated account established pursuant to Section III.E.3, plus any interest earned thereon.

5. After payment of all amounts payable to an Indenture Trustee under the Section III.E, any amounts remaining in a segregated account established pursuant to Section III.E.3 will be distributed to holders of Class 5, Class 6 and Class 7 Claims by Reorganized LGII as if such funds were being paid in respect of the Excess Cash Distribution Amount on the Effective Date.

6. Each respective Indenture Trustee will also be entitled to fees and expenses incurred following the Effective Date in its capacity as a Third Party Disbursing Agent with respect to the Public Notes.

F. Special Provisions Regarding Certain Fee and Expense Claims

1. In full satisfaction of Claims of (a)(i) any of the Principal CTA Creditors (only if such entity votes all of its Claims to accept the Plan) for reasonable fees and expenses incurred by such entity in connection with the Reorganization Cases (including in connection with Adversary Proceeding No. 00-01181) and (ii) Teachers Insurance and Annuity Association (only if such entity votes all of its Claims to accept the Plan) for reasonable fees and expenses incurred as aforesaid in an amount not to exceed $100,000; and (b) counsel and the accountants for the Creditors' Committee for services rendered by such counsel prior to the formation of the Creditors' Committee in an amount not to exceed $60,000 and $30,000, respectively, subject to the provisions of this Section III.F, each holder of such a Claim will receive from Reorganized LGII on the Effective Date cash equal to the amount of such Claim. The payments under clause (a) of this Section III.F.1 are part of the overall settlement embodied by this Plan among the Principal CTA Creditors and the Debtors. Notwithstanding any other provision of this Section III.F, any payments in respect of amounts estimated to be incurred prior to the Effective Date pursuant to Section III.F.2 will not exceed the lesser of the estimate provided pursuant to Section III.F.2 or the actual amount incurred as reflected in appropriate supporting documentation submitted to Reorganized LGII promptly following the Effective Date.

2. No later than September 28, 2001, each holder of a Claim under Section III.F.1 will submit to each of the entities specified in Section III.E.2 appropriate documentation in support of its respective Claims for fees and expenses incurred or estimated to be incurred through the Effective Date. The amount of these fees and expenses will be reported to the Bankruptcy Court at the Confirmation Hearing. Notwithstanding the foregoing, if the Effective Date will not occur on or prior to December 31, 2001, any holder of a Claim under Section III.F.1 may supplement, no later than five Business Days prior to the Effective Date, such documentation to estimate the additional amount of such fees and expenses from January 1, 2002 to the anticipated Effective Date, which additional amount will be treated in accordance with this Section III.F and as otherwise directed by the Bankruptcy Court, including with respect to any supplemental objection procedures.

3. On the Effective Date, Reorganized LGII will pay to each holder of a Claim under Section III.F.1 in full satisfaction of such holder's fee and expense Claim, cash in an amount equal to the fee and expense amount such holder submitted under Section III.F.2; *provided, however*, that (a) only LGII, an Indenture Trustee, the Creditors' Committee or a Principal CTA Creditor shall have standing to File an objection to the reasonableness of the fee and expense amount submitted under Section III.F.2, (b) any such objection shall be Filed with the Bankruptcy Court on or before the tenth day preceding the Voting Deadline, (c) if such an objection is timely Filed, cash equal to the amount subject to such objection will not be paid to the holder of the challenged Claim but rather will be placed in a segregated interest bearing money market account and (d) if such an objection is not timely Filed,

such holder's fee and expense Claim will be treated as an Allowed Claim and will be paid as provided under Section III.F.1. In addition, pending submission of the supporting documentation in respect of previously estimated Claims as contemplated by the last sentence of Section III.F.1, an amount equal to such previously estimated Claims will be placed in such segregated account. The portion of any such Claim for fees and expenses actually incurred and as to which no objection has been made will be paid on the Effective Date notwithstanding the pendency of an objection to the remaining portion or receipt of supporting documentation in respect of previously estimated Claims.

4. In the event of an objection to the amount of such holder's fees and expenses as contemplated by Section III.F.3, the disputed portion of the fees and expenses will be subject to approval of the Bankruptcy Court and approved except to the extent found not reasonable. The request of a holder of a Claim under Section III.F.1 for its fees and expenses will not be subject to the additional standards contained in section 503(b) of the Bankruptcy Code. Promptly upon approval by the Bankruptcy Court, a holder's approved fees and expenses will be treated as Allowed Claims and will be paid from the segregated account established pursuant to Section III.F.3, plus any interest earned thereon.

5. After payment of all amounts payable to a holder of a Claim under clause (a) of Section III.F.1, any amounts remaining in a segregated account established pursuant to Section III.F.3 will be distributed to holders of Class 5, Class 6 and Class 7 Claims by Reorganized LGII as if such funds were being paid in respect of the Excess Cash Distribution Amount on the Effective Date. Any such remaining amounts in respect to a Claim under clause (b) of Section III.F.1 will be paid over to Reorganized LGII.

G. Special Provision Regarding Claims Under the Rose Hills Put/Call Agreement

In full satisfaction of the Claims of Blackstone and RHI under the Rose Hills Put/Call Agreement, including the exercise of the put thereunder, subject to the prior satisfaction of all conditions thereto as set forth in the Blackstone Settlement Agreement, on the Effective Date, Reorganized LGII shall issue to Blackstone and to RHI the New Unsecured Subordinated Convertible Notes in an original principal amount equal to the New Unsecured Subordinated Convertible Note Principal Amount and 379,449 shares of New Common Stock in accordance with the terms of the Blackstone Settlement Agreement.

H. Creation of Liquidating Trust

On the Effective Date, the Debtors will take any and all such actions as may be necessary or appropriate to establish the Liquidating Trust, including: (a) the execution and delivery of the Liquidating Trust Agreement and (b) the transfer to the Liquidating Trust of the Liquidating Trust Assets, which transfer shall occur immediately following completion of the Reinvestment Transactions. Upon such transfer, the Liquidating Trust Assets shall cease to be property of the CCAA Debtors, Debtors, the Reorganized Debtors or their respective Estates.

1. The Liquidating Trust Trustee

No fewer than ten days prior to the Confirmation Hearing, the Creditors' Committee will take such actions and employ such procedures as it deems necessary and appropriate to designate the Liquidating Trust Trustee. The designation of any successor will be governed by the Liquidating Trust Agreement.

2. Distribution of the Assets of the Liquidating Trust

The Liquidating Trust Trustee will distribute all cash proceeds received in respect of the Liquidating Trust Assets, promptly following the receipt thereof by the Liquidating Trust, to holders of interests in the Liquidating Trust proportionately based on their respective interests. Prior to making any such distribution, however, the Liquidating Trust Trustee will deduct from the amount otherwise so distributable an amount sufficient for the satisfaction of the following: (a) all taxes and unpaid administrative expenses; (b) all unpaid fees and expenses incurred in employing professional advisors, including the compensation and fees of the Liquidating Trust Trustee; (c) reimbursement of Reorganized LGII for any expenses of the Liquidating Trust paid by Reorganized

LGII as provided in the Liquidating Trust Agreement; and (d) any other amounts required to be withheld from the distribution pursuant to the Liquidating Trust Agreement.

I. CTA Issue Litigation

If (i) Class 7 (Group III CTA Note Claims) accepts the Plan and (ii) one or more Eligible Group III Proceedings are commenced prior to, on or after the Effective Date, Reorganized LGII shall reimburse the holders of Allowed Group III CTA Note Claims for the reasonable fees and expenses (collectively, the "Fees") incurred on and after the Effective Date by their counsel ("Counsel") in connection with such proceedings, up to an aggregate for all such Counsel of $3,000,000 (the "Eligible Group III Proceedings Fee Fund"), upon the following terms and conditions.

1. As used in this Section III.I, the term "Pro Rata" shall mean with respect to a particular Allowed Group III CTA Note Claim, proportionately, so that the ratio of (i)(A) the amount of the Non-Reimbursable Fee Tranche or the Reimbursable Fee Tranche, as the case may be, is the same as the ratio of (ii)(A) the aggregate principal amount of the Series 6 Notes, the Series 7 Notes and the PATS Notes held by such holder as of the Distribution Record Date to (B) $750 million (*i.e.*, the aggregate outstanding principal amount of the Series 6 Notes, the Series 7 Notes and the PATS Notes as of the Distribution Record Date); *provided, however*, in the event that any Eligible Group III Proceeding (a "Resolved Proceeding") is resolved pursuant to a Final Order and Counsel in such Resolved Proceeding has given written notice to Reorganized LGII that such Counsel has been fully reimbursed for its Fees, the term "Pro Rata" shall mean, with respect to a particular Allowed Group III CTA Note Claim the holder of which was not a plaintiff in the Resolved Proceeding, proportionately, so that the ratio of (i)(A) the amount of the undisbursed remainder of the Non-Reimbursable Fee Tranche or the Reimbursable Fee Tranche, as the case may be, to which the holder of such Claim is entitled hereunder to (B) the aggregate undisbursed remainder of the Non-Reimbursable Fee Tranche or the Reimbursable Fee Tranche, as the case may be, is the same as the ratio of (ii)(A) the aggregate principal amount of the Series 6 Notes, the Series 7 Notes and the PATS Notes held by such holder as of the Distribution Record Date to (B) the difference between (x) $750 million and (y) the aggregate principal amount of the Series 6 Notes, the Series 7 Notes and the PATS Notes held by the plaintiffs in the Resolved Proceeding as of the Distribution Record Date.

2. The Eligible Group III Proceedings Fee Fund shall comprise a "Non-Reimbursable Fee Tranche" and a "Reimbursable Fee Tranche" (collectively, the "Fee Tranches"), each of which shall be in the amount of $1,500,000.

3. Each holder of an Allowed Group III CTA Note Claim shall be entitled to its Pro Rata portion of the Non-Reimbursable Fee Tranche for reimbursement of Fees. Holders of Allowed Group III CTA Note Claims who receive funds from the Non-Reimbursable Fee Tranche shall not have any obligation to reimburse Reorganized LGII for any such funds.

4. In the event that a holder of an Allowed Group III CTA Note Claim is reimbursed by Reorganized LGII to the full extent of the Pro Rata portion of the Non-Reimbursable Fee Tranche to which such holder is entitled hereunder, such holder shall be entitled to its Pro Rata portion of the Reimbursable Fee Tranche for reimbursement of Fees. In the event that a holder of an Allowed Group III CTA Note Claim receives any cash recovery (the "Proceeding Recovery") in respect of an Eligible Group III Proceeding, whether by judgment, settlement or otherwise, such holder shall be obligated to reimburse Reorganized LGII for all Fees received by such holder or such holder's Counsel from the Reimbursable Fee Tranche, plus interest thereon at 10% per annum from the date of its (or its Counsel's) receipt of each reimbursement from the Reimbursable Fee Tranche; *provided, however*, in no event shall such holder be obligated to reimburse Reorganized LGII for any such Fees in an amount that exceeds, in the aggregate, such holder's Proceeding Recovery.

5. The request for and acceptance of funds disbursed by Reorganized LGII from the Reimbursable Fee Tranche will, without the necessity of any further action, constitute the consent and agreement of each plaintiff and such plaintiff's Counsel in the respective Eligible Group III Proceeding to repay to Reorganized LGII, subject to the proviso in the immediately preceding paragraph of this Section III.I, all Fees received by such plaintiff or such plaintiff's Counsel from the Reimbursable Fee Tranche, plus interest thereon at 10% per annum from the date of its

(or its Counsel's) receipt of each reimbursement from the Reimbursable Fee Tranche. Such repayment (together with applicable interest) will be made prior to any distribution of the Proceeding Recovery to such plaintiff.

6. Reimbursement by Reorganized LGII of Fees from the Fee Tranches to which a holder of an Allowed Group III CTA Note Claim may be entitled hereunder shall be paid by Reorganized LGII directly to such holder's Counsel upon presentation to Reorganized LGII, at the address set forth in Section XIII.H hereof, of reasonable documentation of the incurrence of the Fees. Such documentation additionally shall include a statement identifying the clients that such Counsel represents and the aggregate principal amount of the Series 6 Notes, the Series 7 Notes and the PATS Notes held by such clients as of the Distribution Record Date. Requests for reimbursement of Fees in respect of any Eligible Group III Proceeding shall be made no more frequently than on a calendar quarter basis.

7. In the event that (a) Counsel for the holders of Allowed Group III CTA Note Claims in a Resolved Proceeding has been reimbursed from the Fee Tranches to the full extent of its entitlement hereunder and such Counsel has given written notice to Reorganized LGII to that effect, and (b) there remain funds in one or both of the Tranches that have not yet been disbursed by Reorganized LGII, the holders of Allowed Group III CTA Notes Claims who are plaintiffs in a pending Eligible Group III Proceeding that is not a Resolved Proceeding shall be entitled to share on a Pro Rata basis any funds that would otherwise be allocable to the holders of Allowed Group III CTA Note Claims who were plaintiffs in the Resolved Proceeding, subject to the same reimbursement obligations set forth herein.

8. At the option of Reorganized LGII, Reorganized LGII may on the Effective Date set aside in a segregated account all or part of the Fee Tranches pending disbursement thereof.

9. Any disputes relating to the eligibility or reasonableness of any request for reimbursement of Fees or otherwise with respect to this Section III.I shall be determined by the Bankruptcy Court.

ARTICLE IV

MEANS FOR IMPLEMENTATION OF THE PLAN

A. Continued Corporate Existence and Vesting of Assets in the Reorganized Debtors

Except as otherwise provided herein (and subject to the Restructuring Transaction provisions of Section IV.B), each Debtor will, as a Reorganized Debtor, continue to exist after the Effective Date as a separate corporate entity, with all the powers of a corporation under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise) under applicable state law. Except as otherwise provided herein, as of the Effective Date, all property of the respective Estates of the Debtors, and any property acquired by a Debtor or Reorganized Debtor under the Plan, will vest in the applicable Reorganized Debtor, free and clear of all Claims, liens, charges, other encumbrances and Interests. On and after the Effective Date, each Reorganized Debtor may operate its businesses and may use, acquire and dispose of property and compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, each Reorganized Debtor may pay the charges that it incurs on or after the Effective Date for professionals' fees, disbursements, expenses or related support services (including fees relating to the preparation of Professional fee applications) without application to the Bankruptcy Court.

B. Restructuring Transactions

1. Subsidiary Restructuring Transactions

Commencing immediately as of and following the Effective Date, together with certain other structural changes, the subsidiaries of Reorganized LGII will be restructured so as to reduce the number of such subsidiaries organized in each state in which the Debtors conduct business to the maximum extent permissible and

determined by the Debtors to be appropriate, taking into account applicable regulatory requirements and other pertinent considerations. The Subsidiary Restructuring Transactions will include all mergers, consolidations, reorganizations, asset transfers and dissolutions that the Debtors determine to be necessary or appropriate. The actions to effect the Subsidiary Restructuring Transactions and Reinvestment Transactions may include: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, disposition, liquidation or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable state law and such other terms to which the applicable entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, duty or obligation on terms consistent with the terms of the Plan and having such other terms to which the applicable entities may agree; (c) the filing of appropriate certificates or articles of merger, consolidation or dissolution pursuant to applicable state law; and (d) all other actions that the applicable entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable state law in connection with such transactions. A description of the Subsidiary Restructuring Transactions as presently contemplated is attached hereto as Exhibit IV.B.1.

2. Reinvestment Transactions

Prior to the Effective Date, TLGI will cause LGII to form (a) Delco and (b) Nafcanco. On the Effective Date, LGII will transfer its rights to receive any proceeds of the NAFTA Claims arising under article 1117 of NAFTA to Delco and will transfer the ownership interests in Delco to TLGI. Immediately thereafter, TLGI will: (a) assign, transfer and deliver, free and clear of all liens, claims and encumbrances (including all Claims) to Nafcanco all of TLGI's right, title and interest in and to all proceeds of the NAFTA Claims arising under article 1116 of NAFTA that TLGI receives; (b) will irrevocably delegate to Nafcanco all powers and responsibilities of TLGI in respect of the pursuit and prosecution of the NAFTA Claims; and (c) cause Delco to assign, transfer and deliver, free and clear of all liens, claims and encumbrances (including all Claims) to LGII all right, title and interest to all proceeds of the NAFTA Claims arising under article 1117 of NAFTA that Delco receives; all in accordance with the terms of Exhibit I.A.30. On the Effective Date, following the CCAA Debtor Restructuring Transactions as described on Exhibit I.A.29, pursuant to the Confirmation Order and the terms hereof, TLGI will assign, transfer and deliver, free and clear of all liens, claims and encumbrances (including all Claims) (i) all of TLGI's right, title and interest in, to and under all rights, properties and assets of every kind and character and description wherever located and whether tangible or intangible, real or personal or fixed or contingent then owned, held, used, licensed, conceived or developed by TLGI (other than its rights in the NAFTA Claims, its ownership interest in Delco and its rights in the Canadian Operating Assets) to LGII, which will become the ultimate parent entity of the Loewen Companies and (ii) all of TLGI's right, title and interest in, to and under the Canadian Operating Assets, to a holding company incorporated under the laws of one of the Provinces of Canada, which, following completion of the transfers contemplated by clause (i) will be a wholly owned subsidiary of LGII, including the transfer of the Canadian Operating Assets. The only shares of capital stock of LGII to be outstanding immediately following the Effective Date will be the New Common Stock. Reorganized LGII will not assume or otherwise be liable for any obligations of or Claims against TLGI but will make the payments provided for in Articles III and V of this Plan.

3. Obligations of Any Successor Corporation in a Restructuring Transaction

The Restructuring Transactions may include one or more asset transfers, mergers, consolidations, restructurings, dispositions, liquidations or dissolutions, as may be determined by the Debtors or Reorganized Debtors to be necessary or appropriate to result in substantially all of the respective assets, properties, rights, liabilities, duties and obligations of certain of the Debtors or Reorganized Debtors vesting in one or more surviving, resulting or acquiring corporations. In each case in which the surviving, resulting or acquiring corporation in any such transaction is a successor to a Debtor or Reorganized Debtor, such surviving, resulting or acquiring corporation will perform the obligations of the applicable Debtor or Reorganized Debtor pursuant to the Plan to pay or otherwise satisfy the Allowed Claims against such Debtor or Reorganized Debtor, except as provided in any contract, instrument or other agreement or document effecting a disposition to such surviving, resulting or acquiring corporation, which may provide that another Reorganized Debtor will perform such obligations.

4. Dissolution of LGCLP

On or promptly following the Effective Date, LGCLP will be dissolved.

C. Corporate Governance, Directors and Officers, Employment-Related Agreements and Compensation Programs

1. Certificates of Incorporation and Bylaws

a. Reorganized LGII

As of the Effective Date, the certificate of incorporation and the bylaws of Reorganized LGII will be substantially in the forms of Exhibits IV.C.1.a(i) and IV.C.1.a(ii), respectively. The certificate of incorporation of Reorganized LGII, among other things, will prohibit the issuance of nonvoting equity securities to the extent required by section 1123(a) of the Bankruptcy Code and will authorize the issuance of New Common Stock in amounts not less than the amounts necessary to permit the distributions thereof required or contemplated by the Plan. After the Effective Date, Reorganized LGII may amend and restate its certificate of incorporation or bylaws as permitted by the General Corporation Law of the State of Delaware, subject to the terms and conditions of such constituent documents.

b. Reorganized Loewen Subsidiary Debtors

As of the Effective Date, the certificates of incorporation and the bylaws or similar constituent documents of each Reorganized Loewen Subsidiary Debtor will be substantially in the forms of Exhibits IV.C.1.b(i) and IV.C.1.b(ii), respectively. The initial certificates of incorporation and the bylaws or similar constituent documents of each Reorganized Loewen Subsidiary Debtor, among other things, will prohibit the issuance of nonvoting equity securities to the extent required by section 1123(a) of the Bankruptcy Code. After the Effective Date or the effective time of any applicable Restructuring Transaction, each such entity may amend and restate its certificate of incorporation or bylaws or similar constituent documents as permitted by applicable state law, subject to the terms and conditions of such constituent documents.

2. Directors and Officers of the Reorganized Debtors

The initial board of directors and officers of Reorganized LGII and each of the Reorganized Loewen Subsidiary Debtors will consist of the individuals identified on Exhibit IV.C.2. Each such director and officer will serve from and after the Effective Date until his or her successor is duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the terms of the certificates of incorporation and bylaws or similar constituent documents of the applicable Reorganized Debtor and applicable state law. Exhibit IV.C.2 identifies the initial term for each director in accordance with the provisions of the Reorganized Debtors' respective certificates of incorporation and bylaws.

3. New Employment, Retirement, Indemnification and Other Related Agreements and Incentive Compensation Programs

a. As of the Effective Date, the Reorganized Debtors will have authority to: (i) maintain, amend or revise existing employment, retirement, welfare, incentive, severance, indemnification and other agreements with their active directors, officers and employees, subject to the terms and conditions of any such agreement; and (ii) enter into new employment, retirement, welfare, incentive, severance, indemnification and other agreements for active and retired employees. Reorganized LGII also will have authority to make the initial grants under the Equity Incentive Plan. Exhibit IV.C.3 provides (i) a list of the employment agreements and plans that will continue in effect from and after the Effective Date, (ii) a description of the Equity Incentive Plan that will take effect as of the Effective Date, (iii) a list of the initial grants to be made on the Effective Date pursuant to the Equity Incentive Plan and (iv) a description of certain change in control agreements that will take effect as of the Effective Date. In addition, as part of the Reinvestment Transactions, TLGI will assign to Reorganized LGII or to a subsidiary specified by Reorganized LGII, and Reorganized LGII or such subsidiary will assume, TLGI's employment agreements with John S. Lacey, its Chairman, and Paul A. Houston, its President and Chief Executive Officer. As of the Effective Date, such employment agreements will be modified to clarify that (i) each of Mr. Lacey and Mr. Houston will receive a grant of stock options under the Equity Incentive Plan after the Effective Date

exercisable to purchase 495,000 shares of New Common Stock and (ii) the options so granted will become exercisable in cumulative installments with respect to 25% of the shares on the later of November 3, 2001 and the date next following the day on which the exercise price of such options becomes fixed, 25% of the shares on November 1, 2002 and the remaining 50% of the shares on November 3, 2003. The Disclosure Statement provides a summary and description of the Debtors' employment, retirement, severance, indemnification and other related agreements and incentive compensation programs that are to take or remain in effect on or as of the Effective Date.

b. From and after the Effective Date, the Reorganized Debtors will be obligated to pay retiree benefits (as defined in section 1114(a) of the Bankruptcy Code), if any, in accordance with the terms of the retiree benefit plans or other agreements governing the payment of such benefits, subject to any rights to amend, modify or terminate such benefits under the terms of the applicable retiree benefits plan, other agreement or applicable nonbankruptcy law.

4. Corporate Action

The following events will occur and be effective as of the date specified in the documents effectuating the same or, if no such other date is specified in such documents, the Effective Date and will be authorized and approved in all respects and for all purposes without any requirement of further action by stockholders or directors of any of the Debtors: (a) the Restructuring Transactions; (b) the adoption of new or amended and restated certificates of incorporation and bylaws or similar constituent documents for the Reorganized Debtors; (c) the initial selection of directors and officers for Reorganized LGII and the Reorganized Loewen Subsidiary Debtors; (d) the entry into the Exit Financing Revolving Credit Facility and the Exit Financing Term Loan; (e) the distribution of cash pursuant to the Plan; (f) the issuance and distribution of New Five-Year Secured Notes, New Two-Year Unsecured Notes and New Seven-Year Unsecured Notes pursuant to the Plan; (g) the issuance and distribution of New Common Stock pursuant to the Plan; (h) the issuance and distribution of New Warrants pursuant to the Plan; (i) the adoption, execution, delivery and implementation of all contracts, leases, instruments, releases and other agreements or documents related to the Plan (including the New Five-Year Secured Notes Indenture, the New Two-Year Unsecured Notes Indenture, the New Seven-Year Unsecured Notes Indenture, the New Unsecured Subordinated Convertible Notes Indenture, the New Warrant Agreement, the Liquidating Trust Agreement and the New Registration Rights Agreement); (j) the adoption, execution and implementation of employment, retirement and indemnification agreements, incentive compensation programs, retirement income plans, welfare benefit plans and other employee plans and related agreements, including the Equity Incentive Plan and the plans and agreements listed or described on Exhibit IV.C.3; (k) the adoption, execution, delivery and implementation of the Blackstone Settlement Documents (including the Blackstone Settlement Agreement) and the issuance and delivery of the New Unsecured Subordinated Convertible Notes and New Common Stock pursuant to the Plan in connection therewith; (l) the assignment of the proceeds of the NAFTA Claims; (m) the assignment of the Liquidating Trust Assets; and (n) the other matters provided for under the Plan involving the corporate structure of any Debtor or Reorganized Debtor or corporate action to be taken by or required of any Debtor or Reorganized Debtor.

D. Exit Financing Revolving Credit Facility and Exit Financing Term Loan; Obtaining Cash for Plan Distributions: Transfers of Funds Among the Debtors

On the Effective Date, the Reorganized Debtors are authorized to execute and deliver those documents necessary or appropriate to obtain the Exit Financing Revolving Credit Facility and the Exit Financing Term Loan. All cash necessary for the Reorganized Debtors to make payments pursuant to the Plan will be obtained from the Reorganized Debtors' cash balances and operations, the Exit Financing Revolving Credit Facility or the Exit Financing Term Loan. Cash payments to be made pursuant to the Plan will be made by Reorganized LGII; *provided*, *however*, that the Debtors and the Reorganized Debtors will be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable Reorganized LGII to satisfy its obligations under the Plan. Any Intercompany Claims resulting from such transfers will be accounted for and settled in accordance with the Debtors' historical intercompany account settlement practices.

E. Implementation of the Blackstone Settlement

On the Effective Date, the Reorganized Debtors are authorized to take any and all actions necessary or appropriate to consummate the Blackstone Settlement.

F. Preservation of Rights of Action; Releases

1. Preservation of Rights of Action by the Debtors and the Reorganized Debtors

Except as provided in the Plan or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtors or their successors will retain and may enforce any claims, demands, rights, causes of action and liabilities that any Debtor or Estate may hold, including claims transferred to Reorganized LGII by TLGI on the Effective Date and the Retained Claims, against any person or entity. The Reorganized Debtors or their successors may pursue such retained claims, demands, rights or causes of action, as appropriate, in accordance with the best interests of the Reorganized Debtors or their successors holding such claims, demands, rights or causes of action. Further, the Reorganized Debtors or their successors retain their rights to File and pursue any adversary proceedings against any trade creditor or vendor related to debit balances or deposits owed to any Debtor. Notwithstanding the foregoing, on the Effective Date, the Reorganized Debtors and their successors will be deemed to waive and release any claims, rights, causes of action or liabilities arising under section 547 of the Bankruptcy Code relating to preferential transfers held by any Debtor or Reorganized Debtor (including claims subject to a pending proceeding set forth on Exhibit IX.B.8) against any entity other than any Retained Claims.

2. General Releases

As of the Effective Date, in consideration for the obligations of the Debtors and the Reorganized Debtors under the Plan and the cash, New Five-Year Secured Notes, New Two-Year Unsecured Notes, New Seven-Year Unsecured Notes, New Unsecured Subordinated Convertible Notes, New Common Stock, New Warrants or interests in the Liquidating Trust to be distributed pursuant to the Plan, the settlement of certain issues relating to certain CTA Note Claims and other contracts, instruments, releases, agreements or documents to be entered into or delivered by the Debtors or the Reorganized Debtors in connection with the Plan, (a) each holder of a Claim or Interest that votes in favor of the Plan, (b) to the fullest extent permissible under applicable law, as such law may be extended or interpreted subsequent to the Effective Date, each entity that has held, holds or may hold a Claim or Interest or at any time was a creditor or stockholder of any of the Debtors and that does not vote on the Plan or votes against the Plan and (c), solely as to clause (ii) below, each Debtor, Reorganized Debtor and other Loewen Company will be deemed to forever release, waive and discharge all claims, demands, rights, causes of action and liabilities (other than the right to enforce the Debtors' or the Reorganized Debtors' obligations under the Plan and the contracts, instruments, releases, agreements and documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising in law, equity or otherwise, that are based in whole or in part on any act, omission, transaction or other occurrence taking place on or prior to the Effective Date in any way relating to a Debtor, the Reorganization Cases, the Plan, the CTA or the CTA Note Claims (excluding any claims with respect to reimbursement and indemnification provisions of the credit facilities excepted from cancellation under Section IV.I) that such entity has, had or may have against (i) any Debtor or other Loewen Company and each of their respective present or former directors, officers, employees, attorneys, accountants, financial advisors and agents, acting in such capacity, and (ii) the members of the Creditors' Committee, each Indenture Trustee, each Principal CTA Creditor, each holder of a CTA Note Claim and each of their respective present or former directors, officers, employees, attorneys, accountants, financial advisors and agents, acting in such capacity (including all claims, demands, rights, causes of action and liabilities alleged in Adversary Proceeding No. 00-01181, which will be deemed dismissed with prejudice as of the Effective Date) (which release, waiver and discharge will be in addition to the discharge of Claims and termination of Interests provided herein and under the Confirmation Order and the Bankruptcy Code). Notwithstanding the foregoing, no claims, demands, causes of action or liabilities against (x) any Tolling Party or (y) and present or former director, officer or employee of any Loewen Company (other than TLGI and LGII), acting in such capacity that relates to the operations in the ordinary course of business of such Company will be released, waived or discharged under this Section IV.F.2.

3. Releases Related to the CTA; Limited Indemnity of Indenture Trustees

a. As of the Effective Date, and upon cancellation of the CTA as provided in Section IV.I, each Indenture Trustee, the CTA Trustee and each holder of a CTA Note Claim will be deemed to forever release, waive and discharge each Loewen Company, including as a Pledgor or guarantor under the CTA, from any claims, demands, rights, causes of action or liabilities in respect to any rights or claims under or in respect to the CTA and CTA Note Claims (other than the right to enforce the Debtors' or the Reorganized Debtors' obligations under the Plan and the contracts, instruments, releases, agreements and documents delivered thereunder), all of such claims, demands, rights, causes of action and liabilities having been settled and discharged through the respective distributions to holders of Claims in Class 5, Class 6 or Class 7.

b. As of the Effective Date, each holder of a CTA Note Claim, each Indenture Trustee and each Principal CTA Creditor will be deemed to forever release, waive and discharge each other holder of a CTA Note Claim, each Indenture Trustee, each Principal CTA Creditor and each of their respective present or former directors, officers, employees, attorneys, accountants, financial advisors and agents, acting in such capacity, from any claims, demands, rights, causes of action or liabilities in respect to the treatment and distributions under the Plan or otherwise in respect of the CTA or the CTA Note Claims or payments thereon (excluding any claims with respect to reimbursement and indemnification provisions of the credit facilities excepted from cancellation under Section IV.I), all of such claims, demands, rights, causes of actions and liabilities having been settled, released, waived and discharged as part of the settlement embodied in the Plan. Notwithstanding the foregoing, no claims, demands, causes of action or liabilities against any Tolling Party will be released, waived or discharged under this Section IV.F.3.b.

c. As of the Effective Date, the Debtors will be deemed to release, waive and discharge any and all avoidance or recovery action under sections 510, 542, 544, 545, 547, 548, 549, 550, 551 or 553 of the Bankruptcy Code against all persons and entities in respect to any CTA Note Claim or in respect of any payment thereon (including avoidance claims subject to a proceeding set forth on Exhibit IX.B.8, which will be deemed dismissed with prejudice).

d. Notwithstanding the cancellation of the Prepetition Indentures under Section IV.I, subject to the limitations in this Section IV.F.3.d, the obligation of any Debtor to indemnify any Indenture Trustee under a Prepetition Indenture shall continue in effect after the Effective Date until the fifth anniversary of the Effective Date and be performed by Reorganized LGII but in any case only for the reimbursement of reasonable attorneys' fees and expenses (net of any amounts actually collected from adverse parties thereto) of an Indenture Trustee incurred in connection with the defense by such Indenture Trustee of an action against such Indenture Trustee for an action or omission by such Indenture Trustee relating to the settlement of the issues concerning the status of certain CTA Note Claims under the CTA including the CTA Issue and the matters that are the subject of Adversary Proceeding No. 00-01181 pending before the Bankruptcy Court. In no event will Reorganized LGII be obligated to make any reimbursement under this Section IV.F.3.d to all Indenture Trustees in the aggregate in excess of $1,000,000. Moreover, no Indenture Trustee will be entitled to receive more than $250,000 of reimbursement hereunder, unless on the fifth anniversary of the Effective Date the $1,000,000 has not been fully disbursed and no proper claims by an Indenture Trustee for amounts up to its individual $250,000 limit are outstanding (including claims by an Indenture Trustee for amount up to its individual $250,000 limit that such Indenture Trustee reasonably expects to incur as part of a pending proceeding (as described above)) in which case any remaining unclaimed and undisbursed portion of such $1,000,000 may and shall be distributed on a pro rata basis based on unreimbursed Indenture Trustee claims under this Section III.F.3.d, but in no event in excess of the aggregate of such unreimbursed amounts.

e. As of the Effective Date, each holder of a CTA Note Claim, each Indenture Trustee and each Principal CTA Creditor will be deemed to forever release, waive and discharge the CTA Trustee and its respective present or former directors, officers, employees, attorneys or agents, acting in such capacity, from any claims, demands, rights, causes of actions or liabilities that, if enforced against the CTA Trustee, entitle the CTA Trustee to an Allowed Claim for indemnification from TLGI or LGII pursuant to the terms of Section 7.5 of the CTA; *provided, however*, that nothing in this Section IV.F.3.e shall constitute a

release, waiver or discharge of any claim, demand, right, cause of action or liability relating to the amount of the CTA Trustee Reserve Amount or to treatment of a Claim as an Allowed Class 22 Claim.

f. As of the Effective Date, each holder of a CTA Note Claim, each Indenture Trustee and each Principal CTA Creditor will be deemed to forever release, waive and discharge State Street and its respective present or former directors, officers, employees, attorneys or agents, acting in such capacity, from any claims, demands, rights, causes of action or liabilities that, if enforced against State Street, entitle State Street to an Allowed Claim for indemnification from TLGI or LGII pursuant to the terms of any Prepetition Indenture; *provided, however*, that nothing in this Section IV.F.3.f shall constitute a release, waiver or discharge of any claim, demand, right, cause of action or liability relating to the amount of any Series Reserve Amount or to treatment of a Claim as an Allowed Class 23 Claim.

4. Releases in Connection with the Blackstone Settlement

On the Effective Date and as part of the Blackstone Settlement, the Blackstone Release will become effective.

5. 1994 Plan Release

To the extent not otherwise settled or resolved prior to the Effective Date, the Debtors will release each participant (other than Raymond L. Loewen) in the 1994 Plan from any and all claims of the Debtors against such participant arising from the financing of such participant's purchase of an option to purchase MEIPs Debentures pursuant to the 1994 Plan, subject, however, to the execution and delivery by such participant on or prior to the Effective Date of a release of the Loewen Companies from any and all Claims of such participant related to the 1994 Plan or such participant's participation therein.

6. Reservation of Certain Third-Party CTA Claims

a. Except as provided in Section IV.F.2 or IV.F.3, any claims, demands, rights, causes of action and liabilities that any holder of a CTA Note Claim or any Indenture Trustee, on behalf of itself or any holder of any CTA Note Claim, may have against Tolling Parties or other third parties with respect to the CTA ("Reserved CTA Claims") are reserved and, unless the Bankruptcy Court determines otherwise, will not be affected by Confirmation or the occurrence of the Effective Date. Claims, demands, rights, causes of action and liabilities against all persons and entities that are the beneficiaries of the release provided in Section IV.F.2 or the release provided in Section IV.F.3 do not constitute Reserved CTA Claims.

b. Subject to the Bankruptcy Court's determination under Section IX.A.5, Reserved CTA Claims of any holder of a CTA Note Claim or any Indenture Trustee, on behalf of itself or any holder of any CTA Note Claim, shall in no way be prejudiced or adversely affected by virtue of the fact that any holder of any such claim voted in favor of the Plan, did not challenge the treatment of its Claim or its recovery under the Plan, did not pursue to conclusion its claims or defenses in Adversary Proceeding No. 00-01181 pending before the Bankruptcy Court, or otherwise did not fully pursue any rights that it may have had with respect to its CTA Note Claim before the Bankruptcy Court.

G. Continuation of Certain Employee Benefit Plans

From and after the Effective Date, the Reorganized Debtors intend to continue (or continue as modified or replaced) their existing employee benefit policies, plans and agreements identified on Exhibit IV.C.3 and any issuances of New Common Stock thereunder shall be deemed to have been issued in accordance with section 1145(a) of the Bankruptcy Code.

H. Limitations on Amounts To Be Distributed to Holders of Allowed Insured Claims

Distributions under the Plan to each holder of an Allowed Insured Claim will be in accordance with the treatment provided under the Plan for the Class or Division in which such Allowed Insured Claim is

classified, but solely to the extent that such Allowed Insured Claim is not satisfied from proceeds payable to the holder thereof under any pertinent insurance policies and applicable law. Nothing in this Section IV.H will constitute a waiver of any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities that any entity may hold against any other entity, including the Debtors' insurance carriers.

I. Cancellation and Surrender of Instruments, Securities and Other Documentation

Except as provided in any contract, instrument or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and immediately following the applicable distributions made pursuant to Article III, the CTA, the BMO Revolving Credit Facility, the MEIP Credit Facility, the Public Notes, the Prepetition Indentures, the Series D Notes, the Series E Notes, the Prepetition Note Agreements and the O'Keefe Notes and any guaranties or other obligation in respect thereof will be canceled and of no further force and effect, without any further action on the part of any Debtor or Reorganized Debtor and any and all collateral in respect thereof will be released. Upon such cancellation, the CTA Trustee will turn over to Reorganized LGII or as otherwise directed by Reorganized LGII any collateral held by the CTA Trustee under the CTA. Immediately thereafter, the LGII Old Stock, the Old Stock of the Non-Ownership Regulated Debtors owned by any person or entity (other than a Loewen Company) and the MIPS and other partnership interests of LGCLP shall be deemed canceled and of no further force without any further action on the part of any Debtor or Reorganized Debtor. Notwithstanding the foregoing, (i) the applicable provisions of the Prepetition Indentures shall continue in effect (1) solely for the purposes of permitting the respective Indenture Trustee to make the distributions to be made in respect to the Public Notes as contemplated by Section VI.B, (2) to the extent such provisions provide that a court may require in any suit against any Indenture Trustee an undertaking by a party litigant in such suit to pay costs of such suit or that a court may assess reasonable costs, including reasonable attorneys' fees against a party litigant and (3) to the extent provided in Section IV.F.3.d, and (ii) the reimbursement and indemnification provisions contained in Section 11.8 of the BMO Revolving Credit Facility and Section 7.05 of the MEIP Credit Facility shall continue in effect and shall not be canceled. Notwithstanding anything in the Plan to the contrary, including, without limitation, the reservation of certain third-party claims in Section IV.F.6 above, from and after the cancellation of the Prepetition Indentures on the Effective Date, the Indenture Trustees shall have no right, duty or obligation, contractual or otherwise, to initiate, continue or otherwise pursue any claims, demands, rights, causes of action or liabilities in respect of the CTA or the CTA Note Claims or the status thereof under the CTA, including, without limitation, any such claims, demands, rights, causes of action or liabilities that any Indenture Trustee may have against any of the Tolling Parties. The holders of or parties to such canceled instruments, securities and other documentation will have no rights arising from or relating to such instruments, securities and other documentation or the cancellation thereof, except the rights provided pursuant to the Plan; *provided, however*, that no distribution under the Plan will be made to or on behalf of any holder of an Allowed Claim evidenced by such canceled instruments or securities unless and until such instruments or securities are received by the applicable Disbursing Agent to the extent required in Section VI.J.

J. New Registration Rights Agreements

On the Effective Date, Reorganized LGII and the other parties thereto will execute and deliver the New Registration Rights Agreements substantially in the forms of Exhibit IV.J.

K. New Warrant Agreement

On the Effective Date, Reorganized LGII and the warrant agent thereunder will execute and deliver the New Warrant Agreement substantially in the form of Exhibit IV.K.

L. New Tax Sharing Agreement

On the Effective Date, Reorganized LGII, the Reorganized Loewen Subsidiary Debtors and certain of the other Loewen Companies will execute and deliver the New Tax Sharing Agreement substantially in the form of Exhibit IV.L.

M. Release of Liens

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to Article III, all mortgages, deeds of trust, liens or other security interests against the property of any Estate will be fully released and discharged, and all of the right, title and interest of any holder of such mortgages, deeds of trust, liens or other security interests, including any rights to any collateral thereunder, will revert to the applicable Reorganized Debtor and its successors and assigns.

N. Effectuating Documents; Further Transactions; Exemption from Certain Transfer Taxes

The Chairman of the Board, Chief Executive Officer, President, Executive Vice President, Chief Financial Officer, Chief Operating Officer, Senior Vice President or any Vice President of each Debtor or Reorganized Debtor will be authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan. The Secretary or any Assistant Secretary of each Debtor or Reorganized Debtor will be authorized to certify or attest to any of the foregoing actions. Pursuant to section 1146(c) of the Bankruptcy Code, the following will not be subject to any stamp tax, real estate transfer tax, vehicle transfer tax or similar tax: (1) the issuance, transfer or exchange of New Five-Year Secured Notes, New Two-Year Unsecured Notes, New Seven-Year Unsecured Notes, New Common Stock or New Warrants; (2) the execution and delivery of the Liquidating Trust Agreement and the distribution of interests in the Liquidating Trust; (3) the creation of any mortgage, deed of trust, lien or other security interest; (4) the making or assignment of any lease or sublease; (5) the execution and delivery of the Exit Financing Revolving Facility and the Exit Financing Term Loan; (6) any Restructuring Transaction; (7) the execution and delivery of the Blackstone Settlement Documents (including the Blackstone Settlement Agreement) or the issuance of the New Unsecured Subordinated Convertible Notes and New Common Stock in connection therewith; or (8) the making or delivery of any deed or other instrument of transfer under, in furtherance of or in connection with the Plan or the sale or other disposition of any Disposition Properties, including the transfer of certain of TLGI's assets to LGII, the transfer of the Liquidating Trust Assets to the Liquidating Trust, any merger agreements, agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale or assignments executed in connection with any Restructuring Transaction or otherwise pursuant to, or as contemplated by, the Plan.

O. Bankruptcy Rule 9019 Request

The Plan constitutes a request pursuant to Bankruptcy Rule 9019 for approval of the settlements embodied in the Plan in respect to Adversary Proceeding No. 00-01181 and certain related matters.

P. Affiliates Participating in the Plan

On the Effective Date, any non-Debtor Loewen Company that is named as a party in the New Five-Year Secured Notes Indenture, the New Two-Year Unsecured Notes Indenture, the New Seven-Year Unsecured Notes Indenture and the New Unsecured Subordinated Convertible Notes Indenture will execute and deliver such documents. Each such non-Debtor Loewen Company will be an affiliate of the Debtors participating in the Plan within the meaning of section 1145 of the Bankruptcy Code.

ARTICLE V

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Executory Contracts and Unexpired Leases To Be Assumed or Assumed and Assigned

1. Assumption and Assignment Generally

Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document entered into in connection with the Plan, on the Effective Date, pursuant to section 365 of the Bankruptcy Code, the applicable Debtor or Debtors will assume or assume and assign each Executory Contract and Unexpired Lease including the Rose Hills Put/Call Agreement and those listed on Exhibits V.A.1, but excluding those listed on Exhibit V.C; *provided, however*, that the Debtors or Reorganized Debtors reserve the right, at any time through and including 90 days after the Effective Date, or, in the case of any Unresolved Michigan Cemetery Contracts, at any time through and including 90 days after entry of a Final Order in Adversary Proceeding No. 00-929 pending before the Bankruptcy Court, to amend Exhibit V.A.1 to: (a) delete any Executory Contract or Unexpired Lease listed therein, thus providing for its rejection pursuant to Section V.C; or (b) add any Executory Contract or Unexpired Lease thereto, thus providing for its assumption or assumption and assignment pursuant to this Section V.A. The Debtors or Reorganized Debtors will provide notice of any amendments to Exhibit V.A.1 to the parties to the Executory Contracts or Unexpired Leases affected thereby and, if prior to the Effective Date, to the parties on the then-applicable service list in the Reorganization Cases (including counsel to the Creditors' Committee). Listing a contract or lease on Exhibit V.A.1 will not constitute an admission by a Debtor or Reorganized Debtor that a Debtor or Reorganized Debtor has any liability thereunder or that such contract or lease is executory.

2. Assumptions and Assignments of Real Property Executory Contracts and Unexpired Leases

Each (a) Real Property Executory Contract and Unexpired Lease and (b) Executory Contract or Unexpired Lease assumed under Section V.A will include any modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such contract or lease, irrespective of whether such agreement, instrument or other document is listed on Exhibit V.A.1, unless any such modification, amendment, supplement, restatement or other agreement is rejected pursuant to Section V.C and is listed on Exhibit V.C.

3. Assignments Related to the Restructuring Transactions

Any Executory Contract or Unexpired Lease (including any related agreements as described in Sections I.A.150 and V.A.2) to be held by any Debtor or another surviving, resulting or acquiring corporation in an applicable Restructuring Transaction will be deemed assigned to the applicable entity, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date (irrespective of when the applicable Restructuring Transaction is effected). Nothing in this Section V.A.3 shall restrict, modify or otherwise limit the Debtors' or Reorganized Debtors' right to amend Exhibit V.A.1 or V.C in accordance with Sections V.A.1 and V.C, respectively.

4. Approval of Assumptions and Assignments

The Confirmation Order will constitute an order of the Bankruptcy Court approving the assumptions and assignments described in this Section V.A and Section V.E, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date. An order of the Bankruptcy Court entered on or prior to the Confirmation Date will specify the procedures for providing notice to each party whose Executory Contract or Unexpired Lease is being assumed or assumed and assigned pursuant to the Plan of: (a) the contract or lease being assumed or assumed and assigned; (b) the Cure Amount Claim, if any, that the applicable Debtor believes it would be obligated to pay in connection with such assumption; and (c) the procedures for such party to object to the assumption or assumption and assignment of the applicable contract or lease or the amount of the proposed Cure Amount Claim.

B. Payments Related to the Assumption of Executory Contracts and Unexpired Leases

To the extent that such Claims constitute monetary defaults, the Cure Amount Claims associated with each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan will be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, at the option of the Debtor assuming such contract or lease or the assignee of such Debtor, if any: (1) by payment of the Cure Amount Claim in cash on the Effective Date; (2) after the Effective Date, as soon as practicable after the amendment of Exhibit V.A.1, as applicable, providing for the assumption or assumption and assignment of the Executory Contract or Unexpired Lease; or (3) on such other terms as are agreed to by the parties to such Executory Contract or Unexpired Lease. If there is a dispute regarding (1) the amount of any Cure Amount Claim, (2) the ability of the applicable Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or (3) any other matter pertaining to assumption or assumption and assignment of such contract or lease, the payment of any Cure Amount Claim required by section 365(b)(1) of the Bankruptcy Code will be made following the entry of a Final Order resolving the dispute and approving the assumption. For assumptions of Executory Contracts or Unexpired Leases between Debtors, the Reorganized Debtor assuming such contract may cure any monetary default (1) by treating such amount as either a direct or indirect contribution to capital or distribution (as appropriate) or (2) through an intercompany account balance in lieu of payment in cash.

C. Executory Contracts and Unexpired Leases To Be Rejected

On the Effective Date, except for an Executory Contract or Unexpired Lease that was previously assumed, assumed and assigned or rejected by an order of the Bankruptcy Court or that is assumed pursuant to Section V.A or V.E (including any related agreements assumed pursuant to Sections I.A.150 and V.A.2), each Executory Contract and Unexpired Lease listed on Exhibit V.C. that has not previously expired or terminated pursuant to its own terms will be rejected pursuant to section 365 of the Bankruptcy Code; *provided, however,* that the Debtors or Reorganized Debtors reserve the right, at any time through and including 90 days after the Effective Date or, in the case of any Unresolved Michigan Cemetery Contracts, at any time through and including 90 days after entry of a Final Order in Adversary Proceeding No. 00-929 pending before the Bankruptcy Court, to amend Exhibit V.C to: (1) delete any Executory Contract or Unexpired Lease listed therein, thus providing for its assumption or assumption and assignment pursuant to Section V.A; or (2) add any Executory Contract or Unexpired Lease thereto, thus providing for its rejection pursuant to this Section V.C. The Debtors or Reorganized Debtors will provide notice of any amendments to Exhibit V.C to the parties to the Executory Contracts or Unexpired Leases affected thereby and, if prior to the Effective Date, to the parties on the then-applicable service list in the Reorganization Cases (including counsel to the Creditors' Committee). Listing a contract or lease on Exhibit V.C will not constitute an admission by a Debtor or Reorganized Debtor that a Debtor or Reorganized Debtor has any liability thereunder or that such contract or lease is executory. The Confirmation Order will constitute an order of the Bankruptcy Court approving such rejections, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date.

D. Bar Date for Rejection Damages

Notwithstanding anything in the Bar Date Order to the contrary, if the rejection of an Executory Contract or Unexpired Lease pursuant to Section V.C gives rise to a Claim (including any Claims arising from those indemnification obligations described in Section V.E.2) by the other party or parties to such contract or lease, such Claim will be forever barred and will not be enforceable against the Debtors, the Reorganized Debtors, their respective successors or their respective properties unless a proof of Claim is Filed and served on the Reorganized Debtors, pursuant to the procedures specified in the Confirmation Order and the notice of the entry of the Confirmation Order or another order of the Bankruptcy Court, no later than: (1) 30 days after the Effective Date; or (2) if Exhibit V.C is amended after the Effective Date to provide for the rejection of the Executory Contract or Unexpired Lease, 30 days after the Debtors or Reorganized Debtors serve notice of such amendment.

E. Obligations to Indemnify Directors, Officers and Employees

1. The obligations of each Debtor or Reorganized Debtor to indemnify any person who was serving as one of its directors, officers or employees as of December 31, 2000 by reason of such person's prior or future service in such a capacity or as a director, officer or employee of another corporation, partnership or other legal

entity, to the extent provided in the applicable certificates of incorporation, bylaws or similar constituent documents, by statutory law or by written agreement, policies or procedures of or with such Debtor, will be deemed and treated as executory contracts that are assumed by the applicable Debtor or Reorganized Debtor pursuant to the Plan and section 365 of the Bankruptcy Code as of the Effective Date, to the extent that the provision of such indemnification is authorized by the certificate of incorporation or similar constituent document of the applicable Reorganized Debtor. Accordingly, such indemnification obligations will survive and be unaffected by entry of the Confirmation Order, irrespective of whether such indemnification is owed for an act or event occurring before or after the Petition Date.

2. The obligations of each Debtor or Reorganized Debtor to indemnify any person who, as of December 31, 2000, was no longer serving as a director, officer or employee of such Debtor or Reorganized Debtor, which indemnity obligation arose by reason of such person's prior service in any such capacity or as a director, officer or employee of another corporation, partnership or other legal entity, whether provided in the applicable certificates of incorporation, bylaws or similar constituent documents, by statutory law or by written agreement, policies or procedures of or with such Debtor, will terminate and be discharged pursuant to section 502(e) of the Bankruptcy Code or otherwise, as of the Effective Date; *provided, however*, that to the extent that such indemnification obligations no longer give rise to contingent Claims that can be disallowed pursuant to section 502(e) of the Bankruptcy Code, such indemnification obligations will be deemed and treated as executory contracts that are rejected by the applicable Debtor pursuant to the Plan and section 365 of the Bankruptcy Code, as of the Effective Date, and any Claims arising from such indemnification obligations (including any rejection damage claims) will be subject to the bar date provisions of Section V.D.

F. Contracts and Leases Entered into After the Petition Date

Contracts and leases entered into after the Petition Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the Debtor or Reorganized Debtor liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

G. NAFTA Contingency Fee Agreement and NAFTA Arbitration Agreement

As of the Effective Date and as part of the Reinvestment Transaction, TLGI will assign to Reorganized LGII, and Reorganized LGII will assume the NAFTA Contingency Fee Agreement and the NAFTA Arbitration Agreement.

ARTICLE VI

PROVISIONS GOVERNING DISTRIBUTIONS

A. Distributions for Claims Allowed as of the Effective Date

1. Distributions To Be Made on the Effective Date

Except as otherwise provided in this Article VI, distributions of cash, New Five-Year Secured Notes, New Two-Year Unsecured Notes, New Seven-Year Unsecured Notes, New Unsecured Subordinated Convertible Notes, New Common Stock, New Warrants or interests in the Liquidating Trust to be made on the Effective Date to holders of Claims or Interests that are allowed as of the Effective Date will be deemed made on the Effective Date if made on the Effective Date or as promptly thereafter as practicable, but in any event no later than: (a) 60 days after the Effective Date; or (b) such later date when the applicable conditions of Section V.B (regarding cure payments for Executory Contracts and Unexpired Leases being assumed), Section VI.E.2 (regarding undeliverable distributions) or Section VI.J (regarding surrender of canceled instruments and securities) are satisfied. Distributions on account of Claims that become Allowed Claims after the Effective Date will be made pursuant to Sections VI.H and VII.C.

2. Distributions on the Effective Date in Respect of Class 11 Unsecured Nonpriority Claims

From and after the Effective Date, New Common Stock and New Warrants, if any, to be distributed on account of each Division of Class 11 Claims (and any cash generated from dividends or distributions thereon) (a) will be maintained by and in the name of the applicable Disbursing Agent in the applicable Unsecured Claims Reserve in accordance with Article VII and held in trust pending distribution by the Disbursing Agent for the benefit of the holders of such Claims in such Division, (b) will be accounted for separately and (c) will not constitute property of any of the Reorganized Debtors. New Common Stock and New Warrants to be issued and distributed on account of Class 9 Claims will be deemed issued on the Effective Date, irrespective of the date on which it actually is distributed.

B. Method of Distributions to Holders of Claims

Reorganized LGII, or such Third Party Disbursing Agents as Reorganized LGII may employ in its sole discretion, will make all distributions of cash, New Five-Year Secured Notes, New Two-Year Unsecured Notes, New Seven-Year Unsecured Notes, New Unsecured Subordinated Convertible Notes, New Common Stock or New Warrants and other instruments or documents required under the Plan. The respective Indenture Trustees will serve as a Third Party Disbursing Agent for each series of Public Notes and, subject to the requirements of Section VI.F will make distributions contemplated by Sections III.C.3, III.C.4 or III.C.5, as the case may be, in accordance with the terms of the respective Prepetition Indenture; *provided, however,* that no Indenture Trustee will have any obligation in respect to distributions to holders of CTA Note Claims from funds set aside under Sections III.C.18, III.C.19, III.E or III.F. Each Disbursing Agent will serve without bond, and any Disbursing Agent may employ or contract with other entities to assist in or make the distributions required by the Plan.

C. Compensation and Reimbursement for Services Related to Distributions

Each Third Party Disbursing Agent providing services related to distributions pursuant to the Plan will receive from Reorganized LGII, without further Bankruptcy Court approval, reasonable compensation for such services and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services. These payments will be made on terms agreed to with Reorganized LGII and will not be deducted from distributions to be made pursuant to the Plan to holders of Allowed Claims (including any distributions of Cash Investment Yield) receiving distributions from a Third Party Disbursing Agent.

D. Provisions Governing the Unsecured Claims Reserve

1. Funding of the Unsecured Claims Reserve

On the Effective Date, the respective number of Reserved Warrants, if any, and Reserved Shares will be placed in the applicable Unsecured Claims Reserve by Reorganized LGII for the benefit of holders of Allowed Claims in each Division of Class 11.

2. Property Held in Unsecured Claims Reserve

a. Dividends and Distributions

Cash dividends and other distributions on account of New Common Stock to be held in an Unsecured Claims Reserve will be transferred to the respective Unsecured Claims Reserve concurrently with the transfer of such dividends and other distributions to other holders of New Common Stock. Cash held in an Unsecured Claims Reserve as a result of such dividends and other distributions (i) will be deposited in a segregated bank account in the name of the applicable Disbursing Agent and held in trust pending distribution by the Disbursing Agent for the benefit of holders of the respective Division of Class 11 Claims, (ii) will be accounted for separately and (iii) will not constitute property of the Reorganized Debtors. The Disbursing Agent will invest the cash held in the Unsecured Claims Reserve in a manner consistent with the Reorganized Debtors' investment and deposit guidelines. The Disbursing Agent also will place in the Unsecured Claims Reserve the Cash Investment

Yield from such investment of cash, and distributions on account of each Allowed Claim in Class 11 will include a Pro Rata share of the Cash Investment Yield from such investment of cash.

b. Recourse

Each holder of an Allowed Claim (or a Disputed Claim that ultimately becomes an Allowed Claim) in Class 11 will have recourse only to the undistributed cash, New Common Stock and New Warrants held in the applicable Unsecured Claims Reserve for satisfaction of the distributions to which holders of that Division of Allowed Claims in Class 11 are entitled under the Plan, and not to any Reorganized Debtor, its property or any assets previously distributed on account of any Allowed Claim.

E. Delivery of Distributions and Undeliverable or Unclaimed Distributions

1. Delivery of Distributions

a. Generally

Except as provided in Section VI.E.1.b, distributions to holders of Allowed Claims or Allowed Interests will be made by a Disbursing Agent (i) at the addresses set forth on the respective proofs of Claim Filed by holders of such Claims, (ii) at the addresses set forth in any written certification of address change delivered to the Disbursing Agent (including pursuant to a letter of transmittal delivered to a Disbursing Agent) after the date of Filing of any related proof of Claim or (iii) at the addresses reflected in the applicable Debtor's Schedules if no proof of Claim has been Filed and the Disbursing Agent has not received a written notice of a change of address.

b. Special Provisions for Distributions to Holders of Public Note Claims

Subject to the requirements of Section VI.J, distributions to holders of Allowed Public Note Claims will be made by a Disbursing Agent to the record holders of the Public Notes as of the Distribution Record Date, as identified on a record holder register to be provided to the Disbursing Agent by the applicable Indenture Trustee within five Business Days after the Distribution Record Date. Such record holder register: (i) will provide the name, address and holdings of each respective registered holder of Public Notes as of the Distribution Record Date; and (ii) must be consistent with such Indenture Trustee's Allowed proof of Claim. Each entry on such record holder register will be treated as an Allowed Class 5, Class 6 or Class 7 Claim, as the case may be, for purposes of distributions made pursuant to this Article VI.

c. Special Provisions for Distributions to Holders of Credit Facility Claims

Cash distributions to holders of Allowed Claims arising under the BMO Revolving Credit Facility or the MEIP Credit Facility will be paid to the respective administrative agent of each such facility for distribution by such administrative agent to the holders consistent with Exhibit III.C; *provided, however*, that, notwithstanding any other provisions of the Plan and regardless of the occurrence of the Exit Financing Term Loan Closing, such administrative agent shall be entitled to reserve or set off from the amount of such cash or other non-cash distribution otherwise distributable or payable to such holders the full amount that is (i) undrawn under any letters of credit (a) issued under the BMO Revolving Credit Facility or the MEIP Credit Facility and (b) outstanding as of the Effective Date, or (ii) otherwise owed or payable to such administrative agent pursuant to the reimbursement and indemnification provisions contained in Section 11.8 of the BMO Revolving Credit Facility or Section 7.05 of the MEIP Credit Facility. Subject to the preceding, and subject to the requirements of Section VI.J, non-cash distributions to holders of Allowed Claims arising under the BMO Revolving Credit Facility or the MEIP Credit Facility will be made by a Disbursing Agent to the holders of such Claims as of the Distribution Record Date, as identified on a register to be provided to the Disbursing Agent by the administrative agent under the respective credit agreement within five Business Days after the Distribution Record Date. Such register: (i) will provide the name, address and claim amount of each respective holder of such Claims as of the Distribution Record Date; and (ii) must be consistent with Exhibit III.C. At least five Business Days prior to making any non-cash distributions on account of Allowed Claims arising under the BMO Revolving Credit Facility or the MEIP Credit Facility, the

Disbursing Agent will provide to the administrative agent under the respective credit agreement a schedule setting forth the type and amount of the distributions to be made to each holder of such Allowed Claims.

2. Undeliverable Distributions Held by Disbursing Agents

a. Holding and Investment of Undeliverable Distributions; Undelivered New Common Stock

i. If any distribution to a holder of an Allowed Claim or Allowed Interest is returned to a Disbursing Agent as undeliverable, no further distributions will be made to such holder unless and until the applicable Disbursing Agent is notified by written certification of such holder's then-current address. Subject to Section VI.E.2.c, undeliverable distributions will remain in the possession of the applicable Disbursing Agent pursuant to this Section VI.E.2.a.i until such time as a distribution becomes deliverable. Undeliverable cash (including dividends or other distributions on account of undeliverable New Common Stock) will be held in segregated bank accounts in the name of the applicable Disbursing Agent for the benefit of the potential claimants of such funds. Any Disbursing Agent holding undeliverable cash will invest such cash in a manner consistent with the Reorganized Debtors' investment and deposit guidelines. Undeliverable New Common Stock or New Warrants will be held by the applicable Disbursing Agent for the benefit of the potential claimants of such securities.

ii. Pending the distribution of any New Common Stock, the applicable Disbursing Agent will cause all of the New Common Stock held by it in its capacity as Disbursing Agent to be (A) represented in person or by proxy at each meeting of the stockholders of Reorganized LGII, (B) voted in any election of directors of Reorganized LGII for the nominees recommended by the board of directors of Reorganized LGII and (C) voted with respect to any other matter as recommended by the board of directors of Reorganized LGII.

b. After Distributions Become Deliverable

On each Quarterly Distribution Date, the applicable Disbursing Agents will make all distributions that become deliverable to holders of Allowed Claims or Allowed Interests during the preceding calendar quarter. Each such distribution will include, to the extent applicable: (i) a Pro Rata share of dividends or other distributions, if any, that were previously paid to the Disbursing Agent in respect of any New Common Stock included in such distribution; and (ii) a Pro Rata share of the Cash Investment Yield from the investment of any undeliverable cash (including dividends or other distributions on undeliverable New Common Stock) from the date that such distribution would have first been due had it then been deliverable to the date that such distribution becomes deliverable.

c. Failure to Claim Undeliverable Distributions

Any holder of an Allowed Claim or Allowed Interest that does not assert a claim pursuant to the Plan for an undeliverable distribution to be made by a Disbursing Agent within two years after the later of (i) the Effective Date and (ii) the last date on which a distribution was deliverable to such holder will have its claim for such undeliverable distribution discharged and will be forever barred from asserting any such claim against the Reorganized Debtors or their respective property. In such cases with respect to Allowed Claims or Allowed Interests in any Division of Class 11: (i) unclaimed cash, New Common Stock and New Warrants will be retained in the applicable Unsecured Claims Reserve for Pro Rata redistribution to holders of Allowed Claims in such Division, pursuant to Section VI.H.2.b; and (ii) for purposes of this redistribution, each Allowed Claim in such Division of Class 11 for which such distributions are undeliverable will be deemed disallowed in its entirety. In such cases with respect to Allowed Claims in any Class other than Class 11, unclaimed distributions will become property of Reorganized LGII, free of any restrictions thereon, and any such unclaimed distribution held by a Third Party Disbursing Agent will be returned to Reorganized LGII. Nothing contained in the Plan will require any Debtor, Reorganized Debtor or Disbursing Agent to attempt to locate any holder of an Allowed Claim or an Allowed Interest.

F. Distribution Record Date

1. A Disbursing Agent will have no obligation to recognize the transfer of, or the sale of any participation in, any Allowed Claim that occurs after the close of business on the Distribution Record Date and will be entitled for all purposes herein to recognize and make distributions only to those holders of Allowed Claims that are holders of such Claims, or participants therein, as of the close of business on the Distribution Record Date.

2. As of the close of business on the Distribution Record Date, the respective transfer registers for the Public Notes, as maintained by the Debtors or the Indenture Trustee, will be closed. The applicable Disbursing Agent will have no obligation to recognize the transfer or sale of any Public Note Claim that occurs after the close of business on the Distribution Record Date and will be entitled for all purposes herein to recognize and make distributions only to those holders of Public Note Claims who are holders of such Claims as of the close of business on the Distribution Record Date.

3. Except as otherwise provided in a Final Order of the Bankruptcy Court, the transferees of Claims that are transferred pursuant to Bankruptcy Rule 3001 on or prior to the Distribution Record Date will be treated as the holders of such Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to such transfer has not expired by the Distribution Record Date.

G. Means of Cash Payments

Except as otherwise specified herein, cash payments made pursuant to the Plan will be in U.S. currency by checks drawn on a domestic bank selected by the applicable Debtor or Reorganized Debtor or, at the option of the applicable Debtor or Reorganized Debtor, by wire transfer from a domestic bank; *provided, however*, that cash payments to foreign holders of Allowed Trade Claims may be made, at the option of the applicable Debtor or Reorganized Debtor, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

H. Timing and Calculation of Amounts To Be Distributed

1. Allowed Claims in Classes Other than Class 11

Subject to Section VI.A, on the Effective Date, each holder of an Allowed Claim or Allowed Interest in a Class other than Class 11 will receive the full amount of the distributions that the Plan provides for Allowed Claims or Allowed Interests in the applicable Class. On each Quarterly Distribution Date, distributions also will be made, pursuant to Section VII.C, to holders of Disputed Claims in any such Class that were allowed during the preceding calendar quarter. Such quarterly distributions also will be in the full amount that the Plan provides for Allowed Claims in the applicable Class.

2. Allowed Claims in Class 11

a. Initial Distributions

The amount of distributions to be made on the Effective Date (subject to Section VI.A) to holders of Allowed Claims in a Division of Class 11 on account of such Claims will be made from the applicable Unsecured Claims Reserve and will be calculated as if each Disputed Claim in such Division were an Allowed Claim in its Face Amount. On each Quarterly Distribution Date, distributions also will be made, pursuant to Section VII.C, to holders of Disputed Claims in a Division of Class 11 that were allowed during the preceding calendar quarter. Such quarterly distributions also will be calculated pursuant to the provisions set forth in this Section VI.H.2.a.

b. Additional Distributions on Account of Previously Allowed Claims

On the fourth Quarterly Distribution Date and annually thereafter, each holder of a Claim previously allowed in a Division of Class 11 will receive an additional distribution from the applicable Unsecured Claims Reserve on account of such Claim in an amount equal to: (i) the amount of New Common Stock and New

Warrants that such holder would have been entitled to receive pursuant to Section VI.H.2.a as if such Claim had become an Allowed Claim on the applicable Quarterly Distribution Date, *minus*, in each case, (ii) the aggregate amount of New Common Stock and New Warrants previously distributed on account of such Claim. Each such additional distribution also will include, on the basis of the amount then being distributed (i) a Pro Rata share of any dividends or other distributions made on account of the New Common Stock held in the applicable Unsecured Claims Reserve and (ii) a Pro Rata share of the related Cash Investment Yield from the investment of any cash dividends and other distributions in the Unsecured Claims Reserve, from the date such cash was deposited into the Unsecured Claims Reserve to the date that such distribution is made.

3. Distributions of New Equity and New Notes

a. Notwithstanding any other provision of the Plan, only whole numbers of shares of New Common Stock and New Warrants exercisable to purchase whole numbers of shares of New Common Stock will be issued. When any distribution on account of an Allowed Claim or an Allowed Interest would otherwise result in the issuance of a number of shares of New Common Stock that is not a whole number or New Warrants exercisable to purchase a number of shares of New Common Stock that is not a whole number, the number of shares of such stock will be rounded to the next higher or lower whole number as follows: (a) fractions equal to or greater than ½ will be rounded to the next higher whole number and (b) fractions less than ½ will be rounded to the next lower whole number. The total number of shares of New Common Stock to be distributed or shares of New Common Stock issuable upon exercise of such New Warrants on account of Allowed Claims and Allowed Interests will be adjusted as necessary to account for the rounding provided for in this Section VI.H.3. No consideration will be provided in lieu of fractional shares that are rounded down.

b. Notwithstanding any other provisions of the Plan, principal amounts of the New Five-Year Secured Notes, New Two-Year Unsecured Notes, New Seven-Year Unsecured Notes and New Unsecured Subordinated Convertible Notes will be issued only in denominations of $100 and integral multiples thereof. When any distribution on account of an Allowed Claim would otherwise result in the issuance of a New Five-Year Secured Note, New Two-Year Unsecured Note, New Seven-Year Unsecured Note or New Unsecured Subordinated Convertible Note with an aggregate principal amount that is not an integral multiple of $100, the actual distribution of such notes shall be rounded to the next higher or lower integral multiple of $100, as follows: (i) principal amounts of $50 or greater shall be rounded to the next higher integral multiple of $100, and (ii) principal amounts of less than $50 shall be rounded to the next lower integral multiple of $100. No consideration shall be provided in lieu of principal amounts of a New Five-Year Secured Note, New Two-Year Unsecured Note, New Seven-Year Unsecured Note or New Unsecured Subordinated Convertible Note that is rounded down.

4. De Minimis Distributions

No Disbursing Agent will distribute cash to the holder of an Allowed Claim in an impaired Class if the amount of cash to be distributed on account of such Claim is less than $25. Any holder of an Allowed Claim on account of which the amount of cash to be distributed is less than $25 will have its claim for such distribution discharged and will be forever barred from asserting any such claim against the Reorganized Debtors or their respective property. Any cash not distributed pursuant to this Section VI.H.4 with respect to Claims in a Class other than Class 11 will be the property of Reorganized LGII, free of any restrictions thereon, and any such cash held by a Third Party Disbursing Agent will be returned to Reorganized LGII. Any cash not distributed pursuant to this Section VI.H.4 with respect to Allowed Claims in a Division of Class 11, including dividends or other distributions made on account of New Common Stock held in an Unsecured Claims Reserve, will be retained in the applicable Unsecured Claims Reserve for redistribution Pro Rata to holders of Allowed Claims in the applicable Division of Class 11, pursuant to Section VI.H.2.b. For purposes of this redistribution, each Allowed Claim in Class 11 for which distributions are less than $25 will have its claim for such distribution discharged and will be forever barred from asserting any such claim against the Unsecured Claims Reserve or otherwise.

5. Compliance with Tax Requirements

a. In connection with the Plan, to the extent applicable, each Disbursing Agent will comply with all Tax withholding and reporting requirements imposed on it by any governmental unit, and all distributions pursuant to the Plan will be subject to such withholding and reporting requirements. Each Disbursing Agent will be authorized to take any actions that may be necessary or appropriate to comply with such withholding and reporting requirements.

b. Notwithstanding any other provision of the Plan, each entity receiving a distribution of cash, New Five-Year Secured Notes, New Two-Year Unsecured Notes, New Seven-Year Unsecured Notes, New Unsecured Subordinated Convertible Notes, New Common Stock, New Warrants or interests in the Liquidating Trust pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any Tax obligations imposed on it by any governmental unit on account of such distribution, including income, withholding and other Tax obligations.

I. Setoffs

Except with respect to claims of a Debtor or Reorganized Debtor released pursuant to the Plan or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the Reorganized Debtors or, as instructed by the applicable Reorganized Debtor or its successor, a Third Party Disbursing Agent may, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before any distribution is made on account of such Claim) the claims, rights and causes of action of any nature that the applicable Debtor or Reorganized Debtor or its successor may hold against the holder of such Allowed Claim; *provided, however*, that neither the failure to effect a setoff nor the allowance of any Claim hereunder will constitute a waiver or release by the applicable Debtor or Reorganized Debtor or its successor of any claims, rights and causes of action that the Debtor or Reorganized Debtor or its successor may possess against such a Claim holder.

J. Surrender of Canceled Instruments or Securities

As a condition precedent to receiving any distribution pursuant to the Plan on account of an Allowed Claim or Allowed Interest evidenced by the notes, instruments, securities or other documentation canceled pursuant to Section IV.I, the holder of such Claim or Interest must tender, as specified in this Section VI.J, the applicable notes, instruments, securities or other documentation evidencing such Claim or Interest to the applicable Disbursing Agent, together with any letter of transmittal required by such Disbursing Agent. Pending such surrender, any distributions pursuant to the Plan on account of any such Claim or Interest will be treated as an undeliverable distribution pursuant to Section VI.E.2.

1. Tender of Public Notes

Except as provided in Section VI.J.2 for lost, stolen, mutilated or destroyed Public Notes or as otherwise provided herein, each holder of an Allowed Public Note Claim shall surrender such certificated security to the respective Indenture Trustee by mail, in person, electronically or by other means acceptable to such Indenture Trustee for cancellation. All surrendered Public Notes will be marked as canceled and delivered to the appropriate Reorganized Debtor. Surrender of a global certificate held in the name of Cede & Co. Inc. shall constitute surrender for the purposes of this provision.

2. Lost, Stolen, Mutilated or Destroyed Notes

Any holder of an Allowed Public Note Claim with respect to which the underlying Public Note has been lost, stolen, mutilated or destroyed must, in lieu of surrendering such Public Note, deliver to the applicable Indenture Trustee (a) evidence satisfactory to the Indenture Trustee of the loss, theft, mutilation or destruction and (b) such security or indemnity as may be required by the Indenture Trustee to hold the Indenture Trustee and the Reorganized Debtors, as applicable, harmless from any damages, liabilities or costs incurred in treating such individual as a holder of a Public Note. Upon compliance with this Section VI.J.2 by a holder of an Allowed Public

Note Claim, such holder will, for all purposes under the Plan, be deemed to have surrendered the applicable Public Note.

3. Failure to Surrender Public Notes

Any holder of an Allowed Public Note Claim that fails to surrender or be deemed to have surrendered the applicable Public Notes within two years after the Effective Date will have its right to distributions pursuant to the Plan on account of such Public Note Claim discharged and will be forever barred from asserting any such Claim against the Reorganized Debtors or their respective property. In such case, any cash, New Five-Year Secured Notes, New Two-Year Unsecured Notes, New Seven-Year Unsecured Notes or New Common Stock held for distribution on account of such Public Note Claim will be treated pursuant to the provisions set forth in Section VI.E.2.c.

4. Other Notes

Except as otherwise provided in this Section VI.J, holders of Allowed Claims will be required to tender any notes evidencing such Claims or, if not evidenced by a note, any other instrument evidencing their respective Allowed Claims to the applicable Disbursing Agent as and when such entities receive distributions under the Plan. If any such entity's notes or other instruments evidencing its Allowed Claims are lost, stolen, mutilated or destroyed, such entity will be required, in lieu of surrendering such note or other instrument, to deliver to the applicable Disbursing Agent (a) evidence satisfactory to the Disbursing Agent of the loss, theft, mutilation or destruction and (b) such security or indemnity as may be required by the Disbursing Agent to hold the Disbursing Agent and the Reorganized Debtors, as applicable, harmless from any damages, liabilities or costs incurred in treating such individual as the holder of such Claims.

ARTICLE VII

PROCEDURES FOR RESOLVING DISPUTED CLAIMS

A. Prosecution of Objections to Claims

1. Objections to Claims

All objections to Claims must be Filed and served on the holders of such Claims by the Claims Objection Bar Date, and, if Filed prior to the Effective Date, such objections will be served on the parties on the then-applicable service list in the Reorganization Cases. If an objection has not been Filed to a proof of Claim or a scheduled Claim by the Claims Objection Bar Date, the Claim to which the proof of Claim or scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been allowed earlier. An objection is deemed to have been timely Filed as to all Tort Claims, thus making each such Claim a Disputed Claim as of the Claims Objection Bar Date. Each such Tort Claim will remain a Disputed Claim until it becomes an Allowed Claim in accordance with Section I.A.4. As of the Effective Date, the Debtors will be deemed to have waived any and all objections to the Allowed CTA Note claims in the amounts listed on Exhibit III.C, all of which Claims in such amounts will be treated as Allowed Claims for all purposes of the Plan.

2. Authority to Prosecute Objections

After the Confirmation Date, only the Debtors or the Reorganized Debtors or their successors will have the authority to File, settle, compromise, withdraw or litigate to judgment objections to Claims, including pursuant to any alternative dispute resolution or similar procedures previously or hereafter approved by the Bankruptcy Court. After the Effective Date, the Reorganized Debtors or their successors may settle or compromise any Disputed Claim without approval of the Bankruptcy Court.

B. Treatment of Disputed Claims

Notwithstanding any other provisions of the Plan, no payments or distributions will be made on account of a Disputed Claim until such Claim becomes an Allowed Claim. In lieu of distributions under the Plan to holders of Disputed Claims in Class 11, if allowed, the applicable Unsecured Claims Reserve will be established on the Effective Date to hold property for the benefit of these Claim holders, as well as holders of Allowed Claims in that Division of Class 11. Reorganized LGII will fund each Unsecured Claims Reserve with New Common Stock and New Warrants, as described in Section VI.D.1.

C. Distributions on Account of Disputed Claims Once Allowed

On each Quarterly Distribution Date, the applicable Disbursing Agent will make all distributions on account of any Disputed Claim that has become an Allowed Claim during the preceding calendar quarter. Such distributions will be made pursuant to the provisions of the Plan governing the applicable Class, including the incremental distribution provisions set forth in Section VI.H.2.

D. Tax Requirements for Income Generated by Unsecured Claims Reserve

The recovery of holders of Allowed Claims in a Division of Class 11 consists of the treatment set forth herein and the post-Effective Date interest on the cash portion of distributions in respect of such Claims, if any, at a rate determined by the Cash Investment Yield. Therefore, the Reorganized Debtors and the holders of all Allowed Claims in a Division of Class 11 will treat cash distributions of the Cash Investment Yield as interest for all income Tax purposes, and the applicable Reorganized Debtor will cause such information returns to be issued to such holders consistent with this treatment as may be required by any governmental unit. The applicable Reorganized Debtor will include in its Tax returns all items of income, deduction and credit of the particular Unsecured Claims Reserve; *provided, however*, that no distribution will be made to the applicable Reorganized Debtor out of the Unsecured Claims Reserves as a result of this inclusion. The applicable Disbursing Agent will pay, or cause to be paid, out of the funds held in the applicable Unsecured Claims Reserve, any Tax imposed on the Unsecured Claims Reserve (as opposed to the applicable Reorganized Debtor or the holders of Allowed Claims in a Division of Class 11) by any governmental unit with respect to income generated by the funds and New Common Stock held in a Division of Unsecured Claims Reserve. The applicable Disbursing Agent also will file or cause to be filed any Tax or information return related to the applicable Unsecured Claims Reserve that is required by any governmental unit.

ARTICLE VIII

SUBSTANTIVE CONSOLIDATION OF THE DEBTORS

The Debtors reserve the right to seek approval of the Bankruptcy Court for the substantive consolidation of some or all of the Debtors for the purpose of implementing the Plan, including for purposes of voting, Confirmation and distributions to be made under the Plan.

ARTICLE IX

CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions to Confirmation

The Bankruptcy Court will not enter the Confirmation Order unless and until the following conditions have been satisfied or duly waived pursuant to Section IX.C:

1. The Confirmation Order shall be reasonably acceptable in form and substance to the Debtors.

2. The Debtors shall have received a commitment for the Exit Financing Revolving Credit Facility from the Exit Financing Facility Agent Bank on terms and conditions satisfactory to the Debtors.

3. The Plan shall not have been amended, altered or modified from the Plan as Filed on September 10, 2001, unless such amendment, alteration or modification is in form and substance reasonably satisfactory to the Debtors.

4. The Bankruptcy Court shall have entered an order (as part of the Confirmation Order) approving and authorizing pursuant to Bankruptcy Rule 9019 the settlement of the CTA Issue, other matters that are the subject of Adversary Proceeding No. 00-01181 and other issues relating to the CTA Note Claims as provided in this Plan and providing for the dismissal with prejudice of all claims in Adversary Proceeding No. 00-01181 pending before the Bankruptcy Court as of the Effective Date.

5. To the extent permitted under applicable law, the Confirmation Order shall provide that: (a) the treatment in the Plan of CTA Note Claims is fair, reasonable, and adequate in light of the litigation risks confronting Indenture Trustees and holders of CTA Note Claims in Adversary Proceeding No. 00-01181 pending before the Bankruptcy Court; (b) the decisions of certain holders of CTA Note Claims to accept the Plan under which their CTA Note Claims are not treated on a *pari passu* basis with the CTA Note Claims of certain other holders of such CTA Note Claims were appropriate and reasonable in light of the litigation risks that they faced in Adversary Proceeding No. 00-01181; and (c) Reserved CTA Claims of any holder of a CTA Note Claim shall in no way be prejudiced or adversely affected by virtue of the fact that any holder of any such claim voted in favor of the Plan, did not challenge the treatment of its Claim or its recovery under the Plan, did not pursue to conclusion its claims or defenses in Adversary Proceeding No. 00-01181 pending before the Bankruptcy Court, or otherwise did not fully pursue any rights that it may have had with respect to its CTA Note Claim before the Bankruptcy Court.

B. Conditions to the Effective Date

The Effective Date will not occur and the Plan will not be consummated unless and until each of the following conditions have been satisfied or duly waived pursuant to Section IX.C:

1. The documents effectuating the Exit Financing Revolving Credit Facility shall have been executed and delivered by Reorganized LGII and the Exit Financing Facility Agent Bank.

2. The Plan shall not have been amended, altered or modified from the Plan as Filed on September 10, 2001, unless such amendment, alteration or modification is, and all Exhibits to the Plan are, in form and substance reasonably satisfactory to the Debtors.

3. Each of the New Five-Year Secured Notes Indenture (if any New Five-Year Secured Notes will be issued pursuant to the Plan), the New Two-Year Unsecured Notes Indenture (if any New Two-Year Unsecured Notes will be issued pursuant to the Plan), the New Seven-Year Unsecured Notes Indenture and the New Unsecured Subordinated Convertible Notes Indenture shall have been qualified under the Trust Indenture Act of 1939, as amended.

4. The New Common Stock shall have been registered under the Exchange Act pursuant to either a Form 8-A Registration Statement or a Form 10 Registration Statement that has become effective under the Exchange Act.

5. The shares of New Common Stock to be issued pursuant to the Plan shall have been designated as Nasdaq National Market securities by The Nasdaq Stock Market, Inc. or authorized for listing on or accepted for quotation through a National Securities Exchange subject to official notice of issuance.

6. The Bankruptcy Court shall have entered an order (contemplated to be part of the Confirmation Order) approving and authorizing the Debtors and the Reorganization Debtors to take all actions necessary or appropriate to implement the Plan in form and substance acceptable to the Debtors, including completion of the Restructuring Transactions and the other transactions contemplated by the Plan and the implementation and

consummation of the contracts, instruments, releases and other agreements or documents entered into or delivered in connection with the Plan.

7. The CCAA Order shall be reasonably acceptable in form and substance to the Debtors and shall have been entered and become a Final Order.

8. Adversary Proceeding No. 00-01181 and the adversary proceedings listed on Exhibit IX.B.8 shall have been dismissed with prejudice.

9. The board of directors of LGII shall have approved, for purposes of Section 203 of the General Corporation Law of the State of Delaware: (a) the issuance pursuant to the Plan of New Common Stock to any person or entity that will become the owner of 15% or more of the outstanding New Common Stock as a result of such issuance and (b) any issuance to any person or entity that will become the owner of 12% or more but less than 15% of the outstanding New Common Stock as a result of the issuance pursuant to the Plan of New Common Stock which causes such person or entity to become the owner of 15% or more of the outstanding New Common Stock; *provided, however*, that nothing in clause (b) of this Section IX.B.9 will obligate Reorganized LGII to issue any shares of New Common Stock to any person or entity.

10. Before or as of the Effective Date, (a) letter of credit number SLCDC 3896/912993, as amended, issued under the BMO Revolving Credit Facility, the beneficiary of which is First Union National Bank, in the current undrawn amount of $5,000,000 shall have expired or been replaced with no further drawings thereon, and (b) letter of credit number SLCDC 3896/91198, as amended, issued under the BMO Revolving Credit Facility, the beneficiary of which Wachovia Bank of Georgia, N.A., in the current undrawn amount of approximately $1,405,000 shall have expired or been replaced with no further drawings thereon.

C. Waiver of Conditions to Confirmation or the Effective Date

The conditions to Confirmation set forth in Section IX.A and the conditions to the Effective Date set forth in Section IX.B may be waived in whole or part by the Debtors at any time without an order of the Bankruptcy Court with the consent of the Principal CTA Creditors and the Creditors' Committee or otherwise pursuant to an order of the Bankruptcy Court; *provided, however*, that the conditions of Sections IX.A.4, IX.A.5, IX.B.6 and IX.B.7 may only be waived pursuant to an order of the Bankruptcy Court.

D. Effect of Nonoccurrence of Conditions to the Effective Date

If each of the conditions to the Effective Date is not satisfied or duly waived in accordance with Section IX.C, then upon motion by the Debtors made before the time that each of such conditions has been satisfied or duly waived and upon notice to such parties in interest as the Bankruptcy Court may direct, the Confirmation Order will be vacated by the Bankruptcy Court; *provided, however*, that, notwithstanding the Filing of such motion, the Confirmation Order may not be vacated if each of the conditions to the Effective Date is either satisfied or duly waived before the Bankruptcy Court enters an order granting such motion. If the Confirmation Order is vacated pursuant to this Section IX.D: (1) the Plan will be null and void in all respects, including with respect to (a) the discharge of Claims and termination of Interests pursuant to section 1141 of the Bankruptcy Code and (b) the assumptions, assignments or rejections of Executory Contracts and Unexpired Leases pursuant to Sections V.A and V.C; and (2) nothing contained in the Plan will (a) constitute a waiver or release of any claims by or against, or any Interest in, the Debtors or (b) prejudice in any manner the rights of the Debtors or any other party in interest.

ARTICLE X

CRAMDOWN

The Debtors request Confirmation under section 1129(b) of the Bankruptcy Code with respect to: (a) any impaired Class or Division of Class 11 that does not accept the Plan pursuant to section 1126 of the Bankruptcy Code; and (b) any Class that is deemed to have not accepted the Plan pursuant to section 1126(g) of the

Bankruptcy Code. The Debtors reserve the right to modify the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

ARTICLE XI

DISCHARGE, TERMINATION, INJUNCTION AND SUBORDINATION RIGHTS

A. Discharge of Claims and Termination of Interests

1. Except as provided in the Plan or in the Confirmation Order, the rights afforded under the Plan and the treatment of Claims and Interests under the Plan will be in exchange for and in complete satisfaction, discharge and release of all Claims and termination of all Interests arising on or before the Effective Date, including any interest accrued on Claims from the Petition Date. Except as provided in the Plan or in the Confirmation Order, Confirmation will, as of the Effective Date: (a) discharge the Debtors from all Claims or other debts that arose on or before the Effective Date, and all debts of the kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not (i) a proof of Claim based on such debt is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code, (ii) a Claim based on such debt is allowed pursuant to section 502 of the Bankruptcy Code or (iii) the holder of a Claim based on such debt has accepted the Plan; and (b) terminate all Interests and other rights of equity security holders in the Debtors.

2. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, as of the Effective Date, the Confirmation Order will be a judicial determination of a discharge of all Claims and other debts and liabilities against the Debtors and a termination of all Interests and other rights of equity security holders in the Debtors, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge will void any judgment obtained against a Debtor at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

B. Injunctions

1. Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all entities that have held, currently hold or may hold a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan will be permanently enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities or terminated Interests or rights: (a) commencing or continuing in any manner any action or other proceeding against the Debtors, the Reorganized Debtors or their respective property, other than to enforce any right pursuant to the Plan to a distribution; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors, the Reorganized Debtors or their respective property, other than as permitted pursuant to (a) above; (c) creating, perfecting or enforcing any lien or encumbrance against the Debtors, the Reorganized Debtors or their respective property; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors or the Reorganized Debtors; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

2. As of the Effective Date, all entities that have held, currently hold or may hold any claims, demands, rights, causes of action or liabilities that are released, waived or discharged pursuant to the Plan, including pursuant to Section IV.F or the Confirmation Order, will be permanently enjoined from taking any action against any released person or entity or its property on account of such released, waived or discharged claims, demands, rights, causes of action or liabilities, including without limitation: (a) commencing or continuing in any manner any action or other proceeding; (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (c) creating, perfecting or enforcing any lien or encumbrance; (d) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to any released entity; and (e) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan or Confirmation Order.

3. In the event an action, suit or proceeding is brought against a person or entity in respect to a claim, demand, right, cause of action, liability or other matter in respect to which such person or entity has been released,

waived or discharged under the Plan, including Section IV.F or the Confirmation Order, the reasonable attorneys' fees and costs of such person or entity in successfully defending such action, suit or proceeding will be paid by the party or parties commencing such action, suit or proceeding and, as a condition to going forward with such action, suit, or proceeding at the outset thereof, the party or parties commencing such action, suit or proceeding shall be required to provide adequate assurance of their capacity to make such payment of reasonable attorneys' fees and costs.

4. By accepting distributions pursuant to the Plan, each holder of an Allowed Claim or Allowed Interest receiving distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions and other provisions set forth in this Section XI.B.

C. Termination of Subordination Rights and Settlement of Related Claims and Controversies

1. The classification and manner of satisfying all Claims and Interests under the Plan take into consideration all subordination rights, whether arising under general principles of equitable subordination, contract, section 510(c) of the Bankruptcy Code or otherwise, that a holder of a Claim or Interest may have against other Claim or Interest holders with respect to any distribution made pursuant to the Plan. All subordination rights that a holder of a Claim or Interest may have with respect to any distribution to be made pursuant to the Plan will be discharged and terminated, and all actions related to the enforcement of such subordination rights will be permanently enjoined. Accordingly, distributions pursuant to the Plan to holders of Allowed Claims or Allowed Interests will not be subject to payment to a beneficiary of such terminated subordination rights or to levy, garnishment, attachment or other legal process by a beneficiary of such terminated subordination rights.

2. Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan will constitute a good faith compromise and settlement of all claims or controversies relating to the subordination rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Allowed Interest or any distribution to be made pursuant to the Plan on account of any Allowed Claim or Allowed Interest. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors, the Reorganized Debtors and their respective property and Claim and Interest holders and is fair, equitable and reasonable.

ARTICLE XII

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain such jurisdiction over the Reorganization Cases after the Effective Date as is legally permissible, including jurisdiction to:

1. Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest, including: (a) the resolution of any request for payment of any Administrative Claim; (b) the resolution of any objections to the allowance, priority or classification of Claims or Interests; (c) the resolution of any objection to any approval of the Indenture Trustees' or CTA Trustee's fees and expenses pursuant to Section III.E; and (d) the resolution of any objection to any fees and expenses pursuant to Section III.F;

2. Grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan for periods ending on or before the Effective Date;

3. Resolve any matters related to the assumption, assumption and assignment or rejection of any Executory Contract or Unexpired Lease to which any Debtor is a party or with respect to which any Debtor or Reorganized Debtor may be liable and to hear, determine and, if necessary, liquidate any Claims arising therefrom, including any Cure Amount Claims;

4. Resolve any matters related to the Disposition Properties;

5. Ensure that distributions to holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

6. Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters, including the Retained Claims, and the Recovery Actions to the extent not released hereunder, and grant or deny any applications involving the Debtors that may be pending on the Effective Date or brought thereafter;

7. Enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents entered into or delivered in connection with the Plan, the Disclosure Statement or the Confirmation Order;

8. Resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan or any contract, instrument, release or other agreement or document that is entered into or delivered pursuant to the Plan or any entity's rights arising from or obligations incurred in connection with the Plan or such documents;

9. Modify the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code; modify the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the Disclosure Statement or the Confirmation Order; or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document entered into, delivered or created in connection with the Plan, the Disclosure Statement or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan;

10. Issue injunctions, enforce the injunctions contained in the Plan and the Confirmation Order, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with consummation, implementation or enforcement of the Plan or the Confirmation Order;

11. Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked or vacated or distributions pursuant to the Plan are enjoined or stayed;

12. Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, the Disclosure Statement or the Confirmation Order;

13. Enter a final decree closing the Reorganization Cases; and

14. Determine matters concerning state, local and federal Taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code, including any Disputed Claims for Taxes.

15. Determine any issues or disputes concerning whether a proceeding constitutes an Eligible Group III Proceeding or otherwise as contemplated by Section III.I.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

A. Dissolution of the Creditors' Committee

On the Effective Date, the Creditors' Committee will dissolve and the members of the Creditors' Committee will be released and discharged from all duties and obligations arising from or related to the Reorganization Cases. The Professionals retained by the Creditors' Committee and the members thereof will not be

entitled to assert any Fee Claim for any services rendered or expenses incurred after the Effective Date, except for services rendered and expenses incurred in connection with any applications for allowance of compensation and reimbursement of expenses pending on the Effective Date or Filed and served after the Effective Date pursuant to Section III.A.1.f.ii.A and in connection with any appeal of the Confirmation Order.

B. Limitation of Liability

The Debtors, the Reorganized Debtors and their respective directors, officers, employees and professionals, acting in such capacity, and the Creditors' Committee and its members and professionals will neither have nor incur any liability to any entity for any act taken or omitted to be taken in connection with or related to the formulation, preparation, dissemination, implementation, Confirmation or consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into, or any other act taken or omitted to be taken, in connection with the Plan; *provided, however*, that the foregoing provisions of this Section XIII.B will have no effect on: (1) the liability of any entity that would otherwise result from the failure to perform or pay any obligation or liability under the Plan or any contract, instrument, release or other agreement or document to be entered into or delivered in connection with the Plan; or (2) the liability of any entity that would otherwise result from any such act or omission to the extent that such act or omission is determined in a Final Order to have constituted gross negligence or willful misconduct.

C. Modification of the Plan

Subject to the restrictions on modifications set forth in section 1127 of the Bankruptcy Code, the Debtors or the Reorganized Debtors, as applicable, reserve the right to alter, amend or modify the Plan before its substantial consummation.

D. Revocation of the Plan

The Debtors reserve the right to revoke or withdraw the Plan as to any or all of the Debtors prior to the Confirmation Date. If the Debtors revoke or withdraw the Plan as to any or all of the Debtors, or if Confirmation as to any or all of the Debtors does not occur, then, with respect to such Debtors, the Plan will be null and void in all respects, and nothing contained in the Plan will: (1) constitute a waiver or release of any claims by or against, or any Interests in, such Debtors; or (2) prejudice in any manner the rights of any Debtors or any other party.

E. Severability of Plan Provisions

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision then will be applicable as altered or interpreted; *provided, however*, that any such alteration or interpretation must be in form and substance acceptable to the Debtors. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

F. Successors and Assigns

The rights, benefits and obligations of any entity named or referred to in the Plan will be binding on, and will inure to the benefit of, any heir, executor, administrator, successor or assign of such entity.

G. Service of Certain Plan Exhibits and Disclosure Statement Exhibits

Because the Exhibits to the Plan are voluminous, the Exhibits are not being served with copies of the Plan and the Disclosure Statement. Any party in interest may review the Plan Exhibits during normal business hours (9:00 a.m. to 4:30 p.m., local time) in the Document Reviewing Centers.

H. Service of Documents

Any pleading, notice or other document required by the Plan or Confirmation Order to be served on or delivered to the Debtors, the Reorganized Debtors or the Creditors' Committee must be sent by overnight delivery service, facsimile transmission, courier service or messenger to:

1. The Debtors and the Reorganized Debtors:

Bradley D. Stam, Esq.
Senior Vice President — Legal & Asset Management
THE LOEWEN GROUP INC.
2225 Sheppard Avenue East
Atria North III, 11th Floor
Toronto, Ontario
Canada M2J 5C2
Fax: (416) 498-2466

-and -

Richard M. Cieri, Esq.
JONES, DAY, REAVIS & POGUE
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
Fax: (216) 579-0212

Henry L. Gompf, Esq.
Gregory M. Gordon, Esq.
JONES, DAY, REAVIS & POGUE
2727 North Harwood Street
Dallas, Texas 75201
Fax: (214) 969-5100

(Counsel to the Debtors and Reorganized Debtors)

2. The Creditors' Committee:

Evan D. Flaschen, Esq.
BINGHAM DANA LLP
One State Street
Hartford, Connecticut 06103
Fax: (860) 240-2800

(Counsel to the Creditors' Committee)

3. The United States Trustee:

Patricia A. Staiano, Esq.
OFFICE OF THE UNITED STATES TRUSTEE
950 Curtis Center West
601 Walnut Street
Philadelphia, Pennsylvania 19106
Fax: (215) 597-5795

Dated: September 10, 2001

Respectfully submitted,

LOEWEN GROUP INTERNATIONAL, INC.

By: /s/ BRADLEY D. STAM
Name: Bradley D. Stam
Title: Senior Vice President, Legal & Asset Management

THE LOEWEN GROUP INC., on its own behalf and on behalf of each of the Loewen Subsidiary Debtors

By: /s/ BRADLEY D. STAM
Name: Bradley D. Stam
Title: Senior Vice President, Legal & Asset Management

COUNSEL:

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GREGORY M. GORDON (TX 08435300)
JONES, DAY, REAVIS & POGUE
2727 North Harwood Street
Dallas, Texas 75201
(214) 220-3939

ATTORNEYS FOR DEBTORS AND DEBTORS IN POSSESSION

Exhibit I.A.18

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

THIS SETTLEMENT AGREEMENT AND MUTUAL RELEASE (this "Agreement"), dated as of April 12, 2001, is entered into by and among Blackstone Capital Partners II Merchant Banking Fund L.P., a Delaware limited partnership ("BCPII"), Blackstone Rose Hills Offshore Capital Partners L.P., a Delaware limited partnership ("BROCP"), Blackstone Family Investment Partnership II, L.P., a Delaware limited partnership ("BFIP", and together with BCPII, and BROCP, "Blackstone"), Blackstone Offshore Capital Partners II L.P., a Delaware limited partnership ("BOCP"), RHI Management Direct L.P., a Delaware limited partnership ("RHIM"), Roses Delaware, Inc., a Delaware corporation ("RDI"), Loewen Group International, Inc. ("LGII"), a Delaware corporation, and The Loewen Group Inc., a British Columbia corporation ("TLGI").

RECITALS:

A. Pursuant to a Subscription Agreement dated November 19, 1996, Blackstone and RHIM purchased an aggregate of 795.4546 shares of the outstanding common stock, par value $.01 per share, of Rose Hills Holdings Corp., a Delaware corporation (such shares, together with any shares or other securities or rights to acquire other securities that were received as a result of Blackstone or RHIM holding such shares, being collectively referred to as "Blackstone's Rose Hills Stock").

B. LGII, TLGI and RDI entered into a Put/Call Agreement dated November 19, 1996 (the "Rose Hills Put/Call Agreement") with Blackstone and RHIM under which LGII has an option to require Blackstone and RHIM to sell to LGII all of Blackstone's Rose Hills Stock owned by each of Blackstone and RHIM, and Blackstone and RHIM have an option to require LGII to purchase such stock (the "Put Option").

C. On June 1, 1999, LGII, TLGI and certain of their subsidiaries and affiliates (collectively, the "Debtors") filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code (the "Bankruptcy Proceedings"). On February 16, 2001, in connection with such Bankruptcy Proceedings, the Debtors filed a First Amended Joint Plan of Reorganization. On the Effective Date of the Plan, LGII will be reorganized as Reorganized LGII, a Delaware corporation.

D. Effective as of the Effective Date, the parties desire to amend, and LGII desires to assume, the Rose Hills Put/Call Agreement subject to the terms and conditions set forth in this Agreement.

E. Effective as of the Effective Date, Blackstone and RHIM desire to exercise the Put Option, and LGII desires to purchase Blackstone's Rose Hills Stock pursuant to such exercise, as set forth in this Agreement.

F. In connection herewith, and except as otherwise provided herein, LGII, TLGI, RDI, Blackstone, BOCP and RHIM desire to resolve all claims any of them have against any other in respect of the Rose Hills Put/Call Agreement, the Prime Put/Call Agreement or otherwise relating to Rose Hills or Prime.

AGREEMENTS:

NOW, THEREFORE, in consideration of the premises and the mutual covenants, terms, and conditions set forth in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. The following terms have the meanings set forth below:

(a) "Agreement" has the meaning set forth in the preamble to this Agreement.

(b) "Bankruptcy Code" means title 11 of the United States Code, 11 U.S.C. §§ 101-1330, as amended.

(c) "Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Bankruptcy Proceedings.

(d) "Bankruptcy Proceedings" has the meaning set forth in Recital C.

(e) "BCPII" has the meaning set forth in the preamble to this Agreement.

(f) "BFIP" has the meaning set forth in the preamble to this Agreement.

(g) "Blackstone" has the meaning set forth in the preamble to this Agreement.

(h) "Blackstone's Rose Hills Stock" has the meaning set forth in Recital A.

(i) "BOCP" has the meaning set forth in the preamble to this Agreement.

(j) "BROCP" has the meaning set forth in the preamble to this Agreement.

(k) "Business" has the meaning set forth in Section 5.

(l) "Closing" has the meaning set forth in Section 11.

(m) "Confirmation Date" means the date on which the Bankruptcy Court enters the Confirmation Order on its docket.

(n) "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan, which order shall also approve this Agreement on terms reasonably satisfactory to the parties hereto.

(o) "CTA" means the Collateral Trust Agreement, dated as of May 15, 1996, among Bankers Trust Company, as trustee, TLGI, LGII and the Pledgors (as defined in the CTA), as amended or modified.

(p) "CTA Note Claims" means the claims under the BMO Revolving Credit Facility, the MEIP Credit Facility, the Series D Notes, the Series E Notes or the Public Notes (as such terms are defined in the Plan), including any and all guaranties thereof.

(q) "Debtors" has the meaning set forth in Recital C.

(r) "Disclosure Statement" means the disclosure statement (including all exhibits and schedules thereto or referenced therein) that relates to the Plan, as approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code, as the same may be amended, modified or supplemented.

(s) "Effective Date" has the meaning ascribed thereto under the Plan.

(t) "Equity Plan" means the Rose Hills Company Phantom Equity Appreciation Plan referred to on Schedule 4(b) hereto.

(u) "HSR Act" means the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended.

(v) "HSR Filings" means any filings required under the HSR Act.

(w) "Government Authority" means any domestic or foreign governmental or regulatory agency, authority, bureau, commission, department, official or similar body or instrumentality thereof, or any governmental court, arbitral tribunal or other body administering alternative dispute resolution.

(x) "Indenture" means the indenture for the Notes between Reorganized LGII and the trustee named therein.

(y) "LGII" has the meaning set forth in the preamble to this Agreement.

(z) "Lien" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, encumbrance or other adverse claim of any kind in respect of such property or asset.

(aa) "New Common Stock" means the common stock, par value $0.01 per share, of Reorganized LGII.

(bb) "Notes" has the meaning set forth in Section 2(b)(ii).

(cc) "Participants" has the meaning set forth in the Rose Hills Company Phantom Equity Appreciation Plan.

(dd) "Plan" means the First Amended Joint Plan of Reorganization filed by the Debtors on February 16, 2001, as such Plan may be amended from time to time so long as any such amendment approves the entry into and consummation of the transactions contemplated by the Agreement.

(ee) "Prime" means Prime Succession Holdings, Inc., a Delaware corporation.

(ff) "Prime Put/Call Agreement" means the Put/Call Agreement, dated August 1996 among TLGI, LGII, RDI, BCPII, BOCP, BFIP and PSI Management Direct L.P.

(gg) "Put Option" has the meaning set forth in Recital B.

(hh) "Reorganized LGII" means LGII on or after the Effective Date.

(ii) "RDI" has the meaning set forth in the preamble to this Agreement.

(jj) "RHIM" has the meaning set forth in the preamble to this Agreement.

(kk) "Rose Hills" means Rose Hills Holdings Corp., a Delaware corporation.

(ll) "Rose Hills Material Adverse Change" means a material adverse change in Rose Hills or its subsidiaries or in the prospects or results of operations of the Business occurring on or after December 31, 2000.

(mm) "Rose Hills Put/Call Agreement" has the meaning set forth in Recital B.

(nn) "TLGI" has the meaning set forth in the Preamble to this Agreement.

2. Assumption and Modification of the Rose Hills Put/Call Agreement.

(a) Pursuant to the terms of the Plan, on the Effective Date, Reorganized LGII will assume the Rose Hills Put/Call Agreement, as modified pursuant to this Agreement.

(b) Notwithstanding anything to the contrary in the Rose Hills Put/Call Agreement, the Rose Hills Put/Call Agreement shall be deemed to be modified, such modification to be effective as of the Effective Date, to provide that on the Effective Date:

(i) The Put Option will be permitted to be, and will automatically be, exercised;

(ii) In full satisfaction of all of TLGI's, LGII's and RDI's obligations under the Rose Hills Put/Call Agreement, including obligations to pay the Put Option Exercise Price (as defined therein) thereunder, LGII or Reorganized LGII will (A) deliver to Blackstone and RHIM (1) unsecured, subordinated convertible notes in the aggregate principal amount of $24,678,571 containing terms consistent with the term sheet attached hereto as Exhibit A (the "Notes") and (2) a number of shares of New Common Stock with an aggregate value of $6,515,143 using for such purpose the estimated value per share of New Common Stock based on the midpoint of the assumed reorganization value of Reorganized LGII set forth in the Disclosure Statement and (B) assume the obligations of RHIM to Rose Hills under the $445,000 note issued by RHIM to Rose Hills and indemnify RHIM therefor; and

(iii) In full satisfaction of all of Blackstone's and RHIM's obligations under the Rose Hills Put/Call Agreement, Blackstone and RHIM will convey to LGII all of Blackstone's Rose Hills Stock, free and clear of all Liens.

(c) Upon the Closing, the Rose Hills Put/Call Agreement and, as between the parties hereto, the Prime Put/Call Agreement will terminate and will be of no further force and effect.

3. Representations by LGII, TLGI and RDI. LGII, TLGI and RDI jointly and severally represent to Blackstone, BCOP and RHIM that:

(a) Corporate Authorization. The execution, delivery and performance by LGII, TLGI and RDI of this Agreement, the Notes and the consummation of the transactions contemplated hereunder and thereunder have been duly authorized by all necessary action of the Boards of Directors of LGII, TLGI and RDI and no other corporate authorization on the part of LGII, TLGI or RDI is necessary to authorize this Agreement, the Notes or the transactions contemplated hereunder or thereunder. Upon entry of the Confirmation Order, this Agreement and, when issued, the Notes shall constitute valid and binding obligation of LGII, TLGI and RDI, as applicable, enforceable against each in accordance with the terms hereof and thereof, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other applicable laws relating to or affecting creditors' rights generally.

(b) Governmental Approvals. Except for the approval of the Bankruptcy Court and the filing of applicable HSR Filings and the expiration and termination of the applicable waiting period thereunder, the execution, delivery and performance by LGII, TLGI and RDI of this Agreement and the consummation of the transactions contemplated hereunder require no consent, approval, order, authorization or action by or in respect of, or filing with, any Governmental Authority.

(c) New Common Stock. When issued pursuant to the terms of this Agreement, the New Common Stock shall be duly authorized, validly issued, fully paid and non-assessable and owned by Blackstone, BOCP, RHIM and the management investors set forth on Schedule 10(b) hereto free and clear of all liens (other than liens granted, suffered or incurred by Blackstone, BOCP, RHIM or such management investors).

4. Representations by Blackstone, BOCP and RHIM. Each of Blackstone, BOCP and RHIM represents and warrants (as to itself only with respect to Sections 4(a), (c) and (d)) to each of LGII, TLGI and RDI that:

(a) Blackstone's Rose Hills Stock. As set forth on the ownership chart attached hereto as Schedule 4(a), Blackstone's Rose Hills Stock consists of 795.4546 shares of common stock, par value $0.01, of Rose Hills. Except for Blackstone's Rose Hills Stock, neither Blackstone nor RHIM now owns or has any interest in or previously owned or had any interest in any common stock or other capital stock or securities of Rose Hills or any subsidiary thereof or any right (through a convertible or exchangeable security or otherwise) to acquire any common stock or other capital stock or securities of Rose Hills. Blackstone's Rose Hills Stock has been validly issued to Blackstone and RHIM, and is fully paid and nonassessable. Blackstone and RHIM own Blackstone's Rose Hills Stock free and clear of all Liens (other than the Rose Hills Put/Call Agreement). Upon the consummation of the transactions contemplated by this Agreement, Blackstone and RHIM will have, at the Closing, conveyed Blackstone's Rose Hills Stock to LGII free and clear of all Liens.

(b) Contracts or Agreements. Except as set forth in Schedule 4(b) hereto, neither Rose Hills nor any of its subsidiaries is a party to or bound to any contract or agreement or will incur any liability or obligation that will become due, vest, accelerate or otherwise change as a result of the consummation of the transactions contemplated hereby or any change in control of Rose Hills or any of its subsidiaries.

(c) Partnership Authorization. The execution, delivery and performance by Blackstone, BOCP and RHIM of this Agreement and the consummation of the transactions contemplated hereunder have been duly authorized by all necessary action of the general partner or other appropriate governing authority of Blackstone, BOCP and RHIM, as appropriate, and no other partnership or corporate authorization on the part of Blackstone, BOCP or RHIM is necessary to authorize this Agreement or the transactions contemplated hereunder. This Agreement constitutes the valid and binding agreements of Blackstone, BOCP and RHIM enforceable against each in accordance with the terms hereof, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other applicable laws relating to or affecting creditors' rights generally.

(d) Governmental Approvals. Except for the filing of applicable HSR Filings and the expiration and termination of the applicable waiting period thereunder, the execution, delivery and performance by Blackstone, BOCP and RHIM under this Agreement and the consummation of the transactions contemplated hereunder require no consent, approval, order, authorization or action by or in respect of, or filing with, any Governmental Authority.

(e) Due Diligence Response. To the knowledge of Blackstone, BOCP and RHIM, the responses provided to the due diligence and information requests made by or on behalf of LGII, TLGI and RDI on or after January 29, 2001, in connection with this Agreement, Rose Hills and the transaction contemplated hereby were accurate and complete in all material respects.

5. Conduct of Blackstone and RHIM. During the period from the date of this Agreement to the Closing, each of Blackstone and RHIM will use its reasonable efforts to cause Rose Hills and its subsidiaries to (a) conduct the operations of the business of Rose Hills (the "Business") and act only in the ordinary course of business (including managing working capital in accordance with its past practice) and (b) use its reasonable best efforts to: (i) preserve intact its business operations, (ii) keep available the services of its officers and employees, and (iii) maintain its relationships and goodwill with licensors, suppliers, distributors, customers, landlords, employees, agents and others having business relationships with Rose Hills and its subsidiaries. Blackstone or RHIM will cause Rose Hills to confer with TLGI and LGII concerning operational matters of the Business of a material nature. Without limiting the generality or effect of the foregoing, prior to the Closing Date, except with the prior consent of TLGI or LGII, Blackstone and RHIM will use their reasonable efforts to cause Rose Hills and its subsidiaries not to:

(a) Change any salaries or other compensation of, or pay any bonuses to, any current or former director, officer, employee or stockholder of Rose Hills or its subsidiaries, or enter into any employment, severance or similar agreement with any current or former director, officer, stockholder or employee of Rose Hills or its subsidiaries, except for changes in the

salaries or rates of pay for any employee of Rose Hills or its subsidiaries in the ordinary course of business consistent with past practices to an amount that is not more than 110% of such employee's salary or rate of pay on December 31, 2000;

(b) Adopt or increase any benefits under any profit sharing, bonus, deferred compensation, savings, insurance, pension, retirement or other benefit plan for or with any of its employees;

(c) Except as required by SAB 101, make any change in accounting methods or practices (including changes in reserve or accrual amounts or policies);

(d) Sell, lease or otherwise dispose of any material asset or property;

(e) Create or assume any Lien;

(f) Enter into any contract or agreement or incur any liability or obligation that will become due, vest, accelerate or otherwise change as a result of the consummation of the transactions contemplated hereby or any change in control of Rose Hills or any of its subsidiaries;

(g) Take any action that would cause any of the representations and warranties made by Blackstone or RHIM in this Agreement not to remain true and correct or any of the conditions set forth in any subsection of Section 9 from being satisfied on the Effective Date; and

(h) Agree to do any of the foregoing.

6. Reasonable Efforts. The parties hereto will cooperate and use their respective reasonable efforts to take, or cause to be taken, all appropriate actions, and to make, or cause to be made, all filings necessary (including any HSR Filings, with the fees being paid one-half by LGII and one-half by Blackstone), proper or advisable under applicable laws to consummate and make effective the transactions contemplated by this Agreement, including their respective reasonable best efforts to obtain, prior to the Effective Date, the Confirmation Order in the form reasonably acceptable to the entities approving this Agreement.

7. Approval of Plan; Withdrawal of Claims. (a) Blackstone, BOCP and RHIM each agrees that, during the term of this Agreement, it shall not object to the Plan, and (b) effective upon the Closing, any and all proofs of claims filed in the Bankruptcy Proceedings by or on behalf of any of Blackstone, BOCP or RHIM or their respective affiliates in respect to the Prime Put/Call Agreement, the Rose Hills Put/Call Agreement or otherwise in respect to Prime or Rose Hills or any shareholder or other agreement relating thereto, shall be deemed disallowed and withdrawn without the necessity for further action by any party hereto.

8. Mutual Releases.

(a) By Blackstone, BOCP and RHIM. Effective as of the Closing, each of BCPII, BROCP, BOCP, BFIP and RHIM, each on behalf of themselves, and their affiliates, successors, assigns, and representatives of any kind, if any, hereby unconditionally releases,

waives and discharges LGII, TLGI, RDI, the Debtors and their respective affiliates (including Rose Hills and its subsidiaries), successors, and assigns, from any and all claims, demands, rights, causes of action, and controversies arising from or relating to the Prime Put/Call Agreement (including the rejection thereof), the Rose Hills Put/Call Agreement, or otherwise relating in whole or in part to Prime or Rose Hills or any shareholder or other agreement relating thereto, except claims, demands, rights, causes of action or controversies which arise under this Agreement, the Notes and the Indenture or in respect of the transactions contemplated hereby or thereby; provided, however that none of BCPII, BROCP, BOCP, BFIP and RHIM shall release, waive or discharge any of its rights against Rose Hills under any indemnification provision specifically referred to on Schedule 8(a) hereto.

(b) By LGII, TLGI and RDI. Effective as of the Closing, in consideration of the agreements contained herein, each of LGII, TLGI and RDI, on behalf of itself, and its affiliates (other than Blackstone), successors, assigns and representatives of any kind, if any, hereby irrevocably unconditionally release, waive and discharge BCPII, BROCP, BOCP, BFIP and RHIM from any and all claims, demands, rights, causes of action and controversies, arising from or relating to the Prime Put/Call Agreement, the Rose Hills Put/Call Agreement, or otherwise relating to in whole or in part Prime or Rose Hills or any shareholder or other agreement relating thereto, except claims, demands, rights, causes of actions or controversies which arise under this Agreement, the Notes and the Indenture or in respect of the transactions contemplated hereby or thereby.

9. Closing Conditions: The obligations of the parties to consummate the transactions contemplated by the Agreement are subject to the satisfaction of each of the following conditions:

(a) The Bankruptcy Court shall have entered the Confirmation Order and, simultaneously with the Closing hereof, the Effective Date shall have occurred;

(b) The waiting period, if any, under the HSR Act relating to the transactions contemplated under this Agreement shall have expired or been terminated without, unless waived by LGII and TLGI, the imposition of any conditions;

(c) Subject to waiver by Blackstone and RHIM, (i) the representations and warranties of LGII and TLGI made in this Agreement shall be true and correct in all material respects (or, if qualified by materiality, then true in all respects) as of the date hereof and as of the Closing as if made anew at and as of the Closing and (ii) LGII, TLGI and RDI shall have performed and complied in all material respects with all terms, agreements and covenants contained in this Agreement required to be performed or complied by either of them on or before the Closing Date;

(d) Subject to waiver by LGII and TLGI, (i) the representations and warranties of Blackstone, BOCP and RHIM made in this Agreement shall be true and correct in all material respects (or, if qualified by materiality, then true in all respects) as of the date hereof and as of the Closing as if made anew at and as of the Closing and (ii) Blackstone, BOCP and RHIM shall have performed and complied in all material respects with all terms, agreements

and covenants contained in this Agreement required to be performed or complied by any of them on or before the Closing Date;

(e) The parties shall have executed and delivered each document required by Section 10;

(f) There shall be no judgment, injunction, order or decree of any Governmental Authority in effect that prohibits the consummation of the Closing;

(g) Subject to waiver by LGII and TLGI, Blackstone shall have caused Rose Hills to amend the Equity Plan to provide that (i) the total existing and future obligations of Rose Hills and its affiliates and subsidiaries to the Participants under the Equity Plan (the "Equity Plan Obligations") shall in no event exceed $2,500,000; and (ii) immediately following the receipt of the Notes by Blackstone pursuant to the Plan, Blackstone shall transfer to the Participants, as set forth on Schedule 9(g) hereto, Notes having an aggregate principal amount of $500,000 in full satisfaction of any obligations of Blackstone under the Equity Plan;

(h) Subject to waiver by LGII and TLGI, Blackstone shall have caused Rose Hills to make all payments to the Participants required to be made as set forth in Section 9(g) above, which payments will have fully discharged the Equity Plan Obligations;

(i) Subject to waiver by LGII and TLGI, all Participants shall have executed an acknowledgement (an "Acknowledgement") in a form reasonably satisfactory to LGII and TLGI consenting to and accepting the terms of the Equity Plan, as amended pursuant to Sections 9(g) and 9(h) above;

(j) The Notes shall be consistent with the terms set forth on Exhibit A hereto and the parties shall have agreed on the form thereof.

10. Closing Deliveries.

(a) Delivery of Closing Documents by Blackstone and RHIM. At the Closing, Blackstone and RHIM shall deliver to LGII, in form and substance reasonably satisfactory to LGII or Reorganized LGII:

(i) all stock certificates representing Blackstone's Rose Hills Stock duly endorsed for transfer to Reorganized LGII or accompanied by instruments of transfer to LGII;

(ii) an Acknowledgement executed by each Participant; and

(iii) a certificate of Blackstone and RHIM, signed by an executive officer of each of Blackstone and RHIM, to the effect that the conditions set forth in Sections 9(d), (g), (h) and (i) have been satisfied.

(b) Delivery of Closing Documents by LGII. At the Closing, LGII or Reorganized LGII shall deliver to Blackstone and RHIM the following documents in form and substance reasonably satisfactory to Blackstone and RHIM, duly executed as required:

(i) the Notes (to be allocated among Blackstone, BOCP and RHIM as set forth in Schedule 10(b) hereto);

(ii) a copy of the Indenture;

(iii) stock certificates representing the shares of New Common Stock issued to Blackstone and RHIM pursuant to the terms of this Agreement (to be allocated among Blackstone, BOCP, RHIM and certain management investors as set forth in Schedule 10(b) hereto); and

(iv) a certificate of LGII and TLGI, signed by an executive officer of each of LGII and TLGI, to the effect that the condition set forth in Section 9(c) has been satisfied.

11. Closing. Subject to the fulfillment, or if permitted, waiver of the conditions set forth in Section 9, the closing of the transactions contemplated by this Agreement (the "Closing") shall occur at the New York offices of Jones, Day, Reavis & Pogue.

12. Termination. (a) Notwithstanding any other provision hereof, Blackstone, LGII or TLGI may, prior to the Closing, terminate this Agreement if:

(i) pursuant to a final order of the Bankruptcy Court (A) more than $100,000,000 of the CTA Note Claims is found not to be entitled to the benefits of the collateral under the CTA and is to be treated under the Plan as fully unsecured debt (the "Unsecured CTA Note Claims") and (B) such Unsecured CTA Note Claims will receive an Estimated Percentage Recovery (as set forth in the Disclosure Statement) greater than 10 percentage points; provided, however that no party shall be entitled to terminate this Agreement if the CTA Note Claims other than the Unsecured CTA Note Claims are to receive an Estimated Percentage Recovery within 10 percentage points of the Estimated Percentage Recovery to be received by the Unsecured CTA Note Claims;

(ii) the Bankruptcy Court has not issued the Confirmation Order as of December 31, 2001; or

(iii) the condition set forth in Section 9(j) hereto shall not have been satisfied on or prior to December 31, 2001; provided, however, that for a party to terminate this Agreement pursuant to this Section 12(a)(iii), such party shall have used its reasonable good faith efforts to cause such condition to be satisfied.

(b) Notwithstanding any other provision hereof, LGII or TLGI may, prior to the Closing, terminate this Agreement if there has been a Rose Hills Material Adverse Change and LGII or TLGI has given notice pursuant to Section 13 hereof of its intent to terminate the Agreement prior to the approval by the Bankruptcy Court of the Disclosure Statement pursuant to §1125(b) of the Bankruptcy Code.

13. Notices. All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be given or made by delivery in person, by telecopy or facsimile transmission (if confirmed by another method permitted hereunder), a nationally

recognized courier service, or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this section):

(a) if to Blackstone, BOCP or RHIM:

c/o The Blackstone Group
345 Park Avenue, 31 Floor
New York, New York 10154
Telecopier No.: (212) 754-8725
Attention: Howard A. Lipson

(b) with a copy to:

Simpson Thacher & Bartlett
425 Lexington Avenue
New York, New York 10017
Telecopier No.: (212) 455-2502
Attention: Mark J. Thompson, Esq.

(c) if to LGII, TLGI or RDI:

The Loewen Group Inc.
2225 Sheppard Avenue East
Atria North III, 11th Floor
Toronto, Canada M2J 5B5
Telecopier No.: (416) 498-2466
Attention: Vice President, Law

(d) with a copy to:

Jones, Day, Reavis & Pogue
2727 N. Harwood Street
Dallas, Texas 75201
Telecopier No.: (214) 969-5100
Attention: Michael Weinberg, Esq.

All such notices and communications will be deemed to have been delivered or given (i) upon delivery, if personally delivered or delivered by telecopy or facsimile transmission and confirmed as set forth above; (ii) one business day after being dispatched if dispatched by a nationally recognized same-day or next-day courier guaranteeing time delivery; or (iii) five business days after being deposited in the mail, if mailed via first class mail.

14. Entire Agreement. This Agreement, along with the documents and instruments contemplated hereunder, constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof.

15. Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not in any way affect the meaning or interpretation of this Agreement.

16. Binding Effect; Assignment; No Third Party Benefit. This Agreement is binding upon and inures to the benefit of the parties hereto and their respective legal representatives, successors, and permitted assigns. Except as otherwise expressly provided in this Agreement, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any of the parties without the prior written consent of the other parties. Except for the releases in Section 8, nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

17. Amendment and Waiver. This Agreement may not be amended or modified, or any provision hereof waived, except by an instrument in writing signed by the party against whom the enforcement of the amendment, modification or waiver is sought.

18. Severability. If any term or provision of this Agreement is invalid, illegal, or incapable of being enforced under any law or public policy, all other terms and provisions of this Agreement will nevertheless remain in full force and effect. Upon such determination that any term or provision is invalid, illegal or incapable of being enforced, the parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner.

19. Governing Law. This Agreement will be governed by and construed in accordance with the internal substantive laws of the State of Delaware, without giving effect to the principles of the conflict of laws thereof.

20. Jurisdiction. The Bankruptcy Court shall retain exclusive jurisdiction, and the parties consent to such exclusive jurisdiction, to hear and determine any and all matters, claims or disputes arising from or relating to the interpretation and/or implementation of this Agreement.

21. Further Assurances. The parties hereto will do such further acts and things necessary to ensure that the terms of this Agreement are carried out and observed.

22. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute one instrument.

23. Survival. All representations and warranties contained in this Agreement shall survive the Closing for one year (or such longer period as is required to resolve any claim of which notice is given prior to the expiration of such one-year period) and all covenants contained in this Agreement shall survive the Closing until fully performed.

24. Fees and Expenses. If the Closing occurs, Reorganized LGII will cause Rose Hills to reimburse Blackstone, BOCP and RHIM for the reasonable and necessary attorneys' fees and expenses actually incurred by Blackstone and RHIM in connection with the negotiation of this Agreement and the consummation of the transactions contemplated hereby in an amount not to exceed $50,000.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

BLACKSTONE CAPITAL PARTNERS II MERCHANT BANKING FUND L.P.

By: /s/ Howard Lipson
Name: Howard Lipson
Title: Director

BLACKSTONE ROSE HILLS OFFSHORE CAPITAL PARTNERS L.P.

By: /s/ Howard Lipson
Name: Howard Lipson
Title: Director

BLACKSTONE FAMILY INVESTMENT PARTNERSHIP II L.P.

By: /s/ Howard Lipson
Name: Howard Lipson
Title: Director

BLACKSTONE OFFSHORE CAPITAL PARTNERS II L.P.

By: /s/ Howard Lipson
Name: Howard Lipson
Title: Director

RHI MANAGEMENT DIRECT L.P.

By: /s/ Howard Lipson
Name: Howard Lipson
Title: Director

ROSES DELAWARE, INC.

By: /s/ Bradley D. Stam
Name: Bradley D. Stam
Title: Senior Vice President,
Legal & Asset Management

LOEWEN GROUP INTERNATIONAL, INC.

By: /s/ Bradley D. Stam
Name: Bradley D. Stam
Title: Senior Vice President,
Legal & Asset Management

THE LOEWEN GROUP INC.

By: /s/ John S. Lacey
Name: John S. Lacey
Title: Chairman

EXHIBIT A

Terms of
Ten-Year Unsecured Notes

Issuer	Reorganized LGII.
Noteholders	Blackstone.
Original Principal Amount	$24,678,571.
Maturity	Tenth anniversary of the Effective Date of the Plan.
Amortization	No interim amortization.
Interest	Payable in cash semiannually in arrears on June 15 and December 15 of each year at an annual rate equal to 12.25%.
Ranking	Unsecured; subordinate and subject in right of payment to prior payment in full of all senior debt of Reorganized LGII.
Conversion	Convertible, at any time at the option of the holder, into New Common Stock based on a conversion price equal to the estimated value per share of New Common Stock based on the midpoint of the assumed reorganization value of Reorganized LGII set forth in the Disclosure Statement, subject to equitable adjustment for stock dividends, splits, combinations and other similar events.
Optional Redemption	Subject to redemption at the option of Reorganized LGII, in whole or in part, at a redemption price equal to 100% of stated principal amount plus accrued and unpaid interest to the applicable redemption date.
Other Terms	The Notes shall have such other terms as may be agreed to by the parties, which terms shall be substantially similar to the terms of the other unsecured debt instruments being issued by Reorganized LGII pursuant to the Plan. The Notes shall provide that any amendment to or waiver of covenants or defaults of such other debt instruments properly approved by or on behalf of the requisite number of holders of such debt instruments shall automatically also become effective with respect to the Notes. The parties acknowledge that the Notes are being issued pursuant to the Plan in exchange for administrative claims and are intended to have the benefit of Section 1145 of the Bankruptcy Code.
Definitions	Certain capitalized terms not otherwise defined herein have the meanings assigned to such terms in the Settlement Agreement and Mutual Release to which this Exhibit is attached.

Schedule 4(a)

Blackstone	785.2273
RHIM	10.2273

Schedule 4(b)

Rose Hills Company Phantom Equity Appreciation Plan

Schedule 8(a)

1. Indemnification pursuant to Article SEVENTH of the Certificate of Incorporation of Rose Hills Holdings Corp.

2. Indemnification pursuant to Article SIXTH of the Certificate of Incorporation of Rose Hills Company.

3. Indemnification pursuant to Article IV of the By-Laws of Rose Hills Company.

Exhibit I.A.28

LIST OF CCAA DEBTORS

Alberta

1. 247663 Alberta Limited
2. Courtney-Winter's Funeral Chapel Ltd.
3. Lakeland Funeral Home Ltd.
4. Mountain View and Metcalf Funeral Chapels Ltd.
5. Memento Funeral Chapel (1975) Ltd.
6. Memories Funeral Directors & Crematory Inc.

British Columbia

7. 28886 Investments Ltd.
8. 1451469 Ontario Limited (formerly 4032 Investments Ltd.)
9. 4054 Investments Ltd.
10. 4103 Investments Ltd.
11. 1451470 Ontario Limited (formerly 476822 B.C. Ltd.)
12. Alberni Valley Memorial Gardens Ltd.
13. Aldon Enterprises Ltd.
14. Armstrong-Enderby Funeral Home Ltd.
15. Graham Funeral Home Ltd.
16. Gregory's Williams Lake Funeral Home Ltd.
17. Haywards Thomson & Irving Funeral Directors (1986) Inc.
18. Hayward's B.C. Funeral Company & Limousine Service Ltd.
19. Hollyburn Funeral Home Ltd.
20. Hollyburn Funeral Services Ltd.
21. Mt. Washington Memorial and Funeral Chapel Ltd.
22. Neweol Investments Ltd.
23. 4166 Investments Ltd.
24. TLGI Holdings Limited
25. Glenhaven Memorial Chapel Ltd.
26. Kamloops Funeral Home Ltd.
27. Suburban Funeral Homes Ltd.
28. Surrey Memorial Services and Crematorium Ltd.
29. TLGI Management Corp.
30. Assman's Funeral Chapel Ltd.
31. Chapel Hill Funeral Home Ltd.
32. Chapel Of Memories Funeral Directors Ltd.
33. Hamilton-Harron Funeral Centre and Crematorium Ltd.
34. Henderson's Fraser Valley Funeral Home Ltd.
35. Henderson's Funeral Home Ltd.
36. Lakewood Funeral Home Ltd.
37. Pabril Ventures Limited
38. Piercy's Funeral Home Limited
39. Mission Hill Crematorium Ltd.
40. Sutton's Funeral Directors Ltd.
41. Parksville Funeral Chapel Ltd.
42. Vancouver Memorial Services and Crematorium Ltd.
43. Vernon Funeral Home (1986) Ltd.
44. TLGM Holdings Inc.
45. TLGM One Holdings Inc.

Canada (Federal)

46. Troispap Inc.
47. 170535 Canada Inc.
48. 3144569 Canada Inc.

Manitoba

49. Kerr's Funeral Chapel (1988) Ltd.
50. Loewen Funeral Chapels (1973) Ltd.
51. 1452457 Ontario Limited (formerly 60752 Manitoba Ltd.)
52. The J. Thomson Company Limited
53. 1452463 Ontario Limited (formerly 2239699 Manitoba Ltd.)
54. Klassen Funeral Chapel Ltd.
55. 1452461 Ontario Llimited (formerly 2696216 Manitoba Ltd.)
56. P. Coutu Funeral Chapels Ltd.
57. Green Acres Memorial Services (1969) Ltd.
58. Green Acres Memorial Gardens (1969) Limited
59. Holy Angel Mausoleum Inc.

Nova Scotia

60. Digby Funeral Home Limited
61. Independent Funeral Services Incorporated
62. J.A. Snow's Funeral Home (1985) Limited
63. Jayne's Funeral Home (1984) Limited
64. Mattatall Funeral Home (1986) Limited
65. Robert L. Hall Funeral Home Limited
66. Wayne Hatt Enterprises Limited
67. Ettinger-Kennedy Memorial Residence Limited

Ontario

68. Addison Funeral Home, Inc.
69. Canadian Funeral Services Inc.
70. Cambridge Funeral Services Limited
71. Comstock Funeral Home (1987) Ltd.
72. Giffen-Mack Chapel Ltd.
73. Green Funeral Home Limited
74. H.S. Anderson and Sons (1986) Ltd.
75. J.B. Marlatt Funeral Homes (1985) Limited
76. R. Martino Funeral Homes (1987) Ltd.
77. Sault Ste. Marie Funeral Homes Ltd.
78. Schreiter-Sandrock Limited
79. The Brown Funeral Home (Kenora 1983) Limited
80. The Ratz-Bechtel Limited
81. Trull Funeral Homes (1987) Limited
82. 1026698 Ontario Inc.
83. Delmoro Funeral Home (Woodbridge) Ltd.
84. Delmoro Funeral Home (North York) Ltd.
85. Dryden Funeral Service Limited
86. Hawkins Funeral Home Ltd.
87. O'Reilly-Lee Funeral Home Limited
88. Walter D. Kelly Funeral Home and Chapel Ltd.

Prince Edward Island

89. Cutcliffe Funeral Home (1986) Ltd.
90. MacLean Funeral Home (1986) Limited

Quebec

91. Paperman & Sons Inc.
92. Guayco Investments Inc./Investissements Guayco Inc.
93. Les Salons Funéraries Guay Inc.

Saskatchewan

94. Lee Funeral Home Inc. (formerly Lee Funeral Home Ltd.)
95. Parkview Funeral Home Ltd.
96. Weyburn Funeral Home (1987) Ltd.
97. 1450261 Ontario Limited (formerly 600838 Saskatchewan Ltd.)
98. Unser-Rist Funeral Home Services Inc.
99. Wilson & Zehner Funeral Chapel Ltd.
100. 1450263 Ontario Limited (formerly 601346 Saskatchewan Ltd.)
101. Centre-Sask Funeral Management Co. Ltd.
102. Coventry Funeral Services Ltd.
103. Dionne-Moriarty Enterprises Ltd.
104. E. Andrychuk Funeral Home Ltd.
105. H.D. Funeral Home Ltd.
106. Helmsing Funeral Chapels Ltd.
107. Jerome-Martens Funeral Services Limited
108. Orsted Funeral Home Ltd.
109. Prairie Funeral Services Ltd.
110. Clements' Rosetown Funeral Home Limited
111. McKague's Funeral Chapels Ltd.
112. Sallows and McDonald Funeral Home (1987) Limited
113. Scharf's Funeral Home Ltd.
114. Unity Funeral Chapel Ltd.
115. 1450264 Ontario Limited (formerly Rist Enterprises Corporation)
116. 1450260 Ontario Limited (formerly Ross Funeral Service Ltd.)
117. Souris Valley Memorial Gardens Company Ltd.

Exhibit I.A.29

Subject to Canadian Court approval, it is intended that The Loewen Group Inc. ("TLGI") shall:

1. Reorganize certain non-U.S. and non-Canadian companies and certain Canadian holding company subsidiaries so that their respective issued shares are directly held by TLGI.

2. Combine, through one or more series of transactions (some aspects of which may have been completed before the step set forth above), the CCAA Debtors listed on Appendix 1 hereto (subject to amendment) to form one legal entity governed by the laws of Ontario. All of the shares of this entity will be held by a holding company ("New Holdco"), which will itself be wholly owned, directly or indirectly, by TLGI.

3. Transfer the shares of the remaining Canadian companies held directly by TLGI to New Holdco or a wholly owned subsidiary thereof.

Appendix 1

The Loewen Group Inc.
Entities To Be Combined

1. 1026698 Ontario Inc.
2. 1450260 Ontario Limited (formerly Ross Funeral Service Ltd)
3. 1450261 Ontario Limited (formerly 600838 Saskatchewan Ltd.)
4. 1450263 Ontario Limited (formerly 601346 Saskatchewan Ltd.)
5. 1450264 Ontario Limited (formerly Rist Enterprises Corporation)
6. 1451469 Ontario Limited (formerly 4032 Investments Ltd.)
7. 1451470 Ontario Limited (formerly 476822 B.C. Ltd.)
8. 1452457 Ontario Limited (formerly 60752 Manitoba Limited)
9. 1452461 Ontario Limited (formerly 2696216 Manitoba Ltd.)
10. 1452463 Ontario Limited (formerly 2239699 Manitoba Ltd.)
11. 4103 Investments Ltd.
12. Addison Funeral Home, Inc.
13. Alberni Valley Memorial Gardens Ltd.
14. Aldon Enterprises Ltd.
15. Armstrong-Enderby Funeral Home Ltd.
16. Assman's Funeral Chapel Ltd.
17. Cambridge Funeral Services Limited
18. Canadian Funeral Services Inc.
19. Centre-Sask Funeral Management Co. Ltd.
20. Chapel Hill Funeral Home Ltd.
21. Chapel of Memories Funeral Directors Ltd.
22. Clements' Rosetown Funeral Home Limited
23. Comstock Funeral Home (1987) Ltd.
24. Courtney-Winter's Funeral Chapel Ltd.
25. Coventry Funeral Services Ltd.
26. Cutcliffe Funeral Home (1986) Ltd.
27. Digby Funeral Home Limited
28. Dionne-Moriarty Enterprises Ltd.
29. Dryden Funeral Service Limited
30. Andrychuk Funeral Home Ltd.
31. Ettinger-Kennedy Memorial Residence Limited
32. Giffen-Mack Chapel Ltd.
33. Glenhaven Memorial Chapel Ltd.
34. Graham Funeral Home Ltd.
35. Green Acres Memorial Gardens (1969) Ltd.
36. Green Acres Memorial Services (1969) Ltd.
37. Green Funeral Home Limited
38. H D Funeral Home Ltd.
39. Anderson and Sons (1986) Ltd.
40. Hamilton-Harron Funeral Centre and Crematorium Ltd.
41. Hawkins Funeral Home Ltd.
42. Hayward's B.C. Funeral Company & Limousine Service Ltd.
43. Haywards Thomson & Irving Funeral Directors (1986) Inc.
44. Helmsing Funeral Chapels Ltd.
45. Henderson's Fraser Valley Funeral Home Ltd.
46. Henderson's Funeral Homes Ltd.
47. Holy Angel Mausoleum Inc.

48. Hollyburn Funeral Home Ltd.
49. Hollyburn Funeral Services Ltd.
50. Independent Funeral Services Incorporated
51. Snow's Funeral Home (1985) Limited
52. Marlatt Funeral Homes (1985) Limited
53. Jerome-Martens Funeral Services Limited
54. Kamloops Funeral Home Ltd.
55. Kerr's Funeral Chapel (1988) Ltd.
56. Klassen Funeral Chapel Ltd.
57. Lakeland Funeral Home Ltd.
58. Lakewood Funeral Home Ltd.
59. Lee Funeral Home Inc. (formerly Lee Funeral Home Ltd.)
60. Loewen Funeral Chapels (1973) Ltd.
61. Maclean Funeral Home (1986) Limited
62. Mattatall Funeral Home (1986) Limited
63. McKague's Funeral Chapels Ltd.
64. Memories Funeral Directors & Crematory Ltd.
65. Mission Hill Crematorium Ltd.
66. Mountain View and Metcalf Funeral Chapels Ltd.
67. Washington Memorial and Funeral Chapel Ltd.
68. Orsted Funeral Home Ltd.
69. Pabril Ventures Limited
70. Parksville Funeral Chapel Ltd.
71. Parkview Funeral Home Ltd.
72. Piercy's Funeral Home Limited
73. Prairie Funeral Services Ltd.
74. Martino Funeral Homes (1987) Ltd.
75. Robert L. Hall Funeral Home Limited
76. Sallows and McDonald Funeral Home(1987) Limited
77. Sault Ste. Marie Funeral Homes Ltd.
78. Scharf's Funeral Home Ltd.
79. Schreiter-Sandrock Limited
80. Souris Valley Memorial Gardens Company Ltd.
81. Suburban Funeral Homes Ltd.
82. Surrey Memorial Services and Crematorium Ltd.
83. Sutton's Funeral Directors Ltd.
84. The Brown Funeral Home (Kenora 1983) Limited
85. The J. Thompson Company Limited
86. The Ratz-Bechtel Limited
87. TLGI Holdings Limited
88. TLGI Management Corp.
89. TLGM Holdings Inc.
90. TLGM One Holdings Inc.
91. Troispap Inc.
92. Trull Funeral Homes (1987) Limited
93. Unity Funeral Chapel Ltd.
94. Unser-Rist Funeral Home Services Inc.
95. Vancouver Memorial Services and Crematorium Ltd.
96. Vernon Funeral Home (1986) Ltd.
97. Walter D. Kelly Funeral Home and Chapel Ltd.
98. Wayne Hatt Enterprises Ltd.
99. Wilson & Zehner Funeral Chapel
100. Weyburn Funeral Home (1987) Ltd.

Exhibit I.A.30

NAFTA CLAIM ASSIGNMENT PROVISIONS

A. Sequence of NAFTA Claim Assignments and other Restructuring Transactions

The assignments of the NAFTA Claim pursuant to Section IV.B.2 and other Restructuring Transactions will be effected as follows:

Step 1. LGII forms (a) Delco as a wholly owned Delaware limited liability company and (b) Nafcanco as a wholly owned Nova Scotia unlimited liability company. Also, LGII forms a wholly owned Delaware subsidiary corporation ("Newco").[1]

Step 2. LGII assigns, transfers and delivers to Delco all of its rights under Article 1135(2)(b) of NAFTA to receive any proceeds of the NAFTA Claims arising under Article 1117 of NAFTA ("Article 1117 Proceeds").

Step 3. LGII assigns, transfers and delivers to TLGI all of the issued and outstanding membership interests in Delco, such that Delco becomes wholly owned by TLGI.

Step 4. Delco assigns, transfers and delivers to LGII all of Delco's right, title and interest in and to any Article 1117 Proceeds that Delco receives.

Step 5. TLGI assigns, transfers and delivers to Nafcanco all of TLGI's right, title and interest in and to any proceeds of the NAFTA Claims arising under Article 1116 of NAFTA that TLGI receives.

Step 6. TLGI irrevocably delegates to Nafcanco all powers and responsibilities of TLGI in respect of the pursuit and prosecution of the NAFTA Claims and grants to Nafcanco an irrevocable power of attorney authorizing Nafcanco to take action in the name and on behalf of TLGI in connection therewith, all as described below.

Step 7. The CCAA Debtor Restructuring Transactions described on Exhibit I.A.29 to the Plan are completed.

Step 8. Allowed Interests in Class 16 (LGII Old Stock) are cancelled.

Step 9. TLGI assigns, transfers and delivers to LGII all of its right, title and interest in and to all of its assets other than the NAFTA Claims and its ownership interest in Delco and grants to LGII an irrevocable power of attorney authorizing LGII to take action in the name and on behalf of TLGI in connection therewith.

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[1] Step 1 will occur prior to the Effective Date. All remaining steps will occur on the Effective Date in the sequence indicated.

Step 10. Certain of the Subsidiary Restructuring Transactions described on Exhibit IV.B.1. are effected; among other things, LGII assigns, transfers and delivers to Newco all of its right, title and interest in and to all of its assets other than shares of capital stock of LGII's subsidiaries.

B. Transfer of NAFTA Net Proceeds to Liquidating Trust

Immediately following completion of the Restructuring Transactions, each of LGII and Nafcanco assigns, transfers and delivers to the Liquidating Trust 25% of its right, title and interests in and to any net proceeds of the NAFTA Claims arising under Article 1117 and any net proceeds of the NAFTA Claims arising under Article 1116, respectively.

C. Delegation of Pursuit and Prosecution of NAFTA Claim

TLGI authorizes Nafcanco, on TLGI's behalf and in TLGI's name, to pursue and prosecute TLGI's NAFTA Claims in the pending arbitration proceeding known as *The Loewen Group, Inc. and Raymond L. Loewen v. The United States of America, ICSID Case No. ARB(AF)/98/3*. Pursuant to such authority, Nafcanco is authorized to employ counsel to represent TLGI and to pursue and prosecute such NAFTA Claims to judgment, or to compromise and settle the matter on terms Nafcanco deems proper. TLGI also authorizes Nafcanco, for and in TLGI's name, to appear, answer, plead and defend in all actions, suits and proceedings whatsoever arising from or associated with TLGI's NAFTA Claims.

Exhibit I.A.48

TLGI, LGII and Loewen Subsidiary Debtors

Case No.	Entity Name*	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1247	50th State Funeral Plan, Ltd.	H	No	No
99-1248	A. C. Hemperley & Sons, Inc.	C	No	No
99-1249	Abreu Gonzalez Funeral Homes, Inc.	H	No	No
99-1250	Acacia Memorial Park	C	No	No
99-1251	ADA Cemetery Holding Company, Inc.	H	Yes	No
99-1252	Added Touch Flower Shop, Inc.	H	No	No
99-1253	Advance Funeral Insurance Services	H	No	No
99-1258	Advance Planning - Southwest, Inc.	H	No	No
99-1255	Advance Planning of Arkansas, Inc.	C	No	No
99-1254	Advance Planning of Mississippi, Inc.	H	No	No
99-1257	Advance Planning of Tennessee, Inc.	H	No	No
99-1256	Advance Planning of West Virginia, Inc.	H	No	No
99-1259	Advanced Funeral Planning of North Carolina, Inc.	H	No	No
99-1260	Advanced Funeral Planning of The Dakotas, Inc.	H	No	No
99-1262	Advanced Planning (Alabama), Inc.	H	No	No
99-1268	Advanced Planning of Georgia, Inc.	H	No	No
99-1267	Advanced Planning of Indiana, Inc.	H	No	No
99-1265	Advanced Planning of Kentucky, Inc.	H	No	No
99-1264	Advanced Planning of Virginia, Inc.	H	No	No
99-1263	Advanced Planning of Washington, Inc.	H	No	No
99-1266	Advanced Planning Services of Maryland, Inc.	H	No	No
99-1261	Advanced Planning, Inc.	H	No	No
99-1269	Affordable Caskets, Inc.	H	No	No
99-1270	AFH, Inc.	H	No	No
99-1271	Alexandria Cemetery Association, Inc.	H	No	No
99-1272	Allen-Melvin Funeral Home, Ltd.	F	No	No
99-1273	Alleva Leasing Corporation	H	No	No
99-1274	Almont, Inc.	C	No	No
99-1275	Alpharetta Funeral Home, Inc.	G	No	No
99-2098	Alternative Acquisition, Inc.	F	No	No
99-1276	American Burial & Cremation Services, Inc.	C	No	No
99-1278	American Burial & Cremation Services, Inc.	C	No	No
99-1277	American Burial & Crematory Service	H	No	No
99-1279	American Burial and Cremation Centers, Inc.	H	No	No
99-1281	American Mausoleum Co.	G	No	No
99-1284	Area Funeral Services, Inc.	C	No	No
99-1285	Arlington Funeral Home, Incorporated	C	No	No
99-1286	Arlington Memory Gardens, Inc.	E	No	No
99-1287	Arlington Park Cemetery, Inc.	C	No	No

* Loewen Subsidiary Debtors that are not wholly-owned by the Loewen Companies after giving effect to the exercise of repurchase options for nominal cost of certain interests owned by third parties prior to the Confirmation Date are marked with an asterisk.

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1289	Associated Memorial Group Ltd.	G	Yes	No
99-1290	B & H Contractors Inc.	E	No	No
99-1291	Baggerley Acquisition, Inc.	E	No	No
99-1292	Baldwin-Lee Funeral Homes, Inc.	C	No	No
99-1293	Bannon Disposition, Inc.	H	No	No
99-1294	Barham Funeral Home, Inc.	F	No	No
99-1295	Barnett's Marion Funeral Home, Inc.	H	No	No
99-1296	Bateman Funeral Chapel, Inc.	C	No	No
99-1297	Batesville Funeral Services, Inc.	H	No	No
99-1298	Bauer Funeral Chapel, Inc.	C	No	No
99-1299	Beam Funeral Home, Inc.	E	No	No
99-1300	Beau Pre Memorial Park, Inc.	H	No	No
99-1301	Beaverton Funeral Home, Inc.	C	No	No
99-1302	Behrens Mortuary, Inc.	C	No	No
99-1303	Belcrest Memorial Park, Inc.	F	No	No
99-1304	Bell Bros., Incorporated	C	No	No
99-1305	Bennett-Emmert Funeral Home, Inc.	D	No	No
99-1306	Benton County Memorial Park, Inc.	F	No	No
99-1307	Berhalter-Hutchins Funeral Home, Inc.	C	No	No
99-1308	Bernard Probst Funeral Home, Inc.	H	No	No
99-1309	Berry Funeral Home, Inc.	C	No	No
99-1310	Bess-Kolski-Combs, Inc.	C	No	No
99-1311	Beth David Memorial Gardens, Inc.	F	No	No
99-1313	BFH Acquisition, Inc.	H	No	No
99-1314	BFMI Co.	H	No	No
99-1315	Bicknell Memorial Cemetery, Inc.	H	No	No
99-1316	Bill Eisenhour Funeral Homes, Inc.	C	No	No
99-1317	Bishop Funeral Chapel Inc.	D	No	No
99-1318	BJFH Acquisition, Inc.	H	No	No
99-1319	Blackhawk Garden of Memories, Inc.	F	No	No
99-1320	Blalock-Coleman Funeral Home, Inc.*	H	No	No
99-1321	Blasberg Memorial Chapels, Inc.	H	No	No
99-1322	Blessing Funeral Home, Inc.	H	No	No
99-1323	BLH Management, Inc.	D	No	No
99-1324	BN Incorporated	C	No	No
99-1325	Bob Miller Funeral Home, Inc.	C	No	No
99-1326	Boelter Funeral Home, Inc.	G	No	No
99-1327	Bond-Mitchell Funeral Home, Inc.	C	No	No
99-1328	Bowling Green-Warren County Memorial Gardens, Inc.	H	No	No
99-1329	Boyd E. Braman Mortuary, Inc.	C	No	No
99-1330	Brentwood Funeral Home, Inc.	C	No	No
99-1331	Bright Undertaking Company	C	No	No
99-1332	Broadlawn, Inc.	E	No	No
99-1333	Brooks-Cargile Funeral Home, Inc.	G	No	No
99-1334	Brosmer Drabing Funeral Home, Inc.	C	No	No
99-1335	Brown Funeral Home, Ltd.	H	No	No
99-1336	Brown Mortuary Service, Inc.	C	No	No
99-1337	Browning Funeral Home, Inc. Water Valley, Mississippi	C	No	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1338	Browning Funeral Homes, Inc.	C	No	No
99-1339	Buck-Heggie Funeral Home, Inc.	H	No	No
99-1340	Bucktrout Funeral Home of Williamsburg, Inc.	H	No	No
99-1341	Buell Chapel, Inc.	C	No	No
99-1342	Burcham Funeral Home, Inc.	C	No	No
99-1343	Burlington Cemetery Management, Inc.	G	No	No
99-1344	Burris Funeral Home, Inc.	F	No	No
99-1345	Byrd-Snodgrass Funeral Home, Inc.	C	No	No
99-2097	Calico General Partners, Inc.	H	Yes	No
99-1346	Campbellsville Memorial Gardens, Incorporated	H	No	No
99-2099	Camposanto PR, Inc.*	D	No	Yes
99-1347	Camposanto-Aguadilla, Inc.	H	No	No
99-1348	Cardinal Flowers & Fine Gifts, Inc.	G	No	No
99-1349	Cardwell Funeral Home, Inc.	C	No	No
99-1350	Care Memorial Society, Inc.	H	No	No
99-1352	Carothers Holding Company (Georgia), Inc.	C	No	No
99-1353	Carothers Holding Company (South Carolina), Inc.	D	Yes	No
99-1351	Carothers Holding Company, Inc.	E	Yes	No
99-1354	Carpenter's Funeral Homes, Inc.	C	No	No
99-1355	Carr Mortuary, Inc.	C	No	No
99-1356	Cauthen's, Inc. of York County	H	No	No
99-1357	Cauthen's, Inc.	E	Yes	No
99-1358	Cavazos Memorial Chapel, Inc.	F	No	No
99-1359	Cecere Acquisition, Inc.	H	No	No
99-1360	Cedar Hill Memorial Cemetery Association	H	No	No
99-1361	Cedar Park Acquisition, Inc.	H	No	No
99-1362	Cemetery Management Company, Inc.	H	No	No
99-1363	Cemetery Management Corp.	G	No	No
99-1364	Cemetery Sales Holding Corp.	F	Yes	No
99-1365	Cemetery Services, Inc.	F	No	No
99-1366	Ceredo Mortuary Chapel, Inc.	H	No	No
99-1367	Champion Funeral Home, Inc.	H	No	No
99-1368	Chapel Hill Memorial Gardens & Funeral Home Ltd.	G	No	No
99-1369	Chapel Lawn Memorial Gardens, Inc.	F	No	No
99-1371	Chapel of Chimes Funeral Home, Inc.	C	No	No
99-1370	Chapel of Seaside, Inc.	C	No	No
99-1373	Chapel of the Pines Funeral Home, Inc.	C	No	No
99-1372	Chapel of the Valley of Castro Valley, Inc.	C	No	No
99-1375	Charlotte Memorial Gardens Acquisition, Inc.	G	No	No
99-1374	Charlotte Memorial Gardens, Inc.	G	No	No
99-1376	Chatham Memorial Park, Inc.	C	No	No
99-1377	Chicago Cemetery Corporation	C	No	No
99-1378	Chism-Smith Funeral Home, Inc.	G	No	No
99-1379	Chrastka Funeral Home, Ltd.	E	No	No
99-1381	Coal Creek Memorial Cemetery, Inc.	G	No	No
99-1382	Cockrell Funeral Home, Inc.	C	No	No
99-1383	Coffey Mortuary, Inc.	G	No	No
99-1384	Coge Investment Corporation	C	No	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1385	Coleman Funeral Home, Inc.	C	No	No
99-1386	Coloni Funeral Homes, Inc.	E	No	No
99-1387	Colonial Services, Ltd.	H	No	No
99-2100	Community Funeral Homes of Wisconsin, Inc.*	H	Yes	Yes
99-1388	Community-Opyt Funeral Home, Ltd.	C	No	No
99-1389	Conejo Mountain Memorial Park	C	No	No
99-1390	Conrad Lemon Grove Mortuary, Inc.	C	No	No
99-1391	Cook-Webb Funeral Home, Inc.*	C	No	No
99-1392	Coral Ridge Funeral Home and Cemetery, Inc.	E	No	No
99-1393	Corrigan Funeral Home, Inc.	C	No	No
99-1394	Covell Funeral Home, Inc.	C	No	No
99-1395	Covell-Smith Funeral Home, Inc.	C	No	No
99-1396	Craciun Funeral Home, Inc.	C	No	No
99-1397	Crescent Hill Memorial Gardens	C	No	No
99-1398	Crest Lawn Acquisitions, Inc.	H	No	No
99-1400	Crestview Memorial Park, Inc.	D	No	No
99-1399	Crestview Memorial Park, Inc.	H	No	No
99-1401	Crown Hill Memorial Park, Inc.	G	No	No
99-1402	Culjis, Miller, Skelton and Herberger, Inc.	H	No	No
99-1403	Cumberland Memorial Gardens, Inc.	F	No	No
99-1404	Curry Raley Funeral Home, Inc.	H	No	No
99-1405	Cusimano & Russo, Inc.	C	No	No
99-1406	Dahl McVicker Funeral Homes, Inc.	C	No	No
99-1407	Dakota Memorial Chapel, Inc.	G	No	No
99-1408	Dale Maloney Funeral Home, Inc.	H	No	No
99-1409	Danlan Corporation	H	No	No
99-1410	Danville Memorial Gardens, Incorporated	H	No	No
99-1411	Darling-Mouser Funeral Home, Inc.	C	No	No
99-1412	David T. Ferguson Funeral Home, Inc.	D	No	No
99-1413	Davies Cremation & Burial Services, Inc.	E	No	No
99-1414	Daviess Co. Cemetery Assoc., Inc.	G	No	No
99-1415	Davis Funeral Home Memorial Plan	H	No	No
99-1416	Davis Funeral Home, Inc.	C	No	No
99-1417	Davis Funeral Home, Inc.	F	No	No
99-1418	Dekle-Wainwright Funeral Home, Inc.	H	No	No
99-1419	Delano Mortuary	C	No	No
99-1420	Delaware Park Memorial Chapel, Inc.	H	No	No
99-1421	Denbo Funeral Home, Inc.	C	No	No
99-1422	Deremiah-Frye Mortuary, Inc.	C	No	No
99-1423	Desert DR Acquisition, Inc.	F	No	No
99-1424	DeVaney-Bennett Funeral Home, Inc.	C	No	No
99-1425	Devon Livery, Inc.	H	No	No
99-1426	Devotional Gardens, Inc.	D	No	No
99-1428	DiCicco and Son, Inc.	C	No	No
99-1429	Dickson Funeral Home, Incorporated	C	No	No
99-1430	Dimond & Sons Silver Bell Chapel, Inc.	C	No	No
99-1431	Dixon-Bowen-Taylor Funeral Home, Inc.	F	No	No
99-1432	DMA Corporation	F	No	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1433	Dorsey Funeral Home, Inc.	C	No	No
99-1434	Dowell & Martin Funeral Home, Inc.*	D	No	No
99-1435	Driscoll Mortuary, Inc.	H	No	No
99-1436	Drownwood Forest National Pet Cemetery, Inc.	H	No	No
99-1438	Dudley M. Hughes Funeral Home North Chapel, Inc.	H	No	No
99-1437	Dudley M. Hughes Funeral Home, Inc.	H	No	No
99-1439	E. & M. Frandsen, Inc.	C	No	No
99-1440	E.K. May Funeral Home, Inc.	C	No	No
99-1441	Eagle Financial Association, Inc.	H	No	No
99-1442	Eagle Lending Inc.	H	No	No
99-2101	Earthman Holdings, Inc.*	E	Yes	Yes
99-1443	East Ashland Memorial Gardens, Inc.	H	No	No
99-1444	East Metro Agency, Inc.	H	No	No
99-1445	Eastern Arkansas Memorial Gardens, Inc.	H	No	No
99-1446	Eastgate Funeral Service, Inc.	C	No	No
99-1447	Eastgate Holdings, Inc.	G	Yes	No
99-1448	Eastview Memorial Gardens, Inc.	H	No	No
99-1449	Eastwood Memorial Gardens, Inc.	D	No	No
99-1450	Ed C. Smith & Brothers Funeral Directors, Inc.	H	No	No
99-1451	Edgecombe Forest, Inc.	F	No	No
99-1452	Edo Miller Merger, Inc.	C	No	No
99-1453	Edward F. Carter, Inc.	C	No	No
99-1454	Edward Swanson & Son Funeral Home, Inc.	C	No	No
99-1455	Elmwood Acquisition Corporation	F	No	No
99-1456	Elmwood Cemetery & Gardens, Inc.	H	No	No
99-1457	Elzey & Haggard Funeral Homes, Inc.	C	No	No
99-1458	Enga Memorial Chapels, Inc.	G	No	No
99-1460	Eternal Light Funeral Directors And Counselors, Inc.	E	No	No
99-1461	Eternity Memorial, Inc.	D	No	No
99-1462	Evangeline Funeral Home, Inc.	C	No	No
99-1463	Evergreen Acquisition, Inc.	H	No	No
99-1464	Evergreen Funeral Home and Cemetery, Inc.	C	No	No
99-1466	Evergreen Memorial Cemetery, Inc.	D	No	No
99-1465	Evergreen Memorial Chapel, Inc.	C	No	No
99-1467	Evergreen Memorial Gardens, Inc.	G	No	No
99-1468	F. J. W. Incorporated	H	No	No
99-1469	Fairview Memorial Park of Albemarle, Inc.	H	No	No
99-1470	Family Care, Inc.	H	No	No
99-2102	Family Funeral Service Group, Inc.*	G	Yes	No
99-1471	Family Memorial Caskets, Inc.	H	No	No
99-1472	Ferrell Mortuary, Inc.	D	No	No
99-1473	FFH, Inc.	H	No	No
99-1474	Fir Lawn Chapel, Inc.	C	No	No
99-1475	Fisher-Riles Funeral Insurance Company	H	No	No
99-1476	Fitzgerald & Son Funeral Directors, Inc.	C	No	No
99-1477	Fitzpatrick Funeral Services, Ltd.	C	No	No
99-1478	Flagstaff-Greenlaw Mortuary, Inc.	D	No	No
99-1480	Floral Hills Memorial Gardens, Inc.	G	No	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1482	Forest Hills Management Company	H	No	No
99-1483	Forest Lawn Cemetery, Inc.	G	No	No
99-1484	Forest Lawn Memorial Gardens, Inc.	F	No	No
99-1485	Forest Lawn Memorial Gardens, Inc.	H	No	No
99-1488	Forest Park Cemetery of Shreveport, Inc.	F	No	No
99-1487	Forest Park Cemetery West of Shreveport, Inc.	C	No	No
99-1489	Fort Steuben Management, Inc.	H	No	No
99-1490	Foster and Good Funeral Home, Incorporated	C	No	No
99-1491	Foster Family Funeral Home, Inc.	G	No	No
99-1492	Frank J. Fisher Funeral Directors, Inc	C	Yes	No
99-1493	Frank R. Gorton & Sons, Inc.	C	No	No
99-1494	Franklin Memorial Chapel, Inc.	C	No	No
99-1495	Frazier & Son Funeral Home, Inc.	C	No	No
99-1496	Frederica Cemeteries, Inc.	G	No	No
99-1497	Frederick Memorial Gardens, Inc.	F	No	No
99-1498	Fryberger Acquisition, Inc.	G	No	No
99-1499	Funeral Concepts of Knoxville, Inc.	H	No	No
99-1500	Funeral Discount Center, Inc.	H	No	No
99-1502	Funeral Services Acquisition Group, Inc.	F	Yes	No
99-1503	Furman Funeral Home, Inc.	H	No	No
99-1504	Gable and Parkrose Funeral Chapels, Inc.	D	No	No
99-1505	Garden Sanctuary Acquisition, Inc.	G	No	No
99-1507	Gardens of Faith Cemetery, Inc.	C	No	No
99-1506	Gardens of Memory, Inc.	H	No	No
99-1508	Gemini Memorial, Inc.	H	Yes	No
99-1509	Genesis Associates, Ltd.	H	Yes	No
99-1510	George M. Wilbur-Romano & Sons, Inc.	C	No	No
99-1512	Gethsemane Cemetery North, Inc.	H	No	No
99-1513	Gethsemane Cemetery, Inc.	H	No	No
99-1511	Gethsemane Mausoleum and Sales Company	H	No	No
99-1514	Gilman Funeral Home, Inc.	C	No	No
99-1515	Glacier Memorial Gardens, Inc.	F	No	No
99-1516	Gleason Mortuary, Inc	H	No	No
99-1517	Glendale Memorial Gardens, Inc.	G	No	No
99-1518	Golden Oaks Memorial Gardens, Incorporated	H	No	No
99-1519	Good Shepherd Memorial Park, Inc.	H	No	No
99-1521	Gorder Funeral Home, Inc.	C	No	No
99-1522	Gordon E. Utt Funeral Home, Inc.	C	No	No
99-1523	Grace Memorial Park, Inc.	F	No	No
99-1524	Graceland Cemetery Development Co.	E	No	No
99-1525	Grants Mortuary, Inc.	C	No	No
99-1526	Gray Funeral Service, Inc.	C	No	No
99-1527	Gray Gish, Inc.	C	No	No
99-1528	Great Lake Cemetery Corp.	H	No	No
99-1529	Great Lakes Cemeteries I, Inc.	G	No	No
99-1530	Green Hills Memorial Gardens, Inc.	H	No	No
99-1531	Green Lawn Cemetery Corporation	C	No	No
99-1532	Green Service Corporation	E	Yes	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1533	Greenview Cemetery, Inc.	H	No	No
99-1534	Greenwell-Jenkins Funeral Home, Inc.*	C	No	No
99-1536	Greer - Mountain View Mortuary, Inc.	C	No	No
99-1535	Greer Funeral Home	C	No	No
99-1537	Grennan Funeral Home, Ltd.	F	No	No
99-1538	Griffin Funeral Home, Inc.	C	No	No
99-1540	Guerrero Mortuary, Inc.	C	No	No
99-1541	Gulf Coast Funeral Services, Inc.	H	No	No
99-1542	H. & D. Management Company, Inc.	H	Yes	No
99-1543	H. C. Alexander Funeral Home, Inc.	C	No	No
99-1544	H. H. Birkenkamp Funeral Home, Inc.	C	No	No
99-1545	H. P. Brandt Funeral Home, Inc.	C	No	No
99-1546	H. Samson, Inc.	E	No	No
99-1547	Haakinson-Groulx Mortuary, Inc.	C	No	No
99-1548	Hadley Funeral Chapels, Inc.	C	No	No
99-1549	Halverson Chapel, Inc.	E	No	No
99-1550	Hanes-Lineberry Advanced Funeral Planning, Inc.	H	No	No
99-1552	Harnett Devotional Gardens, Inc.	C	No	No
99-1553	Harrell-Faircloth Funeral Home, Inc.	D	No	No
99-1554	Harris Funeral Home, Inc.	E	No	No
99-1555	Harvey Funeral Home, Inc.	C	No	No
99-1556	Hatfield Funeral Home, Inc.	C	No	No
99-1557	Hawaiian Memorial Park Mortuary Corporation	G	Yes	No
99-1558	Hawks Funeral Home, Inc.	F	No	No
99-1559	Heffner Funeral Home, Inc.	H	No	No
99-1560	Heritage Cemetery Management Corporation	C	No	No
99-1562	HFH Acquisition, Inc.	C	No	No
99-1563	HFH, Inc.	C	No	No
99-1564	Hibbard-Ruggles Funeral Home, Inc.	F	No	No
99-1565	Highland Management Corp.	C	No	No
99-1566	Highland Memorial Gardens, Inc.	E	No	No
99-1568	Hill Funeral Home, Inc.	C	No	No
99-1567	Hill Funeral Home, Inc.	H	No	No
99-1569	Hillcrest Cemetery Corporation	G	No	No
99-1570	Hillcrest Garden of Memories, Inc.	H	No	No
99-1571	Hillcrest Memorial Gardens Cemetery, Inc.	G	No	No
99-1572	HLLB, Inc.	C	No	No
99-1573	HM Acquisition, Inc.	H	No	No
99-1574	Hofmeister Funeral Chapels, Inc.	C	No	No
99-1575	Hogenkamp-Bonham Funeral Home, Inc.	H	No	No
99-1576	Holder-Wells Funeral Home, Inc.	C	No	No
99-1577	Horizon Funeral Direction, Inc.	H	No	No
99-1578	Horizon-Glynn Properties, Inc.	H	No	No
99-1579	Howell-Edwards-Doerksen Chapel of the Gardens, Inc.	C	No	No
99-1581	HPS Acquisition, Inc.	H	No	No
99-1582	HRMP Management, Inc.	H	No	No
99-1583	Huff-Cook Funeral Home, Inc.	H	No	No
99-1584	Hughes Funeral Homes, Inc.	H	No	No

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99-1585	Hughes Funerals, Inc.	H	No	No
99-1586	Hughes Southland Funeral Home, Inc.	H	No	No
99-1587	Hunsaker-Wooten Funeral Home, Inc.	C	No	No
99-1588	Imperial Memorial Gardens, Inc.	F	No	No
99-1589	International Memorial Society, Inc.	E	No	No
99-1590	Ives-Pearson Funeral Homes, Inc.	H	No	No
99-1591	J & K Management Company	C	No	No
99-1592	J. H. Finefrock & Sons, Inc.	C	No	No
99-1593	J. W. Curry & Son, Inc.	C	No	No
99-1594	James & Dean, Inc.	E	No	No
99-1596	James Funeral Home, Inc.	C	Yes	No
99-1597	James J. Stout Funeral Home, Inc.	C	No	No
99-1598	Janousek Funeral Home, Inc.	F	No	No
99-1599	Jenkins Funeral Home, Inc.*	C	No	No
99-1600	Jensen-Carpenter Mortuary, Inc.	C	No	No
99-1601	Jerns Funeral Chapel, Inc.	C	No	No
99-1602	Jewish Memorial Society, Inc.	H	No	No
99-1603	Jibe Services Corporation	F	No	No
99-1604	John B. Romano & Sons, Inc.	H	No	No
99-1605	John Dormi & Sons, Inc.	D	No	No
99-1606	John J. Healey Funeral Home, Inc.	C	No	No
99-1608	Johnson Funeral Home Of Church Hill, Inc.	F	No	No
99-1607	Johnson Funeral Home, Inc.	C	No	No
99-1609	Jones-Ash Funeral Home, Inc.	C	No	No
99-1610	Joseph B. Cofer Funeral Home, Inc.	H	No	No
99-1611	Joseph G. Duffy, Inc.	C	No	No
99-1612	Kadek Enterprises of Florida, Inc.	E	No	No
99-1613	KAL Cemetery Management, Inc.	H	No	No
99-1614	Kapala-Glodek Funeral Service, Ltd.	G	Yes	No
99-1615	Kapala-Glodek Gearhart Funeral Home, Inc.	D	No	No
99-1616	Keaton Mortuaries, Inc.	C	No	No
99-1617	Keith Monument Co. of Bowling Green, Inc.	G	No	No
99-1618	Kemple Funeral Homes, Inc.	C	No	No
99-1619	Kennedy Monument Co., Inc.	H	No	No
99-1620	Kennedy-Morgan Funeral Home, Inc.	F	No	No
99-1621	Kennedy-Roth Funeral Home, Inc.	C	No	No
99-1622	Kiesau Funeral Home, Inc.	C	No	No
99-1623	Kimball Funeral Home, Inc.	C	No	No
99-1624	Kingston Memorial Gardens, Inc.	C	No	No
99-1625	Kiser Funeral Home, of Greeneville, Incorporated	C	No	No
99-1626	Knauff Funeral Home, Inc.	E	No	No
99-1627	Knee Funeral Home of Wilkinsburg, Inc.	D	No	No
99-1628	Kraeer Funeral Homes, Inc.	C	No	No
99-1629	Kraeer Holdings, Inc.	G	Yes	No
99-1631	Kyger Funeral Home, Inc.	H	No	No
99-1632	L & D Enterprises, Incorporated	C	No	No
99-1633	La Familia Funeral Home, Inc.	H	No	No
99-1634	Lacy Funeral Home, Inc.	C	No	No

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99-1635	Lake Havasu Memorial Gardens, Inc.	H	No	No
99-1636	Lang-Tobia-DiPalma Funeral Home, Inc.	F	No	No
99-1638	Larry A. McGee, Inc.	C	No	No
99-1639	Laurel Funeral Home, Inc.*	F	No	No
99-2093	Leasure-Stein Management Company, L.L.C.	H	No	No
99-1641	Leavitt Acquisition One, Inc.	H	No	No
99-1640	Leavitt Acquisition Two, Inc.	H	No	No
99-1642	Lee Funeral Home of Manassas, Inc.	C	No	No
99-1643	Leitz-Eagan Funeral Home, Inc.	F	Yes	No
99-1644	Lester L. Hayman Funeral Home, Inc.	H	No	No
99-1645	Levitt Memorial Chapel, Inc.	H	No	No
99-1646	Levitt-Weinstein Memorial Chapels, Inc.	F	Yes	No
99-1648	Lienkaemper Chapels, Inc.	C	No	No
99-1649	Lindsey Funeral Home, Inc.*	G	No	No
99-1650	Lineberry Cemetery Corporation	H	No	No
99-1652	Lineberry Group (Virginia), Inc.	D	Yes	No
99-1651	Lineberry Group, Inc.	F	Yes	No
99-1653	Litwiller Funeral Home, Inc.	C	No	No
99-1654	Livingston-Malletta & Geraghty Funeral Home, Inc.	H	No	No
99-1655	LM Park, Inc.	G	No	No
99-2096	Loewen (Alabama), L.P.	C	No	No
99-1689	Loewen (Alabama),Inc.	H	Yes	No
99-1656	Loewen (Arkansas) Holdings, Inc.	H	Yes	No
99-1657	Loewen (Georgia), Inc.	G	Yes	No
99-1658	Loewen (Indiana), Inc.	H	Yes	No
99-2095	Loewen (Indiana), L.P.	D	No	No
99-1659	Loewen (Iowa), Inc.	G	No	No
99-1660	Loewen (Kentucky), Inc.*	F	No	No
99-1661	Loewen (Michigan), Inc.	C	No	No
99-1662	Loewen (North Carolina), Inc.	C	No	No
99-1663	Loewen (Oklahoma), Inc.	C	Yes	No
99-1664	Loewen (Texas) II, Inc.	H	No	No
99-1665	Loewen (Texas), Inc.	H	Yes	No
99-2094	Loewen (Texas), L.P.	C	No	No
99-1666	Loewen Cape Cod Holdings (1991), Inc.	G	No	No
99-1667	Loewen Capital Corporation	H	No	No
99-1669	Loewen Cemetery (Ohio), Inc.	H	No	No
99-1668	Loewen Cemetery (Texas), Inc.	E	Yes	No
99-1670	Loewen Communication Center, Inc.	H	No	No
99-1671	Loewen Corporate Benefits of North Carolina, Inc.	H	No	No
99-1672	Loewen Eastern Massachusetts Holdings (1992), Inc.	G	No	No
01-2319	Loewen Financial Corporation	H	Yes	No
99-1673	Loewen Group Acquisition Corp.	H	Yes	No
99-1246	Loewen Group Capital, L.P.	H	No	No
99-1244	Loewen Group International, Inc.	B	No	No
99-1674	Loewen Group, Inc.	F	Yes	No
99-2103	Loewen HDG Acquisition, Inc.*	H	No	Yes
99-1675	Loewen Life Insurance Group, Inc.	C	No	No

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99-1676	Loewen Louisiana Holdings, Inc.	G	Yes	No
99-2114	Loewen Luxembourg (No. 1) S.A.	H	Yes	No
99-1677	Loewen Management Investment Corporation	H	No	No
99-1678	Loewen Massachusetts Holding (1991), Inc.	F	No	No
99-1679	Loewen Missouri, Inc.	H	No	No
99-1680	Loewen New Hampshire Holdings 1990, Inc.	H	No	No
99-1681	Long and Folk Funeral Home, Inc.	C	No	No
99-1682	Longview Memorial Park, Inc.	G	No	No
99-1683	Los Jardines Memorial Park, Inc.	C	No	No
99-1684	Los Rosales Memorial Park, Inc.	F	No	No
99-1685	Lough, Inc.	C	Yes	No
99-1686	Louis Hirsch & Sons, Inc.	C	No	No
99-1687	Louisville Memorial Gardens, Inc.	F	Yes	No
99-2104	Lowell Holdings, Inc.*	H	Yes	Yes
99-1691	Lower Valley Memorial Gardens, Inc.	E	No	No
99-1688	Lowe's Funeral Home, Inc.	C	No	No
99-1692	Ludlum Management Services, Inc.	C	No	No
99-1693	Luff Bowen Funeral Home, Inc.	C	No	No
99-1694	Lumbee Memorial Gardens, Inc.	C	No	No
99-1695	M. J. Smith Sons, Inc.	C	No	No
99-1696	Macedonia Memorial Park, Inc.	H	No	No
99-1697	Madison County Memorial Gardens, Inc.	G	No	No
99-1698	Magnolia Memorial Gardens of Meridian, Inc.	H	No	No
99-1699	Malletta-Vertin Holdings, Inc.	H	Yes	No
99-1700	Malone Funeral Home, Inc.	F	No	No
99-1701	Mann-Walden Funeral Home, Inc.	C	No	No
99-1702	Maple Valley Chapel, Inc.	C	No	No
99-1703	Maplelawn Park Cemetery, Inc.	H	No	No
99-1704	Martin Funeral Home Acquisition, Inc.	C	No	No
99-1705	Marysville Acquisition, Inc.	F	No	No
99-1706	Mass-Hinitt-Alexander Funeral Home, Inc.	H	No	No
99-1707	Maui Funeral Plan, Inc.	C	No	No
99-2105	Maui Memorial Park, Inc.	C	Yes	No
99-1708	Max Martinez Funeral Home, Incorporated	H	No	No
99-1709	Maxwell Holding Company, Inc.	H	Yes	No
99-1710	Mayes Mortuary, Inc.	C	Yes	No
99-1711	McClure Funeral Service, Inc.	C	No	No
99-1712	McCracken Funeral Home, Inc.	H	No	No
99-1713	McLeod Mortuary, Inc.	C	No	No
99-1715	McPeters, Incorporated - Funeral Directors	H	No	No
99-1716	Melwood Cemetery, Inc.	H	No	No
99-1717	Memorial Cemetery Advisors, Inc.	H	No	No
99-1718	Memorial Consultants of California, Inc.	D	No	No
99-1719	Memorial Consultants, Inc.	H	Yes	No
99-1720	Memorial Gardens Association, Inc.	F	No	No
99-1721	Memorial Gardens of Charleston, Inc.	G	No	No
99-1722	Memorial Guardian Company	H	No	No
99-1723	Memorial Park of Ada, Inc.	H	No	No

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99-1724	Memorial Park, Inc.	D	No	No
99-1726	Memorial Services Acquisition, Inc.	D	No	No
99-1725	Memorial Services Corporation	H	No	No
99-1727	Memorial Services, Inc.	H	Yes	No
99-1728	Memory Chapel, Inc.	C	No	No
01-1881	Memory Gardens, Inc.	H	No	No
99-1729	Merced Funeral Chapel	C	No	No
99-1730	Merkley-Mitchell Mortuary	C	No	No
99-1731	MHI Financial, Inc.	H	No	No
99-1732	MHI Group, Inc.	H	Yes	No
99-1733	Midwest Cemetery Service Company	H	Yes	No
99-1734	Miller's Tulare Funeral Home	C	No	No
99-1735	Mission Chapel of San Jose, Inc.	G	No	No
99-1736	Mission Memorial Park	F	No	No
99-1737	Mission Mortuary, Inc.	H	No	No
99-1738	Missouri Cemetery Management, Inc.	H	No	No
99-1739	Mittendorf Calvert Funeral Home, Ltd.	H	No	No
99-1740	Montana Memorial Services, Inc.	H	Yes	No
99-1741	Monte Cristo, Inc.	D	No	No
99-1742	Montgomery Memorial Cemetery, Inc.	H	No	No
99-1743	Monument Hill Memorial Park	E	No	No
99-1744	Moody Funeral Home, Inc.	G	No	No
99-1745	Moon Acquisition, Inc.	H	No	No
99-1746	Morningside Memorial Gardens, Inc.	G	No	No
99-1747	Morrison Funeral Home, Inc.	C	No	No
99-1749	Mount Auburn Cemetery Company	H	No	No
99-1750	Mount Auburn Funeral Home, Inc.	E	No	No
99-1748	Mount Auburn Memorial Park, Inc.	C	No	No
99-1759	Mount Hope Cemetery, Inc.	E	No	No
99-1751	Mount Hope Woodlawn Corporation	H	No	No
99-1754	Mount Nebo Chapels, Inc.	H	No	No
99-1753	Mount Nebo Memorial Gardens, Inc.	G	No	No
99-1752	Mount Nebo of the Palm Beaches Memorial Gardens, Inc.	H	No	No
99-1756	Mountain Vale Memorial Park, Inc.	H	No	No
99-1757	Mountain View Floral, Inc.	H	No	No
99-1758	Mozley Memorial Gardens, Inc.	H	No	No
99-1760	Mullins Holding Company	F	Yes	No
99-1761	Murdock Funeral Home, Inc.	C	No	No
99-1762	Murray Memorial Gardens, Inc.	H	No	No
99-2106	Nakamura Mortuary, Inc.	G	Yes	No
99-1764	Naples Memorial Gardens, Inc.	E	No	No
99-1765	Nashville Funeral Home, Inc.	H	No	No
99-1766	National Home Service Institute, Inc.	H	No	No
99-1767	Nave Funeral Home, Inc.	C	No	No
99-1769	New Crown Cemetery Company, Inc.	G	No	No
99-1770	New England Holding Co., Inc.	F	Yes	No
99-1771	New Rose Hill, Inc.	G	No	No
99-1772	Newby Funeral Home, Inc.	C	No	No

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99-4537	Neweol (Delaware) LLC	H	No	No
99-1773	Newoel Investments (U.S.A.), Inc.	H	No	No
99-1774	Newton County Memorial Gardens, Inc.	G	No	No
99-1775	NFH Leasing Corporation	H	No	No
99-1776	Nicoletti, Culjis & Herberger Funeral Home, Inc.	C	No	No
99-1777	Norman's Family Chapel, Inc.	C	No	No
99-1778	North Alabama Memorial Gardens, Inc.	H	No	No
99-1779	North American Cremation Society, Inc.	D	No	No
99-1780	North American Cremation Society, Inc.	H	No	No
99-1781	North Lawn Cemetery, Inc.	H	No	No
99-1782	Northeast Monument Company, Inc.	H	No	No
99-1783	Northeast Ohio Crematory, Inc.	H	No	No
99-1784	Northern Land Company, Inc.	H	No	No
99-1785	Northridge/Woodhaven Chapel & Cemetery, Inc.	D	No	No
99-1786	Northwest Services, Inc.	C	No	No
99-1787	Northwood Park Cemetery, Inc.	H	No	No
99-1791	Oak Bluff Memorial Park, Inc., of Port Neches	F	No	No
99-1792	Oak Enterprises, Inc.	F	No	No
99-1794	Oak Ridge Memorial Park, Inc.	F	No	No
99-1795	Oak Woods Management Company	H	No	No
99-1796	Oakland Memory Lanes, Inc.	F	Yes	No
99-1797	OBC Acquisitions, Ltd.	C	No	No
99-1788	O'Connor Funeral Home & Crematory, Inc.	C	No	No
99-1799	Oehler Building Corporation	H	No	No
99-1789	O'Hair's Funeral Chapel, Inc.	C	No	No
99-1790	O'Neill-Redden-Drown Funeral Home, Inc.	C	No	No
99-2107	Ordenstein Holding Company, Inc.*	H	No	Yes
99-1805	Osiris Holding Corporation	F	Yes	No
99-1801	Osiris Holding of Florida, Inc.	H	No	No
99-1802	Osiris Holding of Illinois	G	Yes	No
99-1803	Osiris Holding of Kentucky, Inc.	H	No	No
99-1804	Osiris Holding of Wisconsin, Inc.	G	Yes	No
99-1806	Osiris Insurance Agency of Pennsylvania	H	No	No
99-1807	Osthus Funeral Home, Inc.	G	No	No
99-1809	Ourso Funeral Home, Airline Gonzales, Inc.	H	No	No
99-1808	Ourso Funeral Home, Inc.	C	No	No
99-1810	Pace-Stancil Funeral Home, Inc.	C	No	No
99-1811	Pace-Stancil Memorial Rest Gardens, Inc.	G	No	No
99-1812	Pacific Mausoleum Co., Inc.	F	No	No
99-1813	Padgett Funeral Home, Inc.	F	No	No
99-1814	Page Mortuary, Inc.	H	No	No
99-1815	Palm Beach County Community Chapel, Inc.	G	No	No
99-1816	Palm Springs Mausoleum, Inc.	F	No	No
99-1817	Pamlico Memorial Gardens, Inc.	H	No	No
99-1818	Paradise Memorial Gardens, Inc.	G	No	No
99-1819	Paragon Trevino Funeral Home, Inc.	H	No	No
99-1820	Paris-Frederick Mortuary, Inc.	F	No	No
99-1821	Park Cemetery of Carthage, Inc.	H	No	No

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99-1822	Parks Development Company, Inc.	F	No	No
99-1823	Parkway Garden Chapel, Inc.	C	No	No
99-1824	Parkway Memorial Cemetery Corporation	F	No	No
99-1825	Patterson Greer Funeral Home, Inc.	C	No	No
99-1827	Payne Family Mortuary, Inc.	H	No	No
99-1828	Peace Rose, Inc.	G	No	No
99-1829	Peake Memorial Chapel, Inc.	E	No	No
99-1830	Perfection Management Corporation	C	No	No
99-1831	Pet Haven Memorial Gardens, Inc.	H	No	No
99-1832	Peter Feldpaush & Co., Inc.	H	No	No
99-1833	Pettus-Owen & Wood Funeral Home, Inc.	C	No	No
99-1834	Phil Kiser Funeral Home, Inc.	C	No	No
99-1835	Phoenix Memorial Mortuary, Inc.	C	No	No
99-1836	Pierce Mortuary Chapels, Inc.	C	No	No
99-1837	Pineview Memorial Park, Inc.	E	No	No
99-1838	Pinkham-Mitchell Mortuary, Inc.	H	No	No
99-1840	Pitts Kreidler-Ashcraft Funeral Directors, Inc.	H	No	No
99-1841	Pittsburg Cemetery Company	H	No	No
99-1842	Pontarelli-Marino Funeral Home, Inc.	C	No	No
99-1843	Portland Funeral Alternatives, Inc.	D	No	No
99-1844	Poteet Funeral Home, Inc.	H	No	No
99-1845	Poteet Holdings, Inc.	C	No	No
99-1846	Potts Funeral Home, Inc.	C	No	No
99-1847	Powers Ambulance Service, Inc.	H	No	No
99-1848	Powers Funeral Home, Inc.	C	No	No
99-1849	Prata Funeral Homes, Inc.	C	No	No
99-1850	Pre-Arrangement Consultants, Inc.	H	No	No
99-1851	Price-Helton Funeral Chapel, Inc.	C	No	No
99-1853	Quiring Monument Company	C	No	No
99-1854	R. J. P. Enterprises, Inc.	H	No	No
99-1855	R. Stutzmann & Son, Inc.	C	No	No
99-1856	Raleigh Memorial Park, Inc.	F	No	No
99-1857	Rawlings Funeral Home, Inc.	C	No	No
99-1858	Reed-Nichols Funeral Home, Inc.	H	No	No
99-1859	Reese Leasing Corporation	H	No	No
99-1860	Reese Management Corporation	H	No	No
99-1861	Reeves Funeral Home, Inc.	C	No	No
99-1862	Reeves, Inc.	F	No	No
99-1864	Resmal, Inc.	H	No	No
99-1865	Rest-Haven Cemetery Association, Inc.	G	No	No
99-1866	Resthaven Memorial Company	D	No	No
99-1868	Restlawn Cemetery, Inc.	H	No	No
99-1869	Restlawn Gardens of Memory, Inc.	C	No	No
99-1870	Restlawn Memorial Gardens, Inc.	H	No	No
99-1871	Restlawn Memory Gardens, Inc.	H	No	No
99-1872	Resurrection Funeral Home, Inc.	E	No	No
99-1873	Retz Funeral Home, Inc.	C	No	No
99-1874	Reynolds Funeral Chapel, Inc.	D	No	No

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99-1875	Ridge Chapels, Inc.	H	No	No
99-1876	Ridgewood Cemetery Company, Inc.	D	No	No
99-1878	Riemann Enterprises, Inc.	F	No	No
99-1879	Riemann Funeral Homes, Inc.	C	No	No
99-1880	Riemann Funeral Insurance Company, Inc.	H	No	No
99-2108	Riemann Holdings, Inc.	G	Yes	No
99-1881	Riemann Insurance Company, Inc.	H	No	No
99-1882	Riverside Memorial Park, Inc.	C	No	No
99-1885	Roane Memorial Gardens, Inc.	D	No	No
99-1887	Robert A. Weinstein Funeral Directors, Ltd.	H	No	No
99-1886	Robert A. Weinstein, Ltd.	H	Yes	No
99-1888	Robert Douglas Goundrey Funeral Home, Inc.	C	No	No
99-1889	Robert E. Evans Funeral Home, Inc.	E	No	No
99-1890	Rock Hill Memorial Gardens, Inc.	H	No	No
99-1891	Rockfish Memorial Cemetery, Inc.	F	No	No
99-1892	Rogers Funeral Home of Clarkson, Kentucky, Inc.*	C	No	No
99-1893	Rose Hill Management Company, Inc.	H	No	No
99-1894	Rose Hill Memorial Park, Inc.	E	No	No
99-1898	Roseland Park Cemetery, Inc.	G	No	No
99-1897	Roseland Park Sales Company	H	No	No
99-1901	Roselawn Memorial Gardens Corporation	E	No	No
99-1899	Roselawn Memorial Gardens, Inc.	F	No	No
99-1900	Roselawn Memorial Park Company	D	No	No
99-1902	Roselawn Operations, Inc.	H	No	No
99-1903	Roses Delaware, Inc.	E	No	No
99-1904	Rosewood Memorial Gardens, Inc.	H	No	No
99-1905	Roth Funeral Chapel, Incorporated*	G	No	No
99-1906	Roundtree Funeral Home, Inc.	E	No	No
99-1907	Roy Brown Service Funeral Home, Inc.	H	No	No
99-1908	Royal Palm Acquisition Corporation	G	No	No
99-1909	Rushlow-Iacoi Funeral Home, Inc.	F	No	No
99-1911	Rutherford County Memorial Cemetery, Inc.	G	No	No
99-1912	Ruzich Funeral Home, Inc.	H	No	No
99-1913	Ruzich Funeral Home, Inc.	H	No	No
99-1914	S & H Properties and Enterprises, Inc.	D	Yes	No
99-1916	Saint Clair Memorial Gardens, Incorporated	H	No	No
99-1918	Sandling Funeral Home, Inc.	C	No	No
99-1921	Sandy Springs Acquisition Corporation	H	No	No
99-1919	Sandy Springs Chapel, Inc.	E	No	No
99-1920	Sandy Springs Development Corporation	H	No	No
99-1922	Sarasota Memorial Park Acquisition, Inc.	G	No	No
99-1924	Schaefer-Shipman Funeral Home, Inc.	C	No	No
99-1925	Schoppenhorst Brothers - Funeral Home*	G	No	No
99-1926	Scotland County Cemetery, Inc.	F	No	No
99-1927	Scott Funeral Home, Inc.	C	No	No
99-1928	Searcy Funeral Home, Inc.	C	No	No
99-1929	Sears-Middleton-Jones Funeral Home, Inc.	F	No	No
99-1930	Security Plus Mini & RV Storage, Inc.	H	No	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1931	Security Trust Plans, Inc.	C	No	No
99-1932	Seeger Funeral Home, Inc.	E	No	No
99-1934	Sensible Alternatives of Virginia, Inc.	H	No	No
99-1933	Sensible Alternatives, Inc.	H	No	No
99-1936	Shadowlawn Acquisition Corporation	E	No	No
99-1937	Sharpstown Services, Inc.	C	No	No
99-1938	Shaw & Sons Funeral Directors, Inc.	C	No	No
99-1939	Sherrill-Guerry Funeral Home, Inc.	C	No	No
99-1940	Short's Funeral Chapel, Inc.	C	No	No
99-1941	Shrine of Memories, Inc.	G	No	No
99-1942	Shuford-Hatcher Company	C	No	No
99-1943	Sidney F. Harrell Funeral Home, Inc.	C	No	No
99-1944	Siferd Professional Associates, Inc.	C	No	No
99-1945	Sims - Medford Enterprises, Inc.	G	No	No
99-1946	Sinai Funeral Home, Inc.	H	No	No
99-1947	Sinfran, Inc.	H	No	No
99-1948	Skyway Memorial Gardens Acquisition, Inc.	G	No	No
99-1950	Smith Funeral Home, Inc.	C	No	No
99-1951	Smith Reardon Incorporated	H	Yes	No
99-1953	Smith-Tillman Mortuary, Inc.	C	No	No
99-1954	South Bend Highland Cemetery Association, Inc.	F	No	No
99-1955	Southeastern Cemeteries Association	H	No	No
99-1956	Southeastern Funeral Homes, Inc.	C	No	No
99-1957	Southern Memorial Park, Inc.	E	No	No
99-1958	Spadaccino Funeral Home, Inc.	F	No	No
99-1959	Sperry-McConnell-Bath Funeral Homes, Inc.	C	No	No
99-1960	Spiker-Foster-Shriver Funeral Homes, Inc.	E	No	No
99-1961	Spring Hill Cemetery Company	F	No	No
99-1962	Springhill Memorial Gardens, Inc.	H	No	No
99-1963	Spurgeon Funeral Home, Inc.	D	No	No
99-1964	Squire-Simmons & Carr Funeral Home, Inc.	G	No	No
99-1965	St. Joseph Valley Memorial Park, Inc.	G	No	No
99-1966	St. Laurent Funeral Home, Inc.	C	No	No
99-1967	Stanley N. Vaughan Funeral Home, Inc.	H	No	No
99-1968	Stanly Gardens of Memory, Inc.	H	No	No
99-1969	Star Cement and Vault Company	H	No	No
99-1970	Star of David Memorial Gardens, Inc.	H	No	No
99-1971	Stein Hebrew Memorial Funeral Home, Inc.	F	No	No
99-1972	Stephens & Bean	C	No	No
99-1973	Stephens Burial Association, Inc.	H	No	No
99-1974	Stephens Funeral Benefit Association, Inc.	H	No	No
99-1975	Stephens Funeral Fund, Inc.	H	No	No
99-1976	Stephens Funeral Homes, Inc.	C	Yes	No
99-1977	Sticklin Funeral Chapel, Inc.	H	No	No
99-1978	Stone & Metal, Inc.	H	No	No
99-1979	Stringer's Hartman-Baldwin Funeral Home, Inc.	C	No	No
99-1980	Strong-Thorne Mortuary, Inc.	E	No	No
99-1982	Sunset Acquisition Corporation	F	No	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-1983	Sunset Funeral Home, Inc.	H	No	No
99-1984	Sunset Management, Inc.	H	No	No
99-1985	Sunset Marketing, Inc.	H	No	No
99-1987	Sunset Memorial Cemetery & Funeral Home, Inc.	G	No	No
99-1991	Sunset Memorial Gardens of Billings, Inc.	G	No	No
99-1986	Sunset Memorial Gardens of Irvine Kentucky, Inc.	H	No	No
99-1989	Sunset Memorial Gardens, Inc.	F	No	No
99-1988	Sunset Memorial Park, Inc.	H	No	No
99-1990	Sunset Memorial, Inc.	F	No	No
99-1992	Sunset Memory Gardens, Inc.	E	No	No
99-1993	Sunset Ridge, Inc.	F	No	No
99-1994	Swan Hill Acquisition, Inc.	H	No	No
99-1995	Sweetwater Valley Memorial Park, Inc.	G	No	No
99-1996	T.J. McGowan Sons Funeral Home, Inc.	C	No	No
99-1997	Takoma Funeral Home, Inc.	C	No	No
99-1998	Tankersley Funeral Home, Inc.	D	No	No
99-1999	Tazewell County Memorial Gardens, Inc.	H	No	No
99-2000	Tennessee Valley Memory Gardens and Funeral Home, Inc.	H	No	No
99-2001	Terebinski Funeral Home Forest Hills Chapel, Inc.	F	No	No
99-2002	The Center For Pre-Arranged Funeral Planning, Inc.	H	No	No
99-2004	The Huntt Funeral Home, Inc.	C	No	No
99-1245	The Loewen Group Inc.	A	No	No
99-2006	The Oak Woods Cemetery Association	C	No	No
99-2007	The Portland Memorial, Inc.	F	No	No
99-2008	The Pulaski Funeral Home, Inc.*	H	No	No
99-2009	The Schmidt-Dhonau Company	C	No	No
99-2010	Thomas L. King Funeral Home, Inc.	F	No	No
99-2011	Thompson Funeral Home, Incorporated	C	No	No
99-2012	Thweatt Funeral Insurance Company, Inc.	H	No	No
99-2013	Thweatt-King Funeral Home, Inc.	F	Yes	No
99-2014	Titzer Funeral Home, Inc.	C	No	No
99-2015	Tomlinson Funeral Home, Inc.	H	No	No
99-2016	Travis Land Company	H	No	No
99-2017	Trevino Funeral Home - Palo Alto, Inc.	H	No	No
99-2018	Trevino Funeral Home, Inc.	C	No	No
99-2020	Umphlett Funeral Home, Inc.	E	No	No
99-2021	United Cemetery Management & Development Corp.	H	No	No
99-2027	Universal Memorial Centers I, Inc.	F	No	No
99-2028	Universal Memorial Centers II, Inc.	H	No	No
99-2024	Universal Memorial Centers III, Inc.	H	No	No
99-2022	Universal Memorial Centers V, Inc.	C	No	No
99-2023	Universal Memorial Centers VI, Inc.	D	No	No
99-2029	Valley Memory Gardens, Inc.	F	No	No
99-2030	Valley Mortuary, Inc.	C	No	No
99-2031	Valley of The Temples Mortuaries, Ltd.	E	No	No
99-2032	Vancouver Funeral Chapel, Inc.	D	Yes	No
99-2109	Vay-Meeson Holding Company, Inc.*	H	Yes	Yes
99-2033	Vay-Schleich & Meeson Funeral Home Inc.	D	No	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-2034	Vernon C. Wagner Funeral Homes, Inc.	C	No	No
99-2035	W.B.M., Inc.	C	No	No
99-2036	Wachterhauser-Brietzke Funeral Homes, Inc.	E	No	No
99-2037	Waco Memorial Park, Inc.	F	No	No
99-2110	Wagner Acquisition Corporation*	G	Yes	Yes
99-2038	Walker Cemetery Corporation	H	No	No
99-2039	Wallace-Martin Funeral Home, Inc.*	C	No	Yes
99-2040	Wanamaker & Carlough, Inc.	C	No	No
99-2041	Wattengel Funeral Home, Inc.	F	No	No
99-2042	Weaver Funeral Home, Inc.	C	No	No
99-2043	Weeks Funeral Home, Inc.	C	No	No
99-2044	Weigel Funeral Home, Inc.	G	No	No
99-2045	Weinstein Brothers, Inc.	C	Yes	No
99-2046	Weinstein Chapels, Inc.	H	No	No
99-2047	Weinstein Family Services, Inc.	H	Yes	No
99-2111	Weinstein Family Services, Inc.*	H	Yes	Yes
99-2048	West Funeral Home, Inc.	C	No	No
99-2049	West Lawn Cemetery, Inc.	E	No	No
99-2050	Westminster Gardens, Inc.	E	No	No
99-2051	Westwood Memorial Chapel, Inc.	C	No	No
99-2052	WHC, Inc.	H	Yes	No
99-2053	White Mortuary, Inc.	C	No	No
99-2056	Whitehurst - Grim Funeral Service	C	No	No
99-2057	Whitehurst - Lakewood Memorial Park And Funeral Service	D	No	No
99-2058	Whitehurst - Loyd Funeral Service	C	No	No
99-2059	Whitehurst - McNamara Funeral Service	C	No	No
99-2060	Whitehurst - Muller Funeral Service	C	No	No
99-2061	Whitehurst - Norton - Diaz Funeral Service	C	No	No
99-2064	Whitehurst-Norton Funeral Service	H	No	No
99-2055	Whitehurst California	D	Yes	No
99-2062	Whitehurst, Sullivan, Burns & Blair Funeral Service	C	No	No
99-2054	White's Vault Co.	H	No	No
99-2065	Wilcoxen Funeral Home, Inc.	H	No	No
99-2066	Wilder Funeral Home, Inc.*	E	No	No
99-2067	William Leahy Funeral Home, Inc.	C	No	No
99-2068	Williams Funeral Service, (Incorporated)	C	No	No
99-2069	Williamsburg Funeral Home, Inc.	H	No	No
99-2070	Willow Glen Mortuary, Inc.	C	No	No
99-2071	Wilson County Memorial Park, Inc.	G	No	No
99-2072	Windridge Funeral Home, Ltd.	G	No	No
99-2112	Windward Crematory, Inc.	H	No	No
99-2073	Wm. F. Cushing, Inc.	H	No	No
99-2077	Woodlawn Cemetery of Chicago, Inc.	E	No	No
99-2113	Woodlawn Memorial Park, Inc.*	E	No	Yes
99-1895	Woodlawn Memory Gardens, Inc.	H	No	No
99-2079	Woodstock Funeral Home, Inc.	C	No	No
99-2080	Woodward Funeral Home, Incorporated	C	No	No
99-2081	Wren Funeral Home, Inc.	C	No	No

TLGI, LGII and
Loewen Subsidiary Debtors

Case No.	Entity Name	Division for Purposes of Class 11	CTA Pledgor	Non-Ownership Regulated Debtor
99-2082	Wright & Ferguson Funeral Home	H	Yes	No
99-2083	Wulff Family Mortuary, Inc.	C	Yes	No
99-2084	Wylie-Baxley Funeral Home, Inc.	C	No	No
99-2085	Yablokoff Kingsway Memorial Chapel, Inc.	D	No	No
99-2086	Yablokoff-Wandy Funeral Home, Inc.	H	No	No
99-2088	Young's Funeral Home, Inc.	C	No	No
99-2089	Yuma Mortuary & Crematory, Inc.	G	No	No
99-2090	Zefran Funeral Home, Ltd.	C	No	No
99-2092	ZS Acquisition, Inc.	C	No	No

Exhibit I.A.89

LIST OF LOEWEN COMPANIES OTHER THAN TLGI, LGII, LOEWEN SUBSIDIARY DEBTORS, CCAA DEBTORS AND THE MICHIGAN CEMETERY DEBTORS

Canada and Mexico

1096952 Ontario Limited
Grupo Loewen De Mexico, S.A. de C.V.
Prestadora De Servicios Funerarios, S.A. de C.V.
Servicios Administrativos Funerarios, S.A. de C.V.
NovaStar Emergency Medical Service Limited
307744 Saskatchewan Ltd.

United States

Directors Cemetery (Texas), Inc.
Del Rio Memorial Park, Inc.
Panola County Restland Memorial Park, Inc.
Directors Succession Planning II, Inc.
Administration Services, Inc.
Directors (Texas), L.P.
Mayflower National Life Insurance Company
Mayflower Corporate Services, Inc.
Security Industrial Insurance Company
Security Industrial Fire Insurance Company
Funeral Service, Inc.
National Capital Life Insurance Company
Knollwood Memorial Park, Inc.
Doba-Haby Insurance Agency, Inc.
Osiris Telemarketing Corp.
DSP General Partner, II, Inc.
Jimerson Funeral Home, Inc.
Memorial Park Cemetery, of Tyler, Texas
Tyler Memorial Funeral Home and Chapel, Inc.
Russell Memorial Cemetery, Inc.
Milton Lawns Memorial Park of Janesville, Inc.
Wyoming Memorial Gardens, Inc.
Phoenix Memorial Park Association

International Companies

Loewen International Holdings Ltd.
Loewen Insurance Holdings Inc.
Loewen Mexico Holdings Ltd.
Loewen Trading Corporation
Loewen Luxembourg (No. 2) S.A.
Loewen Investments (Gibraltar)
Loewen Investments Two (Gibraltar)
Neweol Finance B.V.
Loewen Luxembourg (No. 3) S.A.

Loewen One (Gibraltar) Limited
Neweol Holdings B.V.
Loewen Luxembourg (No. 4) S.A.
Loewen UK Holdings Limited
The Loewen Partnership Limited
Loewen Funerals Limited
Andrew Holmes & Son Limited
Anglia Funeral Services Limited
JNO Steel Holdings Limited
JNO Steel & Son Limited
Maple Leaf Funerals Limited
Woking Funeral Service Limited

Exhibit I.A.93

MICHIGAN CEMETERY DEBTORS

Case No.	Entity Name
99-1282	AMG, Inc.
99-1283	APC Association
99-1479	FLMG Cemetery Corp.
99-1486	Forest LMP, Inc.
99-1520	GOR Cemetery Corp.
01-1879	HMP Acquisition, Inc.
99-1714	MCM Acquisition, Inc.
99-1768	NCG Cemetery Corp.
99-1798	OCG Cemetery Corp.
99-1800	Osiris Holding of Michigan, Inc.
01-1880	OVC Association
99-1826	Paws Pet Cemetery, Inc.
99-1867	Restlawn Acquisition, Inc.
99-1884	RKL Supply, Inc.
99-1896	Roseland, Inc.
99-2019	UMG, Inc.
99-2074	WMP, Inc.
99-2075	Woodlawn (Michigan), Inc.
99-2078	Woodmere, Inc.

Exhibit III.B.2

Certain Agreements

Settlement Agreement, dated February 16, 2000, by and between Philip Klevmoen, Estate Planning, Inc., Davis Funeral Homes, Inc., Davis Funeral Home Memorial Plan, Inc. d/b/a Davis Estate Plan and Paradise Memorial Gardens, Inc.

EXHIBIT III.C

Allowed CTA Note Claims

Set forth below are Allowed Claim amounts in respect of the indebtedness classified in Classes 5, 6 and 7 under the Plan. In the instances of the BMO Revolving Credit Facility, the MEIP Credit Facility and each of the series of the Public Notes, the Allowed Claims are listed in aggregate amounts for all claimants.

Debt Facility or Issuance	Creditor, Agent or Indenture Trustee	Allowed Claim Amount
BMO Revolving Credit Facility	Bank of Montreal, as Agent for Lenders	$274,490,443.28
MEIP Credit Facility	Wachovia Bank, N.A., as Agent for Lenders	$83,217,911.67
Series 1 Notes and Series 2 Notes	HSBC Bank USA, as Successor Indenture Trustee	$353,473,958.33
Series 3 Notes and Series 4 Notes	U.S. Bank National Association, as Successor Indenture Trustee	$353,609,722.22
Series 5 Notes	The Trust Company of Bank of Montreal, as Indenture Trustee	$136,213,230.87
Series 6 Notes and Series 7 Notes	Bank One Trust Company, N.A., as Successor Indenture Trustee	$466,700,000.00
PATS Notes	Bank One Trust Company, N.A., as Successor Indenture Trustee	$303,350,000.00
Series D Notes	Successor to General American Life Insurance	$3,091,335.13
Series D Notes	Jefferson Pilot Financial Insurance Company f/k/a Guarantee Life Insurance Company	$1,251,738.90
Series D Notes	Manhattan Life Insurance Company	$627,236.10
Series D Notes	Pacific Life Insurance Company	$6,202,295.16
Series D Notes	Teachers Insurance & Annuity Association of America	$24,410,946.81
Series D Notes	Union Central Life Insurance Company	$1,881,707.29
Series E Notes	Teachers Insurance & Annuity Association of America	$30,919,769.46
BMO Letter of Credit Facility	Bank of Montreal	$5,198,544.37

Exhibit III.H

LOEWEN CREDITOR LIQUIDATING TRUST AGREEMENT

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LOEWEN CREDITOR LIQUIDATING TRUST AGREEMENT

This Liquidating Trust Agreement (the "**Liquidating Trust Agreement**"), dated as of _____ 2001, between The Loewen Group International, Inc. ("**LGII**" or "**Reorganized LGII**"), and _____ as Liquidating Trust Trustee, is executed to facilitate the implementation of (a) the Fourth Amended Joint Plan of Reorganization of Loewen Group International, Inc., Its Parent Corporation and Their Debtor Subsidiaries (as amended, modified or supplemented, the "**Plan**"), which provides for the establishment of the Liquidating Trust (as defined below) created by this Liquidating Trust Agreement and the retention and preservation of the Liquidating Trust Assets by the Liquidating Trust Trustee, all for the benefit of the holders of Allowed Claims in Class 8 and certain Divisions of Class 11 (collectively the "**Beneficiaries**"). The Liquidating Trust is organized for the primary purposes of (x) holding and preserving the value of the Liquidating Trust Assets for distribution to the Beneficiaries and (y) making distribution of the Liquidating Trust Assets (as defined below) to the Beneficiaries as set forth below. The Liquidating Trust Trustee's activities, powers and duties are those determined to be reasonably necessary to, and consistent with, accomplishment of these purposes.

WHEREAS, on June 1, 1999 (the "**Petition Date**"), LGII, its parent corporation, The Loewen Group, Inc. ("**TLGI**") and each of their subsidiaries listed on Exhibit I to the Disclosure Statement (the "**Loewen Subsidiary Debtors**" and collectively with LGII and TLGI, the "**Debtors**") commenced their respective reorganization cases by filing voluntary petitions for relief under Chapter 11 of the Bankruptcy Code;

WHEREAS, under Section 1121 of the Bankruptcy Code, the Debtors filed the Plan, which contemplates, among other things, the distribution of the Liquidating Trust Assets to the Beneficiaries, all as described in greater detail in the Plan and this Liquidating Trust Agreement;

WHEREAS, on _____, the United States Bankruptcy Court for the District of Delaware entered an order confirming the Plan (the "**Confirmation Order**");

WHEREAS, the Plan became effective pursuant to its terms, and the Debtors emerged from chapter 11 as reorganized entities on _____ (the "**Effective Date**");

WHEREAS, on September 6, 2001, the Official Committee of Unsecured Creditors (the "**Committee**") appointed Wells Fargo Bank Minnesota, National Association as Liquidating Trust Trustee;

WHEREAS, on _____, the Committee appointed the Trust Advisory Board, presently consisting of the parties identified on **Schedule 1** hereto;

WHEREAS, the Liquidating trust is intended to be treated as a liquidating trust pursuant to Treasury Regulations § 301.7701-4(d), and as a grantor trust subject to the provisions of Subchapter J, Subpart E of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), owned by the Beneficiaries as grantors.

WHEREAS, pursuant to the Plan, the Liquidating Trust is being created to hold, invest, sell and distribute the Liquidating Trust Assets to the Beneficiaries in accordance with the Plan and this Liquidating Trust Agreement; and

WHEREAS, under the terms of the Plan and the Confirmation Order, effective as of the Effective Date, the Debtors shall be deemed to have granted, transferred, conveyed, and delivered to the Liquidating Trust Trustee, on behalf of, and for the benefit of, the Beneficiaries, control of, and all the rights, title and interests in and to, the Liquidating Trust Assets.

NOW, THEREFORE, in consideration of the premises and agreements contained herein, the parties hereto agree as follows:

ARTICLE 1. ESTABLISHMENT OF LIQUIDATING TRUST

Section 1.1 Creation and Name. There is hereby created a trust which shall be known as the "Loewen Creditor Liquidating Trust" (or the "Liquidating Trust"), which is the liquidating trust created by the Plan.

Section 1.2 Declaration of Trust. In order to declare the terms and conditions hereof, and in consideration of the confirmation of the Plan under the Bankruptcy Code, LGII and the Liquidating Trust Trustee have executed this Liquidating Trust Agreement and, effective on the Effective Date of the Plan, LGII has or has caused all right, title and interest of the Debtors and CCAA Debtors in and to the Liquidating Trust Assets to be irrevocably transferred to the Liquidating Trust Trustee, and to its successors and assigns, to have and to hold unto the Liquidating Trust Trustee and its successors and assigns forever, in trust nevertheless, under and subject to the terms and conditions set forth in this Liquidating Trust Agreement and in the Plan for the benefit of the Beneficiaries and their successors and assigns as provided for in this Liquidating Trust Agreement and in the Plan. The distribution of the Liquidating Trust Assets shall be made in accordance with this Liquidating Trust Agreement and the Plan.

Section 1.3 Purpose of Liquidating Trust. The Liquidating Trust is organized for the purpose of holding, investing, selling and distributing the Liquidating Trust Assets to the Beneficiaries with no objective to engage in the conduct of a trade or business. In furtherance of this purpose, the Liquidating Trust Trustee shall be responsible for establishing and maintaining such accounts as the Liquidating Trust Trustee deems necessary and appropriate to carry out the provisions of this Liquidating Trust Agreement, and to perform all obligations specified for the Liquidating Trust Trustee under the Plan and this Liquidating Trust Agreement. In the event of any inconsistency between the recitation of the duties and powers of the Liquidating Trust Trustee as set forth in the Liquidating Trust Agreement and the Plan, the provisions of this Liquidating Trust Agreement shall govern.

Section 1.4 Liquidating Trust Trustee's Acceptance. The Liquidating Trust Trustee accepts the trust imposed on it by this Liquidating Trust Agreement and agrees to observe and perform that trust, on and subject to the terms and conditions set forth in this Liquidating Trust Agreement. In connection with and in furtherance of the purposes of the Liquidating Trust, the Liquidating Trust Trustee hereby expressly accepts the transfer of the Liquidating Trust Assets, subject to the provisions of the Plan and the Confirmation Order, and the Liquidating Trust Trustee hereby further expressly assumes, undertakes and shall control the establishment and maintenance of, necessary accounts and the distribution of Liquidating Trust Assets in accordance with the Plan and this Liquidating Trust Agreement.

ARTICLE 2. DEFINITIONS

The capitalized terms used but not defined in this Liquidating Trust Agreement shall have the meanings given to them in the Plan.

Section 2.1 Beneficial Interests means the Class 8 Beneficial Interests together with the Class 11 Beneficial Interests.

Section 2.2 Beneficiaries means the Class 8 Beneficiaries together with the Class 11 Beneficiaries.

Section 2.3 Cash means the lawful currency of the United States of America.

Section 2.4 Cash Deposit has the meaning ascribed thereto in Section 3.1 of this Liquidating Trust Agreement.

Section 2.5 Class 8 Beneficial Interests means the Pro Rata share of the undivided beneficial interest (expressed as a percentage of Liquidating Trust Assets) in the Liquidating Trust Assets allocated to the Class 8 Beneficiaries as set forth in Schedule 2 hereto.

Section 2.6 Class 11 Beneficial Interests means the Pro Rata share of the undivided beneficial interest (expressed as a percentage of Liquidating Trust Assets) in the Liquidating Trust Assets allocated to Divisions A, B, F, G and H of Class 11. The Class 11 Beneficial Interest allocated to Claims in Divisions A, B, F, G and H of Class 11 are set forth in Schedule 2 hereto.

Section 2.7 Class 8 Beneficiaries means those holders of Class 8 Claims that are entitled to distributions of the Liquidating Trust Assets pursuant to the Plan.

Section 2.8 Class 11 Beneficiaries means those holders of Claims in certain Divisions of Class 11 that are entitled to distributions of the Liquidating Trust Assets pursuant to the Plan.

Section 2.9 Common Defendant has the meaning ascribed thereto in Section 9.2 of this Liquidating Trust agreement.

Section 2.10 Disputed Claims Beneficiaries means the Disputed Class 8 Claim Beneficiaries together with the Disputed Class 11 Claim Beneficiaries.

Section 2.11 Disputed Class 8 Claim means a Class 8 Claim that is a Disputed Claim.

Section 2.12 Disputed Class 11 Claim means a Class 11 Claim that is a Disputed Claim.

Section 2.13 Disputed Claims Reserve Account means the account created by the Liquidating Trust Trustee to hold Liquidating Trust Assets reserved for distribution with respect to and on account of Disputed Claims in Class 8 and Class 11 pursuant to Section 4.1 of this Liquidating Trust Agreement.

Section 2.14 Distribution Date has the meaning ascribed thereto in Section 6.3(b) of this Liquidating Trust Agreement.

Section 2.15 Initial Deposit means the funding, in the amount of $____, to be made to the Liquidating Trust as set forth in Section 3.1 of this Liquidating Trust Agreement.

Section 2.16 Initial Distribution Date means **_____.**

Section 2.17 Liquidating Trust Assets means: (a) the Prime Succession Warrants; (b) an undivided 25% interest in the NAFTA Net Proceeds; and (c) the Trust Cash.

Section 2.18 Liquidating Trust Trustee's Professionals has the meaning ascribed thereto in Section 7.4 of this Liquidating Trust Agreement.

Section 2.19 NAFTA Net Proceeds means the proceeds, if any, of the NAFTA Claims as such proceeds may be adjusted as a result of the arbitration contemplated by the NAFTA Arbitration Agreement, less (a) any amounts payable under paragraph 3 of the NAFTA Arbitration Agreement, and (b) any amounts payable pursuant to the NAFTA Contingency Fee Agreement.

Section 2.20 NAFTA Trust Assets has the meaning ascribed thereto in Section 3.2 of this Liquidating Trust Agreement.

Section 2.21 Prime Succession Warrants means the warrants exercisable to purchase shares of common stock of reorganized Prime originally issued to 4103 Investments Ltd., a CCAA Debtor, pursuant to the Joint Plan of Reorganization of Prime Succession Holdings, Inc. and Prime Succession, Inc. and Its Subsidiaries in respect of Prime's chapter 11 proceeding in United States Bankruptcy Court, District of Delaware (Case No. 00-2969 PJW).

Section 2.22 Reimbursement Obligation means the obligation of the Liquidating Trust, pursuant to Section III.H.2 of the Plan, to remit (in accordance with the priorities of distribution set forth in Section 6.3 hereof) Trust Cash to Reorganized LGII until such time as the Cash Deposit shall have been paid in full.

Section 2.23 Termination Date has the meaning ascribed thereto in Article 11 of this Liquidating Trust Agreement.

Section 2.24 Trust Advisory Board means the board that is to be created pursuant to Section 8.1 of this Liquidating Trust Agreement for the purpose of advising the Liquidating Trust Trustee with respect to actions and decisions affecting the Liquidating Trust.

Section 2.25 Trust Cash means Cash held by the Liquidating Trust, including Cash proceeds of Liquidating Trust Assets (including, but not limited to, interest and dividends), but excluding the Cash Deposit.

Section 2.26 Trust Certificates has the meaning ascribed thereto in Section 5.1 of this Liquidating Trust Agreement.

Section 2.27 Trust Claims means: (1) any action, at law or equity; (2) any administrative proceeding; (3) any adversary proceeding, motion or contested matter brought before the Bankruptcy Court or any other court of competent jurisdiction; or (4) any matter submitted to binding or non-binding arbitration, in each case brought either by the Liquidating Trust Trustee on behalf of the Beneficiaries or by another party, in respect of the Liquidating Trust Assets, the Liquidating Trust, or any Beneficial Interest.

ARTICLE 3. FUNDING OF THE LIQUIDATING TRUST

Section 3.1 Initial Deposit.

The Debtors or Reorganized Debtors shall irrevocably transfer [$__] to the Liquidating Trust Trustee on the Effective Date pursuant to Section III.H of the Plan. The Liquidating Trust Trustee shall use the Initial Deposit consistent with the purposes of the Liquidating Trust and subject to the terms and conditions of the Plan. Prior to termination of the Liquidating Trust under Article 11 and not more frequently than once per calendar quarter commencing with the calendar quarter beginning January 1, 2003, the Liquidating Trust Trustee may request in writing and Reorganized LGII shall promptly advance to the Liquidating Trust an amount (an "**Additional Deposit**," and, together with the Initial Deposit, the "**Cash Deposit**"), which, when added to any other cash held by the Liquidating Trust Trustee including any amounts remaining from the Initial Deposit and any prior Additional Deposits, is reasonably estimated by the Liquidating Trust Trustee to be necessary to satisfy in full the payment obligations to be paid during such calendar quarter under Sections 6.3(a)(i) through 6.3(a)(vi) hereof. Upon the request of Reorganized LGII, the Liquidating Trust Trustee will provide information supporting such estimate. Other than its obligation to pay the Initial Deposit and any Additional Deposits in accordance with the terms of this Liquidating Trust Agreement, Reorganized LGII shall have no liability in respect to any cost, expense or liability of the Liquidating Trust of any kind.

Section 3.2 NAFTA Net Proceeds.

Immediately following the completion of the Reinvestment Transactions, Reorganized LGII shall irrevocably, or shall cause Nafcanco irrevocably to, transfer an undivided 25% interest in the NAFTA Net Proceeds to the Liquidating Trust Trustee (the "**NAFTA Trust Assets**"). The NAFTA Trust Assets shall be distributed to the Beneficiaries in accordance with Section 6.3 of the Liquidating Trust Agreement.

Section 3.3 The Prime Succession Warrants.

Immediately following the completion of the Reinvestment Transactions, Reorganized LGII shall cause the Prime Succession Warrants to be irrevocably transferred to the Liquidating Trust Trustee. The Prime Succession Warrants shall be distributed to the Beneficiaries in accordance with Section 6.3 of the Liquidating Trust Agreement.

Section 3.4 Taxation.

For U.S. federal income tax purposes, the transfers described in this Article 3 shall be treated as if the Beneficiaries had received a distribution of an undivided interest in the Liquidating Trust Assets and then had contributed those assets to the Liquidating Trust.

ARTICLE 4. DISPUTED CLAIMS

Section 4.1 Creation of Disputed Claims Reserve Account.

The Liquidating Trust Trustee shall establish an account for the purpose of holding Liquidating Trust Assets allocable to Disputed Class 8 Claims and Disputed Class 11 Claims until such Disputed Claims are either deemed to be Allowed Claims (in whole or in part) or are deemed Disallowed in accordance with Article VII of the Plan (the "**Disputed Claims Reserve Account**"). Distributions to Beneficiaries holding Disputed Claims shall be made only when and to the extent that such Disputed Claim is deemed to be an Allowed Claim (as defined in the Plan) and shall be made in accordance with Section 6.3 of this Liquidating Trust Agreement.

Section 4.2 Deposit into Disputed Claims Reserve Account.

Liquidating Trust Assets held on account of Disputed Class 8 Claims and Disputed Class 11 Claims shall be deposited into the Disputed Claims Reserve Account in such number and amount as would be issued to the Beneficiaries holding such Disputed Claims if such Disputed Claims were not Disputed Claims, and were instead Allowed Claims, as defined in the Plan. The Liquidating Trust Trustee will also place in the Disputed Claims Reserve Account any interest, dividends, payments or other distributions made on account of, as well as any obligations arising from, the Liquidating Trust Assets withheld in the Disputed Claims Reserve Account with respect to each such Disputed Claim, to the extent that such Liquidating Trust Assets continue to be withheld in the Disputed Claims Reserve Account at the time such distributions are made or such obligations arise. If practicable, and subject to Section 7.3 hereof, the Liquidating Trust Trustee will invest any Trust Cash that is withheld in the Disputed Claims Reserve Account in a manner that will yield a reasonable net return, taking into account the safety of the investment. Nothing in this Liquidating Trust Agreement shall be deemed to entitle a Beneficiary holding a Disputed Claim to postpetition interest on such Disputed Claim.

Section 4.3 Unliquidated or Contingent Claims.

If the amount of the Disputed Claim is contingent or unliquidated, the Liquidating Trust Trustee will deposit in the Disputed Claims Reserve Account an amount of Liquidating Trust Assets based on the amount of each such Disputed Claim as estimated by the Bankruptcy Court on application by the applicable Reorganized Debtor. If the applicable Reorganized Debtor elects not to request such an estimation from the Bankruptcy Court, the Liquidating Trust Trustee will withhold an amount of Liquidating Trust Assets based on the good faith estimate of the applicable Reorganized Debtor of such Disputed Claim.

Section 4.4 Distributions After Allowance.

(a) Distributions on account of Disputed Claims, to the extent that each such Claim ultimately is deemed to be an Allowed Claim, will be made in accordance with the provisions of the Plan and this Liquidating Trust Agreement.

(b) On the Distribution Date immediately following the date when the Liquidating Trust Trustee is notified under Section 9.1 hereof of an order or judgment of the Bankruptcy Court allowing all or part of a Disputed Claim of a Disputed Claim Beneficiary, the Liquidating Trust Trustee will,

in accordance with Section 6.3 of this Liquidating Trust Agreement, distribute to the Beneficiaries holding Disputed Claims that have become Allowed Claims and distribute to the holders of previously Allowed Claims, any property in the Disputed Claims Reserve Account that would have been distributed to such Beneficiaries on the dates distributions previously were made to Beneficiaries holding Allowed Class 8 Claims and Allowed Class 11 Claims had the Disputed Claims that have become Allowed Claims been Allowed Claims on such dates. All distributions made under this Section of this Liquidating Trust Agreement on account of an Allowed Claim will be made together with any dividends, payments or other distributions made on account of, as well as any obligations arising from, the distributed property as if such Allowed Claim had been an Allowed Claim on the dates distributions were previously made to Beneficiaries holding Allowed Class 8 Claims and Allowed Class 11 Claims.

(c) Upon the disallowance, in whole or in part, of any Class 8 Disputed Claim, the Liquidating Trust Trustee shall reallocate the Liquidating Trust Assets held in the Disputed Claims Reserve Account on account of the disallowed portion of such Disputed Claim, together with any interest, dividends, payments or other distributions made on account of such Liquidating Trust Assets, and shall distribute such Liquidating Trust Assets, on a Pro Rata basis, to the Class 8 Beneficiaries holding Allowed Class 8 Claims, in accordance with Section 6.3 of this Liquidating Trust Agreement.

(d) Upon the disallowance, in whole or in part, of any Class 11 Disputed Claim, the Liquidating Trust Trustee shall reallocate the Liquidating Trust Assets held in the Disputed Claims Reserve Account on account of the disallowed portion of such Disputed Claim, together with any interest, dividends, payments or other distributions made on account of such Liquidating Trust Assets, and shall distribute such Liquidating Trust Assets, on a Pro Rata basis, to the Class 11 Beneficiaries holding Allowed Class 11 Claims in the same Division of Class 11 as such Disputed Claim, in accordance with Section 6.3 of this Liquidating Trust Agreement.

Section 4.5 Partial Distributions.

The Liquidating Trust Trustee shall make partial distributions to all Beneficiaries in accordance with Section 6.3 of this Liquidating Trust Agreement to the extent of the undisputed portion of Disputed Claims held by such Beneficiaries.

Section 4.6 Other Claims Pending.

Notwithstanding any other provision of the Plan or this Liquidating Trust Agreement, the Trust Advisory Board may not authorize or direct the Liquidating Trust Trustee to pay, and the Liquidating Trust Trustee may not pay, any distribution to entities who may be liable to the Trust with respect to a Trust Claim, which Disputed Claim may be paid, if at all, only after the holder of such Claim has discharged its liability to the Trust on account of the Trust Claim by settlement or otherwise.

ARTICLE 5. TRUST CERTIFICATES

Section 5.1 Nature of Certificates.

The Beneficial Interests shall be represented by certificates substantially in the form attached hereto as **Exhibit A** (the "**Trust Certificates**"), with such changes as the Liquidating Trust Trustee may from time to time find necessary or desirable to conform the Trust Certificates to the provisions of this Liquidating Trust Agreement, the Plan or any applicable laws or regulations. Each Beneficiary shall be issued a Trust Certificate in respect of, and only to the extent of, the Allowed Claims in Class 8 and Divisions A, B, F, G and H of Class 11 held by such Beneficiary. The Liquidating Trust Trustee may cause to be placed on any Trust Certificates such legends as it deems are required or appropriate under tax laws or regulations in connection with tax withholding or under securities laws or regulations of the United States or any subdivision thereof. Any person to whom a Trust Certificate is issued or transferred, by virtue of the acceptance thereof, shall assent to and be bound by the terms and conditions of this Liquidating Trust Agreement and the Plan. The Beneficial Interest represented by any single Trust Certificate shall be designated on the face of such certificate. All Trust Certificates shall be executed by the manual or facsimile signatures of the Liquidating Trust Trustee. In case any Liquidating Trust Trustee who has signed or whose facsimile signatures have been placed upon a Trust Certificate shall have ceased to be the Liquidating Trust Trustee before such Trust Certificate is issued, it may be issued with the same effect as if any such Liquidating Trust Trustee had not ceased to be Liquidating Trust Trustee. All Trust Certificates shall have such legends as are indicated in the forms attached hereto as **Exhibit A**.

Section 5.2 Transfer and Exchange.

(a) Appointment of Registrar and Transfer Agent. The Liquidating Trust Trustee shall appoint a Registrar and Transfer Agent for the purpose of registering and transferring Beneficial Interests as herein provided. The Registrar and Transfer Agent may be a duly qualified institution or the Liquidating Trust Trustee itself. For its services hereunder, the Registrar and Transfer Agent shall be entitled to receive reasonable compensation from the Liquidating Trust.

(b) Registration and Transfer of Trust Interests. The Liquidating Trust Trustee shall cause to be kept at the office of the Registrar and Transfer Agent, or at such other place or places as shall be designated by it from time to time, the Trust Register. Prior to the distribution, if any, of Trust Certificates, a Beneficial Interests may not be transferred and no purported transfer of any Beneficial Interest will be registered in the Trust Register. After any such distribution of Trust Certificate, a Beneficial Interest may be transferred by the registered holder of any Trust Certificate or by the duly authorized attorney of the registered holder of any Trust Certificate, upon presentation of the Trust Certificate to the Registrar and the Transfer Agent for cancellation, accompanied by delivery of a duly executed written instrument of transfer in the form approved by the Registrar and Transfer Agent and such other documents as may be reasonably required by the Liquidating Trust Trustee as well as evidence satisfactory to the Liquidating Trust Trustee that such transfer is in accordance with all applicable federal and state securities laws. Any such transfer shall be registered in the Trust Register. The transferee of any Beneficial Interest shall pay reasonable transfer charges established by the Registrar and Transfer Agent for the purpose of reimbursing the Liquidating Trust Trustee, the Registrar and the

Transfer Agent for the expenses incident to such transfer, including any tax or other governmental charge.

Notwithstanding the above, no Beneficial Interest may be transferred unless such transfer is made (i) pursuant to a registration statement effective under the Securities Act of 1933, as amended (the "**Securities Act**"), or pursuant to an available exemption from the registration requirements of the Securities Act, and (ii) in accordance with all applicable state securities laws.

(c) Access to Register by Beneficiaries. Beneficiaries and their duly authorized representatives shall have the right, upon reasonable prior written notice to the Registrar and Transfer Agent and the Liquidating Trust Trustee, and in accordance with reasonable regulations prescribed by the Registrar and Transfer Agent and the Liquidating Trust Trustee, to inspect and, at the expense of the Beneficiary, make copies of the Trust Register, in each case for a purpose reasonably related to such Beneficiary's Beneficial Interest in the Liquidating Trust.

(d) Limitations on Transfer. Notwithstanding any other provision of this Article 5, no beneficial Interest may be transferred if and to the extent the Liquidating Trust Trustee determines that the transfer would exceed the limits of all "publicly traded partnership" safe harbors described in Treasury Regulations Section 1.7704-1 (as such regulations, or any successor regulations, may be in effect at the time of reference) that would be applicable if the trust created hereby were characterized for U.S. federal income tax purposes as a partnership.

(e) Restrictions on Securities Registration. Neither the Liquidating Trust Trustee, the Trust Advisory Board, any of the reorganized Debtors, nor any Beneficiary shall take any steps to facilitate the listing of the Trust Certificates on any national or foreign securities exchange.

(f) Restrictions on Marketing of Trust Certificates. Neither the Liquidating Trust Trustee nor the Trust Advisory Board shall take any steps designed to facilitate the development of a secondary market in the Trust Certificates, including placing advertisements, distributing marketing materials, or collecting or publishing information regarding prices at which the interests may be transferred.

Section 5.3 Absolute Owners.

The Liquidating Trust Trustee may deem and treat the Beneficiary of record as designated in the Trust Register as the absolute owner of such Beneficial Interest for the purpose of receiving distributions and payment thereon or on account thereof and for all other purposes whatsoever.

Section 5.4 Issuance of Trust Certificates Upon Transfer.

Whenever any Trust Certificate shall be presented for transfer or exchange as permitted by the provisions of Section 5.1 and 5.2 hereof, the Liquidating Trust Trustee shall cause the Registrar and Transfer Agent to issue, authenticate and deliver in exchange therefor, the new Trust Certificate(s) in respect of the Beneficial Interests which the transferee, and if any Beneficial Interest is retained, the transferor, will be entitled to receive.

Section 5.5 Issuance of Replacement Certificates Upon Allowance of Disputed Claims.

Within thirty (30) calendar days after Reorganized LGII has informed the Liquidation Trust Trustee, pursuant to Section 9.1 hereof, that a Disputed Class 8 Claim or a Disputed Class 11 Claim held by a Beneficiary has been deemed an Allowed Claim, the Liquidating Trust Trustee shall cause the Registrar and Transfer Agent to issue, authenticate and deliver (in exchange for any existing Trust Certificate held by such Beneficiary) a new Trust Certificate representing such Beneficiary's Allowed Claims.

Section 5.6 Mutilated, Lost, Stolen or Destroyed Trust Certificates.

If a Beneficiary claims that his Trust Certificate has been mutilated, lost, stolen or destroyed, the Liquidating Trust Trustee shall issue and the Registrar and the Transfer Agent shall authenticate a replacement Trust Certificate if the Liquidating Trust Trustee's requirements have been met. Such Beneficiary shall pay reasonable charges established by the Liquidating Trust Trustee, the Registrar and the Transfer Agent for the expenses incident thereto, including any tax or other governmental charges. In the case of lost, stolen, or destroyed certificates, such Beneficiary will indemnify, and if required by the Liquidating Trust Trustee, the Registrar or Transfer Agent, provide a bond or other security sufficient in the judgment of the Liquidating Trust Trustee to protect the Liquidating Trust, the Liquidating Trust Trustee, or the Trust Advisory Board from any loss which any of them may suffer if a Trust Certificate is replaced. The Liquidating Trust Trustee, the Registrar and the Transfer Agent shall incur no liability to anyone by reason of anything done or omitted to be done by them in good faith under the provisions of this Section 5.6. All Trust Certificates shall be held and owned upon the express condition that the provisions of this Section 5.6 are exclusive in respect of the replacement or payment of mutilated, defaced, lost, stolen, or destroyed Trust Certificates and shall, to the extent permitted by law, preclude any and all other rights or remedies respecting such replacement or the payment in respect thereto. Any duplicate Trust Certificate issued pursuant to this Section 5.6 shall constitute original Beneficial Interests in the Liquidating Trust and any holder thereof (as designated in the Trust Register) shall be entitled in the manner provided herein to equal and proportionate benefits with all other Beneficial Interests issued hereunder in any Liquidating Trust Assets at any time held by the Liquidating Trust Trustee for the benefit of the Beneficiaries. The Liquidating Trust Trustee, the Registrar and the Transfer Agent shall treat the original Trust Certificate as cancelled upon issuance of a replacement Trust Certificate.

Section 5.7 Record Date.

The date of record for determining any entitlement to any payments to holders of Trust Certificates shall be fifteen (15) Business Days prior to the Initial Distribution Date or a Distribution Date. The date of record for determining any entitlement of any holder of a Trust Certificate to notice, may be fixed by the Liquidating Trust Trustee, but shall not be more than thirty (30) Business Days nor less than ten (10) Business Days before the date upon which notice is to be given, subject to any terms of the Plan that provides otherwise.

Section 5.8 Interest Beneficial Only.

The ownership of a Beneficial Interest hereunder shall not entitle any Beneficiary to any title in or to the Liquidating Trust Assets as such, or to any right to call for a partition or division of the same, or to require an accounting except as specifically required by the terms hereof.

Section 5.9 Exemption from Registration.

The parties hereto intend that the rights of the Beneficiaries arising under this Liquidating Trust shall not be "securities" under applicable laws, but none of the parties hereto represent or warrant that such rights shall not be securities or shall be entitled to exemption from registration under applicable securities laws. If such rights constitute securities, the parties hereto intend for the exemptions from registration provided by Section 1145 of the Bankruptcy Code and by other applicable law to apply to their issuance under the Plan.

ARTICLE 6. DISTRIBUTION OF LIQUIDATING TRUST ASSETS

Section 6.1 Delivery of Distributions.

Distributions by the Liquidating Trust Trustee shall be made to Beneficiaries at the addresses provided to the Liquidating Trust Trustee for each Beneficiary by the Reorganized Debtors.

Section 6.2 Undeliverable Distributions.

(a) If any Beneficiary's distribution is returned to the Liquidating Trust Trustee as undeliverable, no further distributions to such Beneficiary shall be made unless and until the Liquidating Trust Trustee is notified by the Reorganized Debtors or their agents of such Beneficiary's then current address, at which time all missed distributions shall be made to such Claim holder on the next Distribution Date without interest.

(b) All claims for undeliverable distributions shall be made on or before the first anniversary of the Effective Date. After that date, all unclaimed property relating to distributions to be made to Beneficiaries shall revert to the Liquidating Trust. Upon such reversion, the claim of any Beneficiary or successor to such Beneficiary with respect to such property shall be discharged and forever barred notwithstanding any federal or state escheat laws to the contrary.

Section 6.3 Distribution of Liquidating Trust Assets.

(a) Distribution of Cash Deposit. On the Initial Distribution Date and quarterly thereafter, the Liquidating Trust Trustee shall distribute the Cash Deposit in the following manner and in the following priority:

(i) First, to the Liquidating Trust Trustee, so much of the Cash Deposit as shall be required to compensate the Liquidating Trust Trustee for all accrued and unpaid Trustee Compensation due and owing to the Liquidating Trust Trustee under Section 7.5 of this Liquidating Trust Agreement.

(ii) Second, to the Liquidating Trust Trustee, so much of the Cash Deposit as shall be required to compensate the Liquidating Trust Trustee for all accrued and unpaid Trustee Expenses due and owing to the Liquidating Trust Trustee under Section 7.6 of this Liquidating Trust Agreement.

(iii) Third, to the Liquidating Trust Trustee, so much of the Cash Deposit as shall be required to compensate the Liquidating Trust Trustee for all accrued and unpaid fees, costs and expenses incurred in connection with Section 7.3 of this Liquidating Trust Agreement.

(iv) Fourth, to the Liquidating Trust Trustee so much of the Cash Deposit as shall be required to compensate and reimburse the Liquidating Trust Trustee Professionals pursuant to Section 7.4 of this Liquidating Trust Agreement.

(v) Fifth, to members of the Trust Advisory Board, so much of the Cash Deposit as shall be required to compensate any member of the Trust Advisory Board as required under Section 8.8 and 8.9 of this Liquidating Trust Agreement.

(vi) Sixth, to the Liquidating Trust Trustee, the Registrar, and the Transfer Agent, so much of the Cash Deposit as shall be required to satisfy the requirements of Section 5.2 hereof.

If, after the final distribution under the Liquidating Trust Agreement pursuant to Section 6.3(a), any of the Cash Deposit remains undistributed, such amount shall be remitted to Reorganized LGII.

(b) Distribution of Trust Cash. On the Initial Distribution Date and at least annually thereafter (each such date being a **"Distribution Date"**), the Liquidating Trust Trustee shall distribute any Trust Cash (provided that the total amount of Trust Cash available for distribution on such Distribution Date is at least [$_____]), as follows:

(i) First, to Reorganized LGII, so much of the Trust Cash as shall be required to satisfy the Reimbursement Obligation in respect of any amounts for which Reorganized LGII has not previously been reimbursed.

(ii) Second, to the Beneficiaries on account of the Beneficial Interest held by each such Beneficiary on the Record Date, in accordance with the terms of the Liquidating Trust Agreement, including, but not limited to, the provisions of Article 4 hereof.

(c) Liquidation of Prime Succession Warrants. The Liquidating Trust Trustee, with the consent by majority vote of the Trust Advisory Board, may determine (and, in each case, subject to Article 4 hereof), whether and when to: (1) distribute the Prime Succession Warrants to the Beneficiaries on account of their Beneficial Interests; (2) sell the Prime Succession Warrants and distribute the proceeds thereof as set forth in Section 6.3(b) above; or (3) exercise the Prime Succession Warrants and, promptly thereafter, sell the New Prime Stock obtained thereby and distribute the net proceeds from the sale of the New Prime Stock pursuant to Section 6.3(b) above.

(d) The Liquidating Trust Trustee shall distribute any Liquidating Trust Assets that do not constitute Trust Cash to the Beneficiaries on account of their Beneficial Interests prior to the Termination Date; provided, however, that the Liquidating Trust Trustee may not distribute any rights other than Cash in respect of the NAFTA Net Proceeds.

(e) If, after the final Distribution Date, any of the Cash Deposit remains undistributed, such amount shall promptly be remitted to Reorganized LGII.

(f) Any Liquidating Trust Assets which remain unclaimed or otherwise not deliverable to the Beneficiary entitled thereto one-hundred eighty (180) calendar days after the Distribution Date on which such Beneficiary was to have received such Liquidating Trust Assets, shall become vested in and shall be transferred and delivered to, the Liquidating Trust for distribution Pro Rata to Beneficiaries holding Allowed Claims in the Same Class (with respect to Class 8) or Division (with respect to Class 11) as such Beneficiary. In such event, such Beneficiary's Claim shall no longer be deemed to be allowed for purposes of this Liquidating Trust Agreement and such Beneficiary shall be deemed to have no further Claims in respect of such distribution and shall not participate in any further distributions under the Liquidating Trust Agreement.

ARTICLE 7. GENERAL POWERS, RIGHTS AND OBLIGATIONS OF THE LIQUIDATING TRUST TRUSTEE

Section 7.1 Appointment of Liquidating Trust Trustee.

In accordance with Section III.H.1 of the Plan, the Creditors' Committee shall, no fewer that ten (10) days prior to the Confirmation Hearing, take such actions and employ such procedures as it deems necessary and appropriate to select the Person who shall serve as Liquidating Trust Trustee. Such Person shall become the Liquidating Trust Trustee on the Effective Date.

Section 7.2 Legal Title.

The Liquidating Trust Trustee shall hold legal title to all Liquidating Trust Assets except that the Liquidating Trust Trustee may, upon approval of the Trust Advisory Board (with such approval not to be unreasonably withheld), cause legal title or evidence of title to any of the Liquidating Trust Assets to be held by any nominee or person, on such terms, in such manner, and with such power, as the Liquidating Trust Trustee may determine advisable.

Section 7.3 General Powers.

(a) Except as otherwise provided in this Liquidating Trust Agreement or the Plan, and subject to the retained jurisdiction of the Bankruptcy Court as provided for in the Plan and the Confirmation Order, but without prior or further authorization, the Liquidating Trust Trustee may control and exercise authority over the Liquidating Trust Assets, and over the acquisition, management and disposition thereof, to the same extent as if the Liquidating Trust Trustee were the sole owner of the Liquidating Trust Assets in its own right; provided, however, that neither the Liquidating Trust, the Liquidating Trust Trustee, any Beneficiary nor the Trust Advisory Board will have any right to participate in or direct the conduct of prosecution, settlement or other resolution of the NAFTA Claims or the arbitration under the NAFTA Arbitration

Agreement, it being acknowledged that all such rights are exercisable at the sole discretion of Nafcanco. Notwithstanding the foregoing, nothing herein shall be construed to limit the ability of the Liquidating Trust Trustee to take any and all action it deems appropriate in its sole discretion in furtherance of its rights, powers, and obligations as set forth in this Liquidating Trust Agreement. No person dealing with the Liquidating Trust shall be obligated to inquire into the Liquidating Trust Trustee's authority in connection with the acquisition, management or disposition of Liquidating Trust Assets. Notwithstanding the foregoing, the Liquidating Trust Trustee hereby acknowledges that, on and after the Effective Date, the Beneficiaries and the successors and assigns will have a beneficial interest in all Liquidating Trust Assets. The Liquidating Trust Trustee will retain only such powers as are necessary to distribute the Liquidating Trust Assets and to collect, sell, liquidate, or otherwise convert the Liquidating Trust Assets into Cash or temporary investments as set forth in Section 7.3(c) hereof, and to pay all expenses, taxes, and other payments referred to in this Liquidating Trust Agreement.

(b) In connection with the management of the Liquidating Trust Assets, the Liquidating Trust Trustee, except as otherwise expressly limited in this Liquidating Trust Agreement, the Plan, and the Confirmation Order, shall have, in addition to any powers conferred on it by any other provision of this Liquidating Trust Agreement, and subject to the approval of the Trust Advisory Board, the power to take any and all actions as are necessary or advisable to effectuate the purposes of the Liquidating Trust, including, without limitation, the power and authority:

(i) to accept the Liquidating Trust Assets transferred to the Liquidating Trust under this Liquidating Trust Agreement and the Plan;

(ii) to distribute and withhold distribution of the Prime Succession Warrants to Beneficiaries in accordance with the terms of this Liquidating Trust Agreement and the Plan, including all acts necessary or incident to effecting distributions pursuant to Section 6.3(c) hereof;

(iii) to distribute and withhold distribution of the NAFTA Trust Assets to the Beneficiaries in accordance with the Liquidating Trust Agreement;

(iv) to invest the Trust Cash in any Permitted Investment listed in Schedule 3 hereto;

(v) to cause Trust Certificates to be issued to the Beneficiaries in the number and manner provided herein and in the Plan;

(vi) to prosecute all suits as may be necessary, appropriate or incident to the purposes of the Liquidating Trust;

(vii) to endorse the payment of notes or other obligations of any person or to make contracts with respect thereto;

(viii) to engage in all acts that would constitute ordinary course of business in performing the obligations of a Liquidating Trust Trustee under a trust of this type;

(ix) to remove all or any of the Liquidating Trust Assets or the situs of administration of the Liquidating Trust from one jurisdiction to another jurisdiction at any time or from time to time;

(x) in connection with any property held under this Liquidating Trust Agreement that is distributable or payable to a minor, to transfer and pay over all or any portion of the property to the minor, or to a guardian of the minor's property, whenever appointed, without requiring ancillary guardianship, or to the minor's parent or the person with whom the minor resides, or to any custodian under any Uniform Gifts to Minors Act or Uniform Transfer to Minor Act with power to select any person or trust company (including any fiduciary hereunder) to be such custodian and with power to extend such custodianship to age twenty-one (21) years, without any obligation to see to the use or application of the property or to make inquiry with respect to any other property available for the use of the minor, the receipt by such minor, guardian, parent, person or custodian to be a complete discharge as to such transfer or payment;

(xi) to borrow sums of money, at any time and from time to time, for periods of time and on terms and conditions for persons or corporations (including any fiduciary hereunder) for purposes as may be deemed advisable, and secure such loans by the pledge or hypothecation of any property held under this Liquidating Trust Agreement;

(xii) to change the state of domicile of the Liquidating Trust;

(xiii) to establish the funds, reserves and accounts within the Liquidating Trust as deemed by the Liquidating Trust Trustee, in its discretion, to be useful in carrying out the purposes of the Liquidating Trust;

(xiv) to sue and be sued and participate, as a party or otherwise, in any judicial, administrative, arbitration or other proceeding;

(xv) in accordance with this Agreement, to indemnify (and purchase insurance indemnifying) the Liquidating Trust Trustee, the Trust Advisory Board and the employees, agents and representatives of the Liquidating Trust or the Liquidating Trust Trustee and the members of the Trust Advisory Board, to the fullest extent that a corporation organized under the laws of the Liquidating Trust's domicile is from time to time entitled to indemnify its directors, officers, employees, agents and representatives;

(xvi) to delegate any or all of the discretionary power and authority herein conferred at any time with respect to all or any portion of the Liquidating Trust to any one or more reputable individuals or recognized institutional advisors or investment managers without liability for any action taken or omission made because of such delegation, except for such liability as is provided herein;

(xvii) to consult the Reorganized Debtors at such times and with respect to such issues relating to the conduct of the Liquidating Trust as the Liquidating Trust Trustee considers desirable; and

(xviii) to perform such other acts and undertake such other conduct as the Liquidating Trust Trustee believes are necessary to carry out the purposes and intent of this Liquidating Trust.

(c) The Liquidating Trust Trustee shall not at any time, on behalf of the Liquidating Trust or the Beneficiaries, enter into or engage in any trade or business, and the Liquidating Trust Trustee shall not use or dispose of any part of the Liquidating Trust Assets in furtherance of any trade or business. Except as may be reasonably necessary to maintain the value of the Liquidating Trust Assets, the Liquidating Trust Trustee's investment powers shall be limited to powers to invest in Permitted Investments. Any amount so invested shall be treated as Trust Cash for all purposes hereof but all such investments shall be converted to Cash before any distribution thereof.

Section 7.4 Retention of Attorneys, Accountants and Other Professionals.

The Liquidating Trust Trustee may, subject to the approval or direction of the Trust Advisory Board, retain the following professionals ("**Liquidating Trust Trustee's Professionals**") to aid in the performance of its responsibilities pursuant to the terms of the Plan and this Liquidating Trust Agreement (including, without limitation, to provide advice in connection with the liquidation of the Prime Succession Warrants pursuant to Section 6.3(c) hereof):

(a) Such law firm(s) as counsel to the Liquidating Trust as the Liquidating Trust Trustee may deem advisable to aid in the resolution of the Trust Claims and to perform such other functions as may be appropriate to carry out the primary purposes of the Liquidating Trust. The Liquidating Trust Trustee may commit the Liquidating Trust to and shall pay such law firm(s) reasonable compensation from the Liquidating Trust Assets for services rendered and expenses incurred. The Liquidating Trust Trustee may also engage such law firm(s) on a contingent fee basis as permitted by applicable law.

(b) An independent public accounting firm to audit the financial books and records of the Liquidating Trust and to perform such other reviews and/or audits as the Liquidating Trust Trustee may deem advisable to carry out the purposes of the Liquidating Trust. The Liquidating Trust Trustee may commit the Liquidating Trust to and shall pay such accounting firm reasonable compensation from the Liquidating Trust Assets for services rendered and expenses incurred.

(c) Such experts, advisors, consultants, investigators, appraisers, auctioneers or other professionals as are advisable to carry out the purposes of the Liquidating Trust. The Liquidating Trust Trustee may commit the Liquidating Trust to and shall pay all such persons or entities reasonable compensation from the Liquidating Trust Assets for services rendered and expenses incurred.

Section 7.5 Compensation of Liquidating Trust Trustee and its Professionals.

(a) The Trust Advisory Board shall negotiate with and authorize the payment of reasonable compensation from the Liquidating Trust Assets to the Liquidating Trust Trustee for services rendered (the "**Trustee Compensation**") and expenses incurred (the "**Trustee Expenses**") in fulfilling its duties pursuant to this Agreement. For the first twelve (12) full months following

the month in which the Effective Date occurs, the Liquidating Trust Trustee shall receive compensation of $___ per quarter. The fee payable for the calendar quarter in which the Effective Date occurs shall be payable on the first day of the calendar quarter following the Effective Date, and shall be prorated based on the then-applicable quarterly fee and calculated for the actual number of days during the calendar quarter that the Liquidating Trust Trustee has served plus any applicable initiation fee. In all other cases, the fee will be payable on the first quarterly Distribution Date (as set forth in Section 6.3(a) hereof following the calendar quarter for which service has been rendered. Subject to the approval of Reorganized LGII (such approval not to be unreasonably withheld) the Advisory Board members and the Liquidating Trust Trustee shall negotiate the amount and payment terms of the compensation to the Liquidating Trust Trustee for the following one-year period. If no agreement is reached, the parties may seek the determination of the Bankruptcy Court as to reasonable compensation. The compensation and reimbursement of expenses of the Liquidating Trust Trustee shall be paid out of the Cash Deposit.

(b) On or before the last day of each calendar quarter following the calendar quarter for which compensation is sought, each of the Liquidating Trust Trustee's Professionals seeking compensation shall serve a quarterly statement on the Liquidating Trust Trustee, the Trust Advisory Board and Reorganized LGII. The Liquidating Trust Trustee, Trust Advisory Board and Reorganized LGII will have fifteen (15) days from the date such quarterly statement is received to review the statement and object to such statement by serving an objection setting forth the precise nature of the objection, and the amount at issue, on the Liquidating Trust Trustee's Professional. On the first quarterly Distribution Date following receipt of such quarterly statement, the Liquidating Trust shall promptly pay 100% of the amounts requested, except for the portion of such fees and disbursements to which an objection has been made. The parties shall attempt to resolve consensually objections, if any, to any quarterly statement. If the parties are unable to reach a consensual resolution of any such objection, the party who received an objection to its fees may seek payment of such fees by filing a motion with the Bankruptcy Court and providing notice to the Liquidating Trust Trustee. Any professional who fails to submit a quarterly statement shall be ineligible to receive further payment of fees and expenses as provided in this Liquidating Trust Agreement until the quarterly statement is submitted.

Section 7.6 Standard of Care; Exculpation.

The Liquidating Trust Trustee shall perform the duties and obligations imposed on the Liquidating Trust Trustee by this Liquidating Trust Agreement with reasonable diligence and care under the circumstances. The Liquidating Trust Trustee shall not be personally liable to the Liquidating Trust or to any Beneficiary (or any successor of such entities) except for such of its own acts as shall constitute bad faith, willful misconduct, gross negligence, willful disregard of its duties or material breach of this Liquidating Trust Agreement. Except as aforesaid, the Liquidating Trust Trustee shall be defended, held harmless and indemnified from time to time from the Liquidating Trust Assets and the Cash Deposit but not from or by the Beneficiaries, any Loewen Company or [any of the parties released in the Plan], against any and all losses, claims, costs, expenses and liabilities to which the Liquidating Trust Trustee may be subject by reason of the Liquidating Trust Trustee's execution in good faith of its duties under this Liquidating Trust Agreement. The Liquidating Trust Trustee's officers, employees and agents shall be likewise defended, held harmless and be so indemnified. The Liquidating Trust Trustee shall not be

obligated to give any bond or surety or other security for the performance of any of its duties, unless otherwise ordered by the Bankruptcy Court; if so otherwise ordered, all costs and expenses of procuring any such bond shall be deemed Trustee Expenses.

Section 7.7 Reliance by Liquidating Trust Trustee.

The Liquidating Trust Trustee may rely, and shall be fully protected personally in acting upon any resolution, statement, certificate, instrument, opinion (including, without limitation, any opinion or similar document provided on behalf of a transferor or transferee of Trust Certificates or Beneficial interests in connection with the transfer of such Trust Certificate or Beneficial Interest in accordance with Section 5.2 hereof), report, notice, request, consent, order or other instrument or document that it has no reason to believe to be other than genuine and to have been signed or presented other than by the proper party or parties or, in the case of facsimile transmissions, to have been sent other than by the proper party or parties, in each case without obligation to satisfy itself that the same was given in good faith and without responsibility for errors in delivery, transmission or receipt. In the absence of its bad faith, willful misconduct, gross negligence, willful disregard of its duties or material breach of this Trust Agreement, the Liquidating Trust Trustee may rely as to the truth of statements and correctness of the facts and opinions expressed therein and shall be fully protected personally in acting thereon. The Liquidating Trust Trustee may consult with legal counsel and shall be fully protected in respect of any action taken or suffered by it in accordance with the written opinion of legal counsel. The Liquidating Trust Trustee may at any time seek instructions from the Bankruptcy Court concerning the acquisition, management or disposition of the Liquidating Trust Assets.

Section 7.8 Action Upon Instructions.

If, in performing the Liquidating Trust Trustee's duties under this Liquidating Trust Agreement, the Liquidating Trust Trustee is required to decide between alternative courses of action, or the Liquidating Trust Trustee is unsure of the application of any provision of this Liquidating Trust Agreement or the Plan, then the Liquidating Trust Trustee may promptly deliver a notice to the Trust Advisory Board requesting written instructions as to the course of action to be taken by the Liquidating Trust Trustee. If the Liquidating Trust Trustee does not receive such written directions within ten (10) business days after it has delivered such notice, the Liquidating Trust Trustee may, but shall be under no duty to, take or refrain from taking such action not inconsistent with this Liquidating Trust Agreement as the Liquidating Trust Trustee shall deem advisable. If the Liquidating Trust Trustee does not receive direction from the Trust Advisory Board within the requisite time period or the Liquidating Trust Trustee believes that a court order is necessary or advisable to protect the interests of the Beneficiaries, the Liquidating Trust Trustee may apply to the Bankruptcy Court for a determination as to the course of action to be taken by the Liquidating Trust Trustee.

Section 7.9 Investment Obligations.

The Liquidating Trust Trustee shall invest and reinvest the Liquidating Trust Assets consistent with the obligations of a trustee under Section 345 of the Bankruptcy Code and consistent with Section 7.3(c) hereof. The Liquidating Trust Trustee shall not be liable in any

way for any loss or other liability arising from any investment, or the sale or other disposition of any investment, made in accordance with this Section, except for any such loss or liability arising from the Liquidating Trust Trustee's gross negligence, willful misconduct or bad faith.

Section 7.10 Quarterly Reports.

The Liquidating Trust Trustee shall submit unaudited annual financial statements to the Bankruptcy Court, Reorganized LGII, the Trust Advisory Board, and the Beneficiaries, and unaudited quarterly status reports to the Bankruptcy Court, Reorganized LGII, the Trust Advisory Board and the Beneficiaries. Each quarterly status report shall be due on the thirtieth (30th) day following the last day of any calendar quarter (or the next Business Day if the thirtieth (30th) day following the last day of any calendar quarter is not a Business Day). The Liquidating Trust Trustee shall continue to submit quarterly status reports until the assets of the Liquidating Trust are fully administered or the Bankruptcy Court determines on motion that such reports are no longer necessary. Each quarterly status report shall contain: (i) a comprehensive summary of all activity by the Liquidating Trust Trustee during the previous quarter; (ii) a summary of the fees of the Liquidating Trust Trustee's Professionals sought and/or obtained in the prior quarter and a summary of cash receipts and disbursements of the Liquidating Trust Trustee, the Transfer Agent and Registrar; (iii) a summary of cash receipts and disbursements of the Liquidating Trust; (iv) a summary of the distribution of the NAFTA Net Proceeds, the Prime Succession Warrants and Trust Cash and such other information as the Liquidating Trust Trustee deems appropriate for inclusion or as reasonably requested by the parties to whom such reports are to be submitted.

Section 7.11 Tax Allocations and Filings.

All income and earnings of the trust created hereby, including earnings or income retained in reserve accounts or as reserves, will be allocated to the Beneficiaries on an annual basis and each Beneficiary will be responsible for reporting and paying the taxes due on its proportionate share of the Liquidating Trust's income (taking into account the provisions of Article 4 and Section 6.3 hereof) whether or not amounts are actually distributed by the Liquidating Trust Trustee to the Beneficiaries to pay the taxes thereon. The Liquidating Trust Trustee shall be responsible for filing all federal, state and local tax returns for the Liquidating Trust and for the timely preparation and distribution to the Beneficiaries of any necessary federal, state, or local information returns.

Section 7.12 Compliance with Securities Laws.

The Liquidating Trust Trustee shall file with the Securities and Exchange Commission and other applicable federal and state governmental agencies the reports and other documents and take any other actions necessary to comply with federal or state securities laws.

Section 7.13 Timely Performance.

The Liquidating Trust Trustee will make continuing efforts to prosecute or settle the Trust Claims, make timely distributions, and not unduly prolong the duration of the Liquidating Trust.

Section 7.14 Consultation with the Trust Advisory Board.

The Liquidating Trust Trustee shall consult regularly with the Trust Advisory Board when carrying out the purposes of the Liquidating Trust and shall obtain approvals from the Trust Advisory Board as required under the Plan and this Liquidating Trust Agreement.

Section 7.15 Resignation.

The Liquidating Trust Trustee may resign as Liquidating Trust Trustee by giving written notice of its resignation to the Trust Advisory Board. The Liquidating Trust Trustee shall continue to serve as Liquidating Trust Trustee for the shorter of (a) ninety (90) days following the tender of the notice of resignation or (b) until the appointment of a successor Liquidating Trust Trustee shall become effective in accordance with Section 8.7 of this Liquidating Trust Agreement.

ARTICLE 8. THE TRUST ADVISORY BOARD

Section 8.1 Establishment of Trust Advisory Board.

Prior to the Effective Date, the Creditors' Committee will take such actions and employ such procedures as it deems necessary and appropriate to designate the members of the Trust Advisory Board. The members of the Trust Advisory Board shall disclose to the Liquidating Trust Trustee and all other members of the Trust Advisory Board whether any general unsecured claim or equity interest (relating to the Debtors) that is held by them personally, by any relative or by any entity with which they are employed or affiliated, has been sold, transferred or otherwise assigned, disposed of or satisfied by any entity other than the Liquidating Trust.

Section 8.2 Composition; Replacement.

The Trust Advisory Board shall be comprised of three (3) members. In the case of an inability or unwillingness of any member of the Trust Advisory Board to serve, such member shall be replaced by designation of the remaining members of the Trust Advisory Board. If any position on the Trust Advisory Board remains vacant for more than thirty (30) days, such vacancy shall be filled within fifteen (15) days thereafter by the designation of the Liquidating Trust Trustee without the requirement of a vote by the other members of the Trust Advisory Board. At its sole discretion, the Liquidating Trust Trustee may request approval of such designation from the Bankruptcy Court.

Section 8.3 By-Laws.

The Trust Advisory Board shall govern its proceedings through the adoption of by-laws, which the Trust Advisory Board may adopt by majority vote. No provision of such by-laws shall supersede any express provision of the Plan.

Section 8.4 Advice and Direction to Liquidating Trust Trustee.

The Trust Advisory Board shall provide advice, instruction and direction on matters arising in the administration and the disposition and distribution of Liquidating Trust Assets, and

the pursuit of Trust Claims, as requested by the Liquidating Trust Trustee, or as otherwise specifically provided herein.

Section 8.5 Matters Requiring Consent of the Trust Advisory Board.

The Liquidating Trust Trustee shall obtain the approval of the Trust Advisory Board, by majority vote, prior to taking the following actions:

(a) Terminating the Liquidating Trust prior to three (3) years from the Effective Date;

(b) Extending the Termination Date pursuant to Section 11(b) hereof;

(c) Entering into any contract or obligation reasonably anticipated to result in payments by the Liquidating Trust of more than $10,000 in any calendar year;

(d) Exercising or selling the Prime Succession Warrants or the Liquidating Trust's interest in the NAFTA Net Proceeds;

(e) Borrowing funds in excess of $10,000 in any calendar year;

(f) Commencing a Trust Claim; or

(g) Investing Liquidating Trust Assets, other than in Permitted Investments.

Section 8.6 Removal of Liquidating Trust Trustee.

The Trust Advisory Board may, by majority vote, remove the Liquidating Trust Trustee in its discretion. If the requisite approval is not obtained, the Liquidating Trust Trustee may be removed by the Bankruptcy Court for cause shown on a motion by any member of the Trust Advisory Board.

Section 8.7 Appointment of Successor Liquidating Trust Trustee.

In the event of the death (in the case of a Liquidating Trust Trustee that is a natural person), dissolution (in the case of a Liquidating Trust Trustee that is not a natural person), resignation, incompetency or removal of the Liquidating Trust Trustee, the members of the Trust Advisory Board shall, by majority vote, designate a person to serve as successor Liquidating Trust Trustee. Such appointment shall specify the date when such appointment shall be effective. Every successor Liquidating Trust Trustee appointed hereunder shall execute, acknowledge and deliver to the Bankruptcy Court and to the retiring Liquidating Trust Trustee an instrument accepting the appointment, and thereupon the successor Liquidating Trust Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Liquidating Trust Trustee.

Section 8.8 Compensation.

Each member of the Trust Advisory Board shall be entitled to compensation of $___ per calendar quarter during the term of this Liquidating Trust Agreement.

Section 8.9 Standard of Care; Exculpation.

Neither the Trust Advisory Board nor any of its members, designees, counsel, financial advisors or any duly designated agent or representatives of any such party shall be liable for the act, default or misconduct of any other member of the Trust Advisory Board, nor shall any member be liable for anything other than such member's own gross negligence or willful misconduct. Except as aforesaid, the Trust Advisory Board and its members shall be defended, held harmless and indemnified from time to time from the Liquidating Trust Assets and the Cash Deposit but not from or by the Beneficiaries, any Loewen Company or any of the parties released in the Plan, against any and all losses, claims, costs, expenses and liabilities to which the Trust Advisory Board or its members may be subject by reason of the Liquidating Trust Trustee's execution in good faith of its duties under this Liquidating Trust Agreement. The employees and agents of the Trust Advisory Board and its members may likewise be defended, held harmless and be so indemnified. Neither the Trust Advisory Board nor any of its members shall be obligated to give any bond or surety or other security for the performance of any of its or their duties, unless otherwise ordered by the Bankruptcy Court; if so otherwise ordered, all costs and expenses of procuring any such bond shall be deemed to be expenses of the Trust Advisory Board to be reimbursed pursuant to Section 6.3(a)(v) hereof. The Trust Advisory Board may, in connection with the performance of its duties, and in its sole and absolute discretion, consult with the Liquidating Trust Trustee's counsel, accountants or other professionals, and shall not be liable for anything done or omitted or suffered to be done in accordance with such advice or opinions. If the Trust Advisory Board determines not to consult with counsel, accountants or other professionals, it shall not be deemed to impose any liability on the Trust Advisory Board, or its members and/or designees.

Section 8.10 Termination of the Trust Advisory Board.

Upon the certification by the Liquidating Trust Trustee that all Liquidating Trust Assets have been distributed, abandoned or otherwise disposed of, the members of the Trust Advisory Board shall resign their positions, whereon they shall be discharged from further duties and responsibilities.

ARTICLE 9. COORDINATION WITH REORGANIZED DEBTORS

Section 9.1 Duty to Cooperate.

(a) Promptly following the Effective Date, Reorganized LGII shall provide to the Liquidating Trust Trustee: (i) the identities (and addresses for delivery of notices and distributions) of all Beneficiaries; (ii) the amounts of each Allowed Class 8 Claim and Allowed Class 11 Claim held by each such Beneficiary; and (iii) the amount of each Disputed Class 8 Claim and Disputed Class 11 Claim. Thereafter, no less frequently than quarterly, Reorganized LGII shall notify the Liquidating Trust Trustee as to the Final disposition during the prior calendar quarter of Disputed Claims or any Disputed Claim Beneficiary.

(b) The Reorganized Debtors shall make available reasonable access during normal business hours, on reasonable notice, to personnel and books and records of the Reorganized Debtors to representatives of the Liquidating Trust to enable the Liquidating Trust Trustee to perform the

Liquidating Trust Trustee's obligations under the Liquidating Trust Agreement and the Plan. Notwithstanding the foregoing, the Reorganized Debtors will not be required to make expenditures in response to the requests determined by them to be unreasonable. The Reorganized Debtors shall not be entitled to compensation or reimbursement (including reimbursement for professional fees) with respect to fulfilling their obligations as set forth in this Article 9.

Section 9.2 Coordination of Efforts.

The Reorganized Debtors and the Liquidating Trust shall be entitled to pursue their respective claims against persons allegedly liable both to the Reorganized Debtors and to the Liquidating Trust (any such person, a **"Common Defendant"**). The Reorganized Debtors and the Liquidating Trust may, but shall be under no obligation to, enter into arrangements for the joint prosecution of their respective claims, the sharing of litigation costs and/or recoveries and any other arrangements that are mutually acceptable to each such party. Neither the Reorganized Debtors nor the Liquidating Trust shall have the right to release a Common Defendant (or any other entity) from the claims of the other without the express written consent of the Reorganized Debtors and the Liquidating Trust Trustee.

ARTICLE 10. RETENTION OF JURISDICTION

Pursuant to the Plan and Confirmation Order, the Bankruptcy Court shall retain exclusive core jurisdiction to the maximum extent permitted by law to hear and determine all matters arising under, arising in, or related to the Chapter 11 Cases and the Plan, including without limitation:

(a) disputes concerning Trust Claims and any motion to compromise or settle such disputes. If the Bankruptcy Court is determined not to have jurisdiction with respect to the foregoing, or if the Liquidating Trust Trustee chooses to pursue any Trust Claim in another court of competent jurisdiction, the Liquidating Trust Trustee shall have authority to bring such action in any other court of competent jurisdiction;

(b) disputes arising in connection with the interpretation, implementation or enforcement of the Liquidating Trust, including without limitation, the reasonableness of a request to Reorganized Debtors for assistance by the Liquidating Trust Trustee and/or a related expenditure, and

(c) motions or objections regarding compensation and reimbursement of Trustee Expenses (including expenses related to Liquidating Trust Trustee's Professionals), Trustee Compensation and fees and expenses of the Trust and Advisory Board, or compensation and reimbursement of expenses by the Transfer Agent or the Registrar, including, without limitation, the ability of the Bankruptcy Court to enter an order to show cause and commence a hearing to examine any issue concerning the foregoing.

Notwithstanding any provision hereof, the existence and continuation of this Liquidating Trust shall not affect in any way the closing of the Cases of the Debtors pursuant to Section 350 of the Bankruptcy Code. The Reorganized Debtors will support affirmatively a motion by the Liquidating Trust Trustee to reopen any or all of the Debtors' Cases for any purpose or purposes for which the jurisdiction of the Bankruptcy Court is retained under this Article 10.

ARTICLE 11. TERMINATION

The Liquidating Trust shall terminate on the earlier to occur of (i) one-hundred eighty (180) days after distribution of all of the Liquidating Trust Assets according to the terms of the Liquidating Trust Agreement, or (ii) three (3) years from the Effective Date (in either case, and together with any extension thereof approved by the Bankruptcy Court pursuant to this Article 11, the **"Termination Date"**). In order to terminate the Liquidating Trust prior to three (3) years from the Effective Date, the Liquidating Trust Trustee, at the direction of the Trust Advisory Board, shall deliver a notice to all known Beneficiaries together with the final distribution of Liquidating Trust Assets stating that the Liquidating Trust will terminate and that no further distributions will be made. Notwithstanding the foregoing, the Termination Date is subject to extension as follows (provided, however, that the Termination Date shall in no event occur later than the tenth (10th) anniversary of the Effective Date):

(a) Mandatory Extension of Termination Date. The Termination Date shall automatically, without further order of the Bankruptcy Court, be extended for successive one-year terms if, on the Termination Date (as previously in effect or as extended) there has been no Final Order or final arbitration decision with respect to the NAFTA Claim. In the event of such mandatory extension, the Liquidating Trust Trustee shall deliver to each Beneficiary written notice of such extension.

(b) Discretionary Extension of Termination Date. In the event the Liquidating Trust Trustee, after receiving the approval of the Trust Advisory Board, shall have been unable after continuing reasonable efforts to sell or otherwise dispose of and realize upon the Liquidating Trust Assets in the initial three (3) year term of the Liquidating Trust or if other circumstances require such extension, the Liquidating Trust Trustee shall have the right to apply to the Bankruptcy Court to extend the term of the Liquidating Trust for successive one-year terms, provided that a motion requesting such an extension is granted (after notice and a hearing) by the Bankruptcy Court within the six (6) months next preceding the Termination Date (as previously in effect or as extended).

The Liquidating Trust Trustee shall at all times endeavor to liquidate the Liquidating Trust Assets expeditiously, and in no event shall the Liquidating Trust Trustee unduly prolong the duration of the Liquidating Trust. On termination of this Liquidating Trust, the Liquidating Trust Trustee shall advise the Bankruptcy Court in writing of its termination. Notwithstanding the foregoing, after the Termination Date, the Liquidating Trust Trustee shall have the power to exercise all the powers, authorities and discretions herein conferred solely for the purpose of liquidating and winding up the affairs of the Liquidating Trust. On distribution of all of the Liquidating Trust Assets, the Liquidating Trust Trustee shall retain the books, records and files that shall have been delivered to or created by the Liquidating Trust Trustee. At the Liquidating Trust Trustee's discretion, all of such records and documents may be destroyed at any time after two (2) years from the distribution of all of the Liquidating Trust Assets.

ARTICLE 12. MISCELLANEOUS

Section 12.1 Notices.

All notices, requests or other communications required or permitted to be made in accordance with this Liquidating Trust Agreement shall be in writing and shall be delivered personally or by facsimile transmission or mailed by first-class mail or by overnight delivery service:

If to the Liquidating Trust Trustee, at:

Wells Fargo Bank Minnesota, N.A.
Corporate Trust Services
Customized Fiduciary Services
Sixth Street and Marquette Ave. N9303-120
Minneapolis, MN 55479
Attn: Lon P. LeClair

with copies to: the Trust Advisory Board, at:

and

If to Reorganized LGII,

with copies to:

Notices sent out by facsimile transmission shall be deemed delivered when actually received, and notices sent by first-class mail shall be deemed delivered three (3) business days after mailing and notices sent by overnight delivery service shall be deemed delivered the next Business Day after mailing.

Section 12.2 Effectiveness. This Liquidating Trust Agreement shall become effective on the Effective Date.

Section 12.3 Intention of Parties to Establish Liquidating Trust. This Liquidating Trust Agreement is intended to create a trust, and the Liquidating Trust created hereunder shall be governed and construed in all respects as a trust.

Section 12.4 Investment Company Act. The Liquidating Trust is organized as a liquidating entity in the process of liquidation, and therefore should not be considered, and the Liquidating Trust does not and will not hold itself out as, an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act, 15 U.S.C. § 80a-1 *et seq*.

Section 12.5 Taxation. It is intended that the Liquidating Trust be classified as a liquidating trust under § 301.7701-4 of the Procedure and Administration Regulations and that such trust is owned by its Beneficiaries. Accordingly, the parties hereto intend that the Beneficiaries be treated as if they had received a distribution of an undivided interest in the Liquidating Trust Assets and then contributed such interest to the Liquidating Trust.

Section 12.6 Counterparts. This Liquidating Trust Agreement may be executed in one or more counterparts (via facsimile or otherwise), each of which shall be deemed an original but which together shall constitute but one and the same instrument.

Section 12.7 Governing Law. This Liquidating Trust Agreement shall be governed by, construed under and interpreted in accordance with the laws of the State of New York.

Section 12.8 Headings. Sections, subheadings and other headings used in this Liquidating Trust Agreement are for convenience only and shall not affect the construction of this Liquidating Trust Agreement

Section 12.9 Severability. Any provision of this Liquidating Trust Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions of this Liquidating Trust Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable any such provision in any other jurisdiction.

Section 12.10 Amendments. This Liquidating Trust Agreement may be amended from time to time by the Trust Advisory Board on majority vote and with the written consent of Reorganized LGII.

Section 12.11 Successors. This Liquidating Trust Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

Section 12.12 No Suits by Beneficiaries. No Beneficiary shall have any right by virtue of any provision of this Liquidating Trust Agreement to institute any action or proceeding in law or in equity against any party other than the Liquidating Trust Trustee on, under, or with respect to the Liquidating Trust Assets.

Section 12.13 Irrevocability. The Liquidating Trust is irrevocable, but is subject to amendment as provided in Section 12.10 hereof.

Section 12.14 Liquidating Trust Continuance. The death, dissolution, resignation, incompetency or removal of the Liquidating Trust Trustee shall not operate to terminate the Liquidating Trust created by this Liquidating Trust Agreement or to revoke any existing agency created under the terms of this Liquidating Trust Agreement or invalidate any action theretofore

taken by the Liquidating Trust Trustee. In the event of the resignation or removal of the Liquidating Trust Trustee, the Liquidating Trust Trustee shall promptly (a) execute and deliver such documents, instruments and other writings as may be requested by the Bankruptcy Court or reasonably requested by the Trust Advisory Board or a successor Liquidating Trust Trustee to effect the termination of the Liquidating Trust Trustee's capacity under this Liquidating Trust Agreement and the conveyance of the Liquidating Trust Assets then held by the Liquidating Trust Trustee to the successor, (b) deliver to the Bankruptcy Court or the successor Liquidating Trust Trustee all documents, instruments, records and other writings related to the Liquidating Trust as may be in the possession of the Liquidating Trust Trustee and (c) otherwise assist and cooperate in effecting the assumption of its obligations and functions by such successor Liquidating Trust Trustee. The Liquidating Trust Trustee shall be compensated for all reasonable fees and expenses, according to the terms agreed upon with the Trust Advisory Board pursuant to Section 7.5 hereof for the period during which such services were rendered and expenses incurred pursuant to this Section 12.14.

Section 12.15 Enforcement and Administration. The Bankruptcy Court shall have the authority to enforce the provisions of this Liquidating Trust Agreement as set forth in the Plan.

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

LGII

By: _____
Name: _____
Title: _____

as Liquidating Trust Trustee

By: _____

SCHEDULE 1

SCHEDULE 2

Class	Division	Percentage Interest in Liquidating Trust
Class 8		16.91
Class 11	A	14.70
	B	51.50
	F	5.87
	G	2.48
	H	8.54

SCHEDULE 3

PERMITTED INVESTMENTS

EXHIBIT A

"Form of Trust Certificate"

[FORM OF FACE OF TRUST CERTIFICATE]

Class ___ Beneficial Interest in the
Loewen Creditor Liquidating Trust Established Under the
Loewen Creditor Liquidating Trust Agreement

Certificate No. T-_____

Face Amount of Trust Interests Represented by this Certificate

See Reverse for Description of Certain Terms, Conditions and Restrictions on the Trust Interest

This certifies that _____ is the registered holder of Class ___ Beneficial Interests in the face amount of _____ in the trust established under the Loewen Creditor Liquidating Trust Agreement (the "**Liquidating Trust Agreement**"), dated as of _____ ___, 2001, established by the Loewen Group International, pursuant to the Fourth Amended Joint Plan Of Reorganization Of Loewen Group International, Inc., Its Parent Corporation And Certain Of Their Debtor Subsidiaries (the "**Plan**"), in the chapter 11 cases styled In re the Loewen Group International, Inc., a Delaware corporation, *et al.*, case no. 99-1244 (PJW) (the "**Cases**"), in the United States Bankruptcy Court for the District of Delaware (the "**Court**"), as confirmed by the order of such Court entered on _____, 2001, and accepted by the Liquidating Trust Trustee for the benefit of the Beneficiaries. This Certificate is issued under and is subject to the terms, provisions and conditions of the Liquidating Trust Agreement and the Plan, to which Liquidating Trust Agreement and Plan the holder of this Trust Certificate by virtue of the acceptance hereof assents and by which such holder is bound. All capitalized terms not specifically defined herein shall have the meanings set forth in the Liquidating Trust Agreement. Subject to the Liquidating Trust Agreement and the limitations and restrictions on transfer set forth therein and herein, including the payment of all fees related to transfers, the transfer of Beneficial Interests represented by this Trust Certificate is registerable in the Trust Register kept by the Registrar and Transfer Agent upon surrender of this Certificate for that purpose, duly endorsed by, or accompanied by, a written instrument of transfer satisfactory in form to the Liquidating Trust Trustee and the Registrar and Transfer Agent, duly executed by, the holder hereof or such holder's attorney duly authorized in writing, and thereupon one or more new Trust Certificates evidencing a like amount of Beneficial Interests will be issued to the designated transferee or transferees; *provided, however,* that no Trust Certificates evidencing less than $1,000 shall be issued.

In Witness Whereof, this Certificate has been executed by the Liquidating Trust Trustee hereunto duly authorized.

Dated:

_____
[Name of Liquidating Trust Trustee], as Liquidating Trust Trustee for the Loewen Creditor Liquidating Trust

Countersigned and Registered:
[Name of Registrar and Transfer Agent]

By:_____
Authorized Signature

[FORM OF FACE OF TRUST CERTIFICATE]
Class ___ Beneficial Interest in the Loewen Creditor Liquidating Trust Established Under the Loewen Creditor Liquidating Trust Agreement

The Beneficial Interests represented by this Trust Certificate represent beneficial interests in the Loewen Creditor Liquidating Trust established under the Liquidating Trust Agreement and Plan as confirmed by the United States Bankruptcy Court, District of Delaware, by Order entered on _____, 2001.

The Liquidating Trust Trustee will furnish without charge to each holder who so requests complete copies of the Liquidating Trust Agreement and Plan. Such requests should be made in writing to the Liquidating Trust Trustee at its principal office at:

[ ]
[ ]
[ ]

The record date for determining entitlement to distributions of Trust Cash, if any, from the Trust to Trust Interest holders listed in the Trust Register shall be established pursuant to the Liquidating Trust Agreement.

At the office or agency of the Liquidating Trust Trustee maintained for such purpose and in the manner and subject to the limitations provided in the Liquidating Trust Agreement, this Trust Certificate may be exchanged for new Trust Certificates evidencing a like aggregate amount of Beneficial Interests. Upon due presentation for registration of transfer of this Trust Certificate at the above-mentioned office or agency and the payment of all fees provided in the Liquidating Trust Agreement related to such transfer and subject to the limitations set forth in the Liquidating Trust Agreement, a new Trust Certificate or Trust Certificates evidencing a like aggregate number of Beneficial Interests will be issued to the transferee or transferees as provided in the Liquidating Trust Agreement. The Liquidating Trust Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with any exchange or registration of transfer of this Trust Certificate in addition to the fees provided in the Liquidating Trust Agreement.

The Liquidating Trust Trustee or any agent of the Liquidating Trust Trustee may deem and treat the Person in whose name this Trust Certificate is registered upon the Trust Register as the absolute owner hereof for all purposes, and neither the Liquidating Trust Trustee nor any such agent shall be affected by any notice to the contrary until changed in the Trust Register in accordance with the Liquidating Trust Agreement.

The obligations and responsibilities of the Liquidating Trust Trustee with respect to the Beneficial Interest under the Liquidating Trust Agreement shall terminate upon the payment to holders of Beneficial Interests of all amounts held in the Liquidating Trust and required to be paid to them pursuant to the Liquidating Trust Agreement and, in any event, upon termination of the Liquidating Trust.

In the event of any omissions in the terms of this Trust Certificate, or in the event of any conflict between the terms of this Trust Certificate and the terms of the Liquidating Trust Agreement, the terms of the Liquidating Trust Agreement shall control.

THE EXERCISE OF VOTING RIGHTS WITH RESPECT TO THE INTERESTS REPRESENTED BY THE TRUST CERTIFICATES AND THE TRANSFER OF TRUST CERTIFICATES ARE SUBJECT TO RESTRICTIONS SET FORTH IN THE LIQUIDATING TRUST AGREEMENT.

THE BENEFICIAL INTERESTS REPRESENTED BY THIS TRUST CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY APPLICABLE STATE SECURITIES OR BLUE SKY LAWS AND HAVE BEEN ISSUED PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF AFFORDED BY 11 U.S.C. § 1145 AND OTHER APPLICABLE LAW. ACCORDINGLY, THIS CERTIFICATE AND THE BENEFICIAL INTERESTS REPRESENTED THERETO CAN ONLY BE SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED PURSUANT TO THE PROVISIONS OF SUCH LAWS, WHICH MAY REQUIRE EITHER AN EFFECTIVE REGISTRATION STATEMENT WITH RESPECT TO SUCH TRANSFER OR COMPLIANCE WITH THE CONDITIONS OF AN APPLICABLE EXEMPTION FROM THE REQUIREMENT FOR SUCH COMPLIANCE.

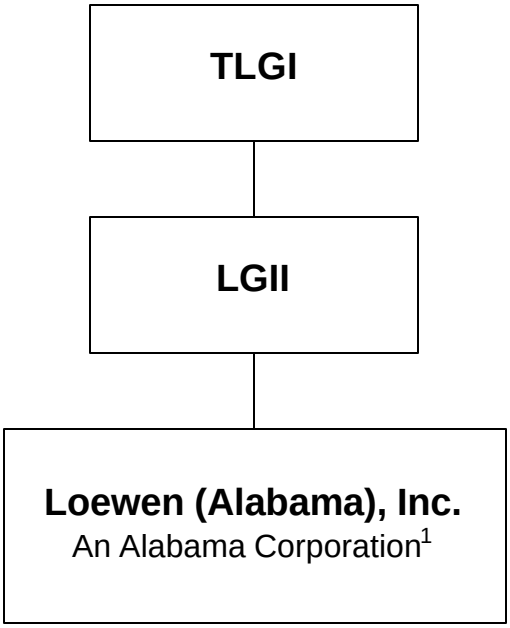
Edition of January 31, 2001

Exhibit IV.B.1

Summary Outlines of Subsidiary

Restructuring Transactions

ALABAMA



A. Merging Entities.

1. The following wholly-owned subsidiaries of Loewen Group International, Inc. ("LGII") will merge into Loewen (Newco), Inc., a newly-formed Alabama corporation ("Newco").

- Eastwood Memorial Gardens, Inc.
- Gethsemane Cemetery, Inc.
- Loewen (Alabama), Inc. (a California corporation)
- North Alabama Memorial Gardens, Inc.
- Roy Brown-Service Funeral Home, Inc. (after liquidation of Reimann Holdings, Inc.)
- Saint Clair Memorial Gardens, Incorporated
- Searcy Funeral Home, Inc.
- Walker Cemetery Corporation
- Woodlawn Memory Gardens, Inc. (after liquidation of LGAC)

2. The following wholly-owned subsidiaries of Newco (after step 1 above) will merge into Brooks-Cargille Funeral Home, Inc. ("BCFH"), which will also be a wholly-owned subsidiary of Newco after step 1 above:

- Gethsemane Cemetery North, Inc.
- Montgomery Memorial Cemetery, Inc.

3. Following steps 1 and 2 above, Newco will merge into BCFH, its wholly-owned subsidiary.[1]

4. Loewen Group Inc. will sell its 1% interest in Loewen (Alabama), L.P. (the "Partnership") to BCFH in exchange for a promissory note.

B. Asset Transfers.

1. The Partnership will distribute its assets to BCFH. The Partnership will be dissolved automatically as a result of step A.4. above (i.e., by virtue of having only one partner).

2. The assets and liabilities of Sumter County Memorial Gardens and Livingston Memorial Gardens, both unincorporated locations owned by Barham Funeral Homes, Inc., a Mississippi subsidiary of Riemann Holdings, Inc. (which will be liquidated), will be transferred to Loewen (Alabama), Inc.

C. Non-merging Entities.

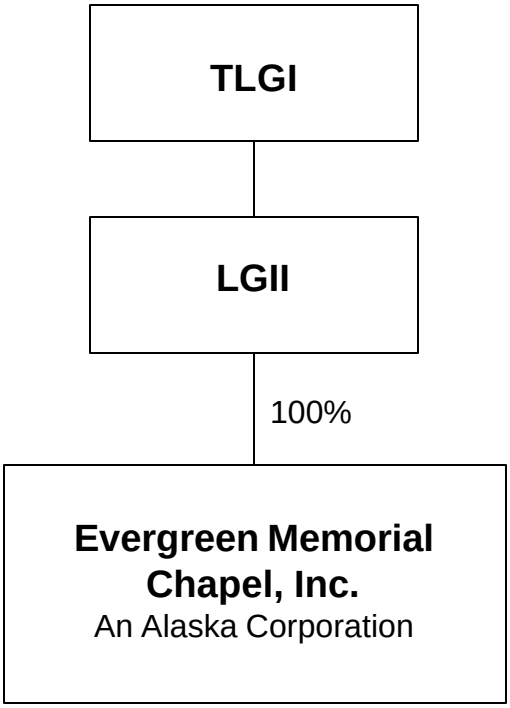
- Advanced Planning (Alabama), Inc. (pre-need)
- SLG Acquisition, Inc. (a shelf corporation that will be dissolved)

D. Notes

1 Following the merger of Newco and BCFH in step A.3., BCFH (the surviving corporation) will change its name to Loewen (Alabama), Inc. The discussion of the various consolidation steps, however, will refer to the survivor as "BCFH" in order to avoid confusion with Loewen (Alabama), Inc., a California corporation.

2 As outlined in the Mississippi consolidation chart, Barham Funeral Homes, Inc. is slated to merge into Baldwin-Lee Funeral Homes, Inc., which will subsequently change its name to Loewen (Mississippi), Inc.

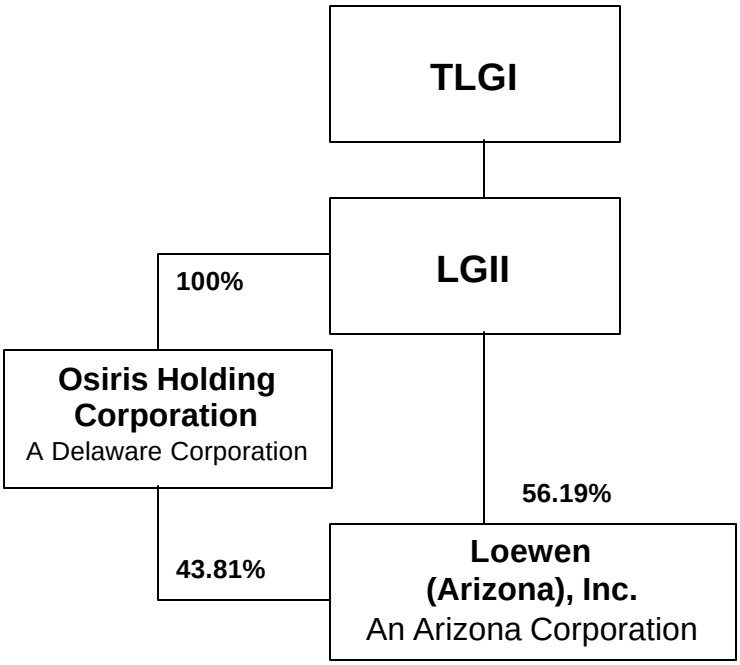
ALASKA



A. The following entity is the only subsidiary of LGII in Alaska, and therefore, no corporate restructuring is necessary in Alaska. The entity will continue to operate in the same way as it has in the past:

- Evergreen Memorial Chapel, Inc.

ARIZONA



A. Merging Entities:

1. The following direct subsidiaries of LGII will merge into Cemetery Management Company, Inc., also a subsidiary of LGII, which will then change its name to Loewen (Arizona), Inc.[1] Because certain of the merging companies operate cemeteries, under Arizona Law the survivor company must be duly organized to conduct cemetery business.

- Carr Mortuary, Inc.[2]
- Desert DR Acquisition, Inc. [2]
- Dimond & Sons Silver Bell Chapel, Inc.
- Flagstaff - Greenlaw Mortuary, Inc.
- Greer-Mountain View Mortuary, Inc.[2]
- Hatfield Funeral Home, Inc. [2]
- Lake Havasu Memorial Gardens, Inc. (cemetery).
- Page Mortuary, Inc. [2]
- Yuma Mortuary & Crematory, Inc.

2. The following subsidiaries of Osiris Holding Corporation, a Delaware corporation, will also merge into Loewen (Arizona), Inc. Osiris Holding Corporation will receive 780 shares of common stock of Loewen (Arizona), Inc. as a result of the merger.[3]

   - Phoenix Memorial Mortuary, Inc. (funeral home/cemetery).
   - Phoenix Memorial Park Association (cemetery)

3. The assets of Colorado River Cremation & Burial, which are owned by Jensen-Carpenter Mortuary, Inc., a California corporation, will be transferred to Loewen (Arizona), Inc.

B. Non-Merging Entities:

There are no non-merging entities.

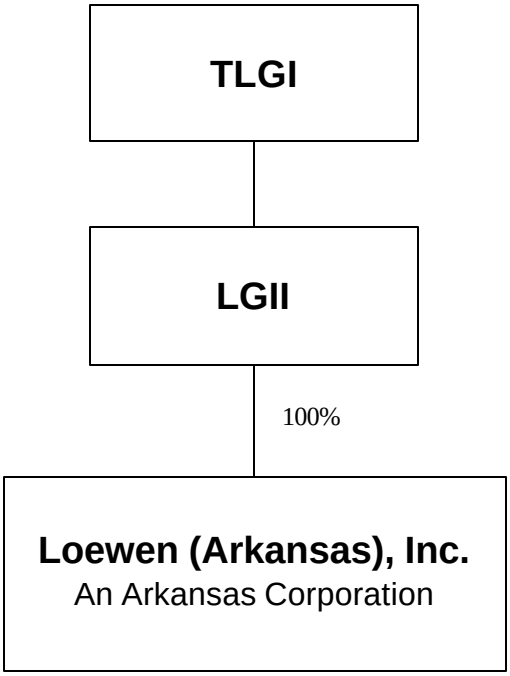
C. Notes

[1] Tax free merger under Section 368(a)(1)(G).

[2] Subsidiary of Maletta-Vertin Holdings, Inc., which will be liquidated before the mergers

[3] Merger taxable to the extent of any gain realized on shares distributed, subject to potential deferral under relevant tax rules. So long as shares obtained from Loewen (Arizona), Inc. are not distributed to LGII, merger will be tax free under Section 368(a)(1)(G). As a result of this merger, Osiris Holding Corporation will have an ownership interest in Loewen (Arizona), Inc.

ARKANSAS



A. Merging Entities:

1. The following subsidiaries of Maxwell Holding Company, Inc. will merge (Nashville Funeral Home, Inc. to be the survivor):

   - Nashville Funeral Home, Inc.
   - Batesville Funeral Services, Inc. (funeral home/cemetery)

2. Maxwell Holding Company, Inc. will merge into Nashville Funeral Home, Inc.

3. Loewen (Arkansas) Holdings, Inc. will merge into its wholly-owned subsidiary Lough, Inc.

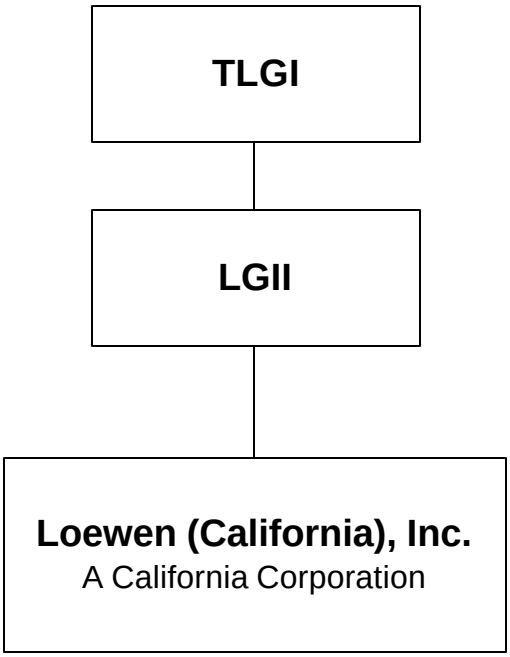
4. Lough, Inc. will merge into Benton County Memorial Park, Inc.

5. Eastern Arkansas Memorial Gardens, Inc., currently a wholly-owned subsidiary of LGAC (LGAC will be liquidated pre-merger, thus at the time of the merger this entity will be a subsidiary of LGII), Nashville Funeral Home, Inc. and Benton County Memorial Park, Inc. will merge. The surviving entity, Benton County Memorial Park, Inc. will change its name to Loewen (Arkansas), Inc.

B. Non-Merging Entities:

- Advance Planning of Arkansas, Inc.
- Nashville Funeral Home, Inc.

CALIFORNIA



A. Merging Entities.

1. Conejo Mountain Memorial Park will merge its parent into Smith-Reardon, Incorporated.

2. The following entities are wholly-owned subsidiaries of Whitehurst California and will merge into Brentwood Funeral Home, Inc.:

- Chapel of Seaside, Inc.
- Chapel of the Valley of Castro Valley, Inc.
- Delano Mortuary
- DCRM Holdings, Inc.[1]
- Hadley Funeral Chapels, Inc.
- Johnson Funeral Home, Inc.
- Merced Funeral Chapel
- Miller's Tulare Funeral Home
- Mission Memorial Park
- Mission Mortuary, Inc.
- Nicoletti, Culjis & Herberger Funeral Home, Inc.
- Norman's Family Chapel, Inc.
- Smith- Reardon Incorporated[1]
- Stephens & Bean

- Valley Mortuary, Inc.
- Whitehurst, Sullivan, Burns & Blair Funeral Service
- Whitehurst-Grim Funeral Service
- Whitehurst-Loyd Funeral Service
- Whitehurst-McNamara Funeral Service
- Whitehurst-Muller Funeral Service
- Whitehurst-Norton Funeral Service
- Whitehurst-Terry Funeral Service
- Willow Glen Mortuary, Inc.

3. The following entities are wholly-owned subsidiaries of Loewen Group International, Inc. and will merge into Conrad Lemon Grove Mortuary, Inc.:

- Bannon Disposition, Inc. [1]
- Chapel of the Pines Funeral Home, Inc.[2]
- Coge Investment Corporation
- Culjis, Miller, Skelton and Herberger, Inc.[1]
- E.&M. Frandsen, Inc.
- Funeral Discount Center, Inc.[1]
- Greenview Cemetery, Inc.
- Guerrero Mortuary, Inc.
- International Memorial Society, Inc.
- Jensen-Carpenter Mortuary, Inc.
- Keaton Mortuaries, Inc.
- McLeod Mortuary, Inc.
- Memorial Consultants of California, Inc.
- Memory Chapel, Inc.[2]
- Merkley-Mitchell Mortuary
- Mission Chapel of San Jose, Inc.[2]
- Monument Hill Memorial Park
- Mount Hope Cemetery, Inc.
- Palm Springs Mausoleum, Inc.
- Paris-Frederick Mortuary, Inc.
- Pierce Mortuary Chapels, Inc.
- Pinkham-Mitchell Mortuary, Inc.
- Security Plus Mini & RV Storage, Inc.[1]
- Wallace-Martin Funeral Home, Inc.
- Whitehurst California

4. Conrad Lemon Grove Mortuary, Inc. will merge into Brentwood Funeral Home, Inc., which will change its name to Loewen (California), Inc.

B. Asset Transfers.

- The assets of Colorado River Cremation & Burial owned by Jensen-Carpenter Mortuary, Inc. will be transferred to Loewen (Arizona), Inc.

C. Non-Merging Entities.

- Advance Funeral Insurance Services[3]
- Wallace-Martin Funeral Home, Inc. (Voting Trust in place)
- Directors Succession Planning, Inc. (West Texas partnership)
- Directors Succession Planning II, Inc. (West Texas partnership subsidiary)
- DSP General Partner II, Inc. (West Texas partnership)
- Calico General Partner, Inc.
- Loewen (Alabama), Inc. (shelf to be addressed in Alabama chart)
- Loewen (Indiana), Inc. (shelf to be addressed in Indiana chart)
- Loewen (Texas) II, Inc. (shelf to be addressed in Texas chart)
- Loewen (Texas), Inc. (shelf to be addressed in Texas chart)
- Loewen Communication Center, Inc.
- Pioneer Memorial Cemetery (slated for dissolution)
- Pre-Need Funeral Programs of California, Inc.[3]
- Universal Memorial Centers V, Inc., a subsidiary of S&H Properties and Enterprises, Inc. (Section 481)
- Universal Memorial Centers VI, Inc, a subsidiary of S&H Properties and Enterprises, Inc. (Section 481)
- Whitehurst-Lakewood Memorial Park and Funeral Service, a subsidiary of Whitehurst California (Section 481)

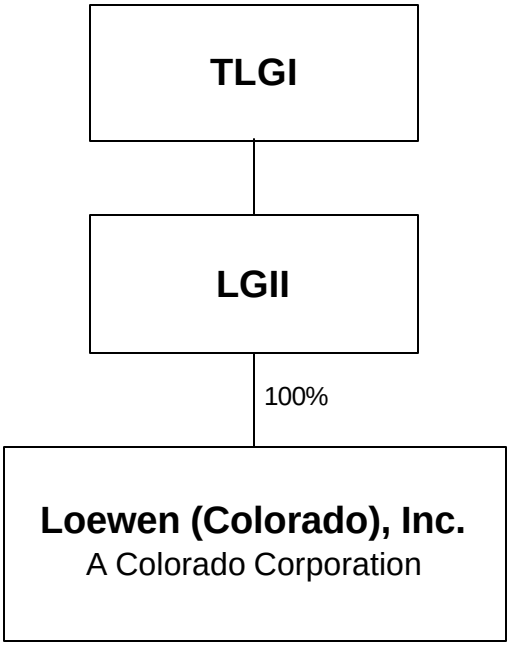
D. Notes.

[1] A shelf corporation

[2] Subsidiary of LGAC, which will be liquidated prior to the mergers.

[3] An insurance company.

COLORADO



A. Merging Entities.

The following wholly owned subsidiaries of LGII will merge into Almont, Inc.[2], also a subsidiary of LGII, which will then change its name to Loewen (Colorado), Inc.[1]

- COMO Holdings, Inc.(f/k/a COMO Holdings, Inc.)[3]
- Imperial Memorial Gardens, Inc. [2]
- MVM Holdings, Inc. (f/k/a MVM Holdings, Inc.) [2]

Funeral Services Acquisition Group, Inc., a Florida corporation, will transfer the following unincorporated assets in Colorado to Loewen (Colorado), Inc.[4]:

- Green Mountain Cemetery, Inc.
- Howe Family Services PNFS
- Howe Mortuary of Boulder, Inc.
- Darrell Howe Mortuary of Lafayette

B. Non-merging Entities.

None.

C. Notes.

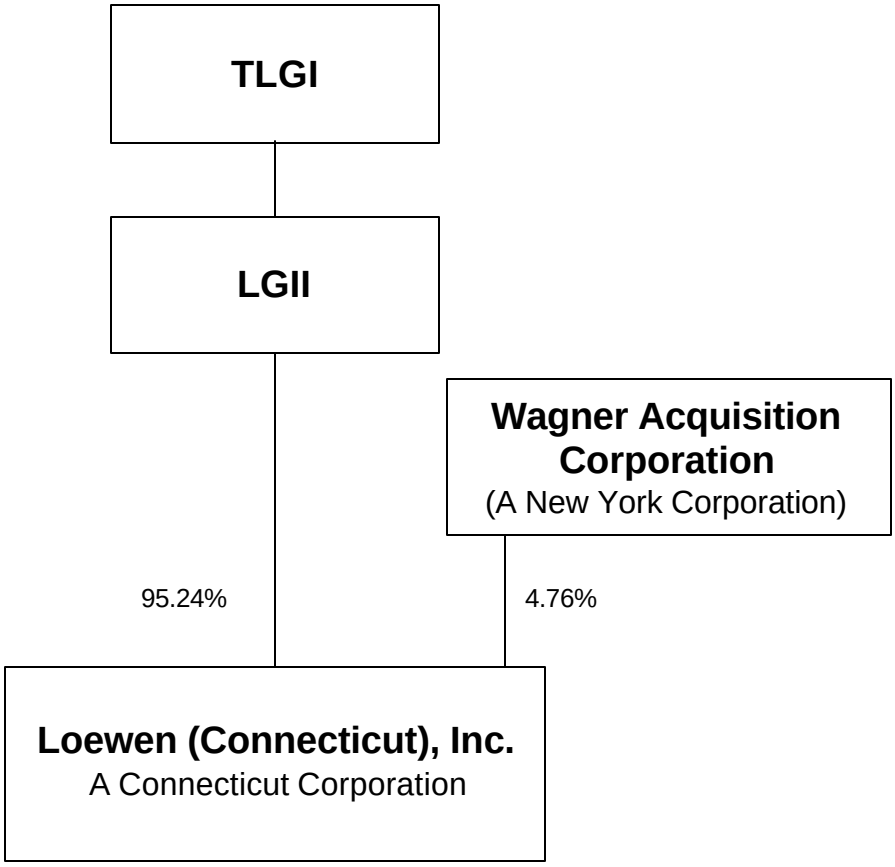
[1] Tax free merger under Section 368(a)(1)(G)

[2] Subsidiary of Malletta-Vertin Holdings, Inc., which will be liquidated prior to the mergers

[3] Subsidiary of LGAC, which will be liquidated prior to the mergers

[4] Tax free merger under Section 368 (a) (1) (G)

CONNECTICUT



A. Merging Entities

1. New England Holding Company, Inc. ("NEHC") will merge into LGII.

2. Following the liquidation of NEHC in step 1 above and the mergers in New York, Spadaccino Funeral Home, Inc., a subsidiary of Wagner Acquisition Corporation, a New York corporation, will merge into Gilman Funeral Home, Inc., which will change its name to Loewen (Connecticut), Inc. Wagner Acquisition Corporation will receive 5 shares of stock of Loewen (Connecticut), Inc. that will not be distributed to LGII.

B. Non-Merging Entities

- Willowbrook Cemetery Association (not-for-profit association)[1]

C. Notes

[1] Under Connecticut law, cemeteries must be owned and managed by a cemetery association, not conducted for private gain.

DELAWARE

A. Merging Entities.[1]

1. Loewen Group Acquisition Corp. shall merge into its parent, LGII before the mergers of any of Loewen Group Acquisition Corp.'s subsidiaries.

   The following entities will be merged directly into the surviving entities in the states in which their respective businesses are conducted:

   - Chapel of Chimes Funeral Home, Inc.[2]
   - Gorder Funeral Home, Inc. (after the merger of its parent, Maletta-Vertin Holdings, Inc.)[2]
   - H.P. Brandt Funeral Home, Inc.[3]
   - Lester L. Hayman Funeral Home, Inc.[4]
   - Lienkaemper Chapels, Inc.[5]
   - LMG Holdings, Inc. (after the merger of its parent, Maletta-Vertin Holdings, Inc.)[2]
   - O'Connor Funeral Home & Crematory, Inc. (after the merger of its parent, Maletta-Vertin Holdings, Inc.)[2]
   - Retz Funeral Home (after the merger of its parent, Maletta-Vertin Holdings, Inc.)[2]
   - Short's Funeral Chapel, Inc.[6]
   - SSC Holdings, Inc. (after the merger of its parent, Maletta-Vertin Holdings, Inc.)[2]
   - Sunset Acquisition Corporation [7]

2. Loewen Group Acquisition Corp. will be merged into LGII prior to the mergers of its subsidiaries.

3. The following entities are listed as shelf corporations and will be dissolved:

   - Family Memorial Casket Center, Inc.
   - HMP Acquisition, Inc.
   - Mountain View Floral, Inc.
   - Wm. F. Cushing, Inc.

B. Non-merging Entities

   - Administration Services, Inc. (trust management)
   - American Burial and Cremation Centers, Inc. (alternative services)
   - Directors (Texas), L.P.
   - Eagle Lending, Inc. (financial services)[8]

- Great Lakes Cemetery Corp. (nonstock cemetery management)
- Loewen (Alabama), L.P.[9]
- Loewen (Indiana), L.P.[9]
- Loewen (Texas), L.P.[9]
- Loewen Corporate Benefits in North Carolina, Inc. (pre-need)
- Loewen Life Insurance Group, Inc. (holding)
- Loewen Group Capital, L.P. (corporate finance)
- Loewen Group International, Inc. (parent)
- Loewen Management Investment Corporation (financial services)
- Neweol (Delaware), L.L.C.
- Neweol Investments (U.S.A.), Inc. (corporate finance)
- MCM Acquisition, Inc. (cemetery management)
- Michigan Cemetery Management, Inc. (cemetery management)
- Oehler Building Corporation (management)
- Osiris Holding Corporation (holding)
- Roses Delaware, Inc. (holding)
- SNST Holdings, Inc. (Section 481)

C. Notes

[1] As our records indicate no cemetery or funeral home operations in Delaware, this survey addresses only the restructuring that will occur with respect to entities formed in the state.

[2] This entity will merge into Loewen (Montana), Inc.

[3] This entity will merge into Loewen (Pennsylvania), Inc.

[4] This entity will merge into Loewen (Georgia), Inc.

[5] This entity will merge into Loewen (Oregon), Inc.

[6] This entity will merge into Loewen (Idaho), Inc.

[7] This entity will merge into Loewen (Minnesota), Inc.

[8] This entity operates a facility in Pennsylvania.

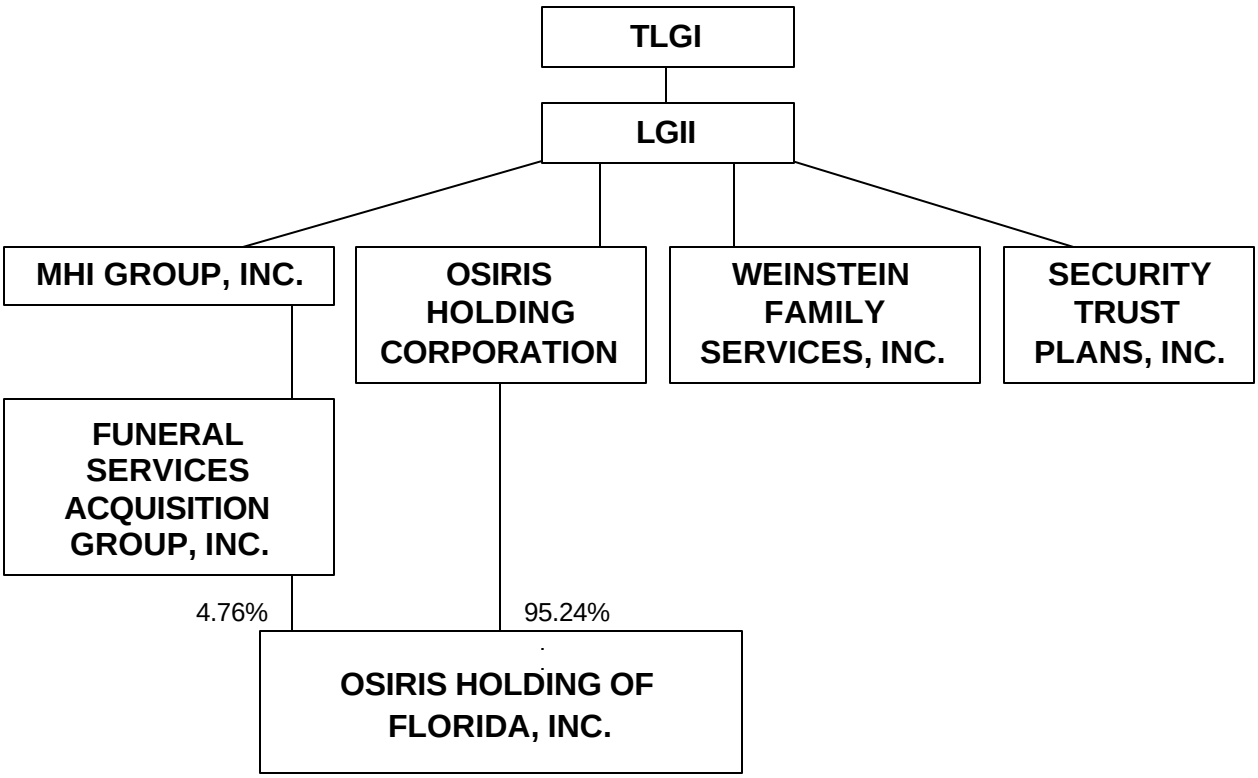
[9] The treatment of this entity will be addressed in the state in which it operates.

January 31, 2001

DISTRICT OF COLUMBIA

Because of regulatory issues, no restructuring will occur in the District of Columbia.

FLORIDA



A. Merging Entities.

1. LM Park, Inc., a subsidiary of Funeral Services Acquisition Group, Inc., which will remain a wholly-owned subsidiary of MHI Group, Inc., will merge into Eternal Light Funeral Directors and Counselors, Inc., which is also a wholly-owned subsidiary of Funeral Services Acquisition Group, Inc.

2. Following step A.1 above, Funeral Services Acquisition Group, Inc. will merge into its wholly-owned subsidiary, Eternal Light Funeral Directors and Counselors, Inc., which will subsequently be called Funeral Services Acquisition Group, Inc.

3. MHI Financial, Inc. will merge directly into its parent, MHI Group, Inc.

4. The following subsidiaries of Kraeer Holdings, Inc. will merge into Security Trust Plans, Inc., which is also a subsidiary of Kraeer Holdings, Inc.:

   - Cardwell Funeral Home, Inc.
   - Curry Raley Funeral Home, Inc.

- Dale Maloney Funeral Home, Inc.
- Harris Funeral Home, Inc.
- Joseph B. Cofer Funeral Home, Inc.
- Knauff Funeral Home, Inc.
- Kraeer Funeral Homes, Inc.
- Moody Funeral Home, Inc.
- North American Cremation Society, Inc.
- Scott Funeral Home, Inc.
- Sherrill-Guerry Funeral Home, Inc.
- Wylie-Baxley Funeral Home, Inc.

5. Following the mergers in A.4 above, Kraeer Holdings, Inc. will merge into Security Trust Plans, Inc.

6. Bess-Kolinski-Combs, Inc., a wholly-owned subsidiary of Loewen Group International, Inc., will merge into Security Trust Plans, Inc.

7. Royal Palm Acquisition Corporation, a wholly-owned subsidiary of Osiris Holding Corporation, a Delaware corporation, will merge into Osiris Holding of Florida, Inc., also a wholly-owned subsidiary of Osiris Holding Corporation.

8. Abreu Gonzales Funeral Homes, Inc., a wholly-owned subsidiary of Funeral Services Acquisition Group, Inc., will merge into Osiris Holding of Florida, Inc. Funeral Services Acquisition Group, Inc. will receive 5 shares of stock of Osiris Holding of Florida, Inc. that will not be distributed to Loewen Group International, Inc.

9. The following entities wholly-owned subsidiaries of Loewen Group International, Inc. will merge into Funeral Services Acquisition Group, Inc.:

    - Charlotte Memorial Gardens Acquisition, Inc.
    - Martin Funeral Home Acquisition, Inc.
    - Memorial Services Acquisition, Inc.
    - Memorial Services Corporation
    - Phil Kiser Funeral Home, Inc.[1]
    - Riverside Memorial Park, Inc.
    - Sarasota Memorial Park Acquisition, Inc.
    - Skyway Memorial Gardens Acquisition, Inc.

10. Loewen Group International, Inc. will contribute the stock it receives as a result of the mergers contemplated in step 9 above to MHI Group, Inc., a wholly-owned subsidiary of Loewen Group International, Inc.

11. Mount Nebo Chapels, Inc., Star of David Memorial Gardens, Inc., and Sinai Funeral Home, Inc., each wholly-owned subsidiaries of Weinstein Brothers, Inc.,

an Illinois corporation with holdings in more than one state, will merge, with the survivor being Mount Nebo Chapels, Inc.[2]

12. Levitt-Weinstein Memorial Chapels, Inc. will merge into its wholly-owned subsidiary, Resmal, Inc.[2]

13. Following step A.12 above, the following subsidiaries of Weinstein Family Services, Inc., a Florida corporation, will merge into Mount Nebo Memorial Gardens, Inc., which is also a subsidiary of Weinstein Family Services, Inc.:[2]

    - Beth David Memorial Gardens, Inc.
    - Blasberg Memorial Chapels, Inc.
    - Jewish Memorial Society, Inc.
    - Mount Nebo of the Palm Beaches Memorial Gardens, Inc.
    - Palm Beach County Community Chapel, Inc.
    - Resmal, Inc.

14. Following the mergers listed above and the merger of Weinstein Family Services, Inc. and Weinstein Brothers, Inc., both Illinois corporations, Mount Nebo Chapels, Inc. and Mount Nebo Memorial Gardens, Inc. will both be wholly-owned subsidiaries of Weinstein Brothers, Inc. Mount Nebo Chapels, Inc. will then merge into Mount Nebo Memorial Gardens, Inc.[2]

15. Following step A.14 above, Weinstein Brothers, Inc. will merge into Mount Nebo Memorial Gardens, Inc.[2]

16. Following the merger in A.15 above, Weinstein Family Services, Inc., a Florida corporation, will merge into its wholly-owned subsidiary, Mount Nebo Memorial Gardens, Inc., which will then change its name to Weinstein Family Services, Inc.[2]

B. Non-merging Entities

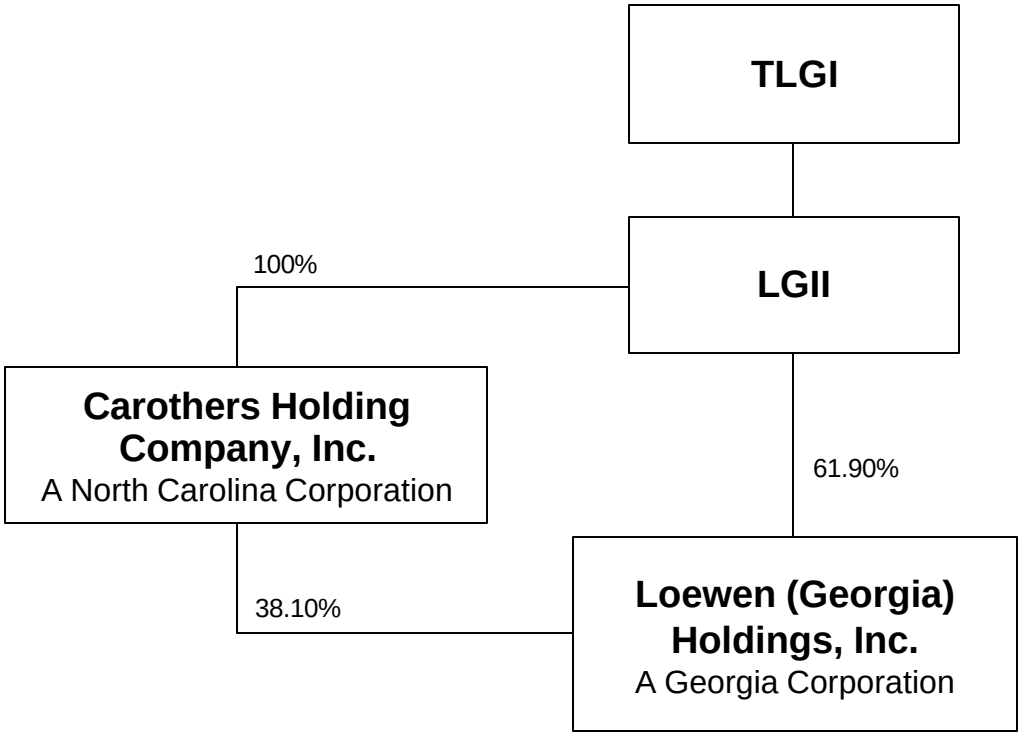
- Beth Israel Memorial Chapel, Inc. (slated for voluntary dissolution)
- Coral Ridge Funeral Home and Cemetery, Inc. (Section 481)
- Funeral Services Acquisition Group, Inc. (as a subsidiary of MHI Group, Inc.)
- Kadek Enterprises of Florida, Inc. (Section 481)
- Garden Sanctuary Acquisition, Inc. (Section 481)
- Levitt Memorial Chapel, Inc. (slated for voluntary dissolution)
- MHI Group, Inc.
- Naples Memorial Gardens, Inc, a subsidiary of Kraeer Holdings, Inc. (Section 481)
- Osiris Holding of Florida, Inc.
- Sanctuary Acquisition, Inc. (slated for voluntary dissolution)
- Security Trust Plans, Inc.

C. Notes.

1. Formerly owned by Kapala-Glodek Funeral Service, Ltd., which will be liquidated prior to the mergers.

2. The outline of the cross-border reorganization plan for the Weinstein entities is attached. The Florida and Illinois restructurings will need to be timed so that the steps take place in the order contemplated on the cross-border chart.

GEORGIA



A. Merging Entities.

1. The following six subsidiaries of Poteet Holdings, Inc., a wholly owned subsidiary of LGII, will merge together with BN Incorporated as the survivor.

   - A.C. Hemperley & Sons, Inc.
   - BN Incorporated
   - Frazier & Son Funeral Home, Inc.
   - Lowe's Funeral Home, Inc.
   - Mann-Walden Funeral Home, Inc.
   - Thomas L. King Funeral Home, Inc.

2. Poteet Holdings, Inc. will merge downstream into BN Incorporated.

3. The following two subsidiaries of Foster Family Funeral Home, Inc., which is owned 95% by LGII, 5% by Poteet Holdings, Inc., and 5% by Carothers Holding Company, Inc., will merge together with Woodstock Funeral Home, Inc. as the survivor.

- Alpharetta Funeral Home, Inc.
- Woodstock Funeral Home, Inc.

4. Foster Family Funeral Home, Inc. will merge downstream into Woodstock Funeral Home, Inc.[3]

5. After the merger contemplated in Step A4, Woodstock Funeral Home, Inc. will merge into the survivor of Step A7, Loewen (Georgia) Holdings, Inc.

6. Cemetery Sales Holding Corp., wholly owned by LGII, will merge into its subsidiary, Forest Lawn Memorial Gardens, Inc. The survivor will then be merged into Loewen (Georgia) Holdings, Inc.

7. The following entities are wholly-owned subsidiaries of Loewen Group International, Inc. and will be merged into Harrell-Faircloth Funeral Home, Inc., a subsidiary of LGII (after liquidation of LGAC), which will change its name to Loewen (Georgia) Holdings, Inc.:

   - BN Incorporated[4]
   - Dixon-Bowen-Taylor Funeral Home, Inc.
   - Harrell-Faircloth Funeral Home, Inc.
   - James & Dean, Inc.
   - Lester L. Hayman Funeral Home, Inc. (a Delaware corporation)
   - Macedonia Memorial Park, Inc.
   - Melwood Cemetery, Inc.
   - Morrison Funeral Home, Inc.
   - Mozley Memorial Gardens, Inc. (after liquidation of LGAC)
   - Roundtree Funeral Home, Inc.
   - Sandy Springs Acquisition Corporation
   - Sandy Springs Chapel, Inc.
   - Sandy Springs Development Corporation [1]
   - Shadowlawn Acquisition Corporation
   - Sims-Medford Enterprises, Inc.
   - Frederica Cemeteries, Inc.
   - Sunset Memory Gardens, Inc.
   - United Cemetery Management & Development Corp.[1]
   - Broadlawn, Inc.
   - Horizon-Glynn Properties, Inc.

8. The following wholly-owned subsidiaries of Carothers Holding Company, Inc., a North Carolina corporation with holdings in more than one state will merge into Loewen (Georgia) Holdings, Inc.:

   - Carothers Holding Company (Georgia), Inc.
   - Dekle-Wainright Funeral Home, Inc.
   - E.K. May Funeral Home, Inc.
   - Harvey Funeral Home, Inc.

- Kennedy-Morgan Funeral Home, Inc.
- Smith-Tillman Mortuary, Inc.
- Edo Miller & Sons, Inc.
- Kennedy Monument Co., Inc.

9. Carothers Holding Company, Inc. will receive 616 shares of stock of Loewen (Georgia) Holdings, Inc. that will not be distributed to LGII.

B. Non-merging Entities.

- Advanced Planning of Georgia, Inc.[2]
- American Crematory, Inc.[1] (voluntary dissolution pending)
- Harmony Acquisition Corporation[1] (voluntary dissolution pending)
- Loewen (Georgia), Inc. (Section 481)
- Parkway Garden Chapel, Inc.
- Green Lawn Cemetery Corporation, a subsidiary of United Cemetery Management & Development Corp. (Section 481)
- Southeastern Funeral Homes, Inc., a subsidiary of Loewen (Georgia), Inc. (Section 481)

C. Notes.

[1] A shelf corporation.

[2] A pre-need company.

[3] Tax analysis needed on the elimination of Foster Family Funeral Home, which is owned 95% by LGII and 5% by Poteet.

[4] This merger will take place after the mergers contemplated in Steps A1 and A2.

D. Unaccounted entities (Appearing on Corporate Data Sheets).

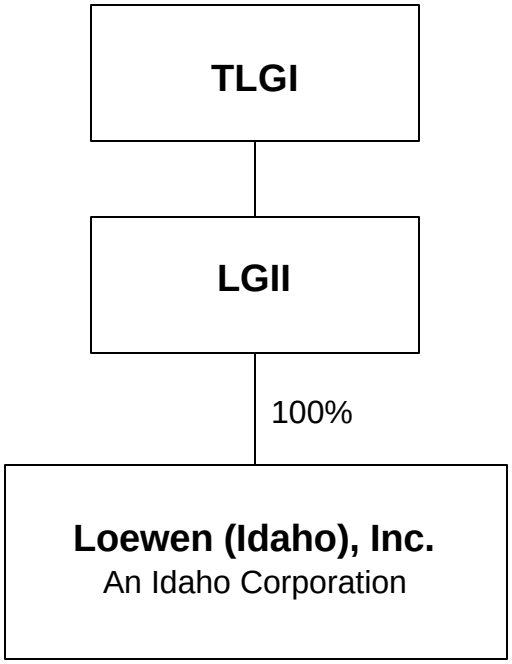
- Crest Lawn Acquisitions, Inc. (NLEN3), a wholly owned subsidiary of LGII.
- Forest Hills Management Company (NLEN6), a wholly owned subsidiary of LGII.
- Sims-Medford Enterprises, Inc., a wholly owned subsidiary of LGII (added to list in Step 7).

January 31, 2001

HAWAII

On hold pending disposition.

IDAHO



A. Merging Entities

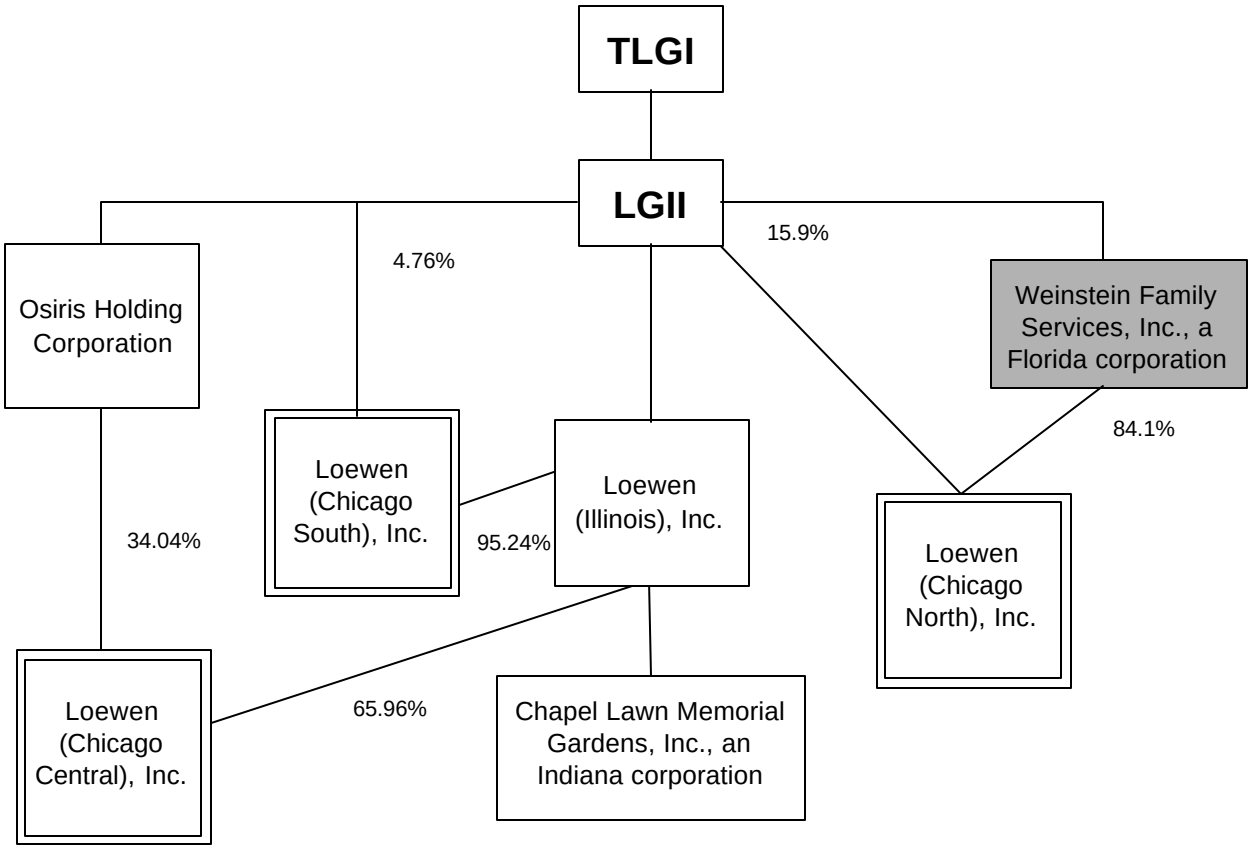
1. The following two LGII subsidiaries will merge with RCI Holdings, Inc. as the survivor. RCI Holdings, Inc. will then change its name to Loewen (Idaho), Inc.:

   - Parks Development Company, Inc.
   - RCI Holdings, Inc.

2. Following the liquidation of Malletta-Vertin Holdings, Inc., Reynolds Funeral Chapel, Inc. and White Mortuary, Inc., which are wholly-owned subsidiaries of Malletta-Vertin Holdings, Inc., will merge into Loewen (Idaho), Inc.

3. Short's Funeral Chapel, Inc., a Delaware corporation, will merge into Loewen (Idaho), Inc.

ILLINOIS



A. Merging Entities.

1. The following entities, all wholly owned subsidiaries of Genesis Associates, Ltd., will merge into Chapel Hill Memorial Gardens & Funeral Home, Ltd. **[non-union entities]**

   - Mittendorf Calvert Funeral Home, Ltd.
   - Oakland Memory Lanes, Inc
   - Westwood Memorial Chapel, Inc.

2. The following entities, wholly owned subsidiaries of Genesis Associates, Ltd. will merge into Furman Funeral Home, Inc. (also a subsidiary of Genesis Associates, Ltd.) **[union entities]**

   - Chrastka Funeral Home, Ltd.
   - Mount Auburn Funeral Home, Inc.

3. The following entities, wholly owned subsidiaries of Genesis Associates, Ltd., will merge into Brown Funeral Home, Ltd., (also a subsidiary of Genesis Associates, Ltd.). **[union entities]**

   - Community-Opyt Funeral Home, Ltd.
   - Fitzpatrick Funeral Services, Inc.

4. Robert A. Weinstein Funeral Directors, Ltd. a wholly owned subsidiary of Robert A. Weinstein, Ltd., will merge into Genesis Associates, Ltd. (also a subsidiary of Robert A. Weinstein, Ltd.) **[non-union entities]**

5. Robert A. Weinstein, Ltd. will merge into its wholly owned subsidiary, Genesis Associates, Ltd. **[non-union entities]**

6. Genesis Associates, Ltd., will merge into its wholly owned subsidiary Chapel Hill Memorial Gardens & Funeral Home, Ltd. **[non-union entities]**

7. Zefran Funeral Home, Ltd. will merge into Furman Funeral Home, Inc. **[union entities]**

8. Memorial Consultants, Inc. will merge into its wholly owned subsidiary National Home Services Institute, Inc. **[non-union entities]**

9. Mount Nebo Chapels, Inc., Star of David Memorial Gardens, Inc., and Sinai Funeral Home, Inc., each wholly-owned subsidiaries of Weinstein Brothers, Inc., an Illinois corporation with holdings in more than one state, will merge, with the survivor being Mount Nebo Chapels, Inc.

10. Levitt-Weinstein Memorial Chapels, Inc. will merge into its wholly-owned subsidiary, Resmal, Inc.

11. Horizon Funeral Direction, Inc., a wholly owned subsidiary of Weinstein Family Services, Inc., an Illinois corporation, will merge into Weinstein Brothers, Inc. (has subsidiaries in other states). **[union entities]**

12. Following step A.11 above, the following subsidiaries of Weinstein Family Services, Inc., a Florida corporation, will merge into Mount Nebo Memorial Gardens, Inc., which is also a subsidiary of Weinstein Family Services, Inc.:

    - Beth David Memorial Gardens, Inc.
    - Blasberg Memorial Chapels, Inc.
    - Jewish Memorial Society, Inc.
    - Mount Nebo of the Palm Beaches Memorial Gardens, Inc.
    - Palm Beach County Community Chapel, Inc.
    - Resmal, Inc.

13. Weinstein Family Services, Inc. (Illinois) will merge into its wholly owned subsidiary, Weinstein Brothers, Inc. **[union entities]**

14. Weinstein Brothers, Inc. will contribute all of its operating assets to its subsidiary Weinstein Chapels, Inc. in exchange for additional equity in the subsidiary. **[asset transfer]**

15. Following the mergers listed above and the merger of Weinstein Family Services, Inc. and Weinstein Brothers, Inc., both Illinois corporations, Mount Nebo Chapels, Inc. and Mount Nebo Memorial Gardens, Inc. will both be wholly-owned subsidiaries of Weinstein Brothers, Inc. Mount Nebo Chapels, Inc. will then merge into Mount Nebo Memorial Gardens, Inc. **[Florida entities]**

16. Weinstein Brothers, Inc. will merge into Mount Nebo Memorial Gardens, Inc., a Florida corporation. **[Florida entities]**

17. Weinstein Family Services, Inc., a Florida corporation, will merge into its wholly-owned subsidiary, Mount Nebo Memorial Gardens, Inc., which will then change its name to Weinstein Family Services, Inc. **[Florida entities]**

18. Devon Livery, Inc. a wholly owned subsidiary of Weinstein Family Services, Inc., a Florida corporation, will merge into Weinstein Chapels, Inc., another wholly owned subsidiary of Weinstein Family Services, Inc. **[union entities]**

19. The following entities, all wholly owned subsidiaries of LGII, will merge into NMM Holdings, Inc. (formerly McCracken Funeral Home, Inc.), which will change its name to Loewen (Illinois), Inc. **[non-union entities]**

    - Allen-Melvin Funeral Home, Ltd.
    - Chapel Hill Memorial Gardens & Funeral Home, Ltd.
    - Grennan Funeral Home, Ltd.
    - National Home Services Institute, Inc.
    - Pineview Memorial Park, Inc.
    - Tazewell County Memorial Gardens, Inc.

20. OBC Acquisitions, Ltd., a wholly owned subsidiary of LGII will merge into Weinstein Chapels, Inc., which will then change its name to Loewen (Chicago North), Inc.. LGII will receive 189 shares of common stock of Loewen (Chicago North), Inc. as a result of this merger. **[results in cross ownership]**

21. Osiris Holding of Illinois, Inc., a wholly owned subsidiaries of Osiris Holding Corporation, a Delaware corporation, will merge into Furman Funeral Home, Inc., which will then change its name to Loewen (Chicago Central), Inc. Osiris Holding Corporation will receive 516 shares of common stock of Loewen (Chicago Central), Inc. as a result of this merger. **[results in cross ownership]**

22. Brown Funeral Home, Ltd. will then merge into Ruzich Funeral Home, Inc., a wholly owned subsidiary of LGII. Ruzich Funeral Home will then change its name to Loewen (Chicago South), Inc. Loewen (Illinois), Inc. will receive 2,000 shares of common stock of Loewen (Chicago South), Inc. as a result of this merger. **[results in cross ownership]**

B. Non-merging Entities.

1. Entities That Will Lose Real Estate Tax Exemption If Merged

- Chicago Cemetery Corporation
- Elmwood Acquisition Corporation
- Evergreen Memorial Gardens, Inc.
- Glendale Memorial Gardens, Inc.
- Memorial Gardens Association, Inc.
- Mount Auburn Memorial Park, Inc.
- Mount Hope Woodlawn Corporation
- Ridgewood Cemetery Company, Inc.
- Windridge Funeral Home, Ltd.
- Woodlawn Cemetery of Chicago, Inc. (Section 481)
- Woodlawn Memorial Park, Inc.

2. Entities Slated for Voluntary Dissolution

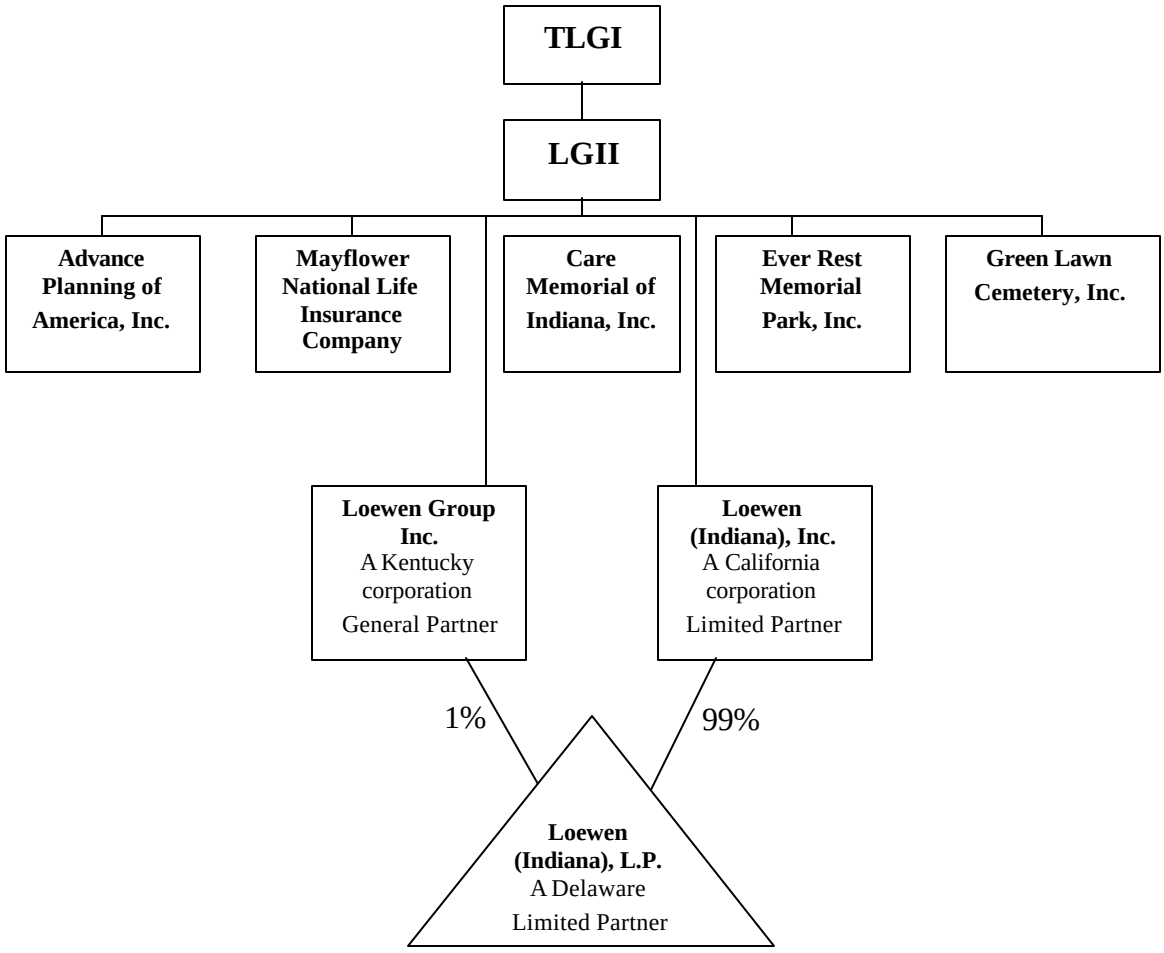
- Cedar Park Acquisition, Inc.
- Kuratko Funeral Directors, Inc. (dissolved 9/28/00)
- Ridgewood Funeral Home, Inc.
- SGFH Acquisitions, Inc. (dissolved 9/28/00)
- Zimmerman and Sandeman Funeral Homes, Inc.

3. Pre-Arrangement Consultants, Inc. (a pre-need entity)

4. The Oak Woods Cemetery Association (a non-profit corporation)

5. Chapel Lawn Memorial Gardens (an Indiana corporation)

INDIANA



A. Merging Entities.

1. The following entities are wholly owned subsidiaries of LGII and will merge into AFH, Inc., also a subsidiary of LGII[1]:

- Alexandria Cemetery Association, Inc.
- B & H Contractors, Inc.
- Bicknell Memorial Cemetery, Inc.
- Berhalter-Hutchins Funeral Homes, Inc.[2]
- Bond-Mitchell Funeral Home, Inc.
- Brosmer-Drabing Funeral Home, Inc.
- Daviess Co. Cemetery Assoc., Inc.
- Denbo Funeral Home, Inc.
- Deremiah-Frye Mortuary, Inc.

- Foster and Good Funeral Home, Incorporated [3]
- Gardens of Memory, Inc.
- Gordon E. Utt Funeral Home, Inc.
- Kemple Funeral Homes, Inc.
- McClure Funeral Service, Inc.
- NWCC Holdings, Inc. (f/k/a New Crown Cemetery Company, Inc. - assets sold 11/01/00)
- Oak Enterprises, Inc.
- Rest-Haven Cemetery Association, Inc.
- Ruzich Funeral Home, Inc.
- South Bend Highland Cemetery Association, Inc.
- St. Joseph Valley Memorial Park, Inc.
- Titzer Funeral Home, Inc.

2. LGII will contribute 1% of its stock in AFH, Inc. to Loewen Group Inc., a Kentucky corporation, and 99% of its stock in AFH, Inc. to Loewen (Indiana), Inc., a California corporation. AFH, Inc. will then merge into Loewen (Indiana), L.P., a Delaware limited partnership.

B. Non-merging Entities.

- Ever Rest Memorial Park, Inc. (non-profit)
- Green Lawn Cemetery, Inc. (non-profit)
- Advance Planning of America, Inc. (pre-need)
- Mayflower National Life Insurance Company (life insurance co.)
- Care Memorial of Indiana, Inc. (pre-need)
- ERMP Cemetery, Inc. (dissolved on 9/7/00)
- Chapel Lawn Memorial Gardens, Inc. (subsidiary of Illinois corp.)
- Elzey & Haggard Funeral Homes, Inc. (subsidiary of Tennessee corp.)

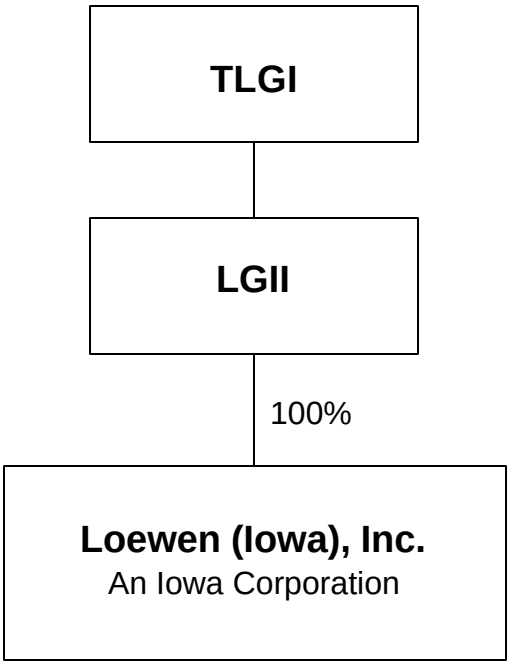
C. Notes

[1] Tax free merger under Section 368(a)(1)(G)

[2] Minority ownership will be eliminated pursuant to Plan of Reorganization

[3] Subsidiary of LGAC, which will be liquidated prior to the mergers

IOWA



A. Merging Entities.

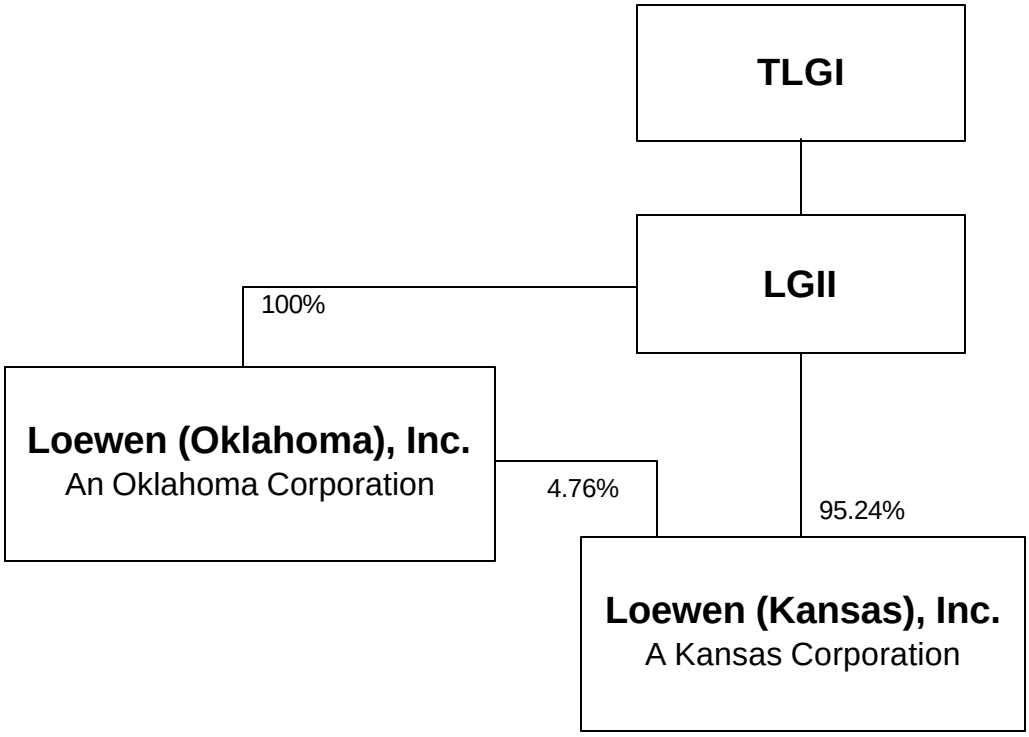
The following wholly-owned subsidiaries of LGII will merge into Blackhawk Garden of Memories, Inc., which will then change its name to Loewen (Iowa), Inc.:

- Burlington Cemetery Management, Inc.
- Loewen (Iowa), Inc.
- Mass-Hinitt-Alexander Funeral Home, Inc.
- North Lawn Cemetery, Inc.
- Shrine of Memories, Inc.

B. Non-merging Entities.

None.

KANSAS



. Merging Entities.

1. The following entities are wholly-owned subsidiaries of LGII and will merge into HKS Holdings, Inc., which will change its name to Loewen (Kansas), Inc.:

   - Byrd-Snodgrass Funeral Home, Inc.
   - CLNL Holdings, Inc.
   - HKS Holdings, Inc.
   - Murdock Funeral Home, Inc. (after liquidation of LGAC)
   - Potts Funeral Home, Inc.
   - Quiring Monument Company
   - RGOM Holdings, Inc.
   - Sperry-McConnell-Bath Funeral Homes, Inc.
   - SNKS Holdings, Inc.

2. The following wholly-owned subsidiaries of LWLT Holdings, Inc., an Oklahoma corporation with subsidiaries in more than one state, will merge into Loewen (Kansas), Inc. (the shares of Loewen (Kansas), Inc. issued to Loewen (Oklahoma), Inc. [successor to LWLT Holdings, Inc.] must be retained):

   - FRY Holdings, Inc.
   - JNSK Holdings, Inc.
   - PSBG Holdings, Inc.
   - Southeastern Cemeteries Association

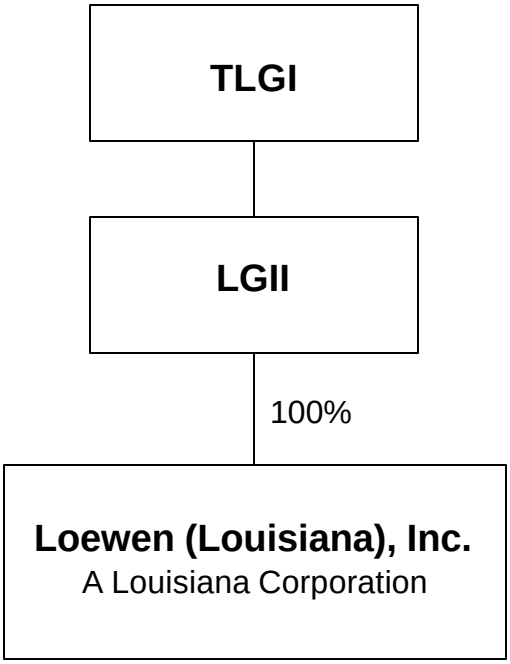
January 31, 2001

KENTUCKY

On hold pending disposition.

January 31, 2001

LOUISIANA



A. Merging Entities.

1. New Orleans Limousine Service, Inc.[1] will merge into its parent Loewen Louisiana Holdings, Inc.

2. The following LGII subsidiaries will merge into Loewen Louisiana Holdings, Inc., which will then change its name to Loewen (Louisiana), Inc.:

   - Cemetery Management Corp.
   - Evangeline Funeral Home, Inc.[2]
   - Woodlawn Memorial Park, Inc.

3. The following entities, all of which are currently wholly-owned subsidiaries of Riemann Holdings, Inc.[3], will merge into Loewen (Louisiana), Inc.:

   - Beau Pre Memorial Park, Inc.
   - Forest Park Cemetery of Shreveport, Inc.
   - Forest Park Cemetery West of Shreveport, Inc.
   - H.C. Alexander Funeral Home, Inc.
   - Leitz-Eagan Funeral Home, Inc.
   - Ourso Funeral Home, Airline Gonzales, Inc.
   - Ourso Funeral Home, Inc.

B. Non-merging Entities.

- Advance Planning of Louisiana (controlled but not owned)[4]
- Administrative Resources Company, Inc. (insurance)[5]
- Planned Funeral Services, Inc. (insurance company owner)[5]
- Pre-Need Funeral Programs, Inc. (insurance company owner)[5]
- Security Industrial Insurance Company (insurance company owner)[5]
- Security Industrial Fire Insurance Company (insurance company owner)[5]

C. Notes.

[1] New Orleans Limousine Service, Inc. currently has a minority shareholder, Mothe Funeral Homes, Inc., which will be eliminated in the Plan of Reorganization.

[2] Currently a wholly owned subsidiary of Loewen Group Acquisition Corp., a Delaware corporation, which will be liquidated pre-merger.

[3] Reimann Holdings, Inc. will be liquidated pre-merger.

[4] A pre-need company.

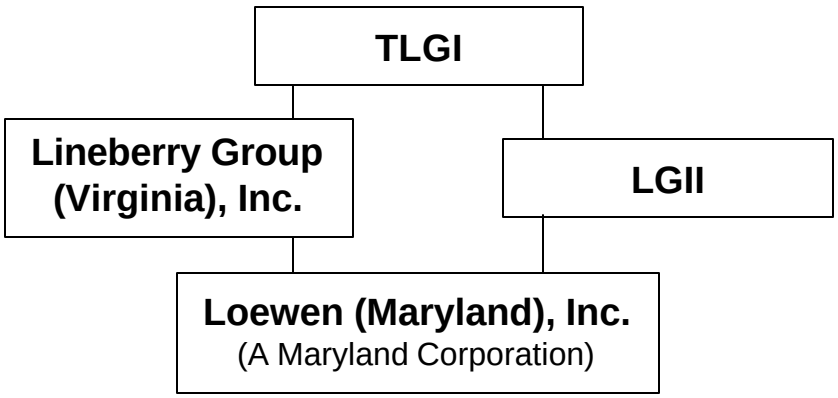
[5] An insurance company

MAINE

Loewen does not own any funeral homes, cemeteries or other assets in Maine.

January 31, 2001

MARYLAND



A. Merging Entities

1. Leasure-Stein Management Company, L.L.C., a direct subsidiary of LGII, will change its name to Loewen (Maryland), Inc.

2. The following direct subsidiaries of Lineberry Group (Virginia), Inc., a Virginia corporation and wholly owned indirect subsidiary of LGII, will merge into Loewen (Maryland), Inc., a wholly-owned subsidiary of LGII. Because Loewen (Maryland), Inc. is a shell company prior to the merger, while the subsidiaries of Lineberry Group (Virginia), Inc. have positive net equity and asset value, Loewen (Maryland), Inc. will issue 100% of its shares to Lineberry Group (Virginia), Inc.

- The Huntt Funeral Home, Inc.
- Robert E. Evans Funeral Home, Inc.

B. Non-Merging Entities

- Advanced Planning Services of Maryland, Inc.
- REFH Acquisition, Inc. (voluntary dissolution pending)
- Woodlawn Cemetery, Inc. (voluntary dissolution pending)

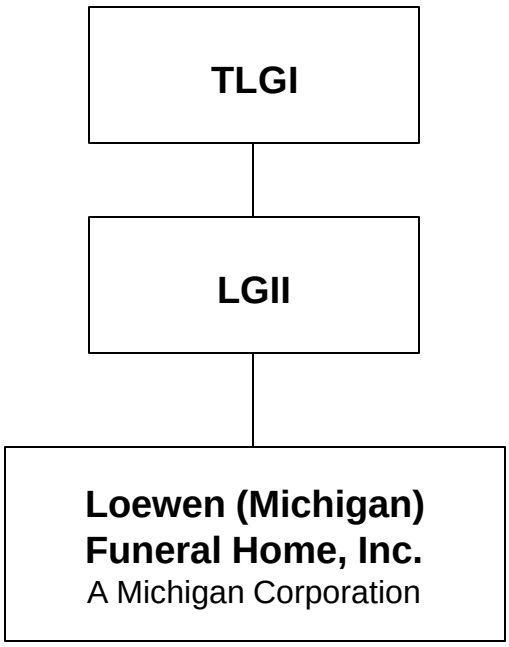
January 31, 2001

MASSACHUSETTS

Because of regulatory issues, no restructuring will occur in Massachusetts.

January 31, 2001

MICHIGAN



A. Merging Entities.

1. The following direct subsidiaries of LGII will merge together with Resurrection Funeral Home, Inc., which will then change its name to Loewen (Michigan) Funeral Home, Inc.

- Covell Funeral Home, Inc.
- Covell-Smith Funeral Home, Inc.
- Edward Swanson & Son Funeral Home, Inc.
- Halverson Chapel, Inc.
- Hibbard-Ruggles Funeral Home, Inc.
- Hill Funeral Home, Inc.
- Loewen (Michigan), Inc.
- Loewen HDG Acquisition, Inc.
- Maple Valley Chapel, Inc.
- Peace Rose, Inc.
- Peter Feldpaush & Co., Inc.[1]
- RKL Supply, Inc.
- Roseland Park Sales Company[1]
- Star Cement and Vault Company[1]
- Wachterhauser-Brietzke Funeral Homes, Inc.
- Wren Funeral Home, Inc.

B. Non-Merging Entities

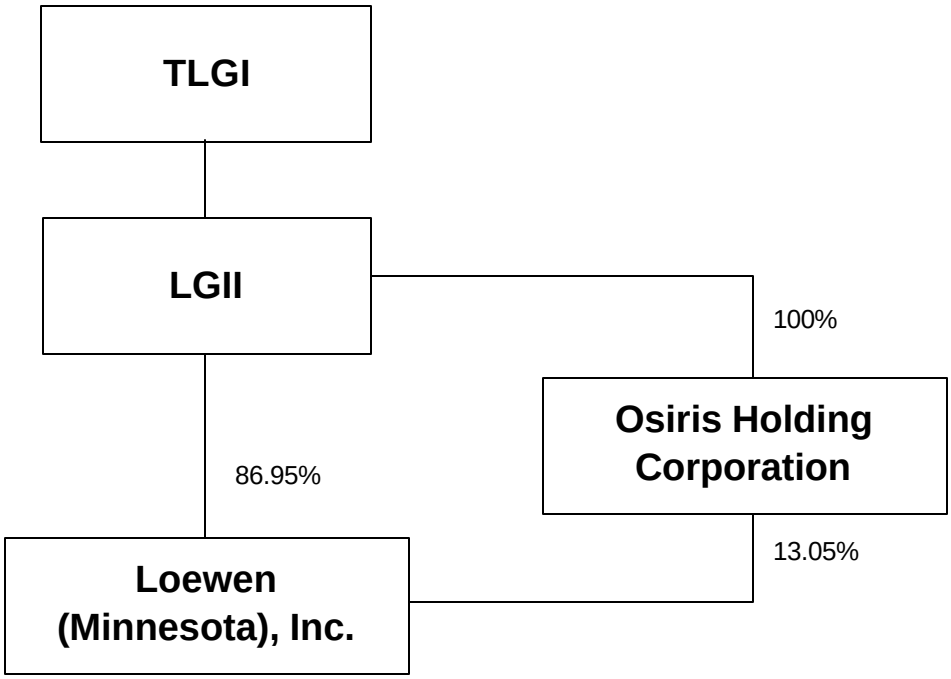
- Care Memorial Society, Inc. – a pre-need company
- AMG, Inc.[2]
- FLMG Cemetery Corporation[2]
- Forest LMP, Inc.[2]
- GOR Cemetery Corp.[2]
- Gethsemane Mausoleum Company[2]
- KAL Cemetery Management, Inc.[2]
- Memorial Guardian Company, Inc.[2]
- NCG Cemetery Corp.[2]
- OCG Cemetery Corp.[2]
- Osiris Holding of Michigan, Inc.[1]
- Paws Pet Cemetery[2]
- Restlawn Acquisition, Inc.[2]
- Roseland, Inc.[2]
- Sassaman Acquisition, Inc.[1](dissolved on 9/12/00)
- UMG, Inc.[2]
- WMP, Inc.[2]
- Woodlawn (Michigan), Inc.[2]
- Woodmere, Inc.[2]

C. Notes

1. Shelf companies
2 Cemetery management companies

January 31, 2001

MINNESOTA



A. Merging Entities

1. The following direct subsidiaries of Kapala-Glodek Funeral Service, Ltd. will merge with each other and Malone Funeral Home, Inc. will be the survivor:

   - CMM, Inc.[1]
   - Gleason Mortuary, Inc.[2]
   - Kapala-Glodek Gearhart Funeral Home, Inc.
   - Malone Funeral Home, Inc.
   - Morningside Memorial Gardens, Inc.
   - Wulff Family Mortuary, Inc.

2. Kapala-Glodek Funeral Service, Ltd. will merge downstream into Malone Funeral Home, Inc.

3. The following direct subsidiaries of LGII will merge with each other and the survivor will be Bell Bros., Incorporated, which will change its name to Loewen (Minnesota), Inc.

   - Malone Funeral Home, Inc.
   - Bell Bros., Incorporated
   - Enga Memorial Chapels, Inc.

4. Sunset Acquisition Corporation, a Delaware corporation and wholly owned subsidiary of Osiris Holding Corporation will merge into Loewen (Minnesota), Inc. As a result of this merger, Osiris Holding Corporation will own 218 shares of Loewen (Minnesota), Inc.

B. Non-Merging Entities:

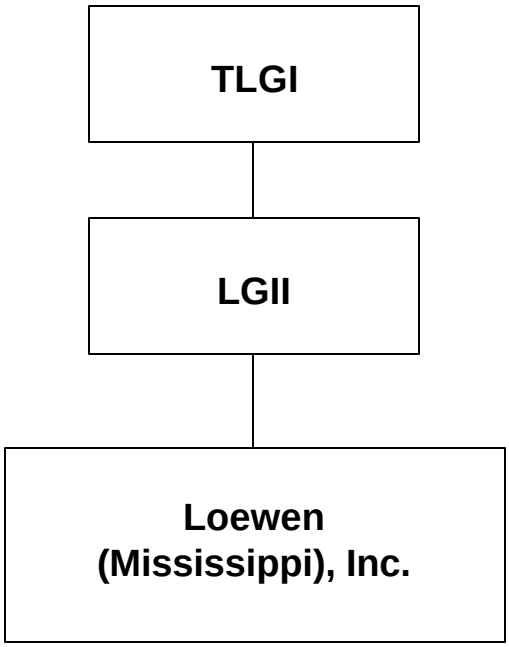
- East Metro Agency, Inc., an insurance company, is slated for voluntary dissolution.
- WHC, Inc., an insurance company, is slated for voluntary dissolution.

C. Notes

[1] Crematorium.

[2] A shelf company.

MISSISSIPPI



A. Merging Entities

1. The following entities, all of which are currently wholly-owned subsidiaries of Riemann Holdings, Inc.[1], will merge, with Baldwin-Lee Funeral Homes, Inc., which will immediately change its name to Loewen (Mississippi), Inc.:

- Barham Funeral Home, Inc.[2]
- Browning Funeral Home, Inc. Water Valley, Mississippi
- Browning Funeral Homes, Inc.
- Cardinal Flowers and Fine Gifts, Inc.
- Cockrell Funeral Home, Inc.
- Coleman Funeral Home, Inc.
- F.J.W. Incorporated
- Floral Hills Memorial Gardens, Inc.
- Gulf Coast Funeral Services, Inc.
- Holder-Wells Funeral Home, Inc.
- Magnolia Memorial Gardens of Meridian, Inc.
- McPeters, Incorporated – Funeral Directors
- Newton County Memorial Gardens, Inc.
- Riemann Funeral Homes, Inc.
- Roseland Park Cemetery, Inc.

- Southern Memorial Park, Inc.
- Stephens Funeral Homes, Inc.
- Stringer's Hartman-Baldwin Funeral Home, Inc.
- Thweatt-King Funeral Home, Inc.

B. Non-merging Entities

- Advanced Planning of Mississippi, Inc.[3]
- Family Care, Inc.[4]
- Fisher-Riles Funeral Insurance Company
- Frank J. Fisher Funeral Directors, Inc.[4]
- Riemann Enterprises, Inc., a subsidiary of Riemann Holdings, Inc. (Section 481)
- Riemann Funeral Insurance Company, Inc.
- Riemann Insurance Company, Inc.
- Stephens Burial Association, Inc.[3]
- Stephens Funeral Benefit Association, Inc.[3]
- Stephens Funeral Fund, Inc.[3] (voluntary dissolution pending)
- Thweatt Funeral Insurance Company, Inc.[4]
- Wright & Ferguson Funeral Home and its subsidiary Parkway Memorial Cemetery Corporation[5]

C. Notes

[1] Riemann Holdings, Inc. will be liquidated prior to the merger of its subsidiaries.

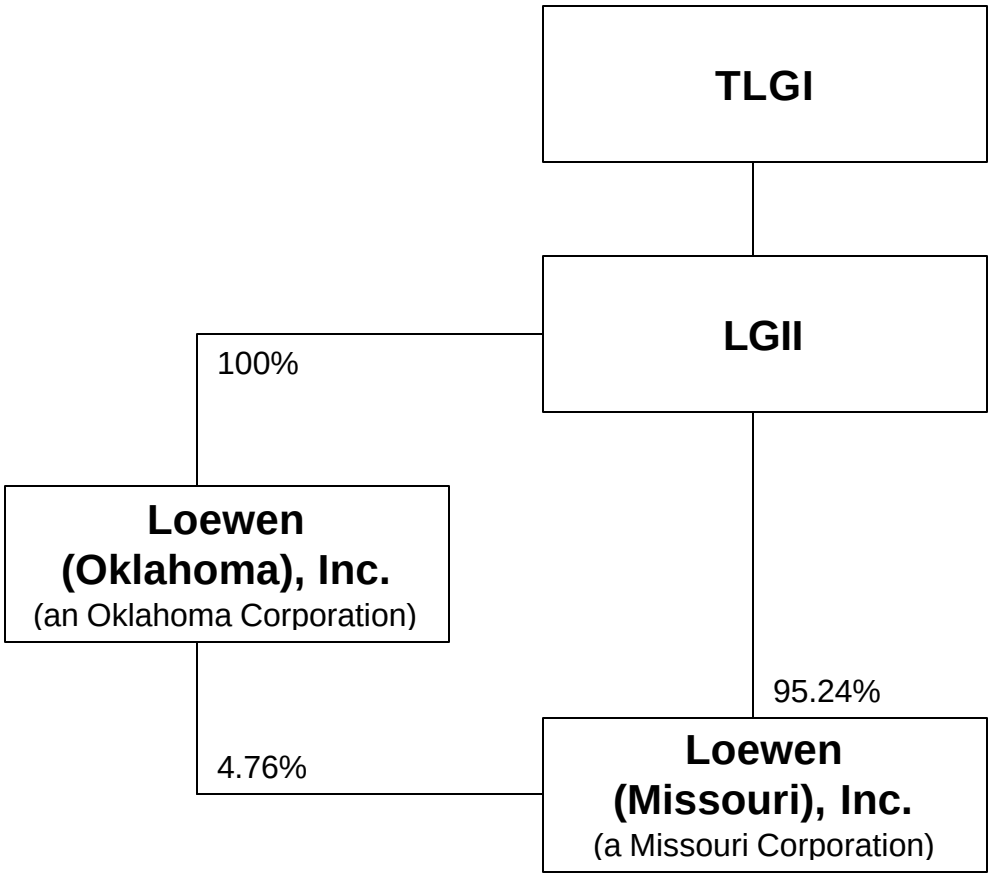
[2] The assets of two of Barham Funeral Home, Inc.'s operations, Sumter County Memorial Gardens and Livingston Memorial Gardens, will be transferred to Loewen (Alabama), Inc.

[3] These entities are pre-need companies.

[4] A regulated insurance company.

[5] Tax issues.

MISSOURI



A. Merging Entities

1. The following direct subsidiaries of LGII will merge into Loewen Missouri, Inc., also a subsidiary of LGII, which will then change its name to Loewen (Missouri), Inc.[1]

   - Missouri Cemetery Management, Inc.
   - Mount Auburn Cemetery Company

2. PCTH Holdings, Inc. (f/k/a Park Cemetery of Carthage, Inc.), a wholly owned subsidiary of LWLT Holdings, Inc., a Oklahoma corporation and wholly owned direct subsidiary of LGII[2] will merge into Loewen (Missouri), Inc. **[LWLT Holdings, Inc.]** will receive 50 shares of Loewen (Missouri), Inc. as a result of this merger.[3]

B. Non-Merging Entities

The following entity will not merge.

- Ashland Acquisition, Inc., a direct subsidiary of Loewen Group Acquisition Corp. is slated for voluntary dissolution (dissolved 9/27/00).
- Mount Washington Acquisition, Inc. is slated for voluntary dissolution (dissolved 8/31/00).

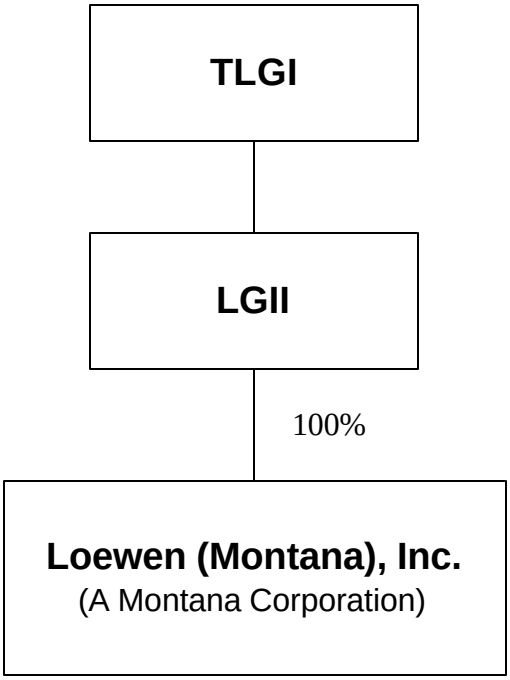
C. Notes

[1] Tax free merger under Section 368(a)(1)(G).

[2] Minority ownership will be eliminated pursuant to Plan of Reorganization

[3] Merger taxable to the extent of any gain realized on shares distributed, subject to potential deferral under relevant tax rules. So long as shares obtained from Loewen (Missouri), Inc. are not distributed to LGII, merger will be tax free under Section 368(a)(1)(G). As a result of this merger Loewen (Oklahoma), Inc will have an ownership interest in Loewen (Missouri), Inc. (LWLT Holdings, Inc. will be merged into Loewen (Oklahoma), Inc.).

MONTANA



A. Merging Entities

1. Following the liquidation of Loewen Group Acquisition Corp. and its wholly owned subsidiary, Montana Memorial Services, Inc., SGB Holdings, Inc., a wholly owned subsidiary of Montana Memorial Services, Inc., will change its name to Loewen (Montana), Inc.

2. Following the liquidation of Malletta-Vertin Holdings, Inc. ("Malletta-Vertin"), a Washington corporation and wholly owned subsidiary of LGII, the following subsidiaries of Malletta-Vertin will merge into Loewen (Montana), Inc.

- GMG Holdings, Inc.
- Gorder Funeral Home, Inc. (a Delaware corporation)
- LMG Holdings, Inc. (a Delaware corporation)
- O'Connor Funeral Home & Crematory, Inc. (a Delaware corporation)
- Retz Funeral Home, Inc. (a Delaware corporation)
- SSC Holdings, Inc. (a Delaware corporation)

3. The following direct subsidiary of LGII will merge into Loewen (Montana), Inc.

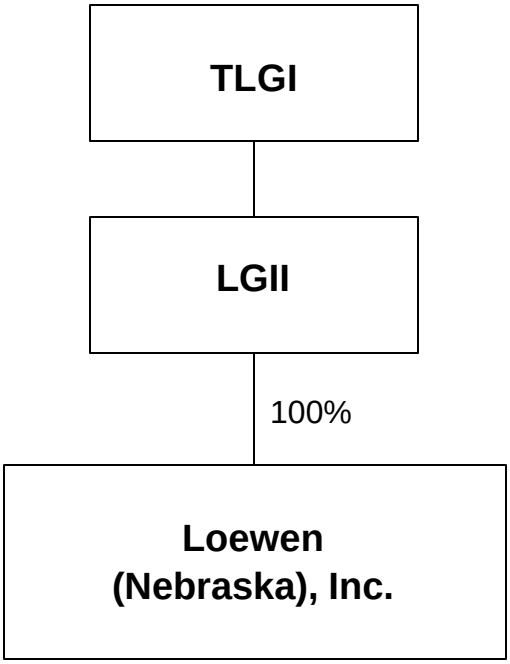
    - Chapel of Chimes Funeral Home, Inc. (a Delaware corporation)

B. Non-Merging Entities

- SNST Holdings, Inc., a Delaware corporation and wholly owned subsidiary of Malletta-Vertin Holdings, Inc., will be liquidated prior to the mergers (Section 481).

- Funeral Service Management, a wholly owned subsidiary of Malletta-Vertin Holdings, Inc., is slated for voluntary dissolution.

NEBRASKA



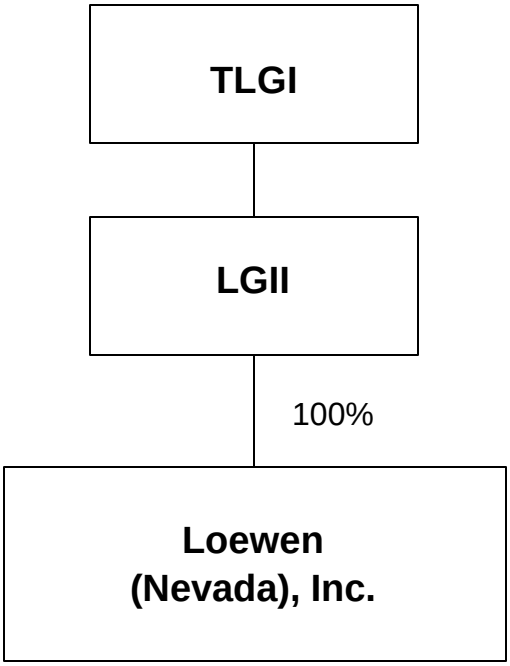
A. Merging Entities

Moon Acquisition, Inc. (a direct subsidiary of LGII) will merge into BEBM Holdings, Inc. (a direct subsidiary of LGII), which will then change its name to Loewen (Nebraska), Inc.

B. Non-Merging Entities

Moon Cemetery Association will not be merged because it is not owned by Loewen.

NEVADA



A. Merging Entities

The following direct subsidiaries of LGII will merge into each other and the survivor will be Davis Funeral Home, Inc., which will change its name to Loewen (Nevada), Inc.

- American Burial & Crematory Service[1]
- Davis Funeral Home Memorial Plan[2]
- Davis Funeral Home, Inc.
- Eagle Partners Corporation[3]
- Paradise Memorial Gardens, Inc.

B. Non-Merging Entities

None.

---

[1] Alternative Services

[2] Funeral Home/Crematorium

[3] Shelf Company

January 31, 2001

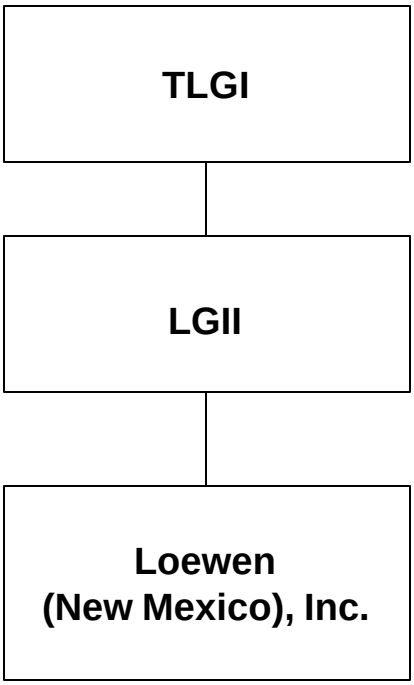
NEW HAMPSHIRE

Because of regulatory issues, no restructuring will occur in New Hampshire.

NEW JERSEY

Loewen does not own any funeral homes, cemeteries or other assets in New Jersey.

NEW MEXICO



A. Merging Entities

The following LGII subsidiaries will merge into Fitzgerald & Son Funeral Directors, Inc., also an LGII subsidiary, which will change its name to Loewen (New Mexico), Inc.:

- Grants Mortuary, Inc.
- Griffin Funeral Home, Inc.
- Hillcrest Memorial Gardens Cemetery, Inc.
- Larry A. McGee, Inc.
- Valley Memory Gardens, Inc.
- West Funeral Home, Inc.

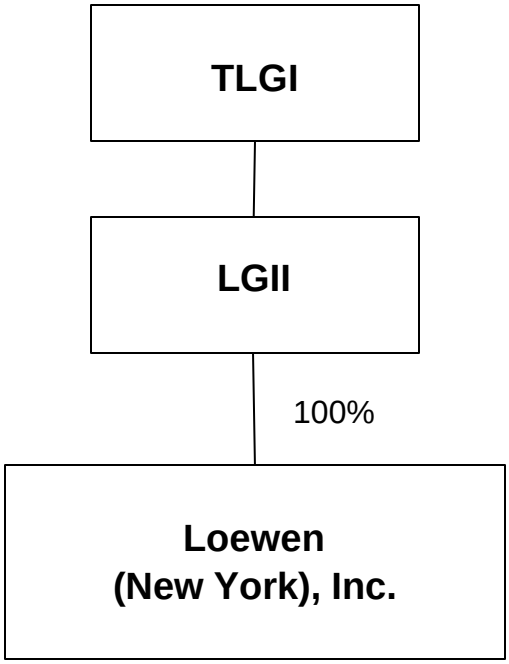
B. Non-Merging Entities

- Advance Planning-Southwest, Inc., a pre-need entity
- S-T Wyoming Branch, Inc. is slated for voluntary dissolution.
- Strong-Thorne Mortuary, Inc. (Section 481)

C. Notes

[1] Tax-free merger under Section 368(a)(1)(G)

NEW YORK



A. Merging Entities

1. The following direct subsidiaries of Wagner Acquisition Corporation will merge into each other and the survivor will be Carpenter's Funeral Homes, Inc.:

- Carpenter's Funeral Homes, Inc.
- Coloni Funeral Homes, Inc.
- David T. Ferguson Funeral Home, Inc.
- Drownwood Forest National Pet Cemetery, Inc.[1]
- Edward F. Carter, Inc.
- James Funeral Home, Inc.
- Kennedy-Roth Funeral Home, Inc.
- Lang-Tobia-DiPalma Funeral Home, Inc.
- O'Neill-Redden-Drown Funeral Home, Inc.
- R. Stutzmann & Son, Inc.
- SMJ Holdings, Inc.[2]
- Sensible Alternatives, Inc.
- Vernon C. Wagner Funeral Homes, Inc.
- Wattengel Funeral Home, Inc.
- William Leahy Funeral Home, Inc.

2. Wagner Acquisition Corporation will merge downstream into Carpenter's Funeral Homes, Inc.

3. Vay-Meeson Holding Company, Inc. will merge downstream into its subsidiary, Vay-Schleich & Meeson Funeral Home, Inc.

4. The following LGII subsidiaries will merge into each other and the survivor will be Carpenter's Funeral Homes, Inc., which will change its name to Loewen (New York), Inc.:

- Carpenter's Funeral Homes, Inc.
- Cecere Acquisition, Inc.[2]
- Cusimano & Russo, Inc.
- Delaware Park Memorial Chapel, Inc
- DeVaney-Bennett Funeral Home, Inc.[3]
- James J. Stout Funeral Home, Inc.[3]
- John Dormi & Sons, Inc.
- John J. Healey Funeral Home, Inc.
- Joseph G. Duffy, Inc.
- La Familia Funeral Home, Inc.
- Louis Hirsch & Sons, Inc.
- M.J. Smith Sons, Inc.
- Northeast Monument Co., Inc.
- Ridge Chapels, Inc.
- T.J. McGowan Sons Funeral Home, Inc.
- Vay-Schleich & Meeson Funeral Home, Inc.
- Wanamaker & Carlough, Inc.
- Weeks Funeral Home, Inc.
- Yablokoff Kingsway Memorial Chapel, Inc.
- Yablokoff-Wandy Funeral Home, Inc.

B. Non-Merging Entities: None

C. Notes

- For tax purposes, step A2 changed from an upstream merger to a downstream merger.

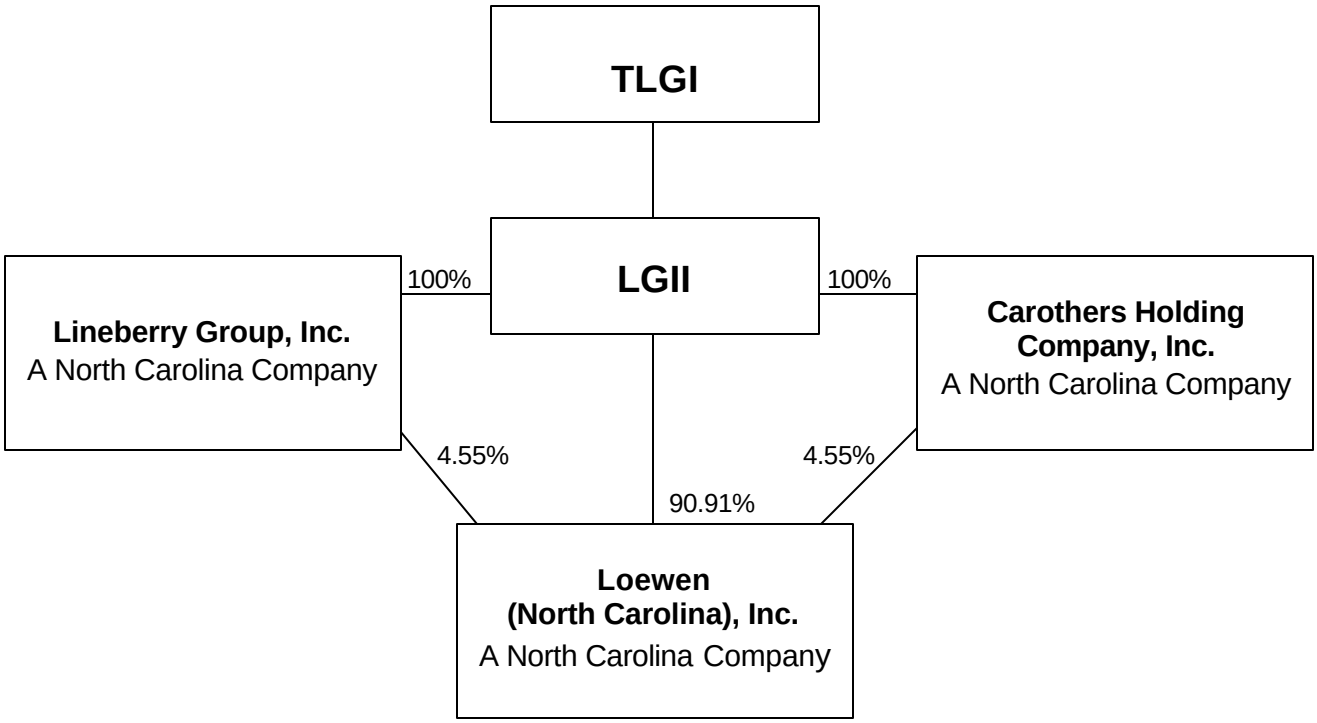
- For tax purposes, step A3 and A4 changed from an upstream merger to a merger of the subsidiaries into one survivor, followed by a downstream merger of the parent into the survivor.

1. Pet Cemetery.

2. Shelf corporation.

3. Will become a direct subsidiary as a result of LGAC's liquidation.

NORTH CAROLINA



A. Merging Entities.

2. The following direct subsidiaries of Carothers Holding Company, Inc. will merge into each other and Bob Miller Funeral Home, Inc. will be the survivor:

- Bob Miller Funeral Home, Inc.
- Charlotte Memorial Gardens, Inc.
- Gardens of Faith Cemetery, Inc.
- Highland Memorial Gardens, Inc.
- Raleigh Memorial Park, Inc.
- Reeves Funeral Home, Inc.
- Sandling Funeral Home, Inc.
- Williams Funeral Service, (Incorporated)

2. Bob Miller Funeral Home, Inc., a subsidiary of Carothers Holding Company, Inc. will merge into Loewen (North Carolina), Inc. The five (5) shares of Loewen (North Carolina), Inc. received by Carothers Holding Company, Inc. will be retained.

3. The following direct subsidiaries of Lineberry Group, Inc. will merge into each other and Chatham Memorial Park, Inc. will be the survivor:

   - Chatham Memorial Park, Inc.
   - Crestview Memorial Park, Inc.
   - Evergreen Acquisition, Inc.
   - Lumbee Memorial Gardens, Inc.
   - Oak Ridge Memorial Park, Inc.
   - Padgett Funeral Home, Inc.
   - Rockfish Memorial Cemetery, Inc.
   - Rose Hill Memorial Park, Inc.
   - Scotland County Cemetery, Inc.

4. Chatham Memorial Park, Inc., a subsidiary of Lineberry Group, Inc., will merge into Loewen (North Carolina), Inc. The five (5) shares of Loewen (North Carolina), Inc. received by Lineberry Group, Inc. will be retained.

5. Lineberry Cemetery Corporation will merge downstream into its subsidiary, Westminster Gardens, Inc.

6. The following subsidiaries of LGII will merge into Loewen (North Carolina), Inc.:

   - Cumberland Memorial Gardens, Inc.
   - Devotional Gardens, Inc.[1]
   - Edgecombe Forest, Inc.
   - Evergreen Memorial Cemetery, Inc.
   - Fairview Memorial Park of Albermarte, Inc.
   - Harnett Devotional Gardens, Inc.
   - Pamlico Memorial Gardens, Inc.[1]
   - Roselawn Memorial Gardens, Inc.[1]
   - Rutherford County Memorial Cemetery, Inc.[1]
   - Stanly Gardens of Memory, Inc.
   - Westlawn Cemetery, Inc.

B. Asset Transfer

1. The assets of Woodlawn Memorial Park, located in Durham, NC, are owned by Sunset Memorial, Inc., a Virginia corporation. The assets of Woodlawn Memorial Park will be transferred to Loewen (North Carolina), Inc. This transfer is taxable to the extent of any gains, subject to potential difference of such gains under the relevant tax rules.

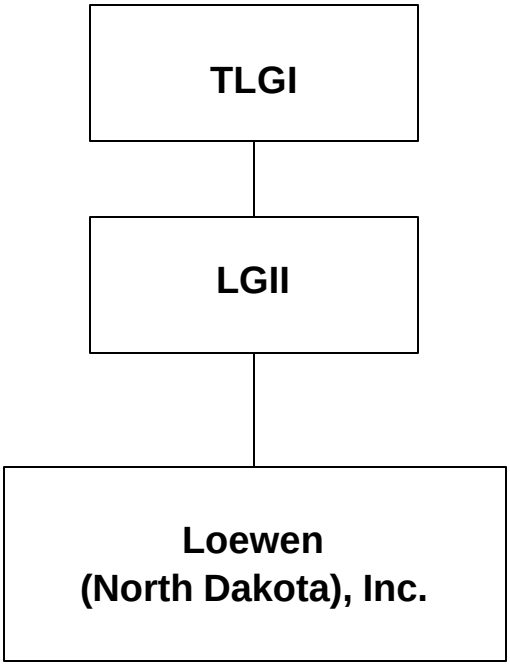
C. Non-Merging Entities

[1] Becomes a direct subsidiary of LGII as a result of LGAC's liquidation.

- Advanced Funeral Planning of North Carolina, Inc.
- Carothers Holding Company, Inc. (Section 481)
- Hanes-Lineberry Advanced Funeral Planning, Inc.
- Lineberry Group, Inc. (Section 481)
- Reeves, Inc., a subsidiary of Loewen (Georgia), Inc. (Section 481)
- Westminster Gardens, Inc. (Section 481)

January 31, 2001

NORTH DAKOTA



A. Merging Entities

1. The following direct LGII subsidiaries will merge into each other and the surviving corporation will be Eastgate Holdings, Inc.:

   - Eastgate Holdings, Inc.[1]
   - Dakota Memorial Chapel, Inc.[1]
   - Thompson Funeral Home, Incorporated[1]
   - W.B.M., Inc.[1]
   - Weigel Funeral Home, Inc.[1]

2. Eastgate Funeral Service Inc.[1] and Boelter Funeral Home, Inc.[1], both direct subsidiaries of Eastgate Holdings, Inc., will merge into each other and Boelter Funeral Home, Inc. will be the survivor.

3. Eastgate Holdings, Inc. will merge downstream into Boelter Funeral Home, Inc., which will change its name to Loewen (North Dakota), Inc.

B. Non-Merging Entities

   - Advanced Funeral Planning of The Dakotas, Inc. (pre-need)

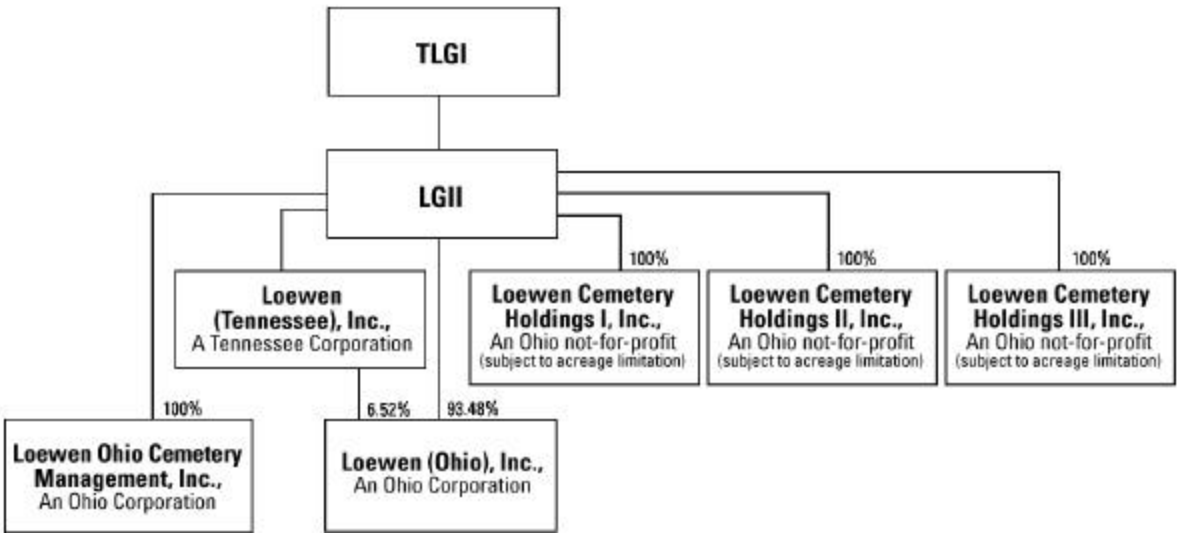
C. Notes

- For tax purposes, step A2 became a brother-sister merger.
- For tax purposes, step A3 became a downstream merger.

---

[1] All physical locations sold in dispositions.

OHIO



A. H.& D. Management Company, Inc. will merge into its parent LGII

B. Merging Entities (Cemetery Management Companies)

1. Midwest Cemetery Service Company, a subsidiary of LGII, will merge into its subsidiary Restlawn Memorial Gardens, Inc.

2. Gemini Memorial, Inc., a subsidiary of LGII, will merge into its subsidary Danlan Corporation.

3. The following LGII subsidiaries will merge together with Loewen Cemetery (Ohio), Inc. being the survivor and will change its name to Loewen Ohio Cemetery Management, Inc.:[3]

- Danlan Corporation
- Fort Steuben Management, Inc.
- Heritage Cemetery Management Corporation
- Loewen Cemetery (Ohio), Inc.
- Restlawn Memorial Gardens, Inc.
- Rose Hill Management Co., Inc.

C. Merging Entities (Not-for-profit cemetery companies)

1. The following not-for-profit cemetery corporations/associations will merge together with Oak Grove Memorial Park, Inc. being the survivor and will change

its name to Loewen Cemetery Holdings I, Inc. Loewen Cemetery Holdings I, Inc. can hold up to 640 acres of land for cemetery purposes.[1]

- Chestnut Hill/Mount Peace Cemeteries, Inc.[2]
- Forest Hills Memorial Gardens, Inc.[2]
- Green Haven Memorial Gardens, Inc.[2]
- Oak Grove Memorial Park, Inc.[2]

Total Acreage = 414.38

2. The following not-for-profit cemetery corporations/associations will merge together with Evergreen Cemetery Belpre, Inc. being the survivor and will change its name to Loewen Cemetery Holdings II, Inc. Loewen Cemetery Holdings II, Inc can hold up to 640 acres of land for cemetery purposes.[1]

- Crawford County Memory Gardens, Inc.[2]
- East Lawn Memorial Park Association[2]
- Evergreen Cemetery Belpre, Inc.[2]
- Meigs Acquisition, Inc.[2]
- Memory Gardens Company[2]
- Resthaven Memory Garden Cemetery, Inc.[2]
- Rose Hill Memorial Gardens[2]
- The Forest Hill Cemetery Association[2]

Total Acreage = 405.95

3. The following not-for-profit cemetery corporations/associations will merge together with Restlawn Memorial Park Association being the survivor and will change its name to Loewen Cemetery Holdings III, Inc. Loewen Cemetery Holdings III, Inc. can hold up to 640 acres of land for cemetery purposes.[1]

- MVMP Acquisition, Inc.[2,4] (Slated for Voluntary Dissolution)
- Restlawn Memorial Park Association[2]
- Ridgecrest Memory Gardens, Inc.[2]
- Riverview Memory Gardens, Inc.[2]
- Seneca Memory Gardens[2]
- The Fort Steuben Burial Estates Association[2]
- West Memory Gardens Association[2]
- Western Reserve Memorial Garden[2]

Total Acreage, including acreage from asset transfer in Step E.1 = 430.17

Grand Total All Acreage = 1250.5

D. Merging Entities (Funeral Homes)

1. The following LGII Subsidiaries will merge together with Bennett-Emmert Funeral Home, Inc. being the survivor and will change its name to Loewen (Ohio), Inc.

   - Aslin Holdings, Inc.
   - Bennett-Emmert Funeral Home, Inc.
   - Berry Funeral Home, Inc.
   - Corrigan Funeral Home, Inc.
   - Craciun Funeral Home, Inc.
   - DiCicco And Son, Inc.
   - H.H. Birkenkamp Funeral Home, Inc.
   - Hogenkamp-Bonham Funeral Home, Inc.
   - J.H. Finefrock & Sons, Inc.
   - Long and Folk Funeral Home, Inc.
   - Northeast Ohio Crematory, Inc. (Crematory)
   - Pet Haven Memorial Gardens, Inc. (after merger of H. & D. Management Company, Inc. into LGII)
   - Reed-Nichols Funeral Home, Inc.[5]
   - Siferd Professional Associates, Inc.
   - Sinfran, Inc.
   - Spiker-Foster-Shriver Funeral Home, Inc.
   - Terebinski Funeral Forest Hills Chapel, Inc.
   - The Schmidt-Dhonau Company

2. The following subsidiaries of Family Funeral Service Group, Inc., a Tennessee corporation will merge into Loewen (Ohio), Inc. As a result of this merger, Loewen (Tennessee), Inc. will own shares of Loewen (Ohio), Inc.

   - Beam Funeral Home, Inc.
   - Burcham Funeral Home, Inc.

E. Asset Transfer

1. The Assets of Crown Hill Memorial Park and Mausoleum and Graceland Memorial Gardens will be transferred from Osiris Holding Corporation to Loewen Cemetery Holdings III, Inc.

F. Non-Merging Entities

- Ohio Network Insurance Agency, Inc. (controlled but not owned)
- Advanced Planning - North Eastern

G. Notes

[1] Ohio Rev. Code Ann. § 1721.01 allows one entity to own no more than 640 acres of land for cemetery purposes.

2 Not-for-profit corporation. The Ohio Code does not specifically require that not-for-profit corporations own cemeteries. All revenues, receipts and profits, however, must be applied exclusively to cemetery purposes. Moreover, for-profit corporations may not own cemeteries. See State ex rel. Stuart v. Meyer, 19 Ohio App. 436 (Ohio Ct. App. 1925).

3 Each of the Management Agreements will have to be amended

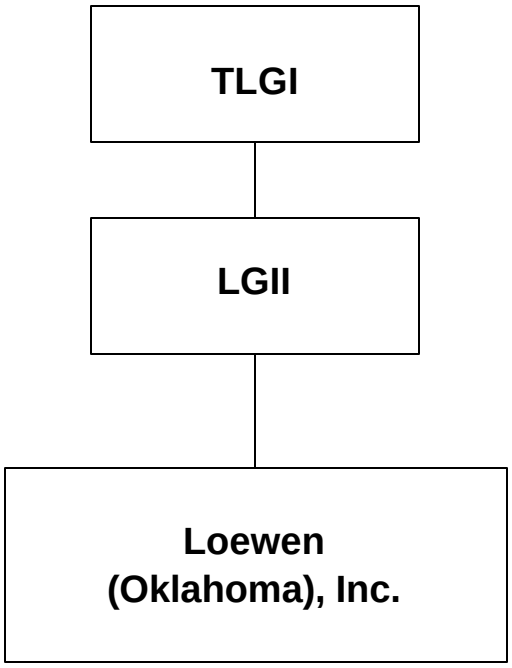
4 This location has no acreage and has no assets or income and is slated for voluntary dissolution.

5 Location can now be considered a shell - Location Closed - Lease was rejected and premises were vacated as of April 14, 2000.

6 OH cemeteries which are slated for sale early in 2001.

7 Listed on the sell list.

OKLAHOMA



A. Merging Entities

1. The following subsidiaries of LWLT Holdings, Inc., a subsidiary of LGII, will merge together and Area Funeral Services, Inc. will be the survivor:

   - Area Funeral Services, Inc.
   - Gray Funeral Service, Inc.
   - GGOK Holdings, Inc.
   - GRFH Holdings, Inc.
   - HM Acquisition, Inc.
   - KSFH Holdings, Inc.
   - Ludlum Management Services, Inc.
   - PGFH Holdings, Inc.
   - SGRF Holdings, Inc.

2. LWLT Holdings, Inc. will merge downstream into its subsidiary Area Funeral Services, Inc.

3. Loewen (Oklahoma), Inc., a subsidiary of LGII, will merge downstream into its subsidiary Hunsaker-Wooten Funeral Home, Inc.

4. The following LGII subsidiaries will merge together with Ada Cemetery Holding Company, Inc. as the survivor:

    - Ada Cemetery Holding Company, Inc.
    - Added Touch Flower Shop, Inc. (following dissolution of LGAC)
    - Area Funeral Services, Inc.
    - Arlington Memory Gardens, Inc.
    - Baggerley Acquisition, Inc. (following dissolution of LGAC)
    - Bill Eisenhour Funeral Homes, Inc. (following dissolution of LGAC)
    - Hunsaker-Wooten Funeral Home, Inc.
    - Resthaven Memorial Company
    - Sunset Memorial Gardens, Inc.

5. Ada Cemetery Holding Company, Inc. will merge downstream into its subsidiary MPOA Holdings, Inc., which will change its name to Loewen (Oklahoma), Inc.

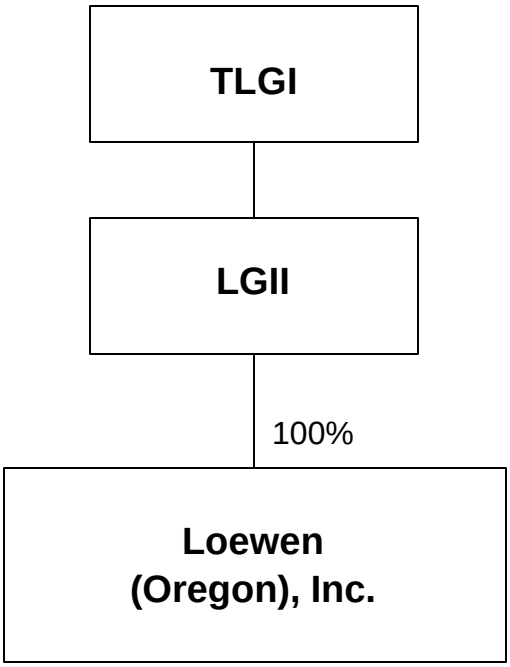
B. Non-Merging Entities

- Advanced Planning of Oklahoma, Inc. is controlled but not owned
- The Guardian Foundation of Oklahoma, Inc.[1]

C. Notes

[1] Slated for dissolution

OREGON



A. Merging Entities

1. The following LGII subsidiaries will merge into Bateman Funeral Chapel, Inc., which will change its name to Loewen (Oregon), Inc.:

- American Burial &Cremation Services, Inc.
- Bateman Funeral Chapel, Inc.
- Beaverton Funeral Home, Inc.
- Belcrest Memorial Park, Inc.
- Bishop Funeral Chapel, Inc.
- Buell Chapel, Inc.
- Cemetery Services, Inc.
- Fir Lawn Chapel, Inc.
- Gable and Parkrose Funeral Chapels, Inc.
- Haakinson-Groulx Mortuary, Inc.
- Howell-Edwards-Doerksen Chapel of the Gardens, Inc.
- Litwiller Funeral Home, Inc.
- NMP Holdings, Inc. [2]
- O'Hair's Funeral Chapel, Inc.
- Pacific Mausoleum Co., Inc.

- Peake Memorial Chapel, Inc.
- Portland Funeral Alternatives, Inc.
- Young's Funeral Home, Inc.

2. Following the dissolution of Malletta-Vertin Holdings Inc., Lienkaemper Chapels, Inc., a Delaware corporation, will merge into Loewen (Oregon), Inc.

3. The following subsidiary of S & H Properties and Enterprises, Inc., a Washington corporation, will merge into Loewen (Oregon), Inc. (No shares will be issued to Loewen (Washington), Inc. [formerly S & H Properties and Enterprises, Inc.] with respect to the transfer of Universal Memorial Centers III, Inc. as the company has no net equity or assets)

   - Universal Memorial Centers III, Inc.

B. Asset Transfers

   - Keizer Funeral Chapel, which is owned by S & H Properties and Enterprises, Inc., a Washington corporation, will be transferred to Loewen (Oregon), Inc.

C. Non-Merging Entities

   - The Portland Memorial, Inc. (Section 481)
   - Advanced Planning, Inc.
   - Belcrest Memorial Association (unincorporated association)
   - Universal Memorial Centers I, Inc., a subsidiary of S & H Properties and Enterprises, Inc. (Section 481)
   - Universal Memorial Centers II, Inc., a subsidiary of S & H Properties and Enterprises, Inc. (Section 481)

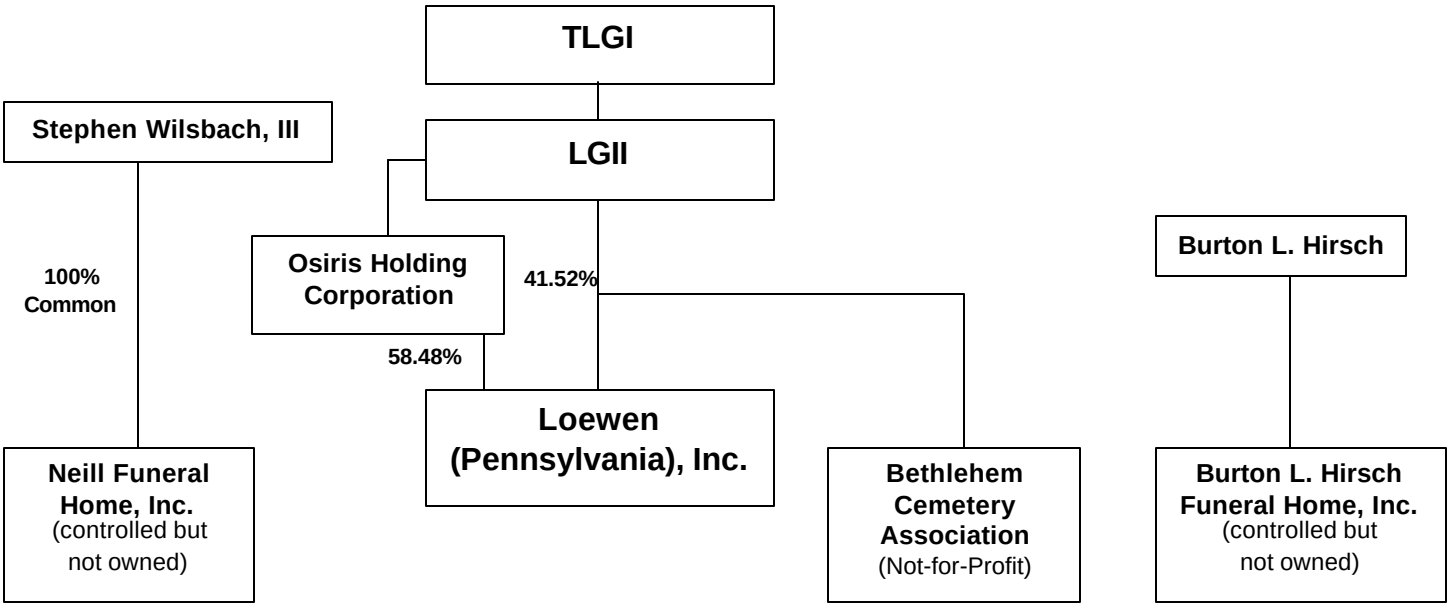
D. Notes

[1] Shelf corporation

[2] Company's assets were sold (Assets of assumed name Payne Family Mortuary) to Kevin Loveland - while under chapter 11 proceeds from sale must remain with the company, so company continues to be considered an active corporation.

January 31, 2001

PENNSYLVANIA



A. Merging Entities

1. The following LGII subsidiaries will merge into BLH Management, Inc., also a subsidiary of LGII, which will change its name to Loewen (Pennsylvania), Inc.[1]:

   - BFMI Co.
   - Memorial Cemetery Advisors[2]
   - Parklawn Acquisition, Inc.
   - Reese Leasing Corporation
   - Reese Management Corporation
   - Stone and Metal, Incorporated
   - NFH Leasing Corporation
   - Alleva Leasing Corporation
   - Bright Undertaking Co.[3]
   - H. Samson, Inc.[3]
   - Nineteen Thirty-Five Holdings, Inc. (formerly Heffner Funeral Home, Inc.)[3]
   - Knee Funeral Home of Wilkinsburg, Inc.[3]

2. H.P. Brandt Funeral Home, Inc.[3], a Delaware corporation and wholly owned subsidiary of LGII will merge into Loewen (Pennsylvania), Inc.

3. Oak Woods Management Company, a wholly owned subsidiary of Osiris Holding Corporation (a Delaware corporation), will merge into Loewen (Pennsylvania), Inc. Osiris Holding Corporation will receive 706 shares of Loewen (Pennsylvania), Inc. as a result of this merger.[4]

B. Non-Merging Entities

The following entities will not be merged:

- Bethlehem Cemetery Association (not-for-profit association)
- DFH Acquisition, Inc. (slated for voluntary dissolution)
- Suburban Memorial Gardens, Inc. (slated for voluntary dissolution)
- Osiris Insurance Agency of Pennsylvania
- Eagle Lending, Inc.

C. Notes

[1] Tax free merger under Section 368(a)(1)(G).

[2] Subsidiary of H&D Management Company, which will be liquidated prior to the mergers

[3] This entity was acquired in conjunction with the acquisition of stock of CMS West, Inc. in 1997 and was licensed to engage in the practice of undertaking / funeral directing prior to January 1, 1935.

[4] Merger taxable to the extent of any gain realized on shares distributed, subject to potential deferral under relevant tax rules. So long as shares obtained from Loewen (Pennsylvania), Inc. are not distributed to LGII, merger will be tax free under Section 368(a)(1)(G). As a result of this merger, Osiris Holding Corporation will have an ownership interest in Loewen (Pennsylvania), Inc.

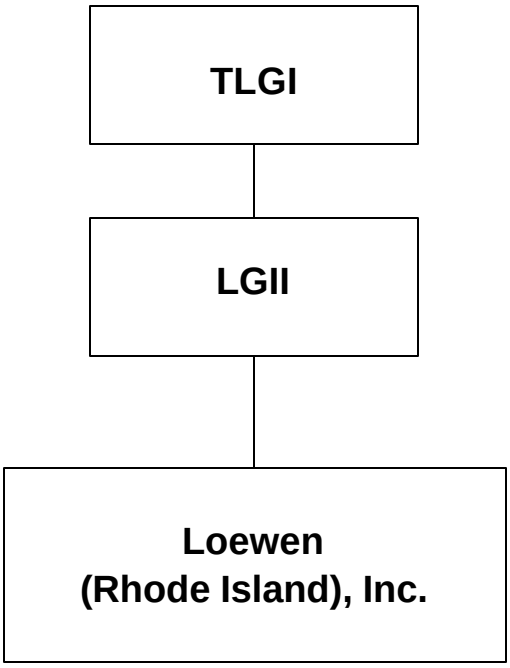
January 31, 2001

PUERTO RICO

On hold pending disposition.

January 31, 2001

RHODE ISLAND



A. Merging Entities

The following subsidiaries of New England Holding Co., a Connecticut corporation, which will be liquidated pre-merger[1] will merge into Rushlow-Iacoi Funeral Home, Inc., which will change its name to Loewen (Rhode Island), Inc.:

- Frank R. Gorton and Sons
- George M. Wilbur-Romano & Sons, Inc.
- Pontarelli-Marino Funeral Home, Inc.
- John B. Romano & Sons, Inc.

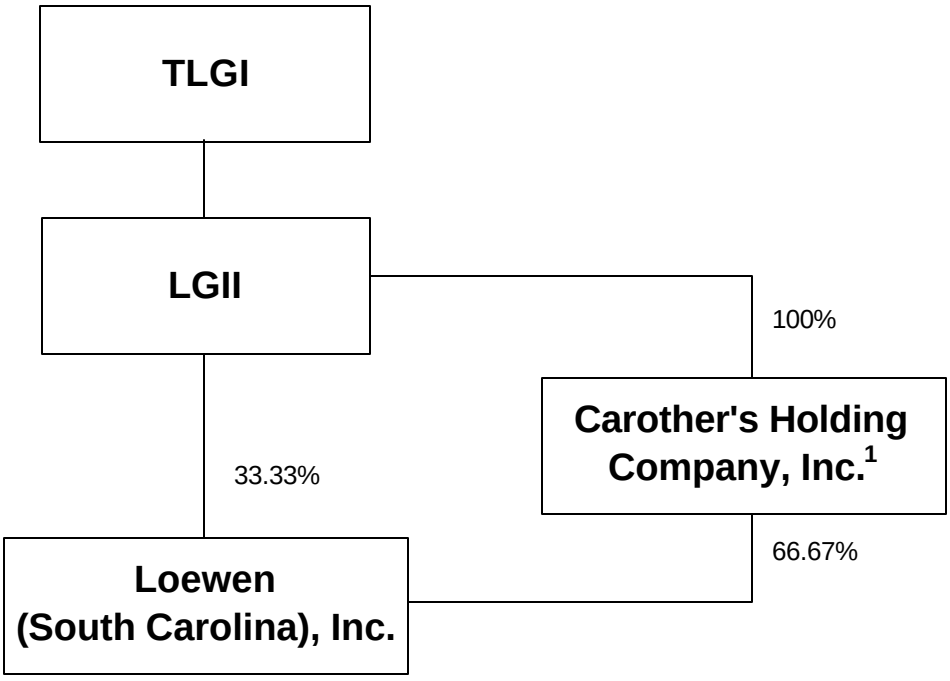
B. Non-Merging Entities

- The Merritt Company (slated for voluntary dissolution)
- BJFH Acquisition, Inc.(slated for voluntary dissolution)

C. Notes

[1] At the time of the merger, these entities will be wholly-owned subsidiaries of LGII.

SOUTH CAROLINA



A. Merging Entities

1. Cauthen's Inc. of York County and Rock Hill Memorial Gardens, Inc., both direct subsidiaries of Cauthen's, Inc., will merge into each other and Cauthen's Inc. of York County will be the survivor.
2. Cauthen's, Inc.[1] will merge downstream into Cauthen's Inc. of York County.

3. The following direct subsidiaries of Carothers Holding Company (South Carolina), Inc. will merge into each other and Frederick Memorial Gardens, Inc. will be the survivor:

   - Elmwood Cemetery and Gardens, Inc.
   - Frederick Memorial Gardens, Inc.
   - Poteet Funeral Home, Inc.
   - Shuford-Hatcher Company

4. Carothers Holding Company (South Carolina), Inc. will merge downstream into Frederick Memorial Gardens, Inc.

5. The following LGII subsidiaries will merge into each other and the survivor will be Cauthen's Inc. of York County, which will change its name to Loewen (South Carolina), Inc.:

   - Cauthen's Inc. of York County
   - Crescent Hill Memorial Gardens
   - Forest Lawn Cemetery, Inc.
   - Good Shepherd Memorial Park, Inc.
   - Memorial Gardens of Charleston, Inc.
   - Springhill Memorial Gardens, Inc.

6. Frederick Memorial Gardens, Inc., will merge into Loewen (South Carolina), Inc.

B. Asset Transfers

1. The transfer of the operating assets of York Funeral Home from Carothers Holding Company, Inc. and the operating assets of Southland Memorial Gardens, and Florence County Memorial Gardens from Sunset Memorial, Inc. to Loewen (South Carolina), Inc. will be taxable, subject to deferral of any gains under the applicable tax rules.

C. Non-Merging Entities:

- Graceland Cemetery Development Company, a subsidiary of Loewen (Georgia), Inc. (Section 481).

D. Notes

- In Step A6, since Frederick Memorial Gardens, Inc. (after merger with Carother's Holding Company (South Carolina), Inc.) is owned by Carother's Holding Company, Inc., a North Carolina corporation, 2,000 shares will be received in the merger by Carother's Holding Company, Inc. These shares will be retained and not distributed to LGII.

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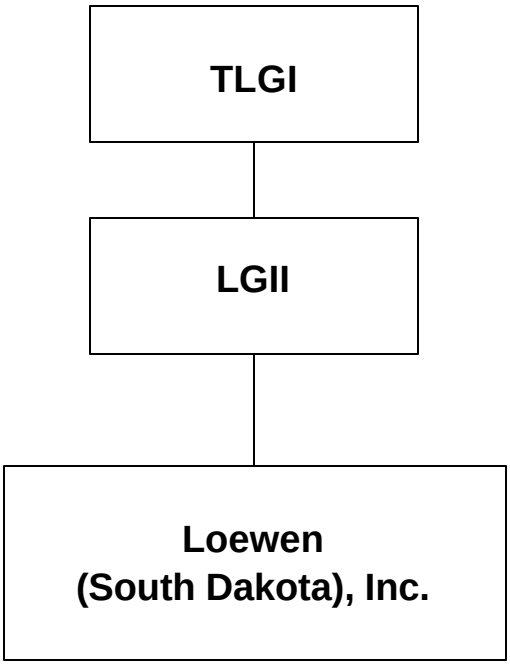
[1] Becomes a LGII subsidiary after TLGI contributes all its assets to LGII.

January 31, 2001

SOUTH DAKOTA



A. Merging Entities

1. The following LGII subsidiaries will merge into each other and the survivor will be HFFC Holdings, Inc., which will change its name to Loewen (South Dakota), Inc.:

   - HRMP Management, Inc.
   - HFFC Holdings, Inc.
   - OSFH Holdings, Inc.
   - RSTL Holdings, Inc.[1] (cemetery)
   - Sunset Management, Inc.

2. Prata Funeral Home Inc.[2], a subsidiary of New England Holding Company, a Connecticut corporation, will merge into Loewen (South Dakota), Inc. after New England Holding Company is liquidated.

3. BHRN Holdings, Inc., a subsidiary of LGAC will merge into Loewen (South Dakota), Inc. after the liquidation of LGAC.

B. Non-Merging Entities:

None.

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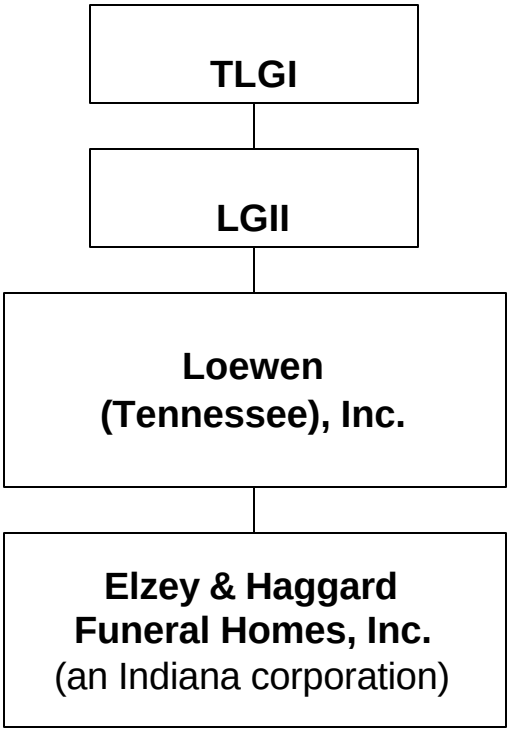
[1] South Dakota cemetery law prevents one entity from owning more than 160 acres of land. RSTL Holdings, Inc. was 15 acres of land, as of Loewen's purchase in 1996.

[2] All locations are in Rhode Island.

TENNESSEE



A. Merging Entities

1. The following entities, all wholly owned subsidiaries of Family Funeral Service Group, Inc., will merge into Burris Funeral Home, Inc., also a subsidiary of Family Funeral Services Group, Inc.[2]

   - Dickson Funeral Home, Incorporated
   - Hilcrest Cemetery Corporation
   - J.W. Curry & Son, Inc.
   - Johnson Funeral Home of Church Hill, Inc.
   - Kingston Memorial Gardens, Inc.
   - Luff Bowen Funeral Home, Inc.
   - Nave Funeral Home, Inc.
   - Roselawn Memorial Gardens Corporation
   - Spring Hill Cemetery Company
   - Sweetwater Valley Memorial Park, Inc.
   - Tennessee Valley Memory Gardens and Funeral Home, Inc.
   - Wilson County Memorial Park, Inc.

2. Family Funeral Service Group, Inc. will then merge into its wholly owned subsidiary Burris Funeral Home, Inc. **[Before this step occurs, Kentucky entities must be merged out from under FFSG or sold]**[2]

3. Smith Funeral Home, Inc. will merge into its parent Rawlings Funeral Home, Inc.[1]

4. Advance Planning of Tennessee, Inc. will merge into its parent Mayes Mortuary, Inc.[1]

5. The following LGII subsidiaries will merge into Pettus-Owen & Wood Funeral Home, Inc., also an LGII subsidiary, which will change its name to Loewen (Tennessee), Inc.[2]:

   - Burris Funeral Home, Inc.
   - Rawlings Funeral Home, Inc.
   - Mayes Mortuary, Inc.
   - Coffey Mortuary, Inc.
   - Crestview Memorial Park, Inc.
   - Eastview Memorial Gardens, Inc.
   - Eternity Memorial, Inc.
   - Franklin Memorial Chapel, Inc.
   - Funeral Concepts of Knoxville, Inc.
   - Kiser Funeral Home of Greenville, Incorporated
   - Memorial Park, Inc.
   - Newby Funeral Home, Inc.
   - Northridge/Woodhaven Chapel & Cemetery, Inc.[3]
   - Roane Memorial Gardens, Inc.
   - Weaver Funeral Home, Inc.
   - White's Vault Co.

6. The assets of Sunset Memorial Gardens, which are owned by Loewen (Georgia), Inc., will be transferred to Loewen (Tennessee), Inc. [4]

B. Non-Merging Entities

   - Eagle Financial Associates, Inc., a subsidiary of Loewen Financial Corporation.
   - Elzey & Haggard Funeral Homes, Inc., an Indiana corporation.
   - DMA Corporation (Section 481)

C. Notes

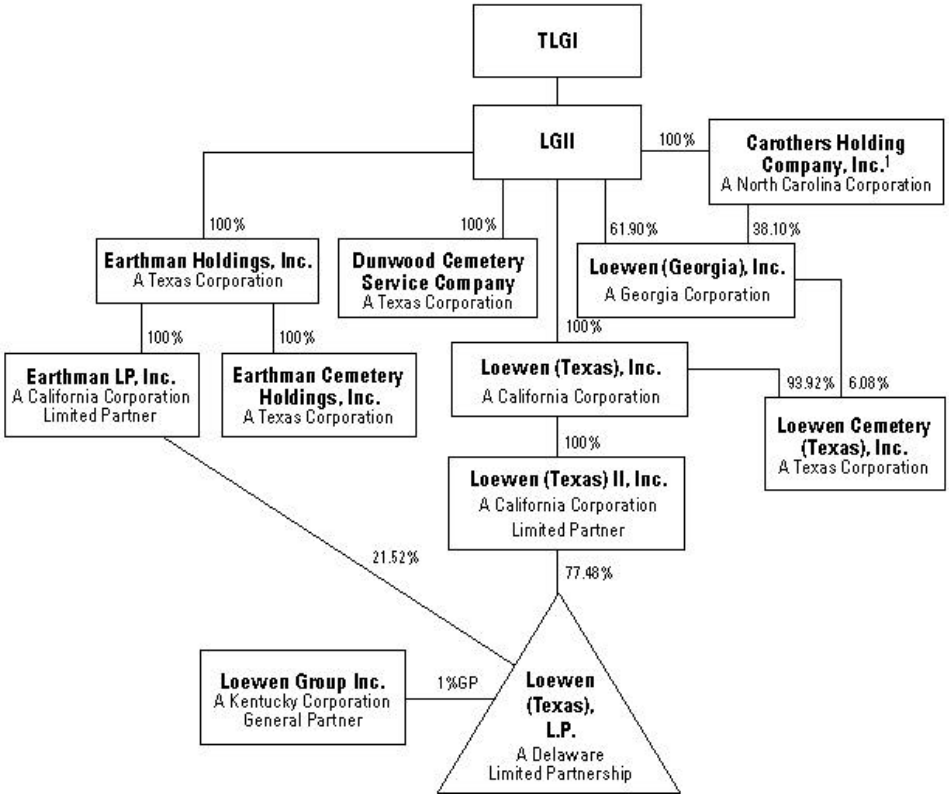
[1] Good Section 332 liquidation, subject to insolvency.

[2] Tax free merger under Section 368(a)(1)(G).

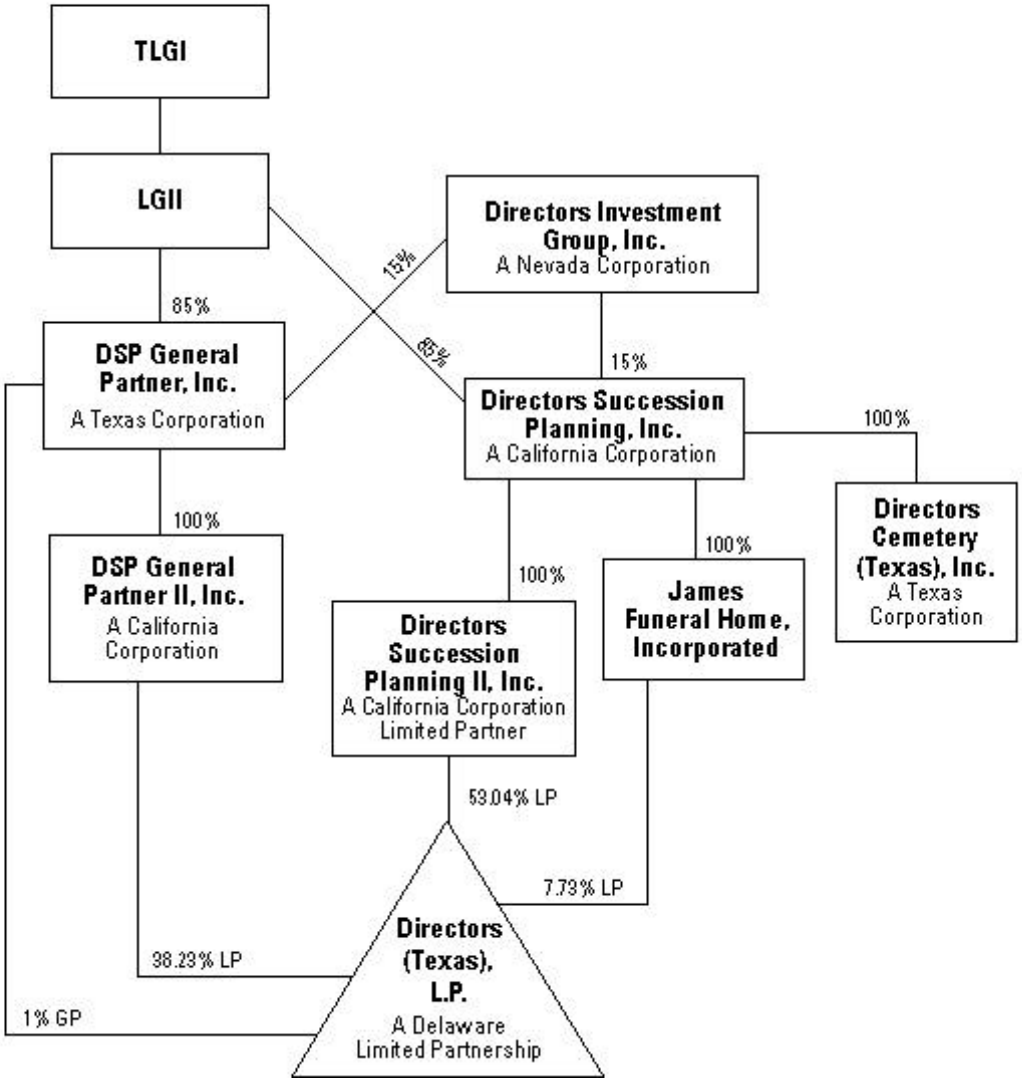
[3] Subsidiary of LGAC, which will be liquidated prior to the mergers

[4] If desired, transaction will be taxable to extent of any gains, subject to potential deferral under relevant tax rules.

TEXAS


TLGI
LGII
100%
Carothers Holding Company, Inc.[1]
A North Carolina Corporation
100%
100%
61.90%
38.10%
Earthman Holdings, Inc.
A Texas Corporation
Dunwood Cemetery Service Company
A Texas Corporation
Loewen (Georgia), Inc.
A Georgia Corporation
100%
100%
100%
Earthman LP, Inc.
A California Corporation
Limited Partner
Earthman Cemetery Holdings, Inc.
A Texas Corporation
Loewen (Texas), Inc.
A California Corporation
93.92%
6.08%
Loewen Cemetery (Texas), Inc.
A Texas Corporation
100%
Loewen (Texas) II, Inc.
A California Corporation
Limited Partner
21.52%
77.48%
Loewen Group Inc.
A Kentucky Corporation
General Partner
1%GP
Loewen (Texas), L.P.
A Delaware
Limited Partnership

WEST TEXAS



A. Merging Entities.

1. The following LGII subsidiaries will merge into each other and Pitts Kreidler - Ashcraft Funeral Directors, Inc. ("Kreidler") will be the survivor:

- Affordable Caskets, Inc.[2]
- Cavazos Memorial Chapel, Inc.
- NMCS Holdings, Inc.
- Darling-Mouser Funeral Home, Inc.
- Paragon Trevino Funeral Home, Inc.
- Pitts Kreidler - Ashcraft Funeral Directors, Inc.

2. LGII will contribute 1% of its stock in Kreidler to Loewen Group, Inc. and 99% of its stock in Kreidler to Loewen (Texas) II, Inc. Kreidler will then merge into Loewen (Texas), L.P.

3. The following subsidiaries (funeral homes) of Earthman Holdings, Inc. will merge into each other and the survivor will be Max Martinez Funeral Home, Incorporated ("Martinez"):

   - Bernard Probst Funeral Home, Inc.
   - Dudley M. Hughes Funeral Home North Chapel, Inc.
   - Dudley M. Hughes Funeral Home, Inc.
   - Ed C. Smith & Brothers Funeral Directors, Inc.
   - HLLB, Inc.
   - Hughes Funeral Homes, Inc.
   - Hughes Funerals, Inc.
   - Hughes Southland Funeral Home, Inc.
   - Max Martinez Funeral Home, Incorporated
   - Pace-Stancil Funeral Home, Inc.
   - Trevino Funeral Home - Palo Alto, Inc.
   - Trevino Funeral Home, Inc.

4. Earthman Holdings, Inc. will form a subsidiary incorporated in California (Earthman LP, Inc.). Earthman Holdings, Inc. will contribute the stock of Martinez to Earthman LP, Inc. Martinez will then merge into Loewen (Texas), L.P. in exchange for a limited partner interest.

5. The following subsidiaries (cemeteries) of Earthman Holdings, Inc. will merge and the survivor will be Crown Hill Memorial Park, Inc., which will change its name to Earthman Cemetery Holdings, Inc.

   - Crown Hill Memorial Park, Inc.
   - Oak Bluff Memorial Park, Inc., Of Port Neches
   - Pace-Stancil Memorial Rest Gardens, Inc.

6. The following entity will merge into its parent, Loewen Cemetery (Texas), Inc.:

   - Cedar Hill Memorial Cemetery Association[3]

7. The following LGII subsidiary will merge into Loewen Cemetery (Texas), Inc. and the 70 shares received by LGII in the merger will be contributed to Loewen (Texas), Inc.

   - Grace Memorial Park, Inc.

8. The following entities will merge into their parent, Directors Cemetery (Texas), Inc.

    - Del Rio Memorial Park, Inc.
    - Panola County Restland Memorial Park, Inc.

9. The following subsidiary of Loewen (Georgia), Inc., a Georgia corporation, will merge into Loewen Cemetery (Texas), Inc. and Loewen (Georgia), Inc. shall receive 11 shares of Loewen Cemetery (Texas), Inc. in exchange.

    - Travis Land Company

B. Non-Merging Entities.

- Advanced Funeral Planning of Texas, Inc. (a pre-need company owned by Meryl G. Crosbie)
- American Mausoleum Co. (advanced planning/cemetery)
- DSP General Partner, Inc. (regional partnership)
- Directors Cemetery (Texas), Inc. (regional partnership)
- Dunwood Cemetery Service Company (Section 481 issues)
- Earthman Holdings, Inc. (holding company)
- Funeral Service, Inc. (insurance company owned by Mayflower National Life Insurance Company)
- James Funeral Home, Incorporated (tax issues)
- Loewen Cemetery (Texas), Inc. (holding company)
- Memorial Park Cemetery, of Tyler, Texas (cemetery subsidiary of DSP General Partner, Inc. -- no assigned location on corporate sheet)
- National Capital Life Insurance Company (insurance company owned by Funeral Service, Inc.)
- Northwest Services, Inc. and Sharpstown Services, Inc. (tax issues because they are subsidiaries of Loewen (Texas), Inc.)
- Tyler Memorial Funeral Home and Chapel, Inc. (cemetery subsidiary of DSP General Partner, Inc.)
- Waco Memorial Park, a subsidiary of Loewen (Georgia), Inc. (Section 481)

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[1] Carothers Holdings Company will be merged pursuant to the North Carolina Plan, and therefore, after the merger, Loewen (North Carolina), Inc. will own the shares.

[2] Shelf Company

[3] The Step A4 merger is tax free, subject to confirmation by Loewen's Tax Department that Cedar Hill Memorial Cemetery Association is solvent.

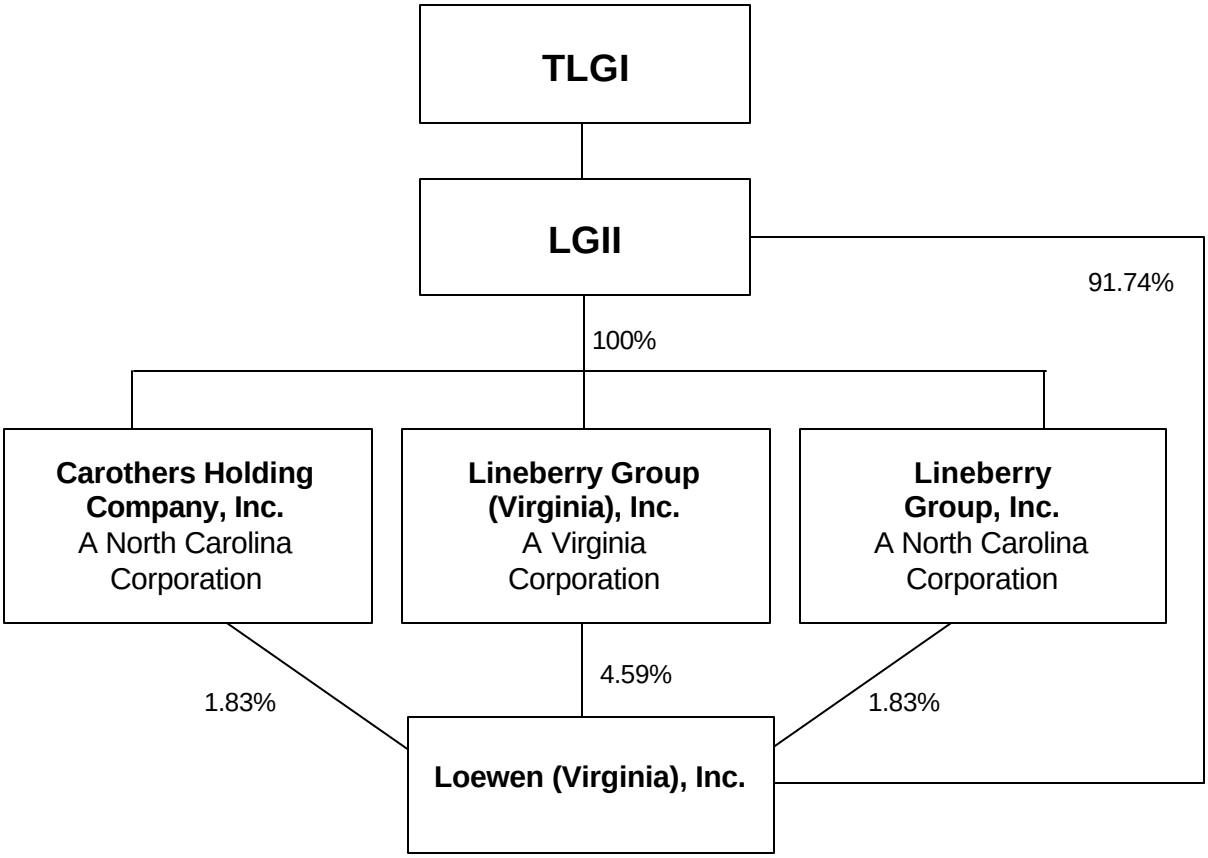
UTAH

Loewen does not own any funeral homes, cemeteries or other assets in Utah.

VERMONT

Loewen does not own any funeral homes, cemeteries or other assets in Vermont.

VIRGINIA



A. Merging Entities:

1. The following subsidiaries of Mullins Holding Company will merge into Hill Funeral Home, Inc., which will then change its name to Loewen (Virginia), Inc.:

- Arlington Funeral Home, Incorporated.
- Bucktrout Funeral Home of Williamsburg, Inc.
- Jones-Ash Funeral Home, Inc.
- L & D Enterprises, Incorporated.
- Lacy Funeral Home, Inc.
- Sidney F. Harrel Funeral Home, Inc.
- Sunset Memorial, Inc.
- Umphlett Funeral Home, Inc.
- Williamsburg Funeral Home, Inc.
- Woodward Funeral Home, Incorporated.

2. The following subsidiaries of Lineberry Group (Virginia), Inc. will merge into Loewen (Virginia), Inc.:

   - Ives-Pearson Funeral Home, Inc.
   - Kyger Funeral Home, Inc.
   - Lee Funeral Home of Manassas, Inc.

3. The following subsidiaries of LGII will merge into Loewen (Virginia), Inc.:

   - Mullins Holding Company
   - HFH, Inc.
   - HFCK Holdings, Inc.

4. Tomlinson Funeral Home, Inc., a subsidiary of Lineberry Group, Inc., a North Carolina corporation, will also merge into Loewen (Virginia), Inc.;

5. Barnett's Marion Funeral Home, Inc., a subsidiary of Carothers Holding Company, Inc., a North Carolina corporation, will also merge into Loewen (Virginia), Inc.

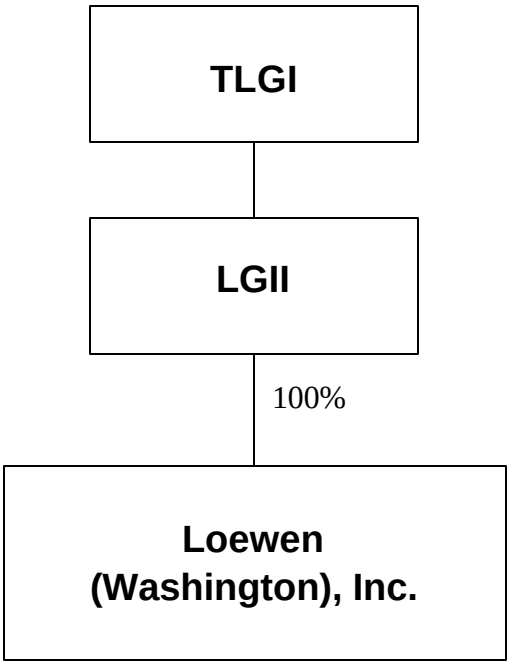
B. Non-Merging Entities:

The following entities will not merge into Loewen (Virginia), Inc.:

- Sensible Alternatives of Virginia, Inc. which does not have any issued or outstanding capital will be dissolved.
- Lineberry Group (Virginia), Inc.
- Advanced Planning of Virginia, Inc. (a pre-need entity)

January 31, 2001

WASHINGTON



A. Merging Entities

1. NPCI Holdings, Inc. will merge into its parent Vancouver Funeral Chapel, Inc.

2. Vancouver Funeral Chapel, Inc. will merge into its parent S&H Properties and Enterprises, Inc.

3. Sunset Marketing, Inc. will merge into its parent Green Service Corporation.

4. The following LGII subsidiaries will merge into S&H Properties and Enterprises, Inc., which will change its name to Loewen (Washington), Inc.:

   - Acacia Memorial Park
   - Advanced Planning of Washington, Inc.[1]
   - American Burial & Cremation Services, Inc.
   - Bauer Funeral Chapel, Inc.
   - Brown Mortuary Services, Inc.
   - Dahl/McVicker Funeral Homes, Inc.
   - Davies Cremation & Burial Services, Inc.
   - Green Service Corporation
   - J & K Management Co.
   - Jerns Funeral Chapel, Inc.

- Kimball Funeral Home, Inc.[1]
- LVMG Holdings, Inc.
- Marysville Acquisition, Inc.
- Powers Ambulance Service, Inc.[1]
- Powers Funeral Home, Inc.
- Price-Helton Funeral Home, Inc.
- Schaefer-Shipman Funeral Home, Inc.
- Shaw & Sons Funeral Home
- Sticklin Funeral Chapel, Inc.

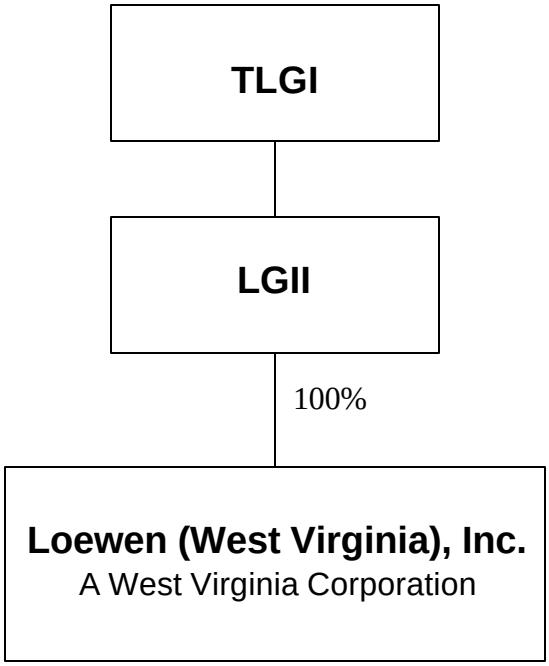
B. Non-Merging Entities

- LNGV Holdings, Inc. (Section 481)
- NPCI Holdings, Inc. (Section 481)
- Evergreen Funeral Home and Cemetery, Inc. (Section 481)

C. Notes

[1] Currently subsidiaries at Maletta-Vertin Holdings, Inc., which will be liquidated prior to the mergers.

WEST VIRGINIA



A. Merging Entities:

1. The following direct subsidiaries of LGII will merge into Davis Funeral Home, Inc.[1], which will then change its name to Loewen (West Virginia), Inc.:

- BFH, Inc. (a shelf corporation).
- CMC Holdings, Inc.[1]
- Dorsey Funeral Home, Inc.
- FFH, Inc. (a shelf corporation).
- FMI Holdings, Inc.[1]
- R.J.P. Enterprises, Inc.
- SPNF Holdings, Inc.
- SNV Holdings, Inc. (Funeral home/pre-need).
- TKFH Holdings, Inc.
- WXFH Holdings, Inc.[1]

B. Non-Merging Entities:

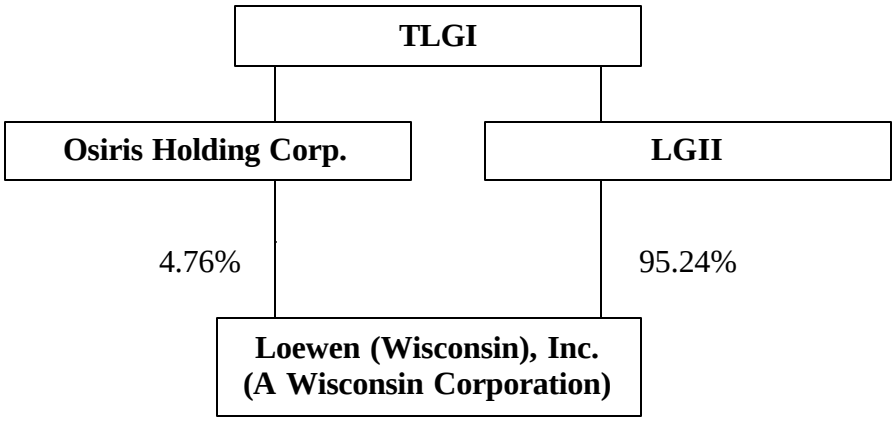
- Advance Planning of West Virginia, Inc.

- Ford Acquisition, Inc. is slated for voluntary dissolution

C. Notes:

[1] Currently subsidiaries of LGAC, which will be liquidated pre-merger.

WISCONSIN



A. Merging Entities.

1. Osiris Holding of Wisconsin, Inc. ("Osiris Wisconsin") will merge downstream into its subsidiary, Knollwood Memorial Park, Inc. The shares of Knollwood Memorial Park, Inc. held by Osiris Wisconsin will subsequently be held by Osiris Holding Corp. (current parent of Osiris Wisconsin).

2. Following step 1 above, the following LGII subsidiaries will merge together with Arlington Park Cemetery, Inc. being the surviving corporation and changing its name to Loewen (Wisconsin), Inc.:

- Arlington Park Cemetery, Inc.
- Community Funeral Homes of Wisconsin, Inc.
- Great Lakes Cemeteries I, Inc.
- Great Lakes Cemetery, L.L.C.[1]
- Highland Management Corp.
- Knollwood Memorial Park, Inc.
- Milton Lawns Memorial Park of Janesville, Inc.
- Northern Land Company, Inc.
- Perfection Management Corporation
- Roselawn Memorial Park Company
- Roselawn Operations, Inc.
- Sunset Ridge, Inc.

3. Following steps 1 and 2 above, Osiris Holding Corp. will receive 5 shares of stock of Loewen (Wisconsin), Inc. in exchange for its interest in Osiris Wisconsin. These shares will not be distributed to LGII.

B. Non-Merging Entities.

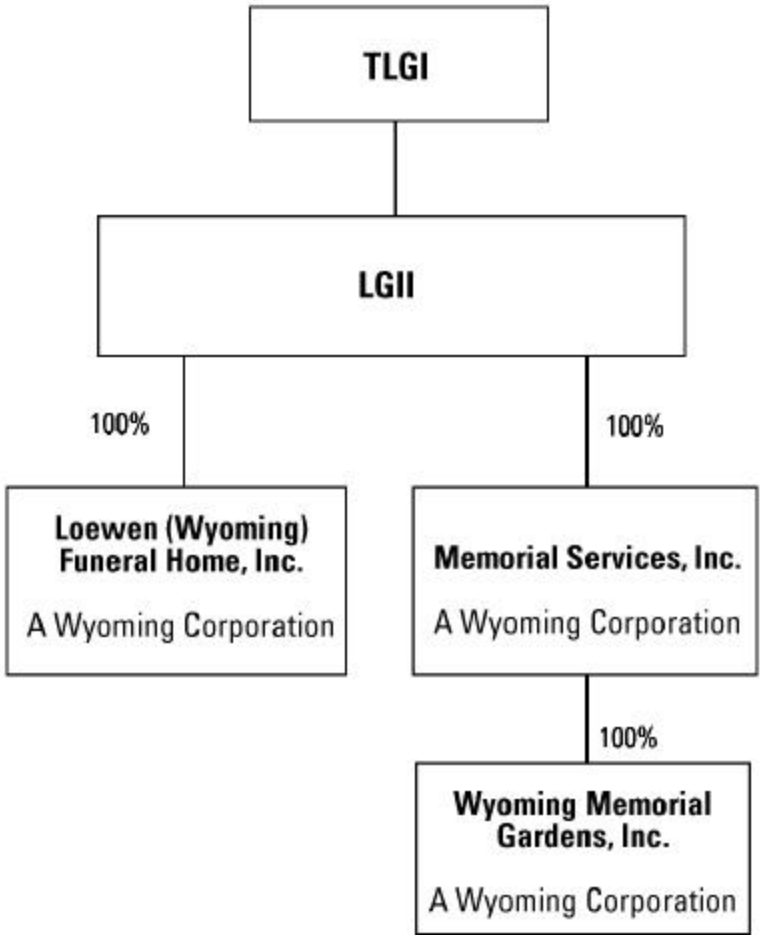
The following entities will not merge with Loewen (Wisconsin), Inc.:

- HMC Acquisition, Inc. (slated for voluntary dissolution)
- Mormon Coulee Memorial Park[1]
- Sunrise Memorial Gardens Association[1]

C. Notes.

1. Operating companies with no funeral home or cemetery

WYOMING



A. Merging Entities:

1. The following direct subsidiaries of LGII will merge into CHMP Holdings, Inc., which will then change its name to Loewen (Wyoming) Funeral Home, Inc.:

   - BHWY Holdings, Inc.
   - CHMP Holdings, Inc.
   - HFH Acquisition, Inc.
   - HPS Acquisition, Inc.

B. Non-Merging Entities:

   - WYMG Holdings, Inc.
   - Memorial Services, Inc.

Exhibit IV.C.1.a(i)

CERTIFICATE OF AMENDMENT AND RESTATEMENT OF CERTIFICATE OF INCORPORATION OF LOEWEN GROUP INTERNATIONAL, INC.

(Pursuant to Sections 242 and 245 of the Delaware Corporation Law)

The undersigned, _____, being the _____ of Loewen Group International, Inc., a Delaware corporation (the "Corporation"), hereby certifies as follows:

1. The name of the Corporation is Loewen Group International, Inc. It was originally organized as a Delaware corporation on February 25, 1987.

2. The Board of Directors of the Corporation duly adopted resolutions proposing to amend and restate the Certificate of Incorporation of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders.

3. The Amended and Restated Certificate of Incorporation attached hereto as Exhibit A has been duly adopted by the stockholders of the Corporation in accordance with the provisions of Sections 228, 242 and 245 of the Delaware Corporation Law.

4. The Certificate of Incorporation of the Corporation, as amended, is hereby amended and restated in full to read as set forth on Exhibit A attached hereto.

Signed on _____, 2001

LOEWEN GROUP INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

EXHIBIT A

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

LOEWEN GROUP INTERNATIONAL, INC.

ARTICLE I

The name of the corporation is Loewen Group International, Inc. (the "Company").

ARTICLE II

The address of the Company's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of the Company's registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the Company is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV

Section 1. Authorized Capital Stock. The Company is authorized to issue two classes of capital stock, designated Common Stock and Preferred Stock. The total number of shares of capital stock that the Company is authorized to issue is 110,000,000 shares, consisting of 100,000,000 shares of Common Stock, par value $0.01 per share, and 10,000,000 shares of Preferred Stock, par value $0.01 per share.

Section 2. Preferred Stock. The Preferred Stock may be issued in one or more series. The Board of Directors of the Company (the "Board") is hereby authorized to issue the shares of Preferred Stock in such series and to fix from time to time before issuance the number of shares to be included in any such series and the designation, relative powers, preferences, and rights and qualifications, limitations, or restrictions of all shares of such series. The authority of the Board with respect to each such series will include, without limiting the generality of the foregoing, the determination of any or all of the following:

(a) the number of shares of any series and the designation to distinguish the shares of such series from the shares of all other series;

(b) the voting powers, if any, and whether such voting powers are full or limited in such series;

(c) the redemption provisions, if any, applicable to such series, including the redemption price or prices to be paid;

(d) whether dividends, if any, will be cumulative or noncumulative, the dividend rate of such series, and the dates and preferences of dividends on such series;

(e) the rights of such series upon the voluntary or involuntary dissolution of, or upon any distribution of the assets of, the Company;

(f) the provisions, if any, pursuant to which the shares of such series are convertible into, or exchangeable for, shares of any other class or classes or of any other series of the same or any other class or classes of stock, or any other security, of the Company or any other corporation or other entity, and the price or prices or the rate or rates of conversion or exchange applicable thereto;

(g) the right, if any, to subscribe for or to purchase any securities of the Company or any other corporation or other entity;

(h) the provisions, if any, of a sinking fund applicable to such series; and

(i) any other relative, participating, optional, or other special powers, preferences, rights, qualifications, limitations, or restrictions thereof;

all as may be determined from time to time by the Board and stated in the resolution or resolutions providing for the issuance of such Preferred Stock (collectively, a "Preferred Stock Designation").

Section 3. Common Stock. Except as may otherwise be provided in a Preferred Stock Designation, the holders of Common Stock will be entitled to one vote on each matter submitted to a vote at a meeting of stockholders for each share of Common Stock held of record by such holder as of the record date for such meeting.

ARTICLE V

The Board may make, amend, and repeal the Bylaws of the Company. Any Bylaw made by the Board under the powers conferred hereby may be amended or repealed by the Board (except as specified in any such Bylaw so made or amended) or by the stockholders in the manner provided in the Bylaws of the Company. Notwithstanding the foregoing and anything contained in this Certificate of Incorporation or the Bylaws to the contrary, Bylaws 1, 3, 8, 10, 11, 12, 13, and 36 may not be

amended or repealed by the stockholders, and no provision inconsistent therewith may be adopted by the stockholders, without the affirmative vote of the holders of at least 66⅔% of the Voting Stock, voting together as a single class. The Company may in its Bylaws confer powers upon the Board in addition to the foregoing and in addition to the powers and authorities expressly conferred upon the Board by applicable law. For the purposes of this Certificate of Incorporation, "Voting Stock" means stock of the Company of any class or series entitled to vote generally in the election of Directors. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least 66⅔% of the Voting Stock, voting together as a single class, is required to amend or repeal, or to adopt any provisions inconsistent with, this Article V.

ARTICLE VI

Subject to the rights of the holders of any series of Preferred Stock:

(a) any action required or permitted to be taken by the stockholders of the Company must be effected at a duly called annual or special meeting of stockholders of the Company and may not be effected by any consent in writing of such stockholders; and

(b) special meetings of stockholders of the Company may be called only by (i) the Chairman of the Board (the "Chairman"), (ii) the President of the Company (the "President"), (iii) the Secretary of the Company (the "Secretary") within 10 calendar days after receipt of the written request of a majority of the total number of Directors that the Company would have if there were no vacancies (the "Whole Board"), or (iv) as provided in Bylaw 3.

At any annual meeting or special meeting of stockholders of the Company, only such business will be conducted or considered as has been brought before such meeting in the manner provided in the Bylaws of the Company. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least 66⅔% of the Voting Stock, voting together as a single class, will be required to amend or repeal, or adopt any provision inconsistent with, this Article VI.

ARTICLE VII

Section 1. Number, Voting Power, Election, and Terms of Directors. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional Directors under circumstances specified in a Preferred Stock Designation, the number of the Directors of the Company will not be less than three nor more than sixteen and will initially be fixed at nine. The number of authorized Directors may be changed from time to time in the manner described in the Bylaws of the Company. Each Director shall be entitled to one vote on each matter submitted to the Directors for a vote. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional Directors under circumstances specified in a Preferred Stock Designation, Directors may be elected by the stockholders only at an annual meeting of stockholders. The Directors shall hold office until the next succeeding annual meeting of stockholders and until their successors are elected and qualified. Election of Directors of the Company need not be by written ballot unless requested by the Chairman or by the

holders of a majority of the Voting Stock present in person or represented by proxy at a meeting of the stockholders at which Directors are to be elected. If authorized by the Board, such requirement of written ballot shall be satisfied by a ballot submitted by electronic transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxy holder.

Section 2. Nomination of Director Candidates. Advance notice of stockholder nominations for the election of Directors must be given in the manner provided in the Bylaws of the Company.

Section 3. Newly Created Directorships and Vacancies. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional Directors under circumstances specified in a Preferred Stock Designation, newly created directorships resulting from any increase in the number of Directors and any vacancies on the Board resulting from death, resignation, disqualification, removal, or other cause will be filled solely by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board, or by a sole remaining Director. Any Director elected in accordance with the preceding sentence will hold office until the next annual meeting of stockholders and until such Director's successor has been elected and qualified. No decrease in the number of Directors constituting the Board may shorten the term of any incumbent Director.

Section 4. Removal. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional Directors under circumstances specified in a Preferred Stock Designation, any Director may be removed from office by the stockholders, with or without cause, only in the manner provided in this Article VII, Section 4. At any annual meeting or special meeting of the stockholders, the notice of which states that the removal of a Director or Directors is among the purposes of the meeting, the affirmative vote of the holders of at least 66**b**% of the Voting Stock, voting together as a single class, may remove such Director or Directors.

Section 5. Amendment, Repeal, Etc. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least 66**b**% of the Voting Stock, voting together as a single class, is required to amend or repeal, or adopt any provision inconsistent with, this Article VII.

ARTICLE VIII

To the full extent permitted by the Delaware General Corporation Law or any other applicable law currently or hereafter in effect, no Director of the Company will be personally liable to the Company or its stockholders for or with respect to any acts or omissions in the performance of his or her duties as a Director of the Company. Any repeal or modification of this Article VIII will not adversely affect any right or protection of a Director of the Company existing prior to such repeal or modification.

ARTICLE IX

Section 1. Right to Indemnification. Each person (i) who (A) as of December 31, 2000 is, or at any time thereafter becomes, a director or an officer of the Company or (B) is or was serving at the request of the Company as a director, officer, employee, or agent of another company or of a partnership, joint venture, trust, or other enterprise, including, without limitation, service with respect to an employee benefit plan, at any time on or following December 31, 2000 and (ii) was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (a "Proceeding") (whether the basis of such Proceeding relates to alleged action occurring prior to or after December 31, 2000), by reason of the fact that he or she is or was a director or an officer of the Company or is or was serving at the request of the Company as a director, officer, employee, or agent of another company or of a partnership, joint venture, trust, or other enterprise, including, without limitation, service with respect to an employee benefit plan (an "Indemnitee"), whether the basis of such Proceeding is alleged action in an official capacity as a director, officer, employee, or agent or in any other capacity while serving as a director, officer, employee, or agent, shall be indemnified and held harmless by the Company to the fullest extent permitted or required by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than such law permitted the Company to provide prior to such amendment), against all expense, liability, and loss (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties, and amounts paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith; provided, however, that, except as provided in Section 3 of this Article IX with respect to Proceedings to enforce rights to indemnification, the Company shall indemnify any such Indemnitee in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board; and provided further, however, that no Indemnitee shall be entitled to indemnification pursuant to this Article IX in connection with any Proceeding that has been initiated prior to the Effective Date (as such term is defined in the "Fourth Amended Joint Plan of Reorganization of Loewen Group International, Inc., Its Parent Corporation and Certain of Their Debtor Subsidiaries"). Notwithstanding the foregoing, in the event that any of the Company's directors and officers liability insurance carriers fails or refuses to provide coverage, including coverage for any deductible amounts, to an Indemnitee in connection with any Proceeding that has been initiated prior to the Effective Date, the Company, in its sole discretion, may provide indemnification to the Indemnitee pursuant to this Article IX in connection with such Proceeding.

Section 2. Right to Advancement of Expenses. The right to indemnification conferred in Section 1 of this Article IX shall include the right to be paid by the Company the expenses (including, without limitation, attorneys' fees and expenses) reasonably incurred in defending any such Proceeding in advance of its final disposition (an "Advancement of Expenses"); provided, however, that, if the Delaware General Corporation Law so requires, an Advancement of Expenses incurred by an Indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such Indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Company of an undertaking (an "Undertaking"), by or on behalf of such Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final

judicial decision from which there is no further right to appeal (a "Final Adjudication") that such Indemnitee is not entitled to be indemnified for such expenses under this Section 2 or otherwise. The rights to indemnification and to the Advancement of Expenses conferred in Sections 1 and 2 of this Article IX shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the Indemnitee's heirs, executors, and administrators.

Section 3. Right of Indemnitee to Bring Suit. If a claim under Section 1 or 2 of this Article IX is not paid in full by the Company within 60 calendar days after a written claim has been received by the Company, except in the case of a claim for an Advancement of Expenses, in which case the applicable period shall be 20 calendar days, the Indemnitee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (a) any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an Advancement of Expenses) it shall be a defense that, and (b) any suit brought by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the Company shall be entitled to recover such expenses upon a Final Adjudication that, the Indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Company (including the Board, independent legal counsel, or stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including the Board, independent legal counsel, or stockholders) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought by the Indemnitee to enforce a right to indemnification or to an Advancement of Expenses hereunder, or brought by the Company to recover an Advancement of Expenses pursuant to the terms of an Undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such Advancement of Expenses, under this Article IX or otherwise shall be on the Company.

Section 4. Non-Exclusivity of Rights. The rights to indemnification and to the Advancement of Expenses conferred in this Article IX shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, this Certificate of Incorporation, the Bylaws of the Company, any agreement, any vote of stockholders or disinterested directors, or otherwise.

Section 5. Insurance. The Company may maintain insurance, at its expense, to protect itself and any director, officer, employee, or agent of the Company or another corporation, partnership, joint venture, trust, or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability, or loss under the Delaware General Corporation Law.

Section 6. Indemnification of Employees and Agents of the Company. The Company may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the Advancement of Expenses to any employee or agent of the Company to the fullest extent of the provisions of this Article IX with respect to the indemnification and Advancement of Expenses of directors and officers of the Company.

Section 7. Issuance of Capital Stock. The Company will not issue nonvoting capital stock to the extent prohibited by Section 1123 of Title 11 of the United States Code (the "Bankruptcy Code"); provided, however, that this Section 7: (a) will have no further force and effect beyond that required under Section 1123 of the Bankruptcy Code; (b) will have such force and effect only for so long as such Section is in effect and applicable to the Company; and (c) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect.

Exhibit IV.C.1.a(ii)

LOEWEN GROUP INTERNATIONAL, INC.

AMENDED AND RESTATED

BYLAWS

As Adopted and in
Effect on _____, 2001

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STOCKHOLDERS' MEETINGS

1. Time and Place of Meetings. All meetings of the stockholders for the election of Directors or for any other purpose may be held at such time and place, within or without the State of Delaware, as may be designated by the Board of Directors of the Company (the "Board") or, in the absence of a designation by the Board, the Chairman, the President, or the Secretary, and stated in the notice of meeting. Notwithstanding the foregoing, the Board may, in its sole discretion, determine that meetings of the stockholders shall not be held at any place, but may instead be held by means of remote communication, subject to such guidelines and procedures as the Board may adopt from time to time. The Board may postpone and reschedule any previously scheduled annual or special meeting of the stockholders.

2. Annual Meeting. Commencing with the year 2003, an annual meeting of the stockholders will be held at such date and time as may be designated from time to time by the Board, at which meeting the stockholders will elect by a plurality vote the Directors to succeed those whose terms expire at such meeting and will transact such other business as may properly be brought before the meeting in accordance with Bylaw 8.

3. Special Meetings. (a) Special meetings of the stockholders may be called only by (i) the Chairman, (ii) the President, (iii) the Secretary within 10 calendar days after receipt of the written request of a majority of the Whole Board, or (iv) as provided in Bylaw 3(b). Any such request by a majority of the Whole Board must be sent to the Chairman and the Secretary and must state the purpose or purposes of the proposed meeting. Special meetings of holders of the outstanding Preferred Stock, if any, may be called in the manner and for the purposes provided in the applicable Preferred Stock Designation.

(b) Upon the receipt by the Company of a written request executed by the holders of not less than 25% of the outstanding Voting Stock (a “Meeting Request”), the Board will (i) call a special meeting of the stockholders for the purposes specified in the Meeting Request and (ii) fix a record date for the determination of stockholders entitled to notice of and to vote at such meeting, which record date will not be later than 60 calendar days after the date of receipt by the Company of the Meeting Request; provided, however, that no separate special meeting of stockholders requested pursuant to a Meeting Request will be required to be convened if (A) the Board calls an annual or special meeting of stockholders to be held not later than 90 calendar days after receipt of such Meeting Request and (B) the purposes of such annual or special meeting include (among any other matters properly brought before the meeting) the purposes specified in such Meeting Request.

4. Notice of Meetings. Written notice of every meeting of the stockholders, stating the place, if any, date, and time thereof, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, will be given not less than 10 nor more than 60 calendar days before the date of the meeting to each stockholder of record entitled to vote at such meeting, except as otherwise provided herein or by law. When a

meeting is adjourned to another place, date, or time, written notice need not be given of the adjourned meeting if the place, if any, date and time thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the adjournment is for more than 30 calendar days, or if after the adjournment a new record date is fixed for the adjourned meeting, written notice of the place, if any, date, and time thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting must be given in conformity herewith. At any adjourned meeting, any business may be transacted which properly could have been transacted at the original meeting.

5. Inspectors. The Board may appoint one or more inspectors of election to act as judges of the voting and to determine those entitled to vote at any meeting of the stockholders, or any adjournment thereof, in advance of such meeting. The Board may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer of the meeting may appoint one or more substitute inspectors.

6. Quorum. Except as otherwise provided by law or in a Preferred Stock Designation, the holders of a majority of the stock issued and outstanding and entitled to vote at meetings of stockholders, present in person or represented by proxy or otherwise participating in such meeting, will constitute a quorum at all meetings of the stockholders for the transaction of business thereat. If, however, such quorum is not present or represented at, or participating in, any meeting of the stockholders, the stockholders entitled to vote at such meeting that are present in person or represented by proxy or otherwise or participating in such meeting, will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, provided that the adjournment is for less than 30 calendar days, until a quorum is present or represented at, or participating in, such meeting.

7. Voting. Except as otherwise provided by law, by the Company's Certificate of Incorporation, or in a Preferred Stock Designation, each stockholder will be entitled at every meeting of the stockholders to one vote for each share of stock having voting power standing in the name of such stockholder on the books of the Company on the record date for the meeting and such votes may be cast either in person or by proxy. Every proxy must be in a form permitted by Section 212 of the Delaware General Corporation Law (or any successor provision). Without affecting any vote previously taken, a stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person, by revoking the proxy by giving notice to the Secretary of the Company, or by a later appointment of a proxy. The vote upon any question brought before a meeting of the stockholders may be by voice vote, unless otherwise required by the Certificate of Incorporation or these Bylaws or unless the Chairman or the holders of a majority of the outstanding shares of all classes of stock entitled to vote thereon present in person or by proxy at such meeting otherwise determine. Every vote taken by written ballot will be counted by the inspectors of election. When a quorum is present at any meeting, the affirmative vote of the holders of a majority of the stock present in person or represented by proxy at the meeting and entitled to vote on the subject matter and which has actually been voted

will be the act of the stockholders, except in the election of Directors or as otherwise provided in these Bylaws, the Certificate of Incorporation, or a Preferred Stock Designation or by law.

8. Order of Business. (a) The Chairman, or such other officer of the Company designated by a majority of the Whole Board, will call meetings of the stockholders to order and will act as presiding officer thereof. Unless otherwise determined by the Board prior to the meeting, the presiding officer of the meeting of the stockholders will also determine the order of business and have the authority in his or her sole discretion to regulate the conduct of any such meeting, including, without limitation, by imposing restrictions on the persons (other than stockholders of the Company or their duly appointed proxies) who may attend any such stockholders' meeting, by ascertaining whether any stockholder or his or her proxy may be excluded from any meeting of the stockholders based upon any determination by the presiding officer, in his or her sole discretion, that any such person has unduly disrupted or is likely to disrupt the proceedings thereat, and by determining the circumstances in which any person may make a statement or ask questions at any meeting of the stockholders.

(b) At an annual meeting of the stockholders, only such business will be conducted or considered as is properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board in accordance with Bylaw 4, (ii) otherwise properly brought before the meeting by the presiding officer or by or at the direction of a majority of the Whole Board, or (iii) otherwise properly requested to be brought before the meeting by a stockholder of the Company in accordance with Bylaw 8(c).

(c) For business to be properly requested by a stockholder to be brought before an annual meeting, (i) the stockholder must be a stockholder of the Company of record at the time of the giving of the notice for such annual meeting provided for in these Bylaws, (ii) the stockholder must be entitled to vote at such meeting, (iii) the stockholder must have given timely notice thereof in writing to the Secretary, and (iv) if the stockholder, or the beneficial owner on whose behalf any business is brought before the meeting, has provided the Company with a Proposal Solicitation Notice (as that term is defined in this Bylaw 8(c) below), such stockholder or beneficial owner must have delivered a proxy statement and form of proxy to the holders of at the least the percentage of shares of Voting Stock required to approve such business that the stockholder proposes to bring before the annual meeting and included in such materials the Proposal Solicitation Notice. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Company not less than 60 nor more than 90 calendar days prior to the first anniversary of the date on which the Company first mailed its proxy materials for the preceding year's annual meeting of stockholders; provided, however, that if there was no annual meeting held during the prior year or if the date of the annual meeting is advanced more than 30 calendar days prior to or delayed by more than 30 calendar days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business on the later of the 90th calendar day prior to such annual meeting or the 10th calendar day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. A stockholder's notice to the Secretary must set forth as to each matter the stockholder proposes to bring

before the annual meeting (A) a description in reasonable detail of the business desired to brought before the annual meeting and the reasons for conducting such business at the annual meeting, (B) the name and address, as they appear on the Company's books, of the stockholder proposing such business and the beneficial owner, if any, on whose behalf the proposal is made, (C) the class and number of shares of the Company that are owned beneficially and of record by the stockholder proposing such business and by the beneficial owner, if any, on whose behalf the proposal is made, (D) any material interest of such stockholder proposing such business and the beneficial owner, if any, on whose behalf the proposal is made in such business, and (E) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of at least the percentage of Voting Stock required to approve the proposal (an affirmative statement of such intent, a "Proposal Solicitation Notice"). Notwithstanding the foregoing provisions of this Bylaw 8(c), a stockholder must also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Bylaw 8(c). For purposes of this Bylaw 8(c) and Bylaw 13, "public announcement" means disclosure in a press release reported by the Dow Jones News Service, Associated Press, or comparable national news service or in a document publicly filed by the Company with the Securities and Exchange Commission pursuant to Sections 13, 14, or 15(d) of the Securities Exchange Act of 1934, as amended, or furnished to stockholders. Nothing in this Bylaw 8(c) will be deemed to affect any rights of stockholders to request inclusion of proposals in the Company's proxy statement pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended.

(d) At a special meeting of stockholders, only such business may be conducted or considered as is properly brought before the meeting. To be properly brought before a special meeting, business must be (i) specified in the notice of the meeting (or any supplement thereto) given by or at the direction of the Chairman, the President, or a majority of the Whole Board in accordance with Bylaw 4 or (ii) otherwise properly brought before the meeting by the presiding officer or by or at the direction of a majority of the Whole Board.

(e) The determination of whether any business sought to be brought before any annual or special meeting of the stockholders is properly brought before such meeting in accordance with this Bylaw 8 will be made by the presiding officer of such meeting. If the presiding officer determines that any business is not properly brought before such meeting, he or she will so declare to the meeting and any such business will not be conducted or considered.

DIRECTORS

9. Function. The business and affairs of the Company will be managed under the direction of its Board.

10. Number, Election, and Terms. Subject to the rights, if any, of any series of Preferred Stock to elect additional Directors under circumstances specified in a Preferred Stock Designation and to the minimum and maximum number of authorized Directors provided in the Certificate of Incorporation, the authorized number of Directors shall initially be nine and may be changed from time

to time only (i) by a vote of a majority of the Whole Board or (ii) by the affirmative vote of the holders of at least 66**b**% of the Voting Stock, voting together as a single class. The Directors shall hold office until the next succeeding annual meeting of stockholders and until their successors are elected and qualified.

11. Vacancies and Newly Created Directorships. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional Directors under circumstances specified in a Preferred Stock Designation, newly created directorships resulting from any increase in the number of Directors and any vacancies on the Board resulting from death, resignation, disqualification, removal, or other cause will be filled solely by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board, or by a sole remaining Director. Any Director elected in accordance with the preceding sentence will hold office until the next annual meeting of stockholders and until such Director's successor has been elected and qualified. No decrease in the number of Directors constituting the Board will shorten the term of any incumbent Director.

12. Removal. Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional Directors under circumstances specified in a Preferred Stock Designation, any Director may be removed from office by the stockholders only in the manner provided in the Certificate of Incorporation.

13. Nominations of Directors; Election. (a) Subject to the rights, if any, of the holders of any series of Preferred Stock to elect additional Directors under circumstances specified in a Preferred Stock Designation, only persons who are nominated in accordance with this Bylaw 13 will be eligible for election at a meeting of stockholders to be members of the Board.

(b) Nominations of persons for election as Directors of the Company may be made only at an annual meeting of stockholders (i) by or at the direction of the Board or a committee thereof or (ii) by any stockholder that is a stockholder of record at the time of giving of notice provided for in this Bylaw 13, who is entitled to vote for the election of Directors at such meeting, and who complies with the procedures set forth in this Bylaw 13. If a stockholder, or a beneficial owner on whose behalf any such nomination is made, has provided the Company with a Nomination Solicitation Notice (as that term is defined in this Bylaw 13 below), such stockholder or beneficial owner must have delivered a proxy statement and form of proxy to the holders of at least the percentage of Voting Stock required to elect such nominee or nominees and included in such materials the Nomination Solicitation Notice. All nominations by stockholders must be made pursuant to timely notice in proper written form to the Secretary.

(c) To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Company not less than 60 nor more than 90 calendar days prior to the first anniversary of the date on which the Company first mailed its proxy materials for the preceding year's annual meeting of stockholders; provided, however, that if there was no annual meeting held during the prior year or if the date of the annual meeting is advanced more than 30 calendar days prior to or delayed by more than 30 calendar days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not later than the close of business

on the later of the 90th calendar day prior to such annual meeting or the 10th calendar day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. To be in proper written form, such stockholder's notice must set forth or include (i) the name and address, as they appear on the Company's books, of the stockholder giving the notice and of the beneficial owner, if any, on whose behalf the nomination is made; (ii) a representation that the stockholder giving the notice is a holder of record of stock of the Company entitled to vote at such annual meeting and intends to appear in person or by proxy at the annual meeting to nominate the person or persons specified in the notice; (iii) the class and number of shares of stock of the Company owned beneficially and of record by the stockholder giving the notice and by the beneficial owner, if any, on whose behalf the nomination is made; (iv) a description of all arrangements or understandings between or among any of (A) the stockholder giving the notice, (B) the beneficial owner on whose behalf the notice is given, (C) each nominee, and (D) any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder giving the notice; (v) such other information regarding each nominee proposed by the stockholder giving the notice as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nominee been nominated, or intended to be nominated, by the Board; (vi) the signed consent of each nominee to serve as a Director of the Company if so elected; and (vii) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of at least the percentage of shares of Voting Stock required to elect such nominee or nominees (an affirmative statement of such intent, a "Nomination Solicitation Notice"). At the request of the Board, any person nominated by the Board for election as a Director must furnish to the Secretary that information required to be set forth in a stockholder's notice of nomination which pertains to the nominee. The presiding officer of any annual meeting will, if the facts warrant, determine that a nomination was not made in accordance with the procedures prescribed by this Bylaw 13, and if he or she should so determine, he or she will so declare to the meeting and the defective nomination will be disregarded. Notwithstanding the foregoing provisions of this Bylaw 13, a stockholder must also comply with all applicable requirements of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder with respect to the matters set forth in this Bylaw 13.

14. Resignation. Any Director may resign at any time by giving notice of his or her resignation in writing or by electronic transmission to the Chairman or the Secretary.

15. Regular Meetings. Regular meetings of the Board may be held immediately after the annual meeting of the stockholders and/or at such other time as may from time to time be determined by the Board. Regular meetings of the Board may be held either within or without the State of Delaware, as is determined by the Board. The Board may fix the place, if any, of its regular meetings. Notice of regular meetings of the Board need not be given.

16. Special Meetings. Special meetings of the Board may be called by the Chairman or the President on one day's notice to each Director by whom such notice is not waived, given either personally or by mail, courier, telephone, facsimile, electronic mail or other form of electronic transmission, or other medium of communication, and will be called by the Chairman or the President in

like manner and on like notice on the written request of a majority of the Whole Board. Special meetings of the Board may be held either within or without the State of Delaware as is determined by the Board or specified in the notice of any such meeting. The Board may fix the time and place, if any, of special meetings.

17. Quorum. At all meetings of the Board, a majority of the Whole Board will constitute a quorum for the transaction of business. Except for the designation of committees as hereinafter provided and except for actions required by these Bylaws or the Certificate of Incorporation to be taken by a majority of the Whole Board, the act of a majority of the Directors present at, or participating in, any meeting at which there is a quorum will be the act of the Board. If a quorum is not present at, or participating in, any meeting of the Board, the Directors present thereat, or participating therein, may adjourn the meeting from time to time to another place, time, or date, without notice other than announcement at the meeting, until a quorum is present or participating.

18. Participation in Meetings by Remote Communications. Members of the Board or any committee designated by the Board may participate in a meeting of the Board or any such committee, as the case may be, by means of telephone conference or other means by which all persons participating in the meeting can hear each other, and such participation in a meeting will constitute presence in person at the meeting.

19. Committees. (a) The Board, by resolution passed by a majority of the Whole Board, will designate an Audit Review Committee, a Compensation Committee and a Nominating and Corporate Governance Committee. Such committees shall consist of one or more Directors and each shall have such lawfully delegable powers and duties as the Board may confer.

(b) The Board, by resolution passed by a majority of the Whole Board, may designate one or more additional committees, each such committee to consist of one or more Directors and each to have such lawfully delegable powers and duties as the Board may confer.

(c) Each committee of the Board will serve at the pleasure of the Board or as may be specified in any resolution from time to time adopted by the Board. The Board may designate one or more Directors as alternate members of any such committee, who may replace any absent or disqualified member at any meeting of such committee. In lieu of such action by the Board, in the absence or disqualification of any member of a committee of the Board, the members thereof present at any such meeting of such committee and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member.

(d) Except as otherwise provided in these Bylaws or by law, any committee of the Board, to the extent provided in the applicable resolution of the Board, will have and may exercise all the powers and authority of the Board in the direction of the management of the business and affairs of the Company. Any such committee designated by the Board will have such name as may be determined from time to time by resolution adopted by the Board. Unless otherwise prescribed by the Board, a majority of the members of any committee of the Board will constitute a quorum for the transaction of

business, and the act of a majority of the members present at a meeting at which there is a quorum will be the act of such committee. Each committee of the Board may prescribe its own rules for calling and holding meetings and its method of procedure, subject to any rules prescribed by the Board, and will keep a written record of all actions taken by it.

20. Compensation. The Board may establish the compensation for, and reimbursement of the expenses of, Directors for membership on the Board and on committees of the Board, attendance at meetings of the Board or committees of the Board, and for other services by Directors to the Company or any of its majority-owned subsidiaries.

21. Rules. The Board may adopt rules and regulations for the conduct of meetings and the oversight of the management of the affairs of the Company.

NOTICES

22. Generally. Except as otherwise provided by law, the Certificate of Incorporation, or these Bylaws, whenever by law or under the provisions of the Certificate of Incorporation or these Bylaws notice is required to be given to any Director or stockholder, it will not be construed to require personal notice, but such notice may be given: (a) in writing, by mail or courier service, addressed to such Director or stockholder, at the address of such Director or stockholder as it appears on the records of the Company, with postage thereon prepaid; or (b) by form of electronic transmission consented to by such Director or stockholder. Notice given by mail or courier service will be deemed to be given at the time when the same is deposited in the United States mail. Notice given pursuant to electronic transmission will be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the Director or stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the Director or stockholder has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the Director or stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the Director or stockholder. Notice to Directors may also be given by telephone or similar medium of communication or as otherwise may be permitted by these Bylaws.

23. Waivers. Whenever any notice is required to be given by law or under the provisions of the Certificate of Incorporation or these Bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice, or a waiver by electronic transmission by the person entitled to such notice, whether before or after the time of the event for which notice is to be given, will be deemed equivalent to such notice. Attendance of a person at a meeting will constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

OFFICERS

24. Generally. The officers of the Company will be elected by the Board and will consist of a Chairman, a President, a Secretary, and a Treasurer. The Board may also choose any or all of the following: one or more Vice Chairmen, one or more Assistants to the Chairman, one or more Vice Presidents (who may be given particular designations with respect to authority, function, or seniority), and such other officers as the Board may from time to time determine. Notwithstanding the foregoing, by specific action the Board may authorize the Chairman to appoint any person to any office other than Chairman, President, Secretary, or Treasurer. Any number of offices may be held by the same person. Any of the offices may be left vacant from time to time as the Board may determine. In the case of the absence or disability of any officer of the Company or for any other reason deemed sufficient by a majority of the Board, the Board may delegate the absent or disabled officer's powers or duties to any other officer or to any Director.

25. Compensation. The compensation of all officers and agents of the Company who are also Directors of the Company will be fixed by the Board or by a committee of the Board. The Board may fix, or delegate the power to fix, the compensation of other officers and agents of the Company to an officer of the Company.

26. Succession. The officers of the Company will hold office until their successors are elected and qualified. Any officer may be removed at any time by the affirmative vote of a majority of the Whole Board. Any vacancy occurring in any office of the Company may be filled by the Board or by the Chairman as provided in Bylaw 24.

27. Authority and Duties. Each of the officers of the Company will have such authority and will perform such duties as are customarily incident to their respective offices or as may be specified from time to time by the Board.

STOCK

28. Certificates. Certificates representing shares of stock of the Company will be in such form as is determined by the Board, subject to applicable legal requirements. Each such certificate will be numbered and its issuance recorded in the books of the Company, and such certificate will exhibit the holder's name and the number of shares and will be signed by, or in the name of, the Company by the Chairman and the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer, and will also be signed by, or bear the facsimile signature of, a duly authorized officer or agent of any properly designated transfer agent of the Company. Any or all of the signatures and the seal of the Company, if any, upon such certificates may be facsimiles, engraved, or printed. Such certificates may be issued and delivered notwithstanding that the person whose facsimile signature appears thereon may have ceased to be such officer at the time the certificates are issued and delivered.

29. Classes of Stock. The designations, preferences, and relative participating, optional, or other special rights of the various classes of stock or series thereof, and the qualifications, limitations, or

restrictions thereof, will be set forth in full or summarized on the face or back of the certificates which the Company issues to represent its stock or, in lieu thereof, such certificates will set forth the office of the Company from which the holders of certificates may obtain a copy of such information.

30. Lost, Stolen, or Destroyed Certificates. The Secretary may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Company alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact, satisfactory to the Secretary, by the person claiming the certificate of stock to be lost, stolen, or destroyed. As a condition precedent to the issuance of a new certificate or certificates, the Secretary may require the owners of such lost, stolen, or destroyed certificate or certificates to give the Company a bond in such sum and with such surety or sureties as the Secretary may direct as indemnity against any claims that may be made against the Company with respect to the certificate alleged to have been lost, stolen, or destroyed or the issuance of the new certificate.

31. Record Dates. (a) In order that the Company may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which will not be more than 60 nor less than 10 calendar days before the date of such meeting. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders will be at the close of business on the calendar day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the calendar day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders will apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

(b) In order that the Company may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion, or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date will not be more than 60 calendar days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose will be at the close of business on the calendar day on which the Board adopts the resolution relating thereto.

(c) The Company will be entitled to treat the person in whose name any share of its stock is registered as the owner thereof for all purposes, and will not be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether or not the Company has notice thereof, except as expressly provided by applicable law.

GENERAL

32. Fiscal Year. The fiscal year of the Company will end on December 31st of each year or such other date as may be fixed from time to time by the Board.

33. Seal. The Board may adopt a corporate seal and use the same by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

34. Reliance Upon Books, Reports, and Records. Each Director, each member of a committee designated by the Board, and each officer of the Company will, in the performance of his or her duties, be fully protected in relying in good faith upon the records of the Company and upon such information, opinions, reports, or statements presented to the Company by any of the Company's officers or employees, or committees of the Board, or by any other person or entity as to matters the Director, committee member, or officer believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

35. Time Periods. In applying any provision of these Bylaws that requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days will be used unless otherwise specified, the day of the doing of the act will be excluded, and the day of the event will be included.

36. Amendments. Except as otherwise provided by law or by the Certificate of Incorporation or these Bylaws, these Bylaws or any of them may be amended in any respect or repealed at any time, either (i) at any meeting of stockholders, provided that any amendment or supplement proposed to be acted upon at any such meeting has been described or referred to in the notice of such meeting, or (ii) at any meeting of the Board, provided that no amendment adopted by the Board may vary or conflict with any amendment adopted by the stockholders in accordance with the Certificate of Incorporation and these Bylaws. Notwithstanding the foregoing and anything contained in these Bylaws to the contrary, Bylaws 1, 3, 8, 10, 11, 12, 13, and 36 may not be amended or repealed by the stockholders, and no provision inconsistent therewith may be adopted by the stockholders, without the affirmative vote of the holders of at least 66**b**% of the Voting Stock, voting together as a single class.

37. Certain Defined Terms. Terms used herein with initial capital letters that are not otherwise defined are used herein as defined in the Certificate of Incorporation.

Exhibit IV.C.1.b(ii)

Form of Bylaws of each

Reorganized Loewen

Subsidiary Debtor

(ALABAMA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Montgomery, Alabama.

Section 2. The corporation may also have offices at such other places both within and without the State of Alabama as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders commencing with the year 2001, shall be held on the fifteenth day of May, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting to each shareholder of record entitled to vote at such meeting.

The notice shall also set forth the purpose or purposes for which the meeting is called if special action is proposed to be taken at the annual meeting, and if one of the purposes of an annual meeting is to increase the stock or bonded indebtedness of the corporation, such notice shall be delivered not less than thirty days before the date of the meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Alabama as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of not less than one-tenth of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

If one of the purposes of a special meeting is to increase the stock or bonded indebtedness of the corporation, such notice shall be delivered not less than thirty days before the date of the meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, unless otherwise provided in the articles of incorporation. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of Alabama nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors provided that a vacancy occurring by reason of an increase in the number of directors may be filled by the remaining directors only if so authorized by the articles of incorporation. A director elected to fill a vacancy shall be elected to serve until the next annual meeting of shareholders.

Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Alabama, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Alabama.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the

meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail, by facsimile communication or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by facsimile communication or by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active

management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the chairman of the board, president, an executive vice-president, a vice-president or the treasurer and the secretary, an assistant vice-president, an assistant secretary or an assistant treasurer, of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the officers upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate canceled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, seventy days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days and, in case of a meeting of shareholders not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Alabama.

LIST OF SHAREHOLDERS

Section 7. After fixing the record date for a meeting, the corporation shall prepare an alphabetical list of the names of all its shareholders who are entitled to notice of a shareholders' meeting, which list (1) shall be arranged by voting group and within each voting group by class or series of shares, and shall show the address of and number of shares held by each shareholder; (2) shall be available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the corporation's principal

office or, if the corporation's principal office is located outside Alabama, at the corporation's registered office; and (3) shall be made available by the corporation at the meeting, any shareholder (or his agent or attorney) being entitled to inspect the list at any time during the meeting or any adjournment.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Alabama." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended or replaced by the shareholders, and by the directors unless (1) the articles of incorporation or law reserves this power exclusively to the shareholders in whole or in part; or (2) the shareholders, in amending or repealing a particular by-law, provide expressly that the board of directors may not amend or repeal that by-law.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(ALASKA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Juneau, Alaska.

Section 2. The corporation may also have offices at such other places both within and without the State of Alaska as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than twenty nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Alaska as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of not less than one-tenth of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not

less than twenty nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the board, president, the holders of not less than one-tenth of all the shares entitled to vote at the meeting to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number or voting by classes is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors may not be less than one nor more than five. The exact number of directors to be fixed, by the approval of the directors at a regular or special meeting.

Section 2. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his

predecessor in office. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Alaska, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Alaska.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the chairman of the board, the president, a vice-president, the secretary or two directors. A special meeting shall be held upon either notice in writing sent twenty days before the meeting or notice by electronic means, personal messenger, or comparable person-to-person communication given at least seventy-two hours before the meeting. The notice shall include disclosure of the business to be transacted and the purpose of the meeting.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEES

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents at it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by a certificate or shall be uncertificated. Certificates shall be signed by the president or a vice-president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full or summary statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Within a reasonable time after the issuance or transfer of shares without certificates, the corporation shall send to the shareholder a written statement giving the information required by AS 10.06.350 to be on the certificates, and if applicable, the information required by AS 10.06.424(c) to be disclosed to the shareholder when there is no certificate.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, seventy days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least twenty days immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty days and, in case of a meeting of shareholders, not less than twenty days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which

notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Alaska.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make, at least twenty days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of each and the number of shares held by each, which list, for a period of twenty days prior to such meeting, shall be kept on file at the registered office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of the shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed

to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Alaska." The seal may used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(ARIZONA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Juneau, Alaska.

Section 2. The corporation may also have offices at such other places both within and without the State of Alaska as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than twenty nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Alaska as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of not less than one-tenth of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not

less than twenty nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the board, president, the holders of not less than one-tenth of all the shares entitled to vote at the meeting to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number or voting by classes is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors may not be less than one nor more than five. The exact number of directors to be fixed, by the approval of the directors at a regular or special meeting.

Section 2. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his

predecessor in office. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Alaska, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Alaska.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the chairman of the board, the president, a vice-president, the secretary or two directors. A special meeting shall be held upon either notice in writing sent twenty days before the meeting or notice by electronic means, personal messenger, or comparable person-to-person communication given at least seventy-two hours before the meeting. The notice shall include disclosure of the business to be transacted and the purpose of the meeting.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEES

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents at it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by a certificate or shall be uncertificated. Certificates shall be signed by the president or a vice-president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full or summary statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Within a reasonable time after the issuance or transfer of shares without certificates, the corporation shall send to the shareholder a written statement giving the information required by AS 10.06.350 to be on the certificates, and if applicable, the information required by AS 10.06.424(c) to be disclosed to the shareholder when there is no certificate.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, seventy days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least twenty days immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty days and, in case of a meeting of shareholders, not less than twenty days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which

notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Alaska.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make, at least twenty days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of each and the number of shares held by each, which list, for a period of twenty days prior to such meeting, shall be kept on file at the registered office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of the shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed

to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Alaska." The seal may used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(ARKANSAS)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Little Rock, Arkansas.

Section 2. The corporation may also have offices at such other places both within and without the State of Arkansas as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors, and if no place is stated then at the principal office.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be given to each shareholder of record entitled to vote thereat not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Arkansas as shall be stated in the notice of the meetings or in a duly executed waiver of notice thereof. If no place is stated, special meetings shall be held at the corporation's principal office.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting.

Section 3. Written or printed notice of a special meeting of shareholders, stating the time, place and purpose or purposes thereof, shall be given to each shareholder entitled to vote thereat, at least ten and not more than sixty days before the date fixed for the meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes described in the meeting notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than one hundred and twenty days after the date fixed for the original meeting, the directors must fix a new record date and notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Unless otherwise provided in the articles of incorporation, each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

ARTICLE V
DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall not be less than one nor more than five. Thereafter, within the limits above specified, the number of directors shall be determined by resolution of the board of directors, or by the shareholders at the annual meeting. The directors shall be elected at the annual meeting of shareholders, and each director elected shall hold office until his successor is elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the number of directors may be filled by the shareholders, the board of directors, or a majority of the directors then in office, though less than a quorum, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify. If the vacant office is filled by the shareholders and was held by a director elected by a voting group of shareholders, then only the holders of shares of that voting group are entitled to vote to fill the vacancy.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Arkansas, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise consistent with the articles of incorporation or by-laws.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Arkansas.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Unless the articles of incorporation or these by-laws provide otherwise, special meetings of the board of directors may be called by the president on at least 2 days' notice of the time, date and place of meeting to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. (A quorum of the board of directors may consist of no fewer than one-third of the fixed or prescribed number of directors.) The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless the articles of incorporation provide otherwise, action required or permitted by law to be taken at a board of directors' meeting may be taken without a meeting if the action is taken by all members of the board. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes or filed with the corporate records reflecting the action taken.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may create one or more committees and appoint members of the board to serve on them. Each committee must have two or more members, who serve at the pleasure of the board of directors. Such committee shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation may be elected or appointed by the board of directors or by a duly elected or appointed officer if authorized by the board of directors. A corporation must have at least one officer. The same individual may simultaneously hold more than one office in a corporation.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president and one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board. A corporation must have at least one officer.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors or by an officer authorized by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed with or without cause at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors or by an officer authorized by the board of directors. Each officer has the authority and shall perform the duties as set forth herein or as prescribed by the board of directors or by direction of an officer authorized by the board of directors to prescribe the duties of other officers.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. In the absence of the president or in the event of his inability or refusal to act, the vice-president (or in the event there be more than one vice-president, the vice-presidents in the order designated by the directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary, or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to

the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers, in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the treasurer, or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation may but need not be represented by certificates signed (manually or in facsimile) by the president or a vice-president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. If the issuing corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences, and limitations applicable to each class and the variations in rights, preferences, and limitations determined for each series (and the authority of the board of directors to determine variations for future series) must be summarized on the front or back of each certificate. Alternatively, each certificate may state conspicuously on its front or back that the corporation will furnish the shareholder this information on request in writing and without charge.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue

of a new certificate or certificates, or uncertificated shares, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days prior to the meeting or the particular action requiring such determination of shareholders. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Arkansas.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall prepare an alphabetical list of the names of all its shareholders with the address and number of shares held by each. The list must be available for inspection by any shareholder, beginning two business days

after notice of the meeting is given for which the list was prepared and continuing throughout the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder, his agent, or attorney, is entitled, on written demand, to inspect and copy the list, during regular business hours and at his expense, during the period it is available for inspection. The corporation shall make the shareholders' list available at the meeting, and any shareholder, his agent, or attorney is entitled to inspect the list at any time during the meeting or at any adjournment.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to

in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the

extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors, from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or

for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Arkansas." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted only by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board, unless otherwise provided by the articles of incorporation or by-laws.

Section 2. A by-law that fixes a greater quorum requirement for the board of directors may be amended or repealed only by the shareholders if the provision was originally adopted by the shareholders or only by the board of directors if the provision was originally adopted by the board of directors.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(CALIFORNIA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The principal executive office shall be located in Los Angeles, California.

Section 2. The corporation may also have offices at such other places both within and without the State of California as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 3. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors, or at such other place either within or without the State of California as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of shareholders for any other purpose may be held at such time and place, within or without the State of California, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. If no other place is stated or fixed, shareholders' meetings shall be held at the principal executive office of the corporation.

Section 4. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following at, 10:00 a.m., or at such other date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which they shall elect by a plurality vote a board of directors and transact such other business as may properly be brought before the meeting.

Section 5. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be given to each shareholder entitled to vote thereat not less than 10 (or, if sent by third-class mail, 30) nor more than 60 days before the date of the meeting. Notice may be sent by third-class mail only if the outstanding shares of the corporation are held of record by 500 or more persons (determined as provided in Section 605 of the California General Corporation Law) on the record date for the shareholders' meeting.

ARTICLE II
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of California as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of not less than 10 percent of all the shares entitled to vote at the meeting and if the corporation has a chairman of the board of directors, special meetings of the shareholders may be called by the chairman.

Section 3. Written or printed notice of a special meeting of shareholders, stating the time, place and purpose or purposes thereof, shall be given to each shareholder entitled to vote thereat not less than 10 (or, if sent by third-class mail, 30) nor more than 60 days before the date fixed for the meeting. Notice may be sent by third-class mail only if the outstanding shares of the corporation are held of record by 500 or more persons (determined as provided in Section 605 of the California General Corporation Law) on the record date for the shareholders' meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE III
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the original meeting.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented and voting at the meeting (which shares voting affirmatively also constitute at least a majority of the required quorum), shall be the act of the shareholders unless the vote of a greater number or voting by classes is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. In all elections for directors, every shareholder entitled to vote shall have the right to

vote, in person or by proxy, the number of shares of stock owned by him for as many persons as there are directors to be elected, or, upon satisfaction of the requirements set forth in Section 708(b) of the California General Corporation Law, to cumulate the vote of said shares, and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the shareholder's shares are normally entitled, or to distribute the votes on the same principle among as many candidates as he may see fit. Section 708(b) of the California General Corporation Law provides that no shareholder shall be entitled to cumulate votes for any candidate for the office of director unless such candidates' names have been placed in nomination prior to the voting and at least one shareholder has given notice at the meeting prior to the voting of his intention to cumulate his votes. To the extent that the laws of this State or any successor statute may be amended or supplemented from time to time, the provisions hereof shall be amended automatically and construed so as to disallow cumulative voting to the extent permitted by law.

Section 4. Unless otherwise provided in the articles, any action, except election of directors, which may be taken at any annual or special meeting of shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Except to fill a vacancy in the board of directors not filled by the directors, directors may not be elected by written consent except by unanimous written consent of all shares entitled to vote for the election of directors. Any election of a director to fill a vacancy (other than a vacancy created by removal) not filled by the directors requires the written consent of a majority of the shares entitled to vote.

ARTICLE IV
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of California nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Unless otherwise provided in the articles of incorporation, vacancies, except for a vacancy created by the removal of a director, and newly created directorships resulting from any increase in the number of directors may be filled by a majority of the directors then in office, though less than a quorum, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify. Unless otherwise provided in the articles of incorporation any vacancy created by the removal of a director shall be filled by the shareholders by the vote of a majority of the shares entitled to vote at a meeting at which a quorum is present. Any vacancies, which may be filled by directors and are not filled by the directors, may be filled by the shareholders by a majority of the shares entitled to vote at a meeting at which a quorum is present.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these bylaws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of California, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE V
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of California.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telephone or by facsimile telecommunication; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors unless the board consists of only one director; in which case, special meetings shall be called by the president or secretary in like manner and on like notice on the written request of the sole director.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these bylaws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VI
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the bylaws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required. The board of directors may designate one or more directors as alternate members of the executive committee. The executive committee shall not have authority: (1) To approve any action which will also require the shareholders' approval; (2) To fill vacancies on the board or in any committee; (3) To fix the compensation of directors for serving on the board or on any committee; (4) To amend or repeal the bylaws or adopt new bylaws; (5) To amend or repeal any resolution of the board which by its express terms is not so amendable or repealable; (6) To make a distribution to the shareholders except at a rate or in a periodic amount or within a price range determined by the board; or (7) To appoint other committees of the board or the members thereof.

ARTICLE VII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these bylaws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage

thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by facsimile telecommunication. Notice to any shareholder shall be given at the address furnished by such shareholder for the purpose of receiving notice. If such address is not given and if no address appears on the records of the corporation for such shareholder, notice may be given to such shareholder at the place where the principal executive office of the corporation is located or by publication at least once in a newspaper of general circulation in the county in which said principal executive office is located. If a notice of a shareholders' meeting is sent by mail it shall be sent by first-class mail, or, in case the corporation has outstanding shares held of record by 500 or more persons (determined as provided in Section 605 of the California General Corporation Law) on the record date for the shareholders' meeting, notice may be by third-class mail.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE VIII
OFFICERS

Section 1. The officers of the corporation, except those elected in accordance with Section 210 of the California General Corporation Law, shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a chief financial officer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors, at its first meeting after each annual meeting of shareholders, shall choose a president, one or more vice-presidents, a secretary and a chief financial officer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE CHIEF FINANCIAL OFFICER

Section 11. The chief financial officer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as chief financial officer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The chief financial officer is, for the purpose of executing any documents requiring the signature of the "Treasurer," deemed to be the treasurer of the corporation.

THE ASSISTANT TREASURERS

Section 15. The assistant treasurers, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the chief financial officer, perform the duties and exercise the powers of the chief financial officer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE IX
CERTIFICATES FOR SHARES

Section 1. Every holder of shares in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the chairman or vice-chairman of the board of directors, or the president or a vice-president and the chief financial officer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares and the class or series of shares owned by him in the corporation. If the shares of the corporation are classified or if any class of shares has two or more series, there shall appear on the certificate either (1) a statement of the rights, preferences, privileges and restrictions granted to or imposed upon each class or series of shares to be issued and upon the holders thereof; or (2) a summary of such rights, preferences, privileges and restrictions with reference to the provisions of the articles and any certificates of determination establishing the same; or (3) a statement setting forth the office or agency of the corporation from which shareholders may obtain, upon request and without charge, a copy of the statement referred to in item (1) heretofore. Every certificate shall have noted thereon any information required to be set forth by the California General Corporation Law and such information shall be set forth in the manner provided by such law.

Section 2. Any or all of the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is

issued, it may be issued by the corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. In order that the corporation may determine the shareholders entitled to notice of any meeting or to vote or entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action, the board may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days prior to the date of such meeting nor more than 60 days prior to any other action.

A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting unless the board fixes a new record date for the adjourned meeting, but the board shall fix a new record date if the meeting is adjourned for more than 45 days from the date set for the original meeting.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of California.

ARTICLE X
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article X has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article X (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of

directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article X.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article X shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article X.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article X shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article X shall remain in full force and effect. If any word, clause or provision of this Article X or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article X is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article X shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XI
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation and the California General Corporation Law.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the date of its incorporation and the words "Corporate Seal, California." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIII
AMENDMENTS

Section 1. These bylaws may be altered, amended or repealed or new bylaws may be adopted (a) at any regular or special meeting of shareholders at which a quorum is present or represented, by the affirmative vote of a majority of the stock entitled to vote, provided notice of the proposed alteration, amendment or repeal be contained in the notice of such meeting, or (b) by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board. The board of directors shall not make or alter any bylaw specifying a fixed number of directors or the maximum or minimum number of directors and the directors shall not change a fixed board to a variable board or vice versa in the bylaws. The board of directors shall not change a bylaw, if any, which requires a larger proportion of the vote of directors for approval than is required by the California General Corporation Law.

ARTICLE XIV
DIRECTORS' ANNUAL REPORT

Section 1. The directors shall cause to be sent to the shareholders not later than 120 days after the close of the fiscal year, an annual report which shall include a balance sheet as of the closing date of the last fiscal year, and an income statement of changes in financial position for said fiscal year. Said annual report shall be accompanied by any report thereon of independent accountants or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation. This annual report is hereby waived whenever the corporation shall have less than 100 shareholders as defined in Section 605 of the California General Corporation Law. Except when said waiver applies, the annual report shall be sent to the shareholder at least 15 (or if sent by third-class mail, 35) days prior to the date of the annual meeting. The annual report may be sent by third-class mail only if the corporation has

outstanding shares held by 500 or more persons (as determined by the provisions of Section 605 of the California General Corporation Law) on the record date for the shareholders' meeting. In addition to the financial statements included in the annual report, the annual report of the corporation, if it has more than 100 shareholders as defined in Section 605 of the California General Corporation Law and if it is not subject to the reporting requirements of Section 13 of the Securities and Exchange Act of 1934, or exempt from such registration by Section 12(g)(2) of said act, shall also describe briefly: (1) Any transaction (excluding compensation of officers and directors) during the previous fiscal year involving an amount in excess of forty thousand dollars ($40,000) (other than contracts let at competitive bids or services rendered at prices regulated by law) to which the corporation or its parent or subsidiary was a party and in which any director or officer of the corporation or of a subsidiary or (if known to the corporation or its parent or subsidiary) any holder of more than 10 percent of the outstanding voting shares of the corporation had a direct or indirect material interest, naming such person and stating such person's relationship to the corporation, the nature of such person's interest in the transaction and, where practicable, the amount of such interest; provided, that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated; and provided further that no such report need be made in the case of transactions approved by the shareholders under subdivision (a) of Section 310 of the California General Corporation Law; and (2) The amount and circumstances of any indemnification or advances aggregating more than ten thousand dollars ($10,000) paid during the fiscal year to any officer or director of the corporation pursuant to Section 317 of the California General Corporation Law, provided, that no such report need be made in the case of indemnification approved by the shareholders under paragraph (2) of subdivision (e) of Section 317 of the California General Corporation Law.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(COLORADO)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Denver, Colorado.

Section 2. The corporation may also have offices at such other places both within and without the State of Colorado as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors, or such other place either within or without the State of Colorado as shall be designated from time to time by the board of directors and stated in the notice of the meeting.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15 if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., or such other date as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Colorado as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of not less than one-tenth of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or

at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of Colorado nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the number of directors may be filled by a majority of the directors then in office, though less than a quorum, and the directors so chosen shall hold office until the next annual election and until their

successors are duly elected and shall qualify. Also, newly created directorships resulting from any increase in the number of directors may be filled by election at an annual or at a special meeting of shareholders called for that purpose.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Colorado, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Colorado.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called on at least two days' notice to each director, either personally or by mail or by telegram.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the chairman or vice chairman of the board of directors or by the president or a vice- president and by the treasurer or an assistant treasurer or by the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

FIXING THE RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of a shareholders' meeting, to demand a special meeting, to vote or in order to make a determination of shareholders form any other proper purpose, the board of directors may provide that the record date be fixed not more than seventy days before the meeting or action requiring a determination of shareholders.

LIST OF SHAREHOLDERS

Section 6. The officer or agent having charge of the transfer books for shares shall make, at least ten days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of each and the number of shares held by each, which list, for a period of ten days prior to such meeting, shall be kept on file at the principal office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of the shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other

enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Colorado." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**;

provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(CONNECTICUT)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Hartford, Connecticut.

Section 2. The corporation may also have offices at such other places both within and without the State of Connecticut as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on the fifteenth day of May, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Connecticut as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of shareholders may be called at any time, for any purpose or purposes, by the board of directors or by such other persons as may be authorized by law.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or

at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the certificate of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, unless otherwise provided in the certificate of incorporation. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of Connecticut nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Unless otherwise provided by the certificate of incorporation, any vacancy occurring in the board of directors, including a vacancy resulting from an increase in the number of directors, may be filled: (1) by the shareholders; (2) by the board of directors; or (3) if the directors

remaining in office constitute less than a quorum of the board, they may fill the vacancy by the affirmative vote of a majority of the directors remaining in office.

If the vacant office was held by a director elected by a voting group of shareholders, only the holders of shares of that voting group are entitled to vote to fill the vacancy if it is filled by the shareholders.

A vacancy that will occur at a specific later date, by reason of a resignation effective at a later date or otherwise, may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these bylaws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Connecticut, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Connecticut.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or otherwise as set forth in

Article VIII, Section 1, below; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. A director's attendance at or participation in any meeting waives any required notice to him of such meeting unless the director at the beginning of the meeting, or promptly upon his arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the certificate of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors.

Section 8. Unless otherwise restricted by the articles of incorporation or these bylaws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the bylaws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these bylaws, notice is required to be given to any director or shareholder, it shall be

construed to mean written notice unless oral notice is reasonable under the circumstances. Notice may be communicated in person, by telephone, telegraph, teletype or other form of wire or wireless communication, or by mail or private carrier. If these forms of personal notice are impractical, notice may be communicated by a newspaper of general circulation in the area where published or by radio, television or other form of public broadcast. Written notice to a shareholder, if in a comprehensible form, is effective (1) upon deposit in the United States mail, as evidenced by the postmark, if mailed postage prepaid and correctly addressed to the shareholder's address shown in the corporation's current record of shareholders, (2) when transmitted by facsimile or other electronic means if transmitted to the shareholder in the manner authorized by the shareholder for purposes of facsimile or electronic transmission, as the case may be.

Except as provided above, written notice, if in a comprehensible form, is effective at the earliest of the following: (1) when received; (2) five days after its deposit in the United States mail, as evidenced by the postmark, if mailed postage prepaid, if mailed postpaid and correctly addressed; or (3) on the date shown on the return receipt, if sent by registered or certified mail or a commercial delivery service, return receipt requested, and the receipt is signed by or on behalf of the addressee.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the certificate of incorporation or these bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation may but need not be represented by certificates. If the shares are represented by certificates, they shall be signed by the president or a vice-president and the secretary or an assistant secretary or the treasurer or an assistant treasurer of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. When the corporation is authorized to issue different classes of shares or different series within a class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a summary statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and the variations in the rights, preferences and limitations determined for each series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine variations for future series.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, seventy days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days, immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days prior to the meeting or action requiring a determination of shareholders. If the stock transfer books are not closed and no record date is fixed, the determination of shareholders entitled to notice of for to vote at a meeting, or to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof, unless the board of directors fixes a new record date, which it must do if adjournment is to a day more than one hundred twenty days after the date fixed for the original meeting.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Connecticut.

LIST OF SHAREHOLDERS

Section 7. After fixing the record date for a meeting, the corporation shall prepare an alphabetical list of the names of all its shareholders who are entitled to notice of a shareholders' meeting, which list (1) shall be arranged by voting group and within each voting group by class or series of shares, and shall show the address of and number of shares held by each shareholder; (2) shall be available for inspection by any shareholder, beginning two business days after notice of the meeting is

given for which the list was prepared and continuing through the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held; and (3) shall be made available by the corporation at the meeting, any shareholder (or his agent or attorney) being entitled to inspect the list at any time during the meeting or any adjournment.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the certificate of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Connecticut." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These bylaws may be altered, amended or repealed by the shareholders, and by the directors unless (1) the certificate of incorporation or law reserves this power exclusively to the shareholders in whole or in part; or (2) the shareholders, in amending or repealing a particular bylaw, provide expressly that the board of directors may not amend or repeal that bylaw.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(DELAWARE)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be in the City of Wilmington, State of Delaware.

Section 2. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors, or at such other place either within or without the State of Delaware as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

The board of directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the General Corporation Law of Delaware. If so authorized, and subject to such guidelines and procedures as the board of directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication, participate in a meeting of stockholders and be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the corporation.

Section 2. Annual meetings of stockholders, commencing with the year 2001 shall be held on the 15th day of May, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., or at such other date and time as shall be designated from time to time by the

board of directors and stated in the notice of the meeting, at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place if any, date and hour of the meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Written notice of a special meeting stating the place if any, date and hour of the meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 8. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all

meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 10. Unless otherwise provided in the certificate of incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

Section 11. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. Stockholders may, unless the certificate of incorporation otherwise provides, act by written consent to elect directors; provided, however, that if such consent is less than unanimous, such action by written consent may be in lieu of holding an annual meeting only if all of the directorships to which directors could be elected at an annual meeting held at the effective time of such action are vacant and are filled by such action.

A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or by a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes herein, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the corporation can determine (A) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder and (B) the date on which such stockholder or proxyholder or authorized persons or persons transmitted such telegram, cablegram or other electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall

be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered in accordance with Section 228 of the General Corporation Law of Delaware, to the corporation by delivery to its registered office in Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all such purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

ARTICLE III
DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall be not less than one nor more than five. The first board shall consist of two directors. Thereafter, within the limits above specified, the number of directors shall be determined by resolution of the board of directors or by the stockholders at the annual meeting. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 3. The business of the corporation shall be managed by or under the direction of its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no

notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

Section 6. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 7. Special meetings of the board may be called by the president on two days' notice to each director, either personally or by mail or by facsimile communication; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors unless the board consists of only one director; in which case special meetings shall be called by the president or secretary in like manner and on like notice on the written request of the sole director.

Section 8. At all meetings of the board, a majority of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing or electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 10. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

COMMITTEES OF DIRECTORS

Section 11. The board of directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one

or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not the member or members constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member.

Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the General Corporation Law of Delaware to be submitted to stockholders for approval or (ii) adopting, amending or repealing any by-law of the corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

Section 12. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

COMPENSATION OF DIRECTORS

Section 13. Unless otherwise restricted by the certificate of incorporation or these by-laws, the board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

REMOVAL OF DIRECTORS

Section 14. Unless otherwise restricted by the certificate of incorporation or by law, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of shares entitled to vote at an election of directors.

ARTICLE IV
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with

postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by facsimile telecommunication. Notice may also be given to stockholders by a form of electronic transmission in accordance with and subject to the provisions of Section 232 of the General Corporation Law of Delaware.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to notice or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurer. Any number of offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a president, one or more vice-presidents, a secretary and a treasurer. Any number of offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the stockholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. In the absence of the president or in the event of his inability or refusal to act, the vice-president (or in the event there be more than one vice-president, the vice-presidents in the order designated by the directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARY

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE VI
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by a certificate or shall be uncertificated. Certificates shall be signed by, or in the name of the corporation by, the chairman or vice-chairman of the board of directors, or the president or a vice-president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 151, 156, 202(a) or 218(a) of the General Corporation Law of Delaware or a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. Any of or all the signatures on a certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is

issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFER OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon receipt of proper transfer instructions from the registered owner of uncertificated shares, such uncertificated shares shall be cancelled and issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner,

and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article VII has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article VII (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the stockholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article VII.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article VII shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article VII.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article VII shall remain in full force and effect. If any word, clause or provision of this Article VII or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article VII is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article VII shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE VIII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the stockholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE IX
GENERAL PROVISIONS
DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ANNUAL STATEMENT

Section 3. The board of directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

CHECKS

Section 4. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 5. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 6. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE X
AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed or new by-laws may be adopted by the stockholders or by the board of directors, when such power is conferred upon the board of directors by the certificate of incorporation, at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors if notice of such alteration, amendment, repeal or adoption of new by-laws be contained in the notice of such special meeting. If the power to adopt, amend or repeal by-laws is conferred upon the board of directors by the certificate of incorporation, it shall not divest or limit the power of the stockholders to adopt, amend or repeal by-laws.

ARTICLE XI

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(WASHINGTON D.C.)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be in the City of Washington, District of Columbia.

Section 2. The corporation may also have offices at such other places both within and without the District of Columbia as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF SHAREHOLDERS

Section 1. Meetings of the shareholders shall be held in Toronto, Canada.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Special meetings of the shareholders may be called by the president, the secretary, the board of directors, or by the holders of not less than one-fifth of all the outstanding shares entitled to vote.

Section 4. Written or printed notice stating the place, day and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called shall be delivered not less than ten nor more than fifty days before the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer calling the meeting to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the shareholder at his address as it appears on the records of the corporation, with the postage thereon pre-paid.

Section 5. Business transacted at any special meeting of shareholders shall be confined to the purposes stated in the notice thereof.

Section 6. A majority of the outstanding shares having voting power, represented in person or by proxy, shall constitute a quorum at meetings of the shareholders except as otherwise provided by statute or by the articles of incorporation. If a meeting cannot be organized because a quorum has not attended, then those present may adjourn the meeting from time to time without notice

other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented any business may be transacted that might have been transacted at the meeting as originally called.

Section 7. When a quorum is present at any meeting, the vote of the holders of a majority of the shares having voting power present in person or represented by proxy shall decide any question brought before such meeting except when the question is one upon which the express provision of the statutes or of the articles of incorporation requires a different vote, then such express provision shall govern and control the decision of such question. However, in elections of directors, those receiving the greatest number of votes shall be deemed elected though not receiving a majority.

Section 8. Each outstanding share shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders unless otherwise provided in the articles of incorporation. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney in fact. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 9. Any action required by the statutes to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE III
DIRECTORS

Section 1. The number of directors of the corporation shall be two. The directors shall be elected at the annual meeting of the shareholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified. Directors need not be shareholders.

Section 2. Any directorship to be filled by reason of an increase in the number of directors may be filled by election at an annual meeting or at a special meeting of the shareholders entitled to vote called for that purpose. Any vacancy occurring in the board of directors for any cause other than by reason of an increase in the number of directors may be filled by affirmative vote of a majority of the remaining directors, though less than a quorum of the board of directors, unless the articles of incorporation otherwise provide. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 3. The business and affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or these by-laws directed or required to be exercised and done by the shareholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. Meetings of the board of directors, regular or special, may be held within or without the District of Columbia.

Section 5. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting. Notice of such meeting shall not be necessary to the newly elected directors in order legally to constitute the meeting provided a quorum shall be present. In the event of the failure of the shareholders to fix the time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the shareholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

Section 6. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 7. Special meetings of the board of directors may be called by the president or secretary on the written request of two directors. Written notice of special meetings of the board of directors shall be given to each director at least two days before the date of the meeting.

Section 8. A majority of the directors shall constitute a quorum for the transaction of business and the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 10. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

EXECUTIVE COMMITTEE

Section 11. The board of directors, by resolution adopted by a majority of the whole board, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution shall have and may exercise all of the authority of the board of directors in the management of the business and affairs of the corporation.

Section 12. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

COMPENSATION OF DIRECTORS

Section 13. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of the executive committee may be allowed like compensation for attending committee meetings.

ARTICLE IV
NOTICES

Section 1. Notices to directors and shareholders shall be in writing and delivered personally or by mail to the directors or shareholders at their addresses appearing on the books of the corporation. Notice by mail shall be deemed to be given at the time when same shall be mailed. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or of these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 3. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

ARTICLE V
OFFICERS

Section 1. The officers of the corporation shall consist of a president, one or more vice-presidents, a secretary and a treasurer, each of whom shall be elected by the board of directors. Any two or more offices may be held by the same person, except the offices of president and secretary.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may elect or appoint such other officers, assistant officers and agents as it shall deem necessary who shall hold their offices for such terms and shall have authority and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever, in its judgment, the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the

secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE VI
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the president or a vice-president and the secretary or an assistant secretary and sealed with the seal of the corporation. Such seal may be a facsimile. No certificate shall be issued for any share until such share is fully paid. Each certificate representing shares shall state that the corporation is organized under the laws of the District of Columbia, the name of the person to whom issued, the number and class of shares which such certificate represents and the par value of each share represented by such certificate, or a statement that the shares are without par value. If the corporation shall be authorized to issue shares of more than one class, the designations, preferences, limitations and relative rights of the shares of each class authorized to be issued shall be stated in full or in the form of a summary either upon the face or back of each certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full or summary statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined, and the authority of the board of directors to fix and determine the relative rights and

preferences of subsequent series. The limitations and the restrictions upon the transferability of any certificate shall either be stated in full or in the form of a summary either upon the face or back of each certificate or a statement, upon the face or back of each certificate, shall be made that the corporation will furnish to any shareholder upon request and without charge such full or summary statement.

Section 2. Where certificates are countersigned by a transfer agent other than the corporation itself, or an employee of the corporation, or by a transfer clerk and registered by a registrar, the signatures of the president or vice-president and the secretary or assistant secretary upon such certificate may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if such officer had not ceased to hold office at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates therefore issued by the corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificates for shares to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative to advertise the same in such manner as it shall require and/or give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

TRANSFERS OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

CLOSING OF TRANSFER BOOKS AND FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any proper purpose, the board of directors may provide that the stock-transfer books shall be closed for a stated period but not to exceed, in any case, fifty days. If the stock-transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock-transfer books, the board of directors may fix, in advance, a date as the record date for any determination of shareholders, such date in any case to be not more than fifty days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action requiring such determination of shareholders is to be

taken. If the stock-transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the District of Columbia.

ARTICLE VII
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall

determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article VII has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article VII (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article VII.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article VII shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article VII.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article VII shall remain in full force and effect. If any word, clause or provision of this Article VII or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article VII is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article VII shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE VIII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE IX
GENERAL PROVISIONS
DIVIDENDS

Section 1. The board of directors may declare and the corporation may pay dividends on its outstanding shares in cash, property, or its own shares pursuant to law and subject to the provisions of its articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, District of Columbia". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE X
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws adopted at any regular meeting of the board of directors or at any special meeting of the board of directors if notice of such proposed action be contained in the notice of such special meeting.

ARTICLE XI

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required

under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(FLORIDA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Plantation, Florida.

Section 2. The corporation may also have offices at such other places both within and without the State of Florida as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on the fifteenth day of May, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, secretary, or the officer or person calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Florida as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of not less than one-tenth of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, day, and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not

less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the board, president, or the holders of not less than one-tenth of all the shares entitled to vote at the meeting to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a plurality of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number or voting by classes is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, unless otherwise provided in the articles of incorporation. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of Florida nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

The number of directors may be increased or decreased by amendment to the articles of incorporation or to these bylaws.

Section 2. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors, or by the shareholders, unless the articles of incorporation provide otherwise. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these bylaws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Florida, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Florida.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Meetings of the board of directors may be called by the chairman of the board or by the president. Special meetings of the board of directors shall be preceded by two days' notice sent to directors of the date, time, and place of the meeting. Notice may be sent in writing or orally, and communicated in person, by telephone, telegraph, teletype, electronic communication, or by mail. The notice shall include the purpose of the meeting.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a different number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. Whether or not a quorum shall be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 7. Unless otherwise restricted by the articles of incorporation or these bylaws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEES

Section 1. The board of directors, by resolution adopted by a majority of the full board of directors, may designate two or more directors to constitute an executive committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same

to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by a certificate or shall be uncertificated. Certificates shall be signed by the president of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full or summary statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the

shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signature of the officer of the corporation upon a certificate may be a facsimile. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

UNCERTIFICATED SHARES

Section 3. The board of directors of the corporation may authorize the issue of some or all of the shares of any or all of its classes or series without certificates. Shares already represented by certificates shall not be affected until they are surrendered to the corporation.

Section 4. Within a reasonable time after the issue or transfer of shares without certificates, the corporation shall send shareholders a written statement of the information required on the certificates by F.S. Section 607.0625 (2) and (3), and, if applicable, F.S. Section 607.0627.

LOST CERTIFICATES

Section 5. The board of directors may direct a new certificate or an equivalent new uncertificated security in place of any certificate therefore issued by the corporation alleged to have been lost, destroyed, or wrongfully taken. When authorizing such issue of a new certificate or an equivalent new uncertificated security, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost, destroyed, or wrongfully taken.

TRANSFERS OF SHARES

Section 6. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate or an equivalent new uncertificated security shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

FIXING OF RECORD DATE

Section 7. For the purpose of determining shareholders entitled to notice of a shareholders' meeting, to demand a special meeting, to vote, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the record date be fixed not more than seventy days before the meeting or action requiring a determination of shareholders. For the purpose of determining those shareholders entitled to demand a special meeting, such record date shall be the date the first shareholder delivers his or her demand to the corporation. For the

purpose of determining those shareholders entitled to take action without a meeting, such record date shall be the date the first signed written consent is delivered to the corporation if prior board of director action is not required. The record date shall be at the close of business on the day on which the board of directors adopts the resolution taking such prior action if prior board of director action is required. For the purpose of determining those shareholders entitled to notice of and to vote at an annual or special shareholders' meeting, such record date shall be the close of business on the day before the first notice is delivered to shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

LIST OF SHAREHOLDERS

Section 8. After fixing a record date for a meeting, the officer or agent in charge of the records for shares shall prepare an alphabetical list of the names of all shareholders who are entitled to notice of a shareholders' meeting, arranged by voting group, with the address of, and the number and class and series, if any, of shares held by each. The shareholders' list shall be available for inspection by any shareholder for a period of 10 days prior to the meeting and shall be kept on file at the corporation's principal office. A shareholder or his agent or attorney shall be entitled on written demand to inspect the list, subject to the requirements of F.S. section 607.1602(3) during regular business hours and at his expense, during the period it shall be available for inspection. The shareholders' list shall be made available at the meeting, and any shareholder or his agent or attorney shall be entitled to inspect the list at any time during the meeting or any adjournment. The shareholders' list shall be prima facie evidence of the identity of shareholders entitled to examine the shareholders' list or to vote at a meeting of shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the

corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DISTRIBUTIONS

Section 1. Subject to the restrictions of the articles of incorporation relating thereto, if any, and to limitation by statute, distributions may be declared by the board of directors at any regular or special meeting, pursuant to law. Distributions may be made in cash, in property, or as a dividend. Share dividends may be issued pro rata and without consideration to the corporation's shareholders or to the shareholders of one or more classes or series, subject to the provisions of the articles of incorporation.

Section 2. Before any distribution may be made, there may be set aside out of any funds of the corporation available for distributions such sum or sums as the directors from time to time, in their absolute discretion, think proper to meet debts of the corporation as they become due in the usual course of business, or for such other purpose as the directors shall think conducive to the interest of the corporation.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Florida." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These bylaws may be altered, amended, or repealed or new bylaws may be Adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(GEORGIA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in _____, Georgia.

Section 2. The corporation may also have offices at such other places both within and without the State of Georgia as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on the fifteenth day of May, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect, pursuant to law, a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting, stating the date, time, and place of the meeting, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Georgia as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the charter, may be called by the president, the board of directors, such other officers or persons provided in the articles of incorporation, or upon written demand of at least twenty-five percent (25%) of all of the votes entitled to be cast on any issue proposed to be considered.

Section 3. Written or printed notice of a special meeting stating the date, time, and place of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. A majority of the votes entitled to be cast on a matter by a voting group constitutes a quorum of the voting group for action on that matter, except as otherwise provided by statute or by the charter. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the vote of a greater number of affirmative votes is required by law or the articles of incorporation.

Section 3. Each outstanding share, regardless of class, shall be entitled to one vote on each matter voted on at a meeting of shareholders, unless the articles of incorporation or law provides otherwise. A shareholder may vote either in person or by proxy as provided for in a signed appointment form executed by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting (1) if one or more written consents setting forth the action so taken shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof, or (2) if so provided in the articles of incorporation, by persons who would be entitled to vote at a meeting shares having voting power to cast not less than the minimum number (or numbers, in the case of voting groups) of votes that would be necessary to authorize or take the action at a meeting at which all the shareholders entitled to vote were present and voted.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be not less than one nor more than five. The number of directors may be fixed or changed within the minimum or maximum by the shareholders

or by the board of directors. Unless the articles of incorporation otherwise provide, directors need not be residents of the State of Georgia nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first meeting of shareholders.

Section 2. Unless the articles of incorporation provide otherwise, any vacancy occurring on the board of directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders, the board of directors, or if the directors remaining in office constitute fewer than a quorum of the board, the vacancy may be filled by the affirmative vote of a majority of the directors remaining in office.

Section 3. The business affairs of the corporation shall be managed by its board of directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute, by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Georgia, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Georgia.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting or it may convene at such place and time as shall be fixed by the consent in writing of all the directors. No notice of such meeting shall be necessary to the newly elected directors in order to legally constitute the meeting, provided a quorum shall be present.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called on two days' notice to each director, either personally, by mail or by telegram.

Section 5. Attendance or participation of a director at any meeting shall constitute a waiver of notice of such meeting, unless the director, at the beginning of the meeting (or promptly upon his arrival), objects to holding the meeting or transacting business at the meeting, and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of the notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business, unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if one or more written consents, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES

Section 1. The board of directors may create one (1) or more committees that may consist of one (1) or more members of the board. Committee members shall serve at the board of directors' pleasure. To the extent specified by the board of directors or articles of incorporation, each committee shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise provided by law.

ARTICLE VIII
NOTICES

Section 1. Whenever notice is required to be given to any director or shareholder under the provisions of the statutes, the articles of incorporation or these by-laws, it shall be construed to mean written notice, which may be by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time it is deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever notice is required to be given under the provisions of the statutes, the articles of incorporation or these by-laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors, and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors, at its first meeting after each annual meeting of shareholders, shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders, and shall record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation, and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control, belonging to the corporation.

Section 14. The assistant treasurer or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertificated. Each share certificate shall be signed by the president or a vice-president and the secretary or treasurer or an assistant secretary or treasurer of the corporation, or by the board of directors, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue different classes of shares or different series within a class, there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights applicable to each class, and the variations in the relative rights, preferences, and limitations determined for each series and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the persons signing a share certificate may be facsimiles. In case any person who has signed, or whose facsimile signature has been placed upon such certificate, shall have ceased to hold such office before such certificate is issued, the certificate is nevertheless valid.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation, which is alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender, to the corporation or the transfer agent of the corporation, of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate shall be cancelled and the transaction recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix a record date, in advance, that may not be more than seventy (70) days before the meeting or action requiring a determination of shareholders.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize a person, registered on its books as the owner of shares, as having the exclusive right to receive dividends and to vote with respect to shares shown to be owned, and as being exclusively liable for calls and assessments upon shares shown to be owned, and the corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Georgia.

LIST OF SHAREHOLDERS

Section 7. A list of shareholders as of the record date, prepared in alphabetical order, arranged by voting group, showing the address of and the number of shares held by each shareholder, and certified by the corporate officer responsible for its preparation or the transfer agent, shall be open for inspection at any meeting of shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the

corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the law and any applicable provisions of the articles of incorporation, dividends may be declared by the board of directors at any regular or special meeting, and may be paid in cash, in property or in shares of the corporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends, such sum or sums as the directors from time to time, in their absolute discretion, think proper, as a reserve fund to meet contingencies, for equalizing dividends, for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money, and notes of the corporation, shall be signed by such officer or officers, or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Georgia." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be amended or repealed, or new by-laws may be adopted, by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board unless the articles of incorporation or law reserve this power to the shareholders.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(HAWAII)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The principal office shall be located in Cincinnati, Ohio.

Section 2. The corporation may also have offices at such other places within or without the State of Hawaii as the board of directors may from time to time appoint or the business of the corporation may require.

ARTICLE II
MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., when they shall elect a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice stating the place, day and hour of the meeting shall be delivered not less than ten nor more than seventy days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Hawaii as shall be stated in the notice of the meeting or in a duly executed notice of waiver thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, may be called by the president, the board of directors, or the holders of not less than ten percent of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than seventy days before the date of the meeting, either personally or by mail, by

or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF SHARES

Section 1. The holders of a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders, for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented, at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have the power to adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater number of shares is required by law or the articles of incorporation.

Section 3. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote in person or by proxy executed in writing by the shareholder or by a duly authorized attorney-in-fact.

Not less than forty-eight hours prior to the time fixed for holding a meeting for the election of directors, any shareholder or shareholders may deliver to any officer of the corporation a request for the election to be by cumulative voting. To the extent that the laws of this State or any successor statute may be amended or supplemented from time to time, the provisions hereof shall be amended automatically and construed so as to disallow cumulative voting to the extent permitted by law.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. No less than one member of every board of directors shall at all times be a resident of the State of Hawaii. Directors need not be shareholders. The directors, other than the first board of directors, shall be elected at the annual meeting of shareholders, and each director elected shall serve until the next succeeding annual meeting and until

his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Any vacancy occurring on the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. Any directorship filled by reason of an increase in the number of directors may be filled by the board of directors for a term of office continuing only until the next election of directors by the shareholders.

Section 3. The business and affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside the State of Hawaii, at such place or places as they may from time to time determine.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Hawaii.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place either within or without the State of Hawaii as shall be fixed by the vote of the shareholders at the annual meeting, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a majority of the whole board shall be present, or they may meet at such place and time as shall be fixed by the consent in writing of all directors.

Section 3. Regular meetings of the board of directors may be held with or without notice at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors shall be called by the president on two days' notice to each director, either personally or by mail or by facsimile telecommunication. Special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors, unless the board consists of only one director, in which case special meetings shall be called by the president or secretary in like manner and on like notice on the written request of the sole director.

Section 5. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business

to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of directors shall constitute a quorum for the transaction of business, unless a greater number is required by the articles of incorporation. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless otherwise provided by the articles of incorporation, any action required or permitted to be taken at any meeting of the directors or of any committee thereof, may be taken without a meeting, if all members of the board or committee, as the case may be, sign a written consent setting forth the action taken or to be taken, at any time before or after the intended effective date of such action.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or any committee designated thereby may participate in a meeting of such board or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

ARTICLE VII
COMMITTEES OF DIRECTORS

Section 1. The board of directors, by resolution adopted by a majority of the full board, may designate from among its members an executive committee and one or more other committees. To the extent provided in such resolution or in the articles of incorporation or these by-laws, each committee shall have and exercise all of the authority of the board of directors, except as otherwise required by law. Vacancies in membership of the committee may be filled by the board of directors at a regular or special meeting of the board of directors. The committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by facsimile telecommunication.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or the articles of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers. Any two or more offices may be held by the same person, provided that if the corporation has two or more directors there must be not less than two persons as officers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents, in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders, and shall record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors, or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he or an assistant secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his signature or by the signature of such assistant secretary.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries, in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers, in the order determined by the board of directors (or if there be no such determination, then

in the order of their election), shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of a corporation shall be represented by certificates or shall be uncertificated shares. Certificates shall be signed by the chairman or vice-chairman of the board of directors or the president or a vice- president and by the treasurer or an assistant treasurer or the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue shares of more than one class, there shall be set forth upon the face or back of the certificate, or each certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued, and if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the officers upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of its issue.

TRANSFERS OF SHARES

Section 3. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled, and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 4. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, seventy days. If the stock transfer books shall be closed for the purpose of

determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days and, in case of a meeting of shareholders, not less than ten days prior to the date of which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 5. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Hawaii.

LIST OF SHAREHOLDERS

Section 6. The officer or agent having charge of the stock transfer books for shares of the corporation shall make a complete record of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each. Such record shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purpose thereof.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was

unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any

by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the director, from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Hawaii." The seal may be used by causing it or a facsimile thereof to be impressed or affixed in any manner reproduced.

ARTICLE XIV

Section 1. The power to alter, amend or repeal these by-laws, or to adopt new by-laws, subject to repeal or change by action of the shareholders, shall be vested in the board of directors unless reserved to the shareholders by the articles of incorporation.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(IDAHO)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Boise, Idaho.

Section 2. The corporation may also have offices at such other places both within and without the State of Idaho as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be given to each shareholder entitled to vote thereat not less than ten nor more than fifty days before the date of the meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Idaho as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of shareholders may be called at any time, for any purpose or purposes, by the board of directors or by such other persons as may be authorized by law.

Section 3. Written or printed notice of a special meeting of shareholders, stating the time, place and purpose or purposes thereof, shall be given to each shareholder entitled to vote thereat not less than ten nor more than fifty days before the date fixed for the meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. In the case of any meeting called for the election of directors, those who attend the second of such adjourned meetings, although less than a quorum as fixed herein, shall nevertheless constitute a quorum for the purpose of electing directors.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, unless otherwise provided in the articles of incorporation. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of Idaho nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these bylaws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Idaho, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special may be held either within or without the State of Idaho.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the

board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these bylaws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the bylaws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president from among the directors, and shall choose one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the president or a vice-president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate canceled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled

to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days, immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than fifty days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If the stock transfer books are not closed and no record date is fixed, the determination of shareholders entitled to notice of or to vote at a meeting, or to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Idaho.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a

director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Idaho." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These bylaws may be altered, amended, or repealed or new bylaws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board The shareholders shall have the right to change or repeal any bylaws adopted by the directors.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(ILLINOIS)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Chicago, Illinois.

Section 2. The corporation may also have offices at such other places both within and without the State of Illinois as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Illinois as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by law or by the articles of incorporation, may be called by the president, the board of directors, or the holders of not less than one-fifth of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not

less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by law or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting and entitled to vote on the matter shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Unless otherwise provided in the articles of incorporation or by law, any action required to be taken at any annual or special meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting and without a vote, if a consent in writing, setting forth the action so taken, shall be signed (i) if five days prior notice of the proposed action is given in writing to all of the shareholders entitled to vote with respect to the subject matter thereof, by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voting or (ii) by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall be not less than one nor more than five. Hereafter, within the limits above specified, the number of

directors shall be determined by a resolution of the board of directors or by the shareholders. The directors, other than the first board of directors, shall be elected at the annual meeting of shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the number of directors may be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose. A majority of directors then in office, though less than a quorum, may fill one or more vacancies in the board of directors arising between meetings of shareholders by reason of an increase in the number of directors or otherwise. A director appointed to fill a vacancy, or a newly created directorship, shall hold office until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by law or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Illinois, at such place or places as the directors may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Illinois.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by facsimile telecommunication; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless specifically prohibited by the articles of incorporation or these by-laws, any action required to be taken at a meeting of the board of directors, or any other action which may be taken at a meeting of the board of directors or a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof, or by all the members of such committee, as the case may be.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES OF DIRECTORS

Section 1. The board of directors, by resolution adopted by a majority of the number of directors may create one or more committees and appoint members of the board to serve on the committee or committees. To the extent provided in such resolution of the articles of incorporation, each committee shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Each committee shall have two or more members, who serve at the pleasure of the board. The committees shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, by law or under the provisions of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by facsimile telecommunication.

Section 2. Whenever any notice whatsoever is required to be given by law or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active

management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by a certificate or shall be uncertificated. Certificates shall be signed by the president or a vice-president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full summary or statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Within a reasonable time after the issuance or transfer of uncertificated shares, the corporation shall send to the registered owner thereof a written notice containing the information required by law to be set forth or stated on certificates.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent or registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition

precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors of a corporation may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty days and, for a meeting of shareholders, not less than ten days, or in the case of a merger, consolidation, share exchange, dissolution or sale, lease or exchange of assets, not less than twenty days, immediately preceding such meeting. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as herein provided, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Illinois.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make, within twenty days after the record date for a meeting of shareholders or ten days before such meeting, whichever is earlier, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of each and the number of shares held by each, which list, for a period of ten days prior to such meeting, shall be kept on file at the registered office of the

corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of the shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to

in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the

extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or

for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Illinois." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed by the shareholders or the board of directors, but no by-law adopted by the shareholders may be altered, amended or repealed by the board of directors if the by-laws so provide.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(INDIANA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Indianapolis, Indiana.

Section 2. The corporation may also have offices at such other places both within and without the State of Indiana as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors, and if no place is stated then at the principal office.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on the fifteenth of May, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be given to each shareholder entitled to vote thereat not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Indiana as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. If no place is stated, special meetings shall be held at the corporation's principal office.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of at least 25% of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting.

Section 3. Written or printed notice of a special meeting of shareholders, stating the time, place and purpose or purposes thereof, shall be given to each shareholder entitled to vote thereat, at least ten and not more than sixty days before the date fixed for the meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes described in the meeting notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than one hundred and twenty days after the date fixed for the original meeting, the directors must fix a new record date and notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, unless otherwise provided in the articles of incorporation. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall not be less than one and not more than five. Thereafter, within the limits above specified, the number of directors shall be determined by resolution of the board of directors, or by the shareholders at the annual

meeting. The directors shall be elected at the annual meeting of shareholders, and each director elected shall hold office until his successor is elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the number of directors may be filled by the shareholders, the board of directors, or a majority of the directors then in office, though less than a quorum, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify. If the vacant office is filled by the shareholders and was held by a director elected by a voting group of shareholders, then only the holders of shares of that voting group are entitled to vote to fill the vacancy.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Indiana, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise consistent with the articles of incorporation or by-laws.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Indiana.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Unless the articles of incorporation or these by-laws provide otherwise, special meetings of the board of directors may be called by the president on at least 2 days notice of the time, date and place of meeting to each director, either personally or by mail or by telegram; special

meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. A quorum of the board of directors may consist of no fewer than one-third of the fixed or prescribed number of directors. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless the articles of incorporation or by-laws provide otherwise, action required or permitted by law to be taken at a board of directors' meeting may be taken without a meeting if the action is taken by all members of the board. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes or filed with the corporate records reflecting the action taken.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may create one or more committees and appoint members of the board to serve on them. Each committee may have one or more members, who serve at the pleasure of the board of directors. Such committee shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation may be elected or appointed by the board of directors or by a duly elected or appointed officer if authorized by the board of directors. A corporation must have at least one officer. The same individual may simultaneously hold more than one office in a corporation.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, and one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board. A corporation must have at least one officer.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors or by an officer authorized by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed with or without cause at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors or by an officer authorized by the board of directors. Each officer has the authority and shall perform the duties as set forth herein or as prescribed by the board of directors or by direction of an officer authorized by the board of directors to prescribe the duties of other officers.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. In the absence of the president or in the event of his inability or refusal to act, the vice-president (or in the event there be more than one vice-president, the vice-presidents in the order designated by the directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary, or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to

the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the treasurer, or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation may but need not be represented by certificates signed (manually or in facsimile) by the president or a vice-president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof.

If the issuing corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences, and limitations applicable to each class and the variations in rights, preferences, and limitations determined for each series (and the authority of the board of directors to determine variations for future series) must be summarized on the front or back of each certificate. Alternatively, each certificate may state conspicuously on its front or back that the corporation will furnish the shareholder this information on request in writing and without charge.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates theretofore issued by the

corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days prior to the meeting or the particular action requiring such determination of shareholders. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Indiana.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make, at least five days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of each and the number of shares held by each, which list, for a period of five days prior to such meeting, shall be kept on file at the principal office of the corporation and shall, after written demand by the shareholder or the shareholder's agent or attorney authorized in writing, be subject to inspection by any shareholder at any time during usual business hours and at the expense of the shareholder. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder or the shareholder's agent or attorney authorized in writing during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of the shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the

corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors, from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Indiana." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted only by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board, unless otherwise provided by the articles of incorporation or by law.

Section 2. A by-law that fixes a greater quorum requirement for the board of directors may be amended or repealed only by the shareholders if the provision was originally adopted by the shareholders or only by the board of directors if the provision was originally adopted by the board of directors.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

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BY-LAWS

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ARTICLE I
OFFICES

Section 1.The registered office shall be located in Des Moines, Iowa.

Section 2. The corporation may also have offices at such other places both within and without the State of Iowa as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect, pursuant to law, a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting, stating the date, time, and place of the meeting, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Iowa as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the charter, may be called by the president, the board of directors, such other officers or persons provided in the articles of incorporation, or upon written demand of at least ten percent (10%) of all of the votes entitled to be cast on any issue proposed to be considered.

Section 3. Written or printed notice of a special meeting stating the date, time, and place of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. A majority of the votes entitled to be cast on a matter by a voting group constitutes a quorum of the voting group for action on that matter, except as otherwise provided by statute or by the charter. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the vote of a greater number of affirmative votes is required by law or the articles of incorporation.

Section 3. Each outstanding share, regardless of class, shall be entitled to one vote on each matter voted on at a meeting of shareholders unless the articles of incorporation or law provides otherwise. A shareholder may vote either in person or by proxy as provided for in a signed appointment form executed by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting (1) if one or more written consents setting forth the action so taken shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof, or (2) if so provided in the articles of incorporation, by persons who would be entitled to vote at a meeting shares having voting power to cast not less than the minimum number (or numbers, in the case of voting groups) of votes that would be necessary to authorize or take the action at a meeting at which all the shareholders entitled to vote were present and voted.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be not less than one nor more than five. The number of directors may be fixed or changed within the minimum or maximum by the shareholders

or by the board of directors. Directors need not be residents of the State of Iowa nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first meeting of shareholders.

Section 2. Unless the articles of incorporation provide otherwise, any vacancy occurring on the board of directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders, the board of directors, or if the directors remaining in office constitute fewer than a quorum of the board, the vacancy may be filled by the affirmative vote of a majority of the directors remaining in office.

Section 3. The business affairs of the corporation shall be managed by its board of directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute, by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Iowa, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Iowa.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting or it may convene at such place and time as shall be fixed by the consent in writing of all the directors. No notice of such meeting shall be necessary to the newly elected directors in order to legally constitute the meeting, provided a quorum shall be present.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called on two days' notice to each director, either personally, by mail or by telegram.

Section 5. Attendance or participation of a director at any meeting shall constitute a waiver of notice of such meeting, unless the director, at the beginning of the meeting (or promptly upon his arrival), objects to holding the meeting or transacting business at the meeting, and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of the notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business, unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if one or more written consents, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES

Section 1. The board of directors may create one (1) or more committees that may consist of one (1) or more members of the board. Committee members shall serve at the board of directors' pleasure. To the extent specified by the board of directors or articles of incorporation, each committee shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise provided by law.

ARTICLE VIII
NOTICES

Section 1. Whenever notice is required to be given to any director or shareholder under the provisions of the statutes, the articles of incorporation or these by-laws, it shall be construed to mean written notice, which may be by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time it is deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever notice is required to be given under the provisions of the statutes, the articles of incorporation or these by-laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors, and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors, at its first meeting after each annual meeting of shareholders, shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders, and shall record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation, and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control, belonging to the corporation.

Section 14. The assistant treasurer or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertificated. Each share certificate shall be signed by the president or a vice-president and the secretary or treasurer or an assistant secretary or treasurer of the corporation, or by the board of directors, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue different classes of shares or different series within a class, there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights applicable to each class, and the variations in the relative rights, preferences, and limitations determined for each series and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the persons signing a share certificate may be facsimiles. In case any person who has signed, or whose facsimile signature has been placed upon such certificate, shall have ceased to hold such office before such certificate is issued, the certificate is nevertheless valid.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate therefore issued by the corporation, which is alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender, to the corporation or the transfer agent of the corporation, of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate shall be cancelled and the transaction recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix a record date, in advance, that may not be more than seventy (70) days before the meeting or action requiring a determination of shareholders.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize a person, registered on its books as the owner of shares, as having the exclusive right to receive dividends and to vote with respect to shares shown to be owned, and as being exclusively liable for calls and assessments upon shares shown to be owned, and the corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Iowa.

LIST OF SHAREHOLDERS

Section 7. A list of shareholders as of the record date, prepared in alphabetical order, arranged by voting group, showing the address of and the number of shares held by each shareholder, and certified by the corporate officer responsible for its preparation or the transfer agent, shall be open for inspection at any meeting of shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the

corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the law and any applicable provisions of the articles of incorporation, dividends may be declared by the board of directors at any regular or special meeting, and may be paid in cash, in property or in shares of the corporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends, such sum or sums as the directors from time to time, in their absolute discretion, think proper, as a reserve fund to meet contingencies, for equalizing dividends, for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money, and notes of the corporation, shall be signed by such officer or officers, or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Iowa." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be amended or repealed, or new by-laws may be adopted, by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board unless the articles of incorporation or law reserve this power to the shareholders.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(KANSAS)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be in the City of Topeka, State of Kansas.

Section 2. The corporation may also have offices at such other places both within and without the State of Kansas as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. All meetings of the stockholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors, or at such other place either within or without the State of Kansas as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Kansas, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of stockholders, commencing with the year 2001, shall be held on May 15 if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., or at such other date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting. Elections for directors need not be by written ballot.

Section 3. Written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten nor more than sixty days before the date of the meeting.

Section 4. The officer who has charge of the stock ledger of the corporation shall prepare and make at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the

time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 7. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 8. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the articles of incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 10. Unless otherwise provided in the articles of incorporation each stockholder shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

ARTICLE III
DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall not be less than one, nor more than five. The first board shall consist of two directors. Thereafter, within the limits above specified, the number of directors shall be determined by resolution of the board of directors or by the stockholders at the annual meeting. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the articles of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected; the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the District Court may, upon application of any stockholder or stockholders holding at least ten percent of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 3. The business of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Kansas.

Section 5. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and

place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

Section 6. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

Section 7. Special meetings of the board may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 8. At all meetings of the board a majority of the directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of the board of directors the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. Unless otherwise restricted by the articles of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 10. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

COMMITTEES OF DIRECTORS

Section 11. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the articles of incorporation, except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of

shares of stock adopted by the board of directors as provided in K.S.A. 17-6401, and amendments thereto, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the by-laws of the corporation; and, unless the resolution or the articles of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock or to adopt a certificate of ownership and merger pursuant to K.S.A. 17-6703, and amendments thereto. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

Section 12. Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

COMPENSATION OF DIRECTORS

Section 13. Unless otherwise restricted by the articles of incorporation, the board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE IV
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or of the articles of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the articles of incorporation or these by-laws otherwise provide.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a president, one or more vice-presidents, a secretary and a treasurer.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the stockholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. In the absence of the president or in the event of his inability or refusal to act, the vice-president (or in the event there be more than one vice-president, the vice-presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARY

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE VI
CERTIFICATES OF STOCK

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertificated shares. Every holder of stock represented by certificates, and upon request, every holder of uncertificated shares shall be entitled to have a certificate, signed by, or in the name of the corporation by the chairperson or vice-chairperson of the board of directors, or the president or a vice-president, and by the treasurer or an assistant treasurer, or the secretary or assistant secretary of the corporation, representing the number of shares registered in certificate form.

Certificates may be issued for partly paid shares and in such case upon the face or back of the certificates issued to represent any such partly paid shares, the total amount of the consideration to be paid therefor, and the amount paid thereon shall be specified.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent certificated shares of such class or series of stock, provided that, except as otherwise provided in K.S.A. 17-6426, and amendments thereto, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. Any of or all the signatures on the certificate may be facsimile. In the event any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if the person were such officer, transfer agent or registrar at the date of issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates of stock, or uncertificated shares to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issuance of a new certificate or certificates of stock, or uncertificated shares, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFERS OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

FIXING RECORD DATE

Section 5. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting except that the board of directors may fix a new record date for the adjourned meeting. In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the board of directors may fix a record date which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the board of directors.

In order that the corporation may determine the other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Kansas.

ARTICLE VII
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the

corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article VII has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article VII (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the stockholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or

proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article VII.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article VII shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article VII.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article VII shall remain in full force and effect. If any word, clause or provision of this Article VII or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article VII is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article VII shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE VIII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the stockholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE IX
GENERAL PROVISIONS
DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the articles of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ANNUAL STATEMENT

Section 3. The board of directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

CHECKS

Section 4. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 5. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 6. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Kansas." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE X
AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed or new by-laws may be adopted by the stockholders or by the board of directors, when such power is conferred upon the board of directors by the articles of incorporation, at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors if notice of such alteration, amendment, repeal or adoption of new by-laws be contained in the notice of such special meeting.

ARTICLE XI

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(KENTUCKY)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Louisville, Kentucky.

Section 2. The corporation may also have offices at such other places both within and without the State of Kentucky as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect, pursuant to law, a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting, stating the date, time, and place of the meeting, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Kentucky as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the charter, may be called by the president, the board of directors, or upon written demand of at least thirty-three and one-third percent (33 1/3%) of all of the votes entitled to be cast on any issue proposed to be considered.

Section 3. Written or printed notice of a special meeting stating the date, time, and place of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. A majority of the votes entitled to be cast on a matter by a voting group constitutes a quorum of the voting group for action on that matter, except as otherwise provided by statute or by the charter. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the vote of a greater number of affirmative votes is required by law or the charter.

Section 3. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders unless the charter or law provides otherwise. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. Each shareholder having voting power shall be entitled to cumulate his votes in the election of directors. To the extent that the laws of this State or any successor statute may be amended or supplemented from time to time, the provisions hereof shall be amended automatically and construed so as to disallow cumulative voting to the extent permitted by law.

Section 4. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting, if one or more written consents setting forth the action so taken shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be not less than one nor more than five. The number of directors may be fixed or changed within the minimum or maximum by the shareholders or by the board of directors. Directors need not be residents of the State of Kentucky nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual

meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first meeting of shareholders.

Section 2. Unless the charter provides otherwise, any vacancy occurring in the board of directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders, the board of directors, or if the directors remaining in office constitute fewer than a quorum of the board, the vacancy may be filled by the affirmative vote of a majority of the directors remaining in office.

Section 3. The business affairs of the corporation shall be managed by its board of directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute, by the charter or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Kentucky, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Kentucky.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting or it may convene at such place and time as shall be fixed by the consent in writing of all the directors. No notice of such meeting shall be necessary to the newly elected directors in order to legally constitute the meeting, provided a quorum shall be present.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called on two days' notice to each director, either personally, by mail or by telegram.

Section 5. Attendance or participation of a director at any meeting shall constitute a waiver of notice of such meeting, unless the director, at the beginning of the meeting (or promptly upon his arrival), objects to holding the meeting or transacting business at the meeting, and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of the notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business, unless a greater number is required by law or by the charter. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the charter. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if one or more written consents, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES

Section 1. The board of directors may create one (1) or more committees that may consist of two (2) or more members of the board. Committee members shall serve at the board of directors' pleasure. To the extent specified by the board of directors or charter, each committee shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise provided by law.

ARTICLE VIII
NOTICES

Section 1. Whenever notice is required to be given to any director or shareholder under the provisions of the statutes, the charter or these by-laws, it shall be construed to mean written notice, which may be by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time it is deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever notice is required to be given under the provisions of the statutes, the charter or these by-laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors, and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors, at its first meeting after each annual meeting of shareholders, shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders, and shall record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation, and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control, belonging to the corporation.

Section 14. The assistant treasurer or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertificated. Each share certificate shall be signed by the president or a vice-president and the secretary or treasurer or an assistant secretary or treasurer of the corporation, or by the board of directors, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue different classes of shares or different series within a class, there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights applicable to each class, and the variations in the relative rights, preferences, and limitations determined for each series and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the persons signing a share certificate may be facsimiles. In case any person who has signed, or whose facsimile signature has been placed upon such certificate, shall have ceased to hold such office before such certificate is issued, the certificate is nevertheless valid.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation, which is alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender, to the corporation or the transfer agent of the corporation, of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate shall be cancelled and the transaction recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix a record date, in advance, that may not be more than seventy (70) days before the meeting or action requiring a determination of shareholders.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize a person, registered on its books as the owner of shares, as having the exclusive right to receive dividends and to vote with respect to shares shown to be owned, and as being exclusively liable for calls and assessments upon shares shown to be owned, and the corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Kentucky.

LIST OF SHAREHOLDERS

Section 7. A list of shareholders as of the record date, certified by the corporate officer responsible for its preparation or the transfer agent, shall be open for inspection at any meeting of shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right

of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such

capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the law and any applicable provisions of the charter, dividends may be declared by the board of directors at any regular or special meeting, and may be paid in cash, in property or in shares of the corporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends, such sum or sums as the directors from time to time, in their absolute discretion, think proper, as a reserve fund to meet contingencies, for equalizing dividends, for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money, and notes of the corporation, shall be signed by such officer or officers, or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Kentucky." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be amended or repealed, or new by-laws may be adopted, by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board unless the charter or law reserve this power to the shareholders.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(LOUISIANA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Baton Rouge, Louisiana.

Section 2. The corporation may also have offices at such other places both within and without the State of Louisiana as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Louisiana as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of not less than ten percent (10%) of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not

less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. In the case of any meeting called for the election of directors, those who attend the second of such adjourned meetings, although less than a quorum as fixed herein, shall nevertheless constitute a quorum for the purpose of electing directors.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Unless otherwise provided in the articles of incorporation, each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof. If the articles of incorporation provide that a consent may be signed by fewer than all of the shareholders having voting power on any question, then the consent need be signed only by shareholders holding that proportion of the total voting power on the question which is required by the articles of incorporation or by law, whichever requirement is higher. The consent, together with a certificate by the secretary of the corporation to the effect that the subscribers to the consent constitute all or the required proportion of the shareholders entitled to vote on the particular question, shall be filed with the records of proceedings of the shareholders. If the consent is signed by fewer than all of the shareholders having voting power on the question, prompt notice shall be given to all of the shareholders of the action taken pursuant to the consent.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of Louisiana nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the number of directors may be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose. A director elected to fill a vacancy, or a newly created directorship, shall hold office until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified. In addition vacancies and newly created directorships resulting from any increase in the number of directors may be filled by a majority of the directors then in office, though less than a quorum, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Louisiana, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Louisiana.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors may participate in a meeting of the board of directors, by means of conference telephone or similar communications equipment provided all persons participating in the meeting can hear and communicate with each other, and such participation in a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

PROXY VOTE BY DIRECTORS

Section 9. Any director absent from a meeting may be represented by any other director or shareholder, who may cast the vote of the absent director according to the written instructions, general or special, of said absent director, filed with the secretary.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of share holders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be resented by certificates signed by the president or a vice-president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full or summary statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such

certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate canceled and the transaction recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of and to vote at a meeting, or to receive a dividend, or to receive or exercise subscription or other rights, or to participate in a reclassification of stock, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix in advance a record date for determination of shareholders for such purpose, such date to be not more than sixty days and, if fixed for the purpose of determining shareholders entitled to notice of and to vote at a meeting, not less than ten days, prior to the date on which the action requiring the determination of shareholders is to be taken.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Louisiana.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the

corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or

proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Louisiana." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board.

The shareholders shall have the right to change or repeal any by-laws adopted by the directors.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(MAINE)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Portland, Maine.

Section 2. The corporation may also have offices at such other places both within and without the State of Maine as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, the clerk or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the chairman of the board of directors, a majority of the board of directors, or the holders of not less than ten percent of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not

less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, the clerk or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting if consents in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof and are filed with the clerk of the corporation as part of the corporate records.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of Maine nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Maine.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the chairman of the board or by the president on two days' notice to each director, either personally or by mail or by facsimile telecommunication; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business

to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by facsimile telecommunication.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a clerk, who is a resident of Maine, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE CLERK

Section 9. The clerk shall keep, in a book kept for such purpose, the records of all shareholders' meetings, including records of all votes and minutes of such meetings; such book shall be kept by him at the registered office of the corporation or, if the corporation is not a close corporation, as defined in the Maine Business Corporation Act, at another office of the corporation to which the clerk has ready access; wherever kept, such book shall be deemed to be in the custody of the clerk. He shall act as voting inspector. He shall keep on file a list of shareholders entitled to vote at each meeting. He shall keep on file the most recent list of shareholders. He may certify all votes, resolutions and actions of the shareholders, and may certify all votes, resolutions and actions of the board of directors and of its committees.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 10. The secretary shall attend all meetings of the board of directors and record all the proceedings of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

In the absence of the clerk at any shareholders' meeting the secretary, who need not be a resident of the State of Maine, shall keep the minutes of the votes and business transacted, and shall promptly deliver such minutes to the clerk for him to record in the record books of the company. The secretary may certify all votes, resolutions and actions of the shareholders, and of the board of directors and its committees.

Section 11. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 12. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 13. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 14. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 15. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by any two of: the president, a vice-president, the clerk, the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof.

If the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined, and the authority of the board of directors to fix and determine the relative rights and preferences of other series.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by the clerk, a transfer agent or any assistant transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate

shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of a dividend or other distribution, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty days and, in the case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. In lieu of fixing a record date, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, sixty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. If no record date is fixed for determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend or other distribution, the day next preceding the date on which notice of the meeting is mailed, or the day next preceding the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a meeting of the shareholders is adjourned for less than thirty days, the determination of shareholders entitled to vote at the original meeting shall apply to the adjourned meeting unless the directors fix a new record date for such adjourned meeting and cause new notice of the adjourned meeting to be given as for an original meeting. When a meeting of the shareholders is adjourned for thirty days or more, a new record date shall be fixed for the adjourned meeting.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Maine.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall, in advance of each meeting of shareholders, prepare a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of each and the number of shares held by each, which list, for a period commencing not less than ten days prior to such meeting, shall be kept on file at the office of the clerk of the corporation, and at the office of its transfer agent or registrar, if any and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other

enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Maine." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**;

provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(MARYLAND)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be in the City of Baltimore, State of Maryland.

Section 2. The corporation may also have offices at such other places both within and without the State of Maryland as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. Meetings of stockholders shall be held at the office of the corporation in Cincinnati, Ohio, or at any other place within the United States as shall be designated from time to time by the board of directors and stated in the notice of meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of stockholders, commencing with the year 2001, shall be held on May 15 if not a legal holiday, and if a legal holiday then on the next secular day following, at 10:00 a.m., or at such other date and time as shall be fixed by the Board of Directors between April and June and stated in the notice of the meeting, at which they shall elect a board of directors and may transact any business within the powers of the corporation. Any business of the corporation may be transacted at the annual meeting without being specially designated in the notice, except such business as is specifically required by statute to be stated in the notice.

Section 3. At any time in the interval between annual meetings, special meetings of the stockholders may be called by the board of directors, or by the president, a vice-president, the secretary, or an assistant secretary.

Section 4. Special meetings of stockholders shall be called by the secretary upon the written request of the holders of shares entitled to not less than twenty-five per cent of all the votes entitled to be cast at such meeting. Such request shall state the purpose or purposes of such meeting and the matters proposed to be acted on thereat. The secretary shall inform such stockholders of the reasonably estimated cost of preparing and mailing such notice of the meeting, and upon payment to the corporation of such costs the secretary shall give notice stating the purpose or purposes of the meeting to all stockholders entitled to notice at such meeting. No special meeting need be called upon the request of the holders of shares entitled to cast less than a majority of all votes entitled to be cast at such

meeting, to consider any matter which is substantially the same as a matter voted upon at any special meeting of the stockholders held during the preceding twelve months.

Section 5. Not less than ten nor more than ninety days before the date of every stockholders' meeting, the secretary shall give to each stockholder entitled to vote at such meeting, and to each stockholder not entitled to vote who is entitled by statute to notice, written or printed notice stating the time and place of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, either by mail or by presenting it to him personally or by leaving it at his residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at his post-office address as it appears on the records of the corporation, with postage thereon prepaid.

Section 6. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 7. At any meeting of stockholders the presence in person or by proxy of stockholders entitled to cast a majority of the votes thereat shall constitute a quorum; but this section shall not affect any requirement under the statute or under the charter for the vote necessary for the adoption of any measure. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. A majority of the votes cast at a meeting of stockholders, duly called and at which a quorum is present, shall be sufficient to take or authorize action upon any matter which may properly come before the meeting, unless more than a majority of the votes cast is required by the statute or by the charter.

Section 9. Unless the charter provides otherwise, each outstanding share of stock having voting power shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders; but no share shall be entitled to vote if any installment payable thereon is overdue and unpaid. A stockholder may vote the shares owned of record by him either in person or by proxy executed in writing by the stockholder or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven months from its date, unless otherwise provided in the proxy. At all meetings of stockholders, unless the voting is conducted by inspectors, all questions relating to the qualification of voters and the validity of proxies and the acceptance or rejection of votes shall be decided by the chairman of the meeting.

Section 10. Any action required or permitted to be taken at any meeting of stockholders may be taken without a meeting, if a consent in writing, setting forth such action, is signed by all the stockholders entitled to vote on the subject matter thereof and any other stockholders entitled to notice of a meeting of stockholders but not to vote thereat have waived in writing any rights which

they may have to dissent from such action, and such consent and waiver are filed with the records of stockholders meetings.

ARTICLE III
DIRECTORS

Section 1. The number of directors of the corporation shall be two. By vote of a majority of the entire board of directors, the number of directors fixed by the charter or by these bylaws may be increased or decreased from time to time not exceeding five nor less than one, but the tenure of office of a director shall not be affected by any decrease in the number of directors so made by the board. Until the first annual meeting of stockholders or until successors are duly elected and qualify, the board shall consist of the persons named as such in the charter. At the first annual meeting of stockholders and at each annual meeting thereafter, the stockholders shall elect directors to hold office until the next annual meeting or until their successors are elected and qualify. Directors need not be stockholders in the corporation.

Section 2. Any vacancy occurring in the board of directors for any cause other than by reason of an increase in the number of directors may be filled by a majority of the remaining members of the board of directors, although such majority is less than a quorum. Any vacancy occurring by reason of an increase in the number of directors may be filled by action of a majority of the entire board of directors. If the stockholders of any class or series are entitled separately to elect one or more directors, a majority of the remaining directors elected by that class or series or the sole remaining director elected by that class or series may fill any vacancy among the number of directors elected by that class or series. A director elected by the board of directors to fill a vacancy shall be elected to hold office until the next annual meeting of stockholders or until his successor is elected and qualifies.

Section 3. The business and affairs of the corporation shall be managed by its board of directors, which may exercise all of the powers of the corporation, except such as are by law or by the charter or by these bylaws conferred upon or reserved to the stockholders.

Section 4. At any meeting of stockholders, duly called and at which a quorum is present, the stockholders may, by the affirmative vote of the holders of a majority of the votes entitled to be cast thereon, remove any director or directors from office and may elect a successor or successors to fill any resulting vacancies for the unexpired terms of removed directors.

MEETINGS OF THE BOARD OF DIRECTORS

Section 5. Meetings of the board of directors, regular or special, may be held at any place in or out of the State of Maryland as the board may from time to time determine.

Section 6. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time

or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

Section 7. Regular meetings of the board of directors may be held without notice at such time and place as shall from time to time be determined by the board of directors.

Section 8. Special meetings of the board of directors may be called at any time by the board of directors or the executive committee, if one be constituted, by vote at a meeting, or by the president or by a majority of the directors or a majority of the members of the executive committee in writing with or without a meeting. Special meetings may be held at such place or places within or without Maryland as may be designated from time to time by the board of directors; in the absence of such designation such meetings shall be held at such places as may be designated in the call.

Section 9. Notice of the place and time of every special meeting of the board of directors shall be served on each director or sent to him by telegraph or by mail, or by leaving the same at his residence or usual place of business at least two days before the date of the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the director at his post-office address as it appears on the records of the corporation, with postage thereon prepaid.

Section 10. At all meetings of the board, a majority of the entire board of directors shall constitute a quorum for the transaction of business and the action of a majority of the directors present at any meeting at which a quorum is present shall be the action of the board of directors unless the concurrence of a greater proportion is required for such action by statute, the articles of incorporation or these bylaws. If a quorum shall not be present at any meeting of directors, the directors present thereat may by a majority vote adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 11. Any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if a written consent to such action is signed by all members of the board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the board or committee.

Section 12. Unless otherwise restricted by the charter or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

COMMITTEES OF DIRECTORS

Section 13. The board of directors may appoint from among its members an executive committee and other committees composed of two or more directors, and may delegate to such committees any of the powers of the board of directors except the power to declare dividends or distributions on stock, recommend to the stockholders any action which requires stockholder approval, amend the bylaws, and approve any merger or share exchange which does not require stockholder approval or issue stock. However, if the board of directors has given general authorization for the issuance of stock, a committee of the board, in accordance with a general formula or method specified by the board of directors by resolution or by adoption of a stock option plan, may fix the terms of stock subject to classification or reclassification and the terms on which any stock may be issued. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint a member of the board of directors to act in the place of such absent members.

Section 14. The committees shall keep minutes of their proceedings and shall report the same to the board of directors at the meeting next succeeding, and any action by the committees shall be subject to revision and alteration by the board of directors, provided that no rights of third persons shall be affected by any such revision or alteration.

COMPENSATION OF DIRECTORS

Section 15. Directors, as such, shall not receive any stated salary for their services but, by resolution of the board, a fixed sum, and expenses of attendance, if any, may be allowed to directors for attendance at each regular or special meeting of the board of directors, or of any committee thereof, but nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

ARTICLE IV
NOTICES

Section 1. Notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the corporation. Notice by mail shall be deemed to be given at the time when the same shall be mailed. In the case of stockholders' meetings the notice may be left at the stockholders residence or usual place of business. Notice to directors may also be given by telegram.

Section 2. Whenever any notice of the time, place or purpose of any meeting of stockholders, directors or committee is required to be given under the provisions of the statute or under the provisions of the charter or these bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice and filed with the records of the meeting, whether before or after the holding thereof, or actual attendance at the meeting of stockholders in person or by proxy, or at the meeting of directors or committee in person, shall be deemed equivalent to the giving of such notice to such persons.

ARTICLE V
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The president shall be selected from among the directors. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers. Two or more offices, except those of president and vice-president, may be held by the same person but no officer shall execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law, the charter or these bylaws to be executed, acknowledged or verified by two or more officers.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a president from among the directors, and shall choose one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall serve for one year and until their successors are chosen and qualify. Any officer or agent may be removed by the board of directors whenever, in its judgment, the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contractual rights, if any, of the person so removed. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation; he shall preside at all meetings of the stockholders and directors, shall have general and active management of the business of the corporation, and shall see that all orders and resolutions of the board are carried into effect.

Section 7. He shall execute in the corporate name all authorized deeds, mortgages, bonds, contracts or other instruments requiring a seal, under the seal of the corporation, except in cases in which the signing or execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of

the president, perform the duties and exercise the powers of the president, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall keep in safe custody the seal of the corporation and, when authorized by the board of directors, affix the same to any instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of an assistant secretary.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE VI
CERTIFICATES OF STOCK

Section 1. Each stockholder shall be entitled to a certificate or certificates which shall represent and certify the number and kind and class of shares owned by him in the corporation. Each certificate shall be signed by the president or a vice-president and countersigned by the secretary or an assistant secretary or the treasurer or an assistant treasurer and may be sealed with the corporate seal.

Section 2. The signatures may be either manual or facsimile signatures and the seal may be either facsimile or any other form of seal. In case any officer who has signed any certificate ceases to be an officer of the corporation before the certificate is issued, the certificate may nevertheless be issued by the corporation with the same effect as if the officer had not ceased to be such officer as of the date of its issue. Each stock certificate shall include on its face the name of the corporation, the name of the stockholder and the class of stock and number of shares represented by the certificate. If the corporation has authority to issue stock of more than one class, the stock certificate shall contain on its face or back a full statement or summary of the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption of the stock of each class which the corporation is authorized to issue and if the corporation is authorized to issue any preferred or special class in series, the differences in the relative rights and preferences between the shares of each series to the extent they have been set, and the authority of the board of directors to set the relative rights and preferences of subsequent series. A summary of such information included in a registration statement permitted to become effective under the Federal Securities Act of 1933, as now or hereafter amended, shall be an acceptable summary for the purposes of this section. In lieu of such full statement or summary, there may be set forth upon the face or back of the certificate a statement that the corporation will furnish to any stockholder upon request and without charge, a full statement of such information. Every stock certificate representing shares of stock which are restricted as to transferability by the corporation shall contain a full statement of the restriction or state that the corporation will furnish information about the restriction to the stockholder on request and without charge. A stock certificate may not be issued until the stock represented by it is fully paid, except in the case of stock purchased under an option plan as provided by Section 2-207 of the Corporations and Associations Article of Annotated Code of Maryland.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been stolen, lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be stolen, lost or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such stolen, lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and to give the corporation a bond, with sufficient surety, to the corporation to indemnify it against any loss or claim which may arise by reason of the issuance of a new certificate.

TRANSFERS OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

CLOSING OF TRANSFER BOOKS

Section 5. The board of directors may fix, in advance, a date as the record date for the purpose of determining stockholders entitled to notice of, or to vote at, any meeting of stockholders, or stockholders entitled to receive payment of any dividend or the allotment of any rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall be not more than sixty days, and in case of a meeting of stockholders not less than ten days, prior to the date on which the particular action requiring such determination of stockholders is to be taken. In lieu of fixing a record date, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, twenty days. If the stock transfer books are closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such books shall be closed for at least ten days immediately preceding such meeting.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Maryland.

ARTICLE VII
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the

person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article VII has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article VII (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the stockholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article VII.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article VII shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article VII.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article VII shall remain in full force and effect. If any word, clause or provision of this Article VII or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article VII is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article VII shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE VIII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the stockholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE IX
GENERAL PROVISIONS
DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the articles of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in its own shares, subject to the provisions of the statute and of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interests of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ANNUAL STATEMENT

Section 3. The president or a vice-president or the treasurer shall prepare or cause to be prepared annually a full and correct statement of the affairs of the corporation, including a balance sheet and a financial statement of operations for the preceding fiscal year, which shall be submitted at the annual meeting and shall be filed within twenty days thereafter at the principal office of the corporation in the State of Maryland.

CHECKS

Section 4. All checks, drafts, and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the corporation shall be signed by such officer or officers as the board of directors may from time to time designate.

FISCAL YEAR

Section 5. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 6. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Maryland." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

STOCK LEDGER

Section 7. The corporation shall maintain at its office in Cincinnati, Ohio, an original stock ledger containing the names and addresses of all stockholders and the number of shares of each class held by each stockholder. Such stock ledger may be in written form or any other form capable of being converted into written form within a reasonable time for visual inspection.

ARTICLE X
AMENDMENTS

Section 1. The board of directors shall have the power, at any regular meeting, or at any special meeting, if notice thereof be included in the notice of such special meeting, to alter or repeal any bylaws of the corporation and to make new bylaws, except that the board of directors shall not alter or repeal any bylaws made by the stockholders.

Section 2. The stockholders shall have the power, at any annual meeting or at any special meeting if notice thereof be included in the notice of such special meeting, to alter or repeal any bylaws of the corporation and to make new bylaws.

ARTICLE XI

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

I, THE UNDERSIGNED, being the secretary of _____ DO HEREBY CERTIFY the foregoing to be the by-laws of said corporation, as adopted at a meeting of the directors held on the _____.

_____
Secretary

(MASSACHUSETTS)

* * * * *

BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Boston, Massachusetts.

Section 2. The corporation may also have offices at such other places both within and without the Commonwealth of Massachusetts as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF STOCKHOLDERS

Section 1. All meetings of stockholders for the election of directors shall be held in Cincinnati, Ohio, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of stockholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be given to each stockholder entitled to vote thereat not less than seven days before the date of the meeting.

The notice shall also set forth the purpose or purposes for which the meeting is called.

ARTICLE III
SPECIAL MEETINGS OF STOCKHOLDERS

Section 1. Special meetings of stockholders for any purpose other than the election of directors may be held at such time and place within or without the Commonwealth of Massachusetts as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of stockholders may be called at any time, for any purpose or purposes, by the board of directors or by such other persons as may be authorized by law.

Section 3. Written or printed notice of a special meeting of stockholders, stating the time, place and purpose or purposes thereof, shall be given to each stockholder entitled to vote thereat, at least seven days before the date fixed for the meeting.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the articles of organization. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the stockholders unless the vote of a greater number of shares of stock is required by law or the articles of organization.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders. A stockholder may vote either in person or by proxy executed in writing by the stockholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the stockholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the stockholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the Commonwealth of Massachusetts nor stockholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the stockholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of stockholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the number of directors may be filled by a majority of the directors then in office, though less than a quorum, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as

are not by statute or by the articles of organization or by these by-laws directed or required to be exercised or done by the stockholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the Commonwealth of Massachusetts, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the Commonwealth of Massachusetts.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of organization. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of organization. If a quorum shall not be present at any meeting of directors, the directors present thereat

may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless the articles of organization or the by-laws otherwise provide, the members of the board of any corporation or any committee designated thereby may participate in a meeting of such board or committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of organization or of these by-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of organization or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The initial officers shall be elected by the incorporators and are set forth in the articles of organization. The officers of the corporation shall be a president, a treasurer and a

clerk. The president shall be chosen by the board of directors. The treasurer and the clerk shall be elected by the stockholders. The board of directors may choose one or more vice-presidents and one or more assistant treasurers and assistant clerks. None of the officers need be members of the board nor stockholders of the corporation.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose the officers for the ensuing year.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the stockholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE CLERK AND ASSISTANT CLERKS

Section 9. The clerk shall be a resident of the Commonwealth of Massachusetts, provided however, he need not be such resident, if, and as long as, the corporation shall appoint and maintain a resident agent for service of process within the Commonwealth. The clerk shall attend all

meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the record books and of the corporate seal of the corporation and he, or an assistant clerk, shall have authority to affix the seal to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant clerk. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature. The office of the clerk shall be deemed to be the office of the secretary of the corporation whenever such office is required for any purpose; and, whenever the signature of the secretary of the corporation is required on any instrument, or document, by the laws of the United States, or of any other state, or in any other manner whatsoever, the clerk shall have authority to affix his signature in such capacity.

Section 10. The assistant clerk, or if there be more than one, the assistant clerks in the order determined by the board of directors, shall, in the absence or disability of the clerk, perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertificated shares. Each certificate shall be signed by the chairman of the board of directors, the president or a vice-president and the treasurer or an assistant treasurer of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any stockholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Any shares subject to any restriction on transfer shall have the restriction noted conspicuously on the certificate and shall also set forth on the face or back of the certificate either the full text of the restriction, or a statement of the existence of such restriction and a statement that the corporation will furnish a copy thereof to the holder of such certificate upon written request and without charge.

Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 19, 25-28 or 41A or a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. The signatures of the officers upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

FIXING OF RECORD DATE

Section 5. The board of directors may fix in advance a time which shall be not more than sixty days before the date of any meeting of stockholders or the date for the payment of any dividend or the making of any distribution to stockholders or the last day on which the consent or dissent of stockholders may be effectively expressed for any purpose, as the record date for determining the stockholders having the right to notice of and to vote at such meeting and any adjournment thereof or the right to receive such dividend or distribution or the right to give such consent or dissent, and in such case only stockholders of record on such record date shall have such right, notwithstanding any transfer of stock on the books of the corporation after the record date; or without fixing such record date the board of directors may for any of such purposes close the transfer books for all or any part of such period.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Massachusetts.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the

person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the stockholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the stockholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of organization relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of organization.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Massachusetts." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed or new by-laws may be adopted (a) at any regular or special meeting of stockholders at which a quorum is present or represented, by the affirmative vote of a majority of the stock entitled to vote, provided notice of the proposed alteration, amendment or repeal be contained in the notice of such meeting, or (b) by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board, except with respect to any provision which by law, the articles of organization or the by-laws requires action by the stockholders, and provided further that any by- law adopted by the directors may be amended or repealed by the stockholders.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(MICHIGAN)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be in Bingham Farms, Michigan.

Section 2. The corporation may also have offices at such other places both within and without the State of Michigan as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the time, place and purposes of a meeting of shareholders shall be given not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, to each shareholder of record entitled to vote at the meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Michigan as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of shareholders may be called at any time, for any purpose or purposes, by the board of directors or by such other persons as may be authorized by law.

Section 3. Written notice of the time, place and purposes of a special meeting of shareholders shall be given not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, to each shareholder of record entitled to vote at the meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. The shareholders present in person or by proxy at such meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum. Whether or not a quorum is present, the meeting may be adjourned by a vote of the shares present. When the holders of a class or series of shares are entitled to vote separately on an item of business, this section applies in determining the presence of a quorum of such class or series for transaction of the item of business.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, unless otherwise provided in the articles of incorporation. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required or permitted to be taken at an annual or special meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if all the shareholders entitled to vote thereon consent thereto in writing.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall not be less than one nor more than five. Directors need not be residents of the State of Michigan nor shareholders of the corporation. The first board shall consist of two directors. Thereafter, within the limits above specified, the number of directors shall be determined by resolution of the board of directors or by the shareholders at the annual meeting. The directors shall be elected at the annual meeting of the shareholders, except as provided in Section 2 of this Article, and shall hold office for the terms for which they are elected and until their successors are elected and qualified.

Section 2. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A directorship to be filled because of an increase in the number of directors or to fill a vacancy

may be filled by the board for a term of office continuing only until the next election of directors by the shareholders.

Section 3. The business affairs of the corporation shall be managed by its board except as otherwise provided by statute or in the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation outside of the State of Michigan, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors in office, and irrespective of any personal interest of any of them, may establish reasonable compensation of directors for services to the corporation as directors or officers.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Regular or special meetings of the board of directors may be held either within or without the State of Michigan.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at a meeting constitutes a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, a regular or special meeting need be specified in the notice or waiver of notice of the meeting.

Section 6. A majority of the members of the board then in office constitutes a quorum for transaction of business, unless the articles of incorporation provide for a larger or smaller number. The vote of the majority of members present at a meeting at which a quorum is present

constitutes the action of the board unless the vote of a larger number is required by statute, the articles or these by-laws. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless otherwise provided by the articles of incorporation action required or permitted to be taken pursuant to authorization voted at a meeting of the board, may be taken without a meeting if, before or after the action, all members of the board consent thereto in writing. The written consents shall be filed with the minutes of the proceedings of the board. The consent has the same effect as a vote of the board for all purposes.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES

Section 1. Unless otherwise provided in the articles of incorporation, the board may designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of a committee, who may replace an absent or disqualified member at a meeting of the committee. In the absence or disqualification of a member of a committee, the members thereof present at a meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another member of the board to act at the meeting in place of such an absent or disqualified member. A committee, and each member thereof, shall serve at the pleasure of the board. A committee, to the extent provided in the resolution of the board or in the by-laws, may exercise all powers and authority of the board in management of the business and affairs of the corporation subject to any limitations by statute or in the articles of incorporation.

ARTICLE VIII
NOTICES

Section 1. When a notice or communication is required or permitted by this act to be given by mail, it shall be mailed, except as otherwise provided in this act, to the person to whom it is directed at the address designated by him for that purpose or, if none is designated, at his last known address. The notice or communication is given when deposited, with postage thereon pre-paid, in a post office or official depository under the exclusive care and custody of the United States postal service. The mailing shall be registered, certified or other first class mail except where otherwise provided by statute.

Section 2. When, under statutory requirements or the articles of incorporation or these by-laws or by the terms of an agreement or instrument, a corporation or the board or any

committee thereof may take action after notice to any person or after lapse of a prescribed period of time, the action may be taken without notice and without lapse of the period of time, if at any time before or after the action is completed the person entitled to notice or to participate in the action to be taken or, in case of a shareholder, by his attorney-in-fact, submits a signed waiver of such requirements.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be appointed by the board of directors and shall be a chairman of the board, a president, one or more vice-presidents, secretary, treasurer and such other officers as may be determined by the board.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, secretary, and treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers, assistant officers, employees and agents as it deems necessary and prescribe their powers and duties.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. An officer elected or appointed shall hold office for the term for which he is elected or appointed and until his successor is elected or appointed and qualified, or until his resignation or removal. An officer elected or appointed by the board may be removed by the board with or without cause.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of

the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the chairman of the board, vice-chairman of the board, president or a vice-president and by the treasurer, assistant treasurer, secretary or assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. A certificate representing shares shall state upon its face that the corporation is formed under the laws of this state, the name of the person to whom issued, the number and class of shares, and the designation of the series, if any, which the certificate represents, the par value of each share represented by the certificate, or a statement that the shares are without par value and shall set forth on its face or back or state that the corporation will furnish to a shareholder upon request and without charge a full statement of the designation, relative rights, preferences and limitations of the shares of each class authorized to be issued, and if the corporation is authorized to issue any class of shares in series, the designation, relative rights, preferences and limitations of each series so far as the same have been prescribed and the authority of the board to designate and prescribe the relative rights, preferences and limitations of other series.

Section 2. The signatures of the officers may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the corporation itself or its employee. In case any officer who has signed or whose facsimile signature has been placed upon a certificate ceases to be such officer before the certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed, and the board may require the owner of the lost or destroyed certificate, or his legal representative, to give the corporation a bond sufficient to indemnify the corporation against any claim that may be made against it on account of the alleged lost or destroyed certificate or the issuance of such a new certificate.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

FIXING OF RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders or an adjournment thereof, or to express consent or to dissent from a proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment

of a dividend or allotment of a right, or for the purpose of any other action, the board of directors may fix, in advance, a date as the record date for any such determination of shareholders. The date shall not be more than sixty nor less than ten days before the date of the meeting, not more than sixty days before any other action. If a record date is not fixed, the record date for determination of shareholders entitled to notice of or to vote at a meeting of shareholders shall be the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day next preceding the day on which the meeting is held, and the record date for determining shareholders for any purpose shall be the close of business on the day on which the resolution of the board relating thereto is adopted. When a determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders has been made, the determination applies to any adjournment of the meeting, unless the board fixes a new record date for the adjourned meeting.

REGISTERED SHAREHOLDERS

Section 6. For the purpose of determining shareholders entitled to vote or receive payment of a dividend or allotment of a right, the corporation shall be authorized to accept the list of shareholders made and certified by the officer or agent having charge of the stock transfer books as prima facie evidence as to who are such shareholders on the designated record date.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the stock transfer books for shares of a corporation shall make and certify a complete list of the shareholders entitled to vote at a shareholders' meeting or any adjournment thereof. The list shall be arranged alphabetically within each class and series, with the address of, and the number of shares held by each shareholder, produced at the time and place of the meeting, subject to inspection by any shareholder during the whole time of the meeting and be prima facie evidence as to who are the shareholders entitled to examine the list or to vote at the meeting. A person who is a shareholder of record of a corporation, upon at least ten days' written demand may examine for any proper purpose in person or by agent or attorney, during usual business hours, its minutes of shareholders' meetings and record of shareholders and make extracts therefrom, at the places where they are kept.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with

respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other

rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
DIVIDENDS

Section 1. The board of directors may declare and pay dividends or make other distributions in cash, bonds or property of the corporation, including the shares or bonds of other corporations, on its outstanding shares, except when currently the corporation is insolvent or would thereby be made insolvent, or when the declaration, payment or distribution would be contrary to any statutory restriction or restriction contained in the articles of incorporation.

Section 2. Before payment of any dividend, the board of directors may create reserves from its earned surplus or capital surplus for any proper purpose and may increase, decrease or abolish such reserve.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Michigan." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

These by-laws may be amended or repealed or new by-laws may be adopted by the shareholders or board of directors except as may be provided in the articles of incorporation. The shareholders may prescribe in these by-laws that any by-law made by them shall not be altered or repealed by the board of directors. Amendment of the by-laws by the board requires a vote of not less than a majority of the members of the board then in office.

ARTICLE XV
DIRECTORS' ANNUAL STATEMENT

Section 1. At least once in each year the board of directors shall cause a financial report of the corporation for the preceding fiscal year to be made and distributed to each shareholder thereof within four months after the end of the fiscal year. The report shall include the corporation's statement of income, its year-end balance sheet and, if prepared by the corporation, its statement of source and application of funds and such other information as may be required by statute.

FINANCIAL STATEMENT TO SHAREHOLDERS

Section 2. Upon written request of a shareholder, the corporation shall mail to the shareholder its balance sheet as at the end of the preceding fiscal year, its statement of income for such fiscal year, and, if prepared by the corporation, its statement of source and application of funds for such fiscal year.

ARTICLE XVI

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(MINNESOTA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Minneapolis, Minnesota.

Section 2. The corporation may also have offices at such other places both within and without the State of Minnesota as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be given to each shareholder entitled to vote thereat not less than ten days before the date of the meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Minnesota as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of shareholders may be called at any time, for any purpose or purposes, by the board of directors or by such other persons as may be authorized by law.

Section 3. Written or printed notice of a special meeting of shareholders, stating the time, place and purpose or purposes thereof, shall be given to each shareholder entitled to vote thereat, at least ten days before the date fixed for the meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. The shareholders shall take action by the affirmative vote of the holders of the greater of (1) a majority of the voting power of the shares present and entitled to vote on that item of business, or (2) a majority of the voting power of the minimum number of the shares entitled to vote that would constitute a quorum for the transaction of business at the meeting, unless the vote of a greater number of shares of stock is required by law or the articles of incorporation. If the articles of incorporation require a larger proportion or number than is required by law, the articles control.

Section 3. Unless otherwise provided in the articles of incorporation, each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of Minnesota nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of

directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Minnesota, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for service to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Minnesota.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. The board shall take action by the affirmative vote of the greater of (1) majority of directors present at a duly held meeting at the time the action is taken, or (2) a majority of the minimum proportion or number of directors that would constitute a quorum for the transaction of business at the meeting, unless the act of a greater number is required by statute or by the articles of incorporation. If the articles require a larger proportion or number than is required by statute for a particular action, the articles shall control. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage

thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the president or a vice-president and the secretary or an assistant secretary of the corporation and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue shares of more than one class, every certificate shall set forth upon the face or back of such certificate a statement of the designations, preferences, limitations and relative rights of the shares of each class authorized to be issued, as required by the laws of the State of Minnesota.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, forty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days, immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than forty days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If the stock transfer books are not closed and no record date is fixed, the determination of shareholders entitled to notice of or to vote at a meeting, or to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Minnesota.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed

to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Minnesota." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board.

After the adoption of the initial by-laws, the board shall not adopt, amend, or repeal a by-law fixing a quorum for meetings of shareholders, prescribing procedures for removing directors or filling vacancies in the board, or fixing the number of directors or their classifications, qualifications, or terms of office, but may adopt or amend a by-law to increase the number of directors.

The shareholders shall have the right to change or repeal any by-laws adopted by the directors.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(MISSISSIPPI)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Flowood, Mississippi.

Section 2. The corporation may also have offices at such other places both within and without the State of Mississippi as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors, and if no place is stated then at the principal office.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be given to each shareholder of record entitled to vote thereat not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Mississippi as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. If no place is stated, special meetings shall be held at the corporation's principal office.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting.

Section 3. Written or printed notice of a special meeting of shareholders, stating the time, place and purpose or purposes thereof, shall be given to each shareholder entitled to vote thereat, at least ten and not more than sixty days before the date fixed for the meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes described in the meeting notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. A majority of the votes entitled to be cast on a matter by the voting group constitutes a quorum of the voting group for action on that matter except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than one hundred and twenty days after the date fixed for the original meeting, the directors must fix a new record date and notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

Section 2. If a quorum is present, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action unless the vote of a greater number of affirmative votes is required by law or the articles of incorporation.

Section 3. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders unless the articles of incorporation or law provides otherwise. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if one or more consents in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall not be less than one nor more than five. Thereafter, within the limits above specified, the number of directors shall be determined by resolution of the board of directors, or by the shareholders at the annual

meeting. The directors shall be elected at the annual meeting of shareholders, and each director elected shall hold office until his successor is elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the number of directors may be filled only by the shareholders.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the State, outside of the State of Mississippi, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise consistent with the articles of incorporation or by-laws.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Mississippi.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Unless the articles of incorporation or these by-laws provide otherwise, special meetings of the board of directors may be called by the president on at least two days' notice of the time, date and place of meeting to each director, either personally or by mail or by telegram.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director at the beginning of the meeting (or promptly upon his arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote

for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. A quorum of the board of directors may consist of no fewer than one-third of the fixed or prescribed number of directors. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless the articles of incorporation or by-laws provide otherwise, action required or permitted by law to be taken at a board of directors' meeting may be taken without a meeting if the action is taken by all members of the board. The action must be evidenced by one or more written consents describing the action taken, signed by each director, and included in the minutes or filed with the corporate records reflecting the action taken.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may create one or more committees and appoint members of the board to serve on them. Each committee must have two or more members, who serve at the pleasure of the board of directors. Such committee shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation may be elected or appointed by the board of directors or by a duly elected or appointed officer if authorized by the board of directors. A corporation must have at least one officer. The same individual may simultaneously hold more than one office in a corporation.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president and one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors or by an officer authorized by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed with or without cause at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors or by an officer authorized by the board of directors. Each officer has the authority and shall perform the duties as set forth herein or as prescribed by the board of directors or by direction of an officer authorized by the board of directors to prescribe the duties of other officers.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. In the absence of the president or in the event of his inability or refusal to act, the vice-president (or in the event there be more than one vice-president, the vice-presidents in the order designated by the directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary, or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the treasurer, or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed (manually or in facsimile) by the president or a vice-president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof.

If the issuing corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences and limitations applicable to each class and the variations in rights, preferences, and limitations determined for each series (and the authority of the board of directors to determine variations for future series) must be summarized on the front or back of each certificate. Alternatively, each certificate may state conspicuously on its front or back that the corporation will furnish the shareholder this information on request in writing and without charge.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate therefore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days prior to the meeting or the particular action requiring such determination of shareholders.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable to calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Mississippi.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make a complete list of the shareholders entitled to vote at a shareholders' meeting, arranged by voting group in alphabetical order, with the address of each and the number of shares held by each, which list, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, shall be kept on file at the principal office of the corporation and shall, after written demand by the shareholder or the shareholder's agent or attorney authorized in writing, be subject to inspection by any shareholder at any time during usual business hours and at the expense of the shareholder. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder or the shareholder's agent or attorney authorized in writing during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of the shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a

manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes

of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors, from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or the equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors say modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Mississippi." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted only by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board, unless otherwise provided by the articles of incorporation or by law.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(MISSOURI)

* * * * *

BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Clayton, Missouri.

Section 2. The corporation may also have offices at such other places both within and without the State of Missouri as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than seventy days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Missouri as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the board of directors or by such other person or persons as may be provided in the articles of incorporation.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than seventy days before the date of the meeting, either personally or by mail, by

or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of Missouri nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Unless otherwise provided in the articles of incorporation or these by-laws, any vacancy occurring in the board of directors and any newly created directorship resulting from any increase in the number of directors to constitute the board of directors may be filled by a majority of

the directors then in office, although less than a quorum, or by a sole remaining director, until the next election of directors by the shareholders.

Section 3. The business affairs of the corporation shall be managed by its board of directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Missouri, at such place or places as the directors may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Missouri.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by facsimile telecommunication; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the full board of directors shall constitute a quorum for the transaction of business unless a greater number is required by statute or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors, or of the executive committee or any other committee of the directors, may be taken without a meeting, if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the board or of the committee entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors or committee by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other, and participation in a meeting in this manner shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by facsimile telecommunication.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a

waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the president or a vice-president and the secretary or an assistant secretary or the treasurer or an assistant treasurer of the corporation, and sealed with the seal of the corporation or a facsimile thereof.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. The board of directors shall have power to close the transfer books of the corporation for a period not exceeding seventy days preceding the date of any meeting of shareholders or the date for payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of shares shall go into effect; provided, however, that in lieu of closing the transfer books, the board of directors may fix in advance a date, not exceeding seventy days preceding the date of any meeting of shareholders, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of shares shall go into effect, as a record date for the determination of the shareholders entitled to notice of, and to vote at the meeting, and any adjournment thereof, or entitled to receive payment of the dividend, or entitled to any such allotment of rights, or entitled to exercise the rights in respect of the change, conversion or exchange of shares, and in such case, only the shareholders who are shareholders of record on the date of closing the transfer books or on the record date so fixed shall be entitled to notice of, and to vote at, the meeting, and any adjournment thereof, or to receive payment of the dividend, or

to receive the allotment of rights, or to exercise the rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the date of closing of the transfer books or the record date fixed as aforesaid. If the board of directors does not close the transfer books or set a record date for the determination of the shareholders entitled to notice of, and to vote at, a meeting of shareholders, only the shareholders who are shareholders of record at the close of business on the twentieth day preceding the date of the meeting shall be entitled to notice of, and to vote at, the meeting, and any adjournment of the meeting; except that, if prior to the meeting, written waivers of notice of the meeting are signed and delivered to the corporation by all of the shareholders of record at the time the meeting is convened, only the shareholders who are shareholders of record at the time the meeting is convened shall be entitled to vote at the meeting, and any adjournment of the meeting.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Missouri.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make, at least ten days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of each and the number of shares held by each, which list, for a period of ten days prior to such meeting, shall be kept on file at the registered office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of the shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a

manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes

of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Missouri." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. If provided by the articles of incorporation, these by-laws may be altered, amended, or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(MONTANA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Helena, Montana.

Section 2. The corporation may also have offices at such other places both within and without the State of Montana as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held within or without Montana as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on the fifteenth day of May, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect, pursuant to law, a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting, stating the date, time, and place of the meeting, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Montana as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the charter, may be called by the president, the board of directors, such other officers or persons provided in the articles of incorporation, or upon written demand of at least ten percent (10%) of all of the votes entitled to be cast on any issue proposed to be considered.

Section 3. Written or printed notice of a special meeting stating the date, time, and place of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. A majority of the votes entitled to be cast on a matter by a voting group constitutes a quorum of the voting group for action on that matter, except as otherwise provided by statute or by the charter. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the vote of a greater number of affirmative votes is required by law or the articles of incorporation.

Section 3. Each outstanding share, regardless of class, shall be entitled to one vote on each matter voted on at a meeting of shareholders unless the articles of incorporation or law provides otherwise. A shareholder may vote either in person or by proxy as provided for in a signed appointment form executed by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting (1) if one or more written consents setting forth the action so taken shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof, or (2) if so provided in the articles of incorporation, by persons who would be entitled to vote at a meeting shares having voting power to cast not less than the minimum number (or numbers, in the case of voting groups) of votes that would be necessary to authorize or take the action at a meeting at which all the shareholders entitled to vote were present and voted.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be not less than one nor more than five. The number of directors may be fixed or changed within the minimum or maximum by the shareholders

or by the board of directors. Directors need not be residents of the State of Montana nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first meeting of shareholders.

Section 2. Unless the articles of incorporation provide otherwise, any vacancy occurring on the board of directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders, the board of directors, or if the directors remaining in office constitute fewer than a quorum of the board, the vacancy may be filled by the affirmative vote of a majority of the directors remaining in office.

Section 3. The business affairs of the corporation shall be managed by its board of directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute, by the articles of incorporation or by these bylaws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Montana, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Montana.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

No notice of such meeting shall be necessary to the newly elected directors in order to legally constitute the meeting, provided a quorum shall be present.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called on two days' notice to each director, either personally, by mail or by telegram.

Section 5. Attendance or participation of a director at any meeting shall constitute a waiver of notice of such meeting, unless the director, at the beginning of the meeting (or promptly upon the director's arrival), objects to holding the meeting or transacting business at the meeting, and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of the notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business, unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if one or more written consents, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES

Section 1. The board of directors may create two (2) or more committees that may consist of two (2) or more members of the board. Committee members shall serve at the board of directors' pleasure. To the extent specified by the board of directors or articles of incorporation, each committee shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise provided by law.

ARTICLE VIII
NOTICES

Section 1. Whenever notice is required to be given to any director or shareholder under the provisions of the statutes, the articles of incorporation or these bylaws, it shall be construed to mean written notice, which may be by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be

deemed to be given at the time it is deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever notice is required to be given under the provisions of the statutes, the articles of incorporation or these bylaws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors, and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors, at its first meeting after each annual meeting of shareholders, shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders, and shall record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation, and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control, belonging to the corporation.

Section 14. The assistant treasurer or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertificated. Each share certificate shall be signed by the president or a vice-president and the secretary or treasurer or an assistant secretary or treasurer of the corporation, or by the board of directors, and may be sealed with the seal of the corporation or a facsimile thereof. With regard to the issuance or transfer of uncertificated shares, the corporation must send the shareholder a written statement of information. The written statement must contain the same information that is required for certified shares.

When the corporation is authorized to issue different classes of shares or different series within a class, there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights applicable to each class, and the variations in the relative rights, preferences, and limitations determined for each series and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the persons signing a share certificate may be facsimiles. In case any person who has signed, or whose facsimile signature has been placed upon such certificate, shall have ceased to hold such office before such certificate is issued, the certificate is nevertheless valid.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation, which is alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender, to the corporation or the transfer agent of the corporation, of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled

thereto, and the old certificate shall be cancelled and the transaction recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix a record date, in advance, that may not be more than seventy (70) days before the meeting or action requiring a determination of shareholders.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize a person, registered on its books as the owner of shares, as having the exclusive right to receive dividends and to vote with respect to shares shown to be owned, and as being exclusively liable for calls and assessments upon shares shown to be owned, and the corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Montana.

LIST OF SHAREHOLDERS

Section 7. A list of shareholders as of the record date, prepared in alphabetical order, arranged by voting group, and within each voting group by class or series of shares, showing the address of and the number of shares held by each shareholder, and certified by the corporate officer responsible for its preparation or the transfer agent, shall be open for inspection at any meeting of shareholders. The list must be at the corporation's principal office or at a place identified in the meeting notice, in the city where the meeting will be held.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the

person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the law and any applicable provisions of the articles of incorporation, dividends may be declared by the board of directors at any regular or special meeting, and may be paid in cash, in property or in shares of the corporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends, such sum or sums as the directors from time to time, in their absolute discretion, think proper, as a reserve fund to meet contingencies, for equalizing dividends, for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation, shall be signed by such officer or officers, or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Montana." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These bylaws may be amended or repealed, or new bylaws may be adopted, by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board unless the articles of incorporation or law reserve this power to the shareholders.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(NEBRASKA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Lincoln, Nebraska.

Section 2. The corporation may also have offices at such other places both within and without the State of Nebraska as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15 if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Nebraska as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of not less than one-tenth of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of the special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered

not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

In all elections for directors every shareholder, entitled to vote, shall have the right to vote, in person or by proxy, the number of shares of stock owned by him, for as many persons as there are directors to be elected, or to cumulate the vote of said shares, and give one candidate as many votes as the number of directors multiplied by the number of his shares of stock shall equal, or to distribute the votes on the same principle among as many candidates as he may see fit. To the extent that the laws of this State or any successor statute may be amended or supplemented from time to time, the provisions hereof shall be amended automatically and construed so as to disallow cumulative voting to the extent permitted by law.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of Nebraska nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Nebraska, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Nebraska.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the

meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called on at least two days' notice to each director, either personally or by mail or by telegram.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposed in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for

the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed either manually or in facsimile, by two officers of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

FIXING THE RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of a shareholder's meeting, to demand a special meeting, to vote or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the record date be fixed not more than seventy days before the meeting or action requiring a determination of shareholders.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Nebraska.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make, at least ten days before each meeting of shareholders, a complete list of the shareholders entitled to notice of a shareholders' meeting, arranged in alphabetical order. The list shall be arranged by voting group, and within each voting group by class or series of shares, and shall show the address of and the number of shares held by each shareholder. The shareholder's list shall be available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting, at the corporation's principal office or at a place identified in the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder, his or her agent, or his or her attorney shall be entitled on written demand to inspect and copy the shareholders' list during regular business hours and at his or her expense during the period it is available for inspection.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the

corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or

proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in shares of the capital stock or in the corporation's bonds or its property, including the shares or bonds of other corporations subject to any provisions of law and of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Nebraska." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed or new by-laws may be adopted (a) at any regular or special meeting of shareholders at which a quorum is present or represented, by the affirmative vote of a majority of the stock entitled to vote, provided notice of the proposed alteration, amendment or repeal be contained in the notice of such meeting, or (b) by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board.

No by-law shall be adopted by the directors which shall require more than a majority of the voting shares for a quorum at a meeting of shareholders, or more than a majority of the votes cast to constitute action by the shareholders, except where higher percentages are required by the articles of incorporation or by this act.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(NEVADA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be in Reno, Nevada.

Section 2. The corporation may also have offices at such other places both within and without the State of Nevada as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. All annual meetings of the stockholders shall be held in Toronto, Canada. Special meetings of the stockholders may be held at such time and place within or without the State of Nevada as shall be stated in the notice of the meeting, or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of stockholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 4. Notices of meetings shall be in writing and signed by the president or a vice president, or the secretary, or an assistant secretary, or by such other person or persons as the directors shall designate. Such notice shall state the purpose or purposes for which the meeting is called and the time when and the place where it is to be held. A copy of such notice shall be either delivered personally to or shall be mailed, postage prepaid, to each stockholder of record entitled to vote at such meeting not less than ten nor more than sixty days before such meeting. If mailed, it shall be directed to a stockholder at his address as it appears upon the records of the corporation and upon such mailing of any such notice, the service thereof shall be complete, and the time of the notice shall begin to run from the date upon which such notice is deposited in the mail for transmission to such stockholder. Personal delivery of any such notice to any officer of a corporation or association, or to any member of a

partnership shall constitute delivery of such notice to such corporation, association or partnership. In the event of the transfer of stock after delivery or mailing of the notice of and prior to the holding of the meeting it shall not be necessary to deliver or mail notice of the meeting to the transferee.

Section 5. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 6. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 7. When a quorum is present or represented at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the articles of incorporation a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 8. Unless otherwise provided in the articles of incorporation, every stockholder of record of the corporation shall be entitled at each meeting of stockholders to one vote for each share of stock standing in his name on the books of the corporation.

Section 9. At any meeting of the stockholders, any stockholder may be represented and vote by a proxy or proxies appointed by an instrument in writing. In the event that any such instrument in writing shall designate two or more persons to act as proxies, a majority of such persons present at the meeting, or, if only one shall be present, then that one shall have and may exercise all of the powers conferred by such written instrument upon all of the persons so designated unless the instrument shall otherwise provide. No such proxy shall be valid after the expiration of six months from the date of its execution, unless coupled with an interest, or unless the person executing it specifies therein the length of time for which it is to continue in force, which in no case shall exceed seven years from the date of its execution. Subject to the above, any proxy duly executed is not revoked and continues in full force and effect until an instrument revoking it or a duly executed proxy bearing a later date is filed with the secretary of the corporation.

Section 10. Any action, which may be taken by the vote of the stockholders at a meeting, may be taken without a meeting if authorized by the written consent of stockholders holding at least a majority of the voting power, unless the provisions of the statutes or of the articles of incorporation require a greater proportion of voting power to authorize such action in which case such greater proportion of written consents shall be required.

ARTICLE III
DIRECTORS

Section 1. The number of directors shall be neither more than one nor less than five. The number of directors is to be fixed by vote of the shareholders. The directors shall be elected at the annual meeting of the stockholders, and except as provided in Section 2 of this article, each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 2. Vacancies, including those caused by an increase in the number of directors, may be filled by a majority of the remaining directors though less than a quorum. When one or more directors shall give notice of his or their resignation to the board, effective at a future date, the board shall have power to fill such vacancy or vacancies to take effect when such resignation or resignations shall become effective, each director so appointed to hold office during the remainder of the term of office of the resigning director or directors.

Section 3. The business of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Nevada.

Section 5. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

Section 6. Regular meetings of the board of directors may be held without notice at such time and place as shall from time to time be determined by the board.

Section 7. Special meetings of the board of directors may be called by the president or secretary on the written request of two directors. Written notice of special meetings of the board of directors shall be given to each director at least two days before the date of the meeting.

Section 8. A majority of the board of directors, at a meeting duly assembled, shall be necessary to constitute a quorum for the transaction of business and the act of a majority of the

directors present at any meeting at which a quorum is present shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the articles of incorporation. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 9. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

COMMITTEES OF DIRECTORS

Section 10. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation, which, to the extent provided in the resolution, shall have and may exercise the powers of the board of directors in the management of the business and affairs of the corporation, and may have power to authorize the seal of the corporation to be affixed to all papers on which the corporation desires to place a seal. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

Section 11. The committees shall keep regular minutes of their proceedings and report the same to the board when required.

COMPENSATION OF DIRECTORS

Section 12. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE IV
NOTICES

Section 1. Notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the corporation. Notice by mail shall be deemed to be given at the time when the same shall be mailed. Notice to directors may also be given by facsimile telecommunication.

Section 2. Whenever all parties entitled to vote at any meeting, whether of directors or stockholders, consent, either by a writing on the records of the meeting or filed with the secretary, or by presence at such meeting and oral consent entered on the minutes, or by taking part in the

deliberations at such meeting without objection, the doings of such meeting shall be as valid as if had at a meeting regularly called and noticed, and at such meeting any business may be transacted which is not excepted from the written consent or to the consideration of which no objection for want of notice is made at the time, and if any meeting be irregular for want of notice or of such consent, provided a quorum was present at such meeting, the proceedings of said meeting may be ratified and approved and rendered likewise valid and the irregularity or defect therein waived by a writing signed by all parties having the right to vote at such meetings; and such consent or approval of stockholders may be by proxy or attorney, but all such proxies and powers of attorney must be in writing.

Section 3. Whenever any notice whatsoever is required to be given under the provisions of the statutes, of the articles of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice president, a secretary and a treasurer. Any person may hold two or more offices.

Section 2. The board of directors at its first meeting after each annual meeting of stockholders shall choose a president, a vice president, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint additional vice presidents, and assistant secretaries and assistant treasurers and such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation by death, resignation, removal or otherwise shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the stockholders and the board of directors, shall have general and active management of the business of the corporation, and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE PRESIDENT

Section 8. The vice president shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties as the board of directors may from time to time prescribe.

THE SECRETARY

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall keep in safe custody the seal of the corporation and, when authorized by the board of directors, affix the same to any instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of the treasurer or an assistant secretary.

THE TREASURER

Section 10. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 11. He shall disburse the funds of the corporation as may be ordered by the board of directors taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at the regular meetings of the board, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 12. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

ARTICLE VI
CERTIFICATES OF STOCK

Section 1. Every stockholder shall be entitled to have a certificate, signed by the president or a vice president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation. If the corporation is authorized to issue shares of more than one class or more than one series of any class, there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any stockholders upon request and without charge, a full or summary statement of the designations, preferences and relative, participating, optional or other special rights of the various classes of stock or series thereof and the qualifications, limitations or restrictions of such rights, and, if the corporation shall be authorized to issue only special stock, such certificate shall set forth in full or summarize the rights of the holders of such stock.

Section 2. Whenever any certificate is countersigned or otherwise authenticated by a transfer agent or transfer clerk, and by a registrar, then a facsimile of the signatures of the officers or agents of the corporation may be printed or lithographed upon such certificate in lieu of the actual signatures. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers of the corporation, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the corporation, such certificate or certificates may nevertheless be adopted by the corporation and be issued and delivered as though the person or persons who signed such certificate or certificates, or whose facsimile signature or signatures shall have been used thereon, had not ceased to be an officer or officers of such corporation.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

TRANSFER OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

CLOSING OF TRANSFER BOOKS

Section 5. The directors may prescribe a period not exceeding sixty days prior to any meeting of the stockholders during which no transfer of stock on the books of the corporation may be made, or may fix a day not more than sixty days prior to the holding of any such meeting as the day as of which stockholders entitled to notice of and to vote at such meeting shall be determined; and only stockholders of record on such day shall be entitled to notice or to vote at such meeting.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Nevada.

ARTICLE VII
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that

no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article VII has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article VII (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the stockholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article VII.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article VII shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article VII.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall continue as to a person who has ceased to be a director,

officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article VII shall remain in full force and effect. If any word, clause or provision of this Article VII or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article VII is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article VII shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE VIII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the stockholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE IX
GENERAL PROVISIONS
DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the articles of incorporation, if any, may be declared by the board of directors at any regular or special meeting pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserves in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its incorporation and the words "Corporate Seal, Nevada."

ARTICLE X
AMENDMENTS

Section 1. These by-laws may be altered or repealed at any regular meeting of the stockholders or of the board of directors or at any special meeting of the stockholders or of the board of directors if notice of such alteration or repeal be contained in the notice of such special meeting.

ARTICLE XI

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required

under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

I, THE UNDERSIGNED, being the secretary of _____ DO HEREBY CERTIFY the foregoing to be the by-laws of said corporation, as adopted at a meeting of the directors held on the _____.

_____
(Secretary)

(NEW HAMPSHIRE)

* * * * *

BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office of the corporation shall be in Concord, New Hampshire.

Section 2. The corporation may also have offices at such other places both within and without the State of New Hampshire as the board of directors may from time to time determine or the business of the corporation may require

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of New Hampshire as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of shareholders for any purpose or purposes may be called by the president, board of directors, or the holders of not less than one-tenth of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not

less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. A majority of the shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of shareholders, the shareholders present in person or represented by proxy shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Unless the articles of incorporation shall otherwise provide, each outstanding share of stock having voting power, regardless of class, shall be entitled to one vote on each matter submitted to a vote at the meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in fact.

Section 4. Any action required to be taken at a meeting of the shareholders or any action which may be taken at a meeting of shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of New Hampshire nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum. A director elected to

fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors may be filled by the board of directors for a term of office continuing only until the next succeeding annual meeting of shareholders.

Section 3. The business and affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as required by law to be kept within the state, outside the State of New Hampshire, at such place or places as they may from time to time determine.

Section 5. The board of directors by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have the authority to establish reasonable compensation of directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held within or without the State of New Hampshire.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order to legally constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by statute or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present there at may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the full board of directors, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be delivered at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice is required to be given under the provisions of the statutes, or under the provisions of the articles of incorporation or by-laws, a waiver thereof in writing signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be elected by the board of directors and shall consist of a president, a secretary, and a treasurer, and there may be such other officers and assistant officers and agents as the board of directors shall from time to time appoint. Any two or more offices may be held by the same person. The secretary shall be a resident of New Hampshire.

Section 2. The board of directors at its organizational meeting held after the filing of the articles of incorporation shall choose a president, a secretary and a treasurer. The president shall be chosen from among the directors, but the secretary and treasurer need not be members of the board.

Section 3. The board of directors may appoint such other officers, assistant officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of an assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, may perform the duties and exercise the powers of a secretary and may perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the chairman or vice-chairman of the board of directors or the president or a vice-president and by the secretary or an assistant secretary or the treasurer or an assistant treasurer of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. Any or all of such signatures upon a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer, transfer agent or registrar before the certificate is issued, it may be issued by the corporation with the same effect as if he were the officer, transfer agent or registrar at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof or entitled to receive payment of any

dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix a record date, in advance, that may not be more than seventy (70) days before the meeting or action requiring a determination of shareholders.

REGISTERED STOCKHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of New Hampshire.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances

of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made

hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant

to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, New Hampshire." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. The power to alter, amend or repeal the by-laws or adopt new by-laws, subject to repeal or change by action of the shareholders, shall be vested in the board of directors unless reserved to the shareholders by the articles of incorporation.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(NEW JERSEY)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in West Trenton, New Jersey.

Section 2. The corporation may also have offices at such other places both within and without the State of New Jersey as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETING OF SHAREHOLDER

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on the fifteenth day of May, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., or at such other date and time as shall be fixed from time to time by the board of directors and stated in the notice of meeting, at which the shareholders shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the time, place, and purpose or purposes of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of New Jersey as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the president or the board of directors. Also, upon the application of the holders of not less than ten percent of all the shares entitled to vote at the meeting, the Superior Court, for good cause shown, may

order a special meeting. Special meetings of the shareholders may be called also by the chairman of the board of directors.

Section 3. Written notice of a special meeting stating the time, place, and purpose or purposes of the meeting for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. Business transacted at any special meeting shall be confined to the purpose or purposes stated in the notice thereof.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the certificate of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, unless otherwise provided in the certificate of incorporation. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his agent.

Section 4. Subject to statutory provisions, any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

Except as provided in the certificate of incorporation and subject to the statutory provisions and upon compliance therewith any action required to be taken at a meeting of shareholders, other than the annual election of directors, may be taken without a meeting upon the written consent of shareholders who would have been entitled to cast the minimum number of votes which would be

necessary to authorize such action at a meeting at which all shareholders entitled to vote thereon were present and voting.

ARTICLE V
DIRECTORS

Section 1. The number of directors which shall constitute the whole board of directors, other than the first board of directors, shall not be less than one nor more than five. The exact number of directors within such maximum and minimum shall be determined by resolution of the board of directors or by the shareholders at an annual meeting or special meeting. Directors need not be residents of the State of New Jersey nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Unless otherwise provided in the certificate of incorporation, any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books and records of the corporation, except such as are required by law to be kept within the state, outside of the State of New Jersey, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of New Jersey.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors. Notice need not be given to any director who signs a waiver of notice, whether before or after the meeting.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater or lesser number is required by statute or by the certificate of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater or lesser number is required by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless otherwise provided by the certificate of incorporation, any action required to be taken at a meeting of the board, or any committee thereof, shall be deemed the action of the board of directors or of a committee thereof, if all directors or committee members, as the case may be, execute either before or after the action is taken, a written consent thereto, and the consent is filed with the records of the corporation.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the

board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate one or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the certificate of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURER

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the chairman or vice-chairman of the board, or the president or a vice-president and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof or entitled to receive payment of any dividend or allotment of any right, or entitled to give a written consent to any action without a meeting, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, sixty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. If the stock transfer book shall be closed for the purpose of determining shareholders entitled to give a written consent to any action without a meeting, such books may not be closed for more than sixty days before the date fixed for tabulation of consents or if no date has been fixed for tabulation, the books may not be closed for more than sixty days before the last day on which consents received may be counted. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken and, in case of determining shareholders entitled to give a written consent the record date may not be more than sixty days before the date fixed for tabulation of the consents or if no date has been fixed for the tabulation, more than sixty days before the last day on which consents may be counted. If the stock transfer books are not closed and no record date is fixed, the record date for a shareholders' meeting shall be the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day next preceding the day on which the meeting is held; and the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the resolution of the board relating thereto is adopted. When a determination of shareholders of record for a shareholders' meeting has been made as provided in this section, such

determination shall apply to any adjournment thereof unless the board fixes a new record date for the adjourned meeting.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of New Jersey.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make and certify a complete list of the shareholders entitled to vote at a shareholders' meeting, or adjournment thereof, arranged in alphabetical order within each class, series, or group of shareholders maintained by the corporation for convenience of reference, with the address of, and the number of shares held by each shareholder, which list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. Such list shall be prima facie evidence as to who are the shareholders entitled to examine such list or to vote at any meeting of the shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right

of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such

capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the certificate of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in its bonds, in its own shares or other property including the shares or bonds of other corporations subject to any provisions of law and of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, New Jersey." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board, subject to any provision in the certificate of incorporation reserving to the

shareholders the power to adopt, amend, or repeal by-laws, but by-laws made by the board may be altered or repealed and new by-laws made by the shareholders. The shareholders may prescribe that any by-law made by them shall not be altered or repealed by the board.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(NEW MEXICO)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in West Trenton, New Jersey.

Section 2. The corporation may also have offices at such other places both within and without the State of New Jersey as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETING OF SHAREHOLDER

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on the fifteenth day of May, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., or at such other date and time as shall be fixed from time to time by the board of directors and stated in the notice of meeting, at which the shareholders shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the time, place, and purpose or purposes of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of New Jersey as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the president or the board of directors. Also, upon the application of the holders of not less than ten percent of all the shares entitled to vote at the meeting, the Superior Court, for good cause shown, may

order a special meeting. Special meetings of the shareholders may be called also by the chairman of the board of directors.

Section 3. Written notice of a special meeting stating the time, place, and purpose or purposes of the meeting for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. Business transacted at any special meeting shall be confined to the purpose or purposes stated in the notice thereof.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the certificate of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, unless otherwise provided in the certificate of incorporation. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his agent.

Section 4. Subject to statutory provisions, any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

Except as provided in the certificate of incorporation and subject to the statutory provisions and upon compliance therewith any action required to be taken at a meeting of shareholders, other than the annual election of directors, may be taken without a meeting upon the written consent of shareholders who would have been entitled to cast the minimum number of votes which would be

necessary to authorize such action at a meeting at which all shareholders entitled to vote thereon were present and voting.

ARTICLE V
DIRECTORS

Section 1. The number of directors which shall constitute the whole board of directors, other than the first board of directors, shall not be less than one nor more than five. The exact number of directors within such maximum and minimum shall be determined by resolution of the board of directors or by the shareholders at an annual meeting or special meeting. Directors need not be residents of the State of New Jersey nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Unless otherwise provided in the certificate of incorporation, any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books and records of the corporation, except such as are required by law to be kept within the state, outside of the State of New Jersey, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of New Jersey.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors. Notice need not be given to any director who signs a waiver of notice, whether before or after the meeting.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater or lesser number is required by statute or by the certificate of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater or lesser number is required by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless otherwise provided by the certificate of incorporation, any action required to be taken at a meeting of the board, or any committee thereof, shall be deemed the action of the board of directors or of a committee thereof, if all directors or committee members, as the case may be, execute either before or after the action is taken, a written consent thereto, and the consent is filed with the records of the corporation.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the

board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate one or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the certificate of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURER

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the chairman or vice-chairman of the board, or the president or a vice-president and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof or entitled to receive payment of any dividend or allotment of any right, or entitled to give a written consent to any action without a meeting, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, sixty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. If the stock transfer book shall be closed for the purpose of determining shareholders entitled to give a written consent to any action without a meeting, such books may not be closed for more than sixty days before the date fixed for tabulation of consents or if no date has been fixed for tabulation, the books may not be closed for more than sixty days before the last day on which consents received may be counted. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken and, in case of determining shareholders entitled to give a written consent the record date may not be more than sixty days before the date fixed for tabulation of the consents or if no date has been fixed for the tabulation, more than sixty days before the last day on which consents may be counted. If the stock transfer books are not closed and no record date is fixed, the record date for a shareholders' meeting shall be the close of business on the day next preceding the day on which notice is given, or, if no notice is given, the day next preceding the day on which the meeting is held; and the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the resolution of the board relating thereto is adopted. When a determination of shareholders of record for a shareholders' meeting has been made as provided in this section, such

determination shall apply to any adjournment thereof unless the board fixes a new record date for the adjourned meeting.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of New Jersey.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make and certify a complete list of the shareholders entitled to vote at a shareholders' meeting, or adjournment thereof, arranged in alphabetical order within each class, series, or group of shareholders maintained by the corporation for convenience of reference, with the address of, and the number of shares held by each shareholder, which list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. Such list shall be prima facie evidence as to who are the shareholders entitled to examine such list or to vote at any meeting of the shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right

of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such

capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the certificate of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in its bonds, in its own shares or other property including the shares or bonds of other corporations subject to any provisions of law and of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, New Jersey." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board, subject to any provision in the certificate of incorporation reserving to the

shareholders the power to adopt, amend, or repeal by-laws, but by-laws made by the board may be altered or repealed and new by-laws made by the shareholders. The shareholders may prescribe that any by-law made by them shall not be altered or repealed by the board.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(NEW YORK)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office of the corporation shall be located in New York City, New York.

Section 2. The corporation may also have offices at such other places both within and without the State of New York as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote, a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or electronic notice of the annual meeting stating the place, date and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders may be held at such time and place within or without the State of New York as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by law or by the certificate of incorporation, may be called by the president, the board of directors, or the holders of not less than ten percent (10%) of the votes of all the shares entitled to vote at the meeting.

Section 3. Written or electronic notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. The notice should also indicate that it is being issued by, or at the direction of, the person calling the meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the votes of shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the votes cast in favor of or against an action shall be the act of the shareholders, unless the vote of a greater or lesser number of shares of stock is required by law or the certificate of incorporation. Except as otherwise provided in the certificate of incorporation or the specific provision of a by-law adopted by the shareholders, an abstention shall not constitute a vote cast.

Section 3. Unless otherwise provided in the certificate of incorporation, each outstanding share of stock having voting power shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy authorized in accordance with law.

Section 4. The board of directors in advance of any shareholders' meeting may appoint one or more inspectors to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at a shareholders' meeting may, and, on the request of any shareholder entitled to vote thereat, shall appoint one or more inspectors. If the corporation has a class of voting stock that is listed on a national securities exchange or authorized for quotation on an interdealer quotation system of a registered national securities association, one or more inspectors shall be appointed as provided herein. In case any person appointed as inspector fails to appear or act, the vacancy may be filled by the board in advance of the meeting or at the meeting by the person presiding thereat. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath

faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability.

Section 5. Whenever shareholders are required or permitted to take any action by vote, such action may be taken without a meeting on written consent, setting forth the action so taken, signed by the holders of all outstanding shares entitled to vote thereon or, if the certificate of incorporation so permits, signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those shareholders who have not consented in writing.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors shall be at least eighteen years of age and need not be residents of the State of New York nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, except as hereinafter provided, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Any or all of the directors may be removed, with or without cause, at any time by the vote of the shareholders at a special meeting called for that purpose.

Any director may be removed for cause by the action of the directors at a special meeting called for that purpose.

If the director being removed was elected by the holders of the shares of any class or series, he cannot be removed by the directors and may be removed only by the applicable vote of the holders of shares of that class or series, voting as a class.

Section 3. Unless otherwise provided in the certificate of incorporation, newly created directorships resulting from an increase in the board of directors and all vacancies occurring in the board of directors, including vacancies caused by removal without cause, may be filled by the affirmative vote of a majority of the board of directors. However, if the number of directors then in office is less than a quorum, then such newly created directorships and vacancies may be filled by a vote of a majority of the directors then in office. A director elected to fill a vacancy shall hold office until the next meeting of shareholders at which election of directors is the regular order of business, and until his successor shall have been elected and qualified. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified.

Section 4. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by law or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 5. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside the State of New York, at such place or places as they may from time to time determine.

Section 6. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of New York.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by facsimile telecommunication; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater or lesser number is required by law or by the certificate of incorporation. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the

act of the board of directors, unless the vote of a greater number is required by law or by the certificate of incorporation. If a quorum shall not be present at any meeting of directors, the directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 8. Unless the certificate of incorporation provides otherwise, any action required or permitted to be taken at a meeting of the directors or a committee thereof may be taken without a meeting if a consent in writing to the adoption of a resolution authorizing the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the entire board, may designate, from among its members, an executive committee and other committees, each consisting of one or more directors, and each of which, to the extent provided in the resolution, or in the certificate of incorporation or these by-laws, shall have all the authority of the board, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to shareholders may also be given electronically in accordance with law. Notice to directors may also be given by facsimile telecommunication.

Section 2. Whenever any notice of a meeting is required to be given under the provisions of the statutes or under the provisions of the certificate of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Shareholders may also submit waivers of notice electronically in accordance with law.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Any two or more offices may be held by the same person. When all the issued and outstanding stock of the corporation is owned by one person, such person may hold all or any combination of offices.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president or, if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of

the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and, when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary or, if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertificated. Certificates shall be signed by the chairman or vice-chairman of the board or the president or a vice-president and the secretary or an assistant secretary or the treasurer or an assistant treasurer of the corporation and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue shares of more than one class, there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designation, relative rights, preferences, and limitations of the shares of each class authorized to be issued and, if the corporation is authorized to issue any class of preferred shares in series, the designation, relative rights, preferences and limitations of each such series so far as the same have been fixed and the authority of the board of directors to designate and fix the relative rights, preferences and limitations of other series.

Within a reasonable time after the issuance or transfer of any uncertificated shares there shall be sent to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to paragraphs (b) and (c) of Section 508 of the New York Business Corporation Law.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent or registered by a registrar other than the corporation itself or an employee of the corporation, or if the shares are listed on a national security exchange. In case any officer who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled

thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or to express consent to or dissent from any proposal without a meeting, or for the purpose of determining shareholders entitled to receive payment of any dividend or the allotment of any rights, or for the purpose of any other action, the board of directors may fix, in advance, a date as the record date for any such determination of shareholders. Such date shall not be more than sixty nor less than ten days before the date of any meeting nor more than sixty days prior to any other action. When a determination of shareholders of record entitled to notice of or to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof, unless the board fixes a new record date for the adjourned meeting.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of New York.

LIST OF SHAREHOLDERS

Section 7. A list of shareholders as of the record date, certified by the corporate officer responsible for its preparation or by a transfer agent, shall be produced at any meeting upon the request thereat or prior thereto of any shareholder. If the right to vote at any meeting is challenged, the inspectors of election, or person presiding thereat, shall require such list of shareholders to be produced as evidence of the right of the persons challenged to vote at such meeting and all persons who appear from such list to be shareholders entitled to vote thereat may vote at such meeting.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably

incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes

of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the certificate of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in shares of the capital stock or in the corporation's bonds or its property, including the shares or bonds of other corporations subject to any provisions of law and of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, New York." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be amended or repealed or new by-laws may be adopted at any regular or special meeting of shareholders at which a quorum is present or represented, by a majority of the votes cast by the shares entitled to vote in the election of any directors, provided notice of the proposed alteration, amendment or repeal be contained in the notice of such meeting. These by-laws may also be amended or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board. By-laws adopted by the board of directors may be amended or repealed by the shareholders.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(NORTH CAROLINA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Raleigh, North Carolina.

Section 2. The corporation may also have offices at such other places both within and without the State of North Carolina as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect, pursuant to law, a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the date, time, and place of the meeting, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of North Carolina as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, may be called by the president, the board of directors, or upon written demand of at least ten percent (10%) of all of the votes entitled to be cast on any issue proposed to be considered.

Section 3. Written or printed notice of a special meeting stating the date, time, and place of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not

less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer of persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. A majority of the votes entitled to be cast on a matter by a voting group constitutes a quorum of the voting group for action on that matter, except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action.

Section 3. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders unless the articles of incorporation provide otherwise. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting, if one or more written consents setting forth the action so taken shall be signed, either manually or in facsimile, by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of North Carolina nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first meeting of shareholders.

Section 2. Any vacancy occurring in the board of directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders, the board of

directors, or if the directors remaining in office constitute fewer than a quorum of the board, the vacancy may be filled by the affirmative vote of a majority of the directors remaining in office.

Section 3. The business affairs of the corporation shall be managed by its board of directors, which may exercise all such powers of the corporation and do all lawful acts.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of North Carolina, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
BOARD OF DIRECTORS MEETINGS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of North Carolina.

Section 2. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 3. Special meetings of the board of directors may be called on two days' notice to each director, either personally, by mail or by telegram.

Section 4. Attendance or participation of a director at any meeting shall constitute a waiver of notice of such meeting, unless the director, at the beginning of the meeting, objects to holding the meeting or transacting business at the meeting, and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of the notice of such meeting.

Section 5. A majority of the directors shall constitute a quorum for the transaction of business, unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time until a quorum shall be present.

Section 6. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if one or more written consents, setting forth the action so

taken, shall be signed, either manually or in facsimile, by all of the directors entitled to vote with respect to the subject matter thereof.

Section 7. Unless otherwise restricted by the articles of incorporation or these bylaws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEES

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the bylaws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever notice is required to be given to any director or shareholder under the provisions of the statutes, the articles of incorporation or these bylaws, it shall be construed to mean written notice, which may be by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time it is deposited in the United States mail or as otherwise provided by law. Notice to directors may also be given by telegram.

Section 2. Whenever notice is required to be given under the provisions of the statutes, the articles of incorporation or these bylaws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors, and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors, at its first meeting after each annual meeting of shareholders, shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders, and shall record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation, and he, or an assistant secretary, shall have

authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control, belonging to the corporation.

Section 14. The assistant treasurer or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the president or a vice-president and the secretary or treasurer or an assistant secretary or treasurer of the corporation, or by the board of directors, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue different classes of shares or different series within a class, there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights, applicable to each class, and

the variations in the relative rights, preferences, and limitations determined for each series and the authority of the board of directors to determine variations for future series.

LOST CERTIFICATES

Section 2. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation, which is alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 3. Upon surrender, to the corporation or the transfer agent of the corporation, of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate shall be cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 4. For the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix a record date, in advance, that may not be more than seventy (70) days before the meeting or action requiring a determination of shareholders.

REGISTERED SHAREHOLDERS

Section 5. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote with respect to the shares shown to be owned, and to hold liable for calls and assessments a person registered on its books as the owner of shares and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the law.

LIST OF SHAREHOLDERS

Section 6. A list of shareholders as of the record date, certified by the corporate officer responsible for its preparation or the transfer agent, shall be open for inspection at any meeting of shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of

directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the law and any applicable provisions of the articles of incorporation, dividends may be declared by the board of directors at any regular or special meeting, and may be paid in cash, in property or in shares of the corporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends, such sum or sums as the directors from time to time, in their absolute discretion, think proper, as a reserve fund to meet contingencies, for equalizing dividends, for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money, and notes of the corporation, shall be signed by such officer or officers, or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, North Carolina." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These bylaws may be amended or repealed or new bylaws may be adopted, by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board unless the articles of incorporation or law reserves this power to the shareholders.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(NORTH DAKOTA)

* * * * *

BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Raleigh, North Carolina.

Section 2. The corporation may also have offices at such other places both within and without the State of North Carolina as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect, pursuant to law, a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the date, time, and place of the meeting, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of North Carolina as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, may be called by the president, the board of directors, or upon written demand of at least ten percent (10%) of all of the votes entitled to be cast on any issue proposed to be considered.

Section 3. Written or printed notice of a special meeting stating the date, time, and place of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not

less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer of persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. A majority of the votes entitled to be cast on a matter by a voting group constitutes a quorum of the voting group for action on that matter, except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action.

Section 3. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders unless the articles of incorporation provide otherwise. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting, if one or more written consents setting forth the action so taken shall be signed, either manually or in facsimile, by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of North Carolina nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first meeting of shareholders.

Section 2. Any vacancy occurring in the board of directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders, the board of

directors, or if the directors remaining in office constitute fewer than a quorum of the board, the vacancy may be filled by the affirmative vote of a majority of the directors remaining in office.

Section 3. The business affairs of the corporation shall be managed by its board of directors, which may exercise all such powers of the corporation and do all lawful acts.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of North Carolina, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
BOARD OF DIRECTORS MEETINGS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of North Carolina.

Section 2. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 3. Special meetings of the board of directors may be called on two days' notice to each director, either personally, by mail or by telegram.

Section 4. Attendance or participation of a director at any meeting shall constitute a waiver of notice of such meeting, unless the director, at the beginning of the meeting, objects to holding the meeting or transacting business at the meeting, and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of the notice of such meeting.

Section 5. A majority of the directors shall constitute a quorum for the transaction of business, unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time until a quorum shall be present.

Section 6. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if one or more written consents, setting forth the action so

taken, shall be signed, either manually or in facsimile, by all of the directors entitled to vote with respect to the subject matter thereof.

Section 7. Unless otherwise restricted by the articles of incorporation or these bylaws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEES

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the bylaws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever notice is required to be given to any director or shareholder under the provisions of the statutes, the articles of incorporation or these bylaws, it shall be construed to mean written notice, which may be by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time it is deposited in the United States mail or as otherwise provided by law. Notice to directors may also be given by telegram.

Section 2. Whenever notice is required to be given under the provisions of the statutes, the articles of incorporation or these bylaws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors, and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors, at its first meeting after each annual meeting of shareholders, shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders, and shall record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation, and he, or an assistant secretary, shall have

authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control, belonging to the corporation.

Section 14. The assistant treasurer or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the president or a vice-president and the secretary or treasurer or an assistant secretary or treasurer of the corporation, or by the board of directors, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue different classes of shares or different series within a class, there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights, applicable to each class, and

the variations in the relative rights, preferences, and limitations determined for each series and the authority of the board of directors to determine variations for future series.

LOST CERTIFICATES

Section 2. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation, which is alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 3. Upon surrender, to the corporation or the transfer agent of the corporation, of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate shall be cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 4. For the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix a record date, in advance, that may not be more than seventy (70) days before the meeting or action requiring a determination of shareholders.

REGISTERED SHAREHOLDERS

Section 5. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote with respect to the shares shown to be owned, and to hold liable for calls and assessments a person registered on its books as the owner of shares and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the law.

LIST OF SHAREHOLDERS

Section 6. A list of shareholders as of the record date, certified by the corporate officer responsible for its preparation or the transfer agent, shall be open for inspection at any meeting of shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of

directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the law and any applicable provisions of the articles of incorporation, dividends may be declared by the board of directors at any regular or special meeting, and may be paid in cash, in property or in shares of the corporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends, such sum or sums as the directors from time to time, in their absolute discretion, think proper, as a reserve fund to meet contingencies, for equalizing dividends, for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money, and notes of the corporation, shall be signed by such officer or officers, or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, North Carolina." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These bylaws may be amended or repealed or new bylaws may be adopted, by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board unless the articles of incorporation or law reserves this power to the shareholders.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(OHIO)

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REGULATIONS

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ARTICLE I
OFFICES

Section 1. The registered office shall be in the City of Cleveland, State of Ohio.

Section 2. The corporation may also have offices at such other places as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
SHAREHOLDERS' MEETINGS

Section 1. Meetings of the shareholders shall be in Toronto, Canada.

Section 2. An annual meeting of the shareholders, commencing with the year 2001, shall be held on May 15 in each year if not a legal holiday, and, if a legal holiday, then on the next secular day following, at 10:00 a.m., when they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice stating the time, place and purpose of a meeting of the shareholders shall be given either by personal delivery or by mail not less than seven nor more than sixty days before the date of the meeting to each shareholder of record entitled to notice of the meeting by or at the direction of the president or a vice president or the secretary or an assistant secretary. If mailed, such notice shall be addressed to the shareholder at his address as it appears on the records of the corporation. Notice of adjournment of a meeting need not be given if the time and place to which it is adjourned are fixed and announced at such meeting.

Section 4. Meetings of the shareholders may be called by the president or a vice president, or the directors by action at a meeting, or a majority of the directors acting without meeting or by the secretary of the corporation upon the order of the board of directors, or by the persons who hold twenty-five per cent of all the shares outstanding and entitled to vote thereat. Upon the request in writing delivered either in person or by registered mail to the president or secretary by any persons entitled to call a meeting of the shareholders, such officer shall forthwith cause notice to be given to the shareholders entitled thereto. If such request be refused, then the persons making such request may call a meeting by giving notice in the manner provided in these regulations.

Section 5. Business transacted at any special meeting of shareholders shall be confined to the purposes stated in the notice.

Section 6. Upon request of any shareholders at any meeting of shareholders, there shall be produced at such meeting an alphabetically arranged list, or classified lists, of the shareholders of record as of the record date of such meeting, who are entitled to vote, showing their respective addresses and the number and class of shares held by each. Such list or lists when certified by the officer or agent in charge of the transfers of shares shall be prima-facie evidence of the facts shown therein.

Section 7. The holders of a majority of the shares issued and outstanding having voting power, present in person or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of shareholders for the transaction of business, except that at any meeting of shareholders called to take any action which is authorized or regulated by statute, in order to constitute a quorum, there shall be present in person or represented by proxy the holders of record of shares entitling them to exercise the voting power required by statute, the articles of incorporation, or these regulations, to authorize or take the action proposed or stated in the notice of the meeting. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. When a quorum is present or represented at any meeting, the vote of the holders of a majority of the stock having voting power, present in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the statutes or of the articles of incorporation or of these regulations, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 9. Unless otherwise provided in the articles of incorporation, at every meeting of shareholders, each outstanding share having voting power shall entitle the holder thereof to one vote on each matter properly submitted to the shareholders. A shareholder shall be entitled to vote even though his shares have not been fully paid, but shares upon which an installment of the purchase price is overdue and unpaid shall not be voted.

Section 10. A person who is entitled to attend a shareholders' meeting, to vote thereat, or to execute consents, waivers, or releases, may be represented at such meeting or vote thereat, and execute consents, waivers, and releases, and exercise any of his other rights, by proxy or proxies appointed by a writing signed by such person. A telegram or cablegram appearing to have been transmitted by such person, or a photographic, photostatic, or equivalent reproduction of a writing, appointing a proxy is sufficient writing. No appointment of a proxy shall be valid after the expiration of eleven months after it is made unless the writing specifies the date on which it is to expire or the length of time it is to continue in force.

Section 11. Unless the articles or these regulations prohibit the authorization or taking of any action of the shareholders without a meeting, any action which may be authorized or taken at a meeting of the shareholders may be authorized or taken without a meeting with the affirmative vote

or approval of, and in a writing or writings signed by all the shareholders who would be entitled to notice of a meeting of the shareholders held for such purpose, which writing or writings shall be filed with or entered upon the records of the corporation.

ARTICLE III
DIRECTORS

Section 1. The board shall consist of two directors. Except where the law, the articles of incorporation, or these regulations require any action to be authorized or taken by shareholders, all of the authority of the corporation shall be exercised by the directors. The directors shall be elected at the annual meeting of shareholders, except as provided in Section 2 of this article, and each director shall hold office until the next annual meeting of the shareholders and until his successor is elected and qualified, or until his earlier resignation, removal from office, or death. When the annual meeting is not held or directors are not elected thereat, they may be elected at a special meeting called for that purpose. Directors need not be shareholders.

Section 2. If the office of any director or directors becomes vacant by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, the remaining directors, though less than a quorum, shall by a vote of a majority of their number, choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred.

Section 3. For their own government the directors may adopt by-laws not inconsistent with the articles of incorporation or these regulations.

Section 4. The directors may hold their meeting, and keep the books of the corporation, outside the State of Ohio, at such places as they may from time to time determine but, if no transfer agent is appointed to act for the corporation in Ohio, it shall keep an office in Ohio at which shares shall be transferable and at which it shall keep books in which shall be recorded the names and addresses of all shareholders and all transfers of shares.

COMMITTEES

Section 5. The directors may at any time elect three or more of their number as an executive committee or other committees, which shall, in the interval between meetings of the board of directors, exercise such powers and perform such duties as may from time to time be prescribed by the board of directors. Any such committee shall be subject at all times to the control and direction of the board of directors. Unless otherwise ordered by the board of directors, any such committee may act by a majority of its members at a meeting or by a writing or writings signed by all its members. An act or authorization of an act by any such committee within the authority delegated to it shall be as effective for all purposes as the actor authorization of the board of directors.

Section 6. The committee shall keep regular minutes of their proceedings and report the same to the board when required.

COMPENSATION OF DIRECTORS

Section 7. Directors, as such, shall not receive any stated salary for their services but, by resolution of the board, a fixed sum, and expenses of attendance if any, may be allowed for attendance at each regular or special meeting of the board; provided that nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 8. Members of the executive committee or other committees may be allowed like compensation for attending committee meetings.

MEETINGS OF THE BOARD

Section 9. The first meeting of each newly elected board other than the board first elected shall be held at such time and place, either within or without the State of Ohio, as shall be fixed by the vote of the shareholders at the annual meeting, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or they may meet at such place and time as shall be fixed by the consent in writing of all the directors given either before or after the meeting.

Section 10. Regular meetings of the board may be held at such time and place, either within or without the State of Ohio, as shall be determined by the board.

Section 11. Special meetings of the board may be called by the president, any vice president, or by two directors on two days' notice to each director, either delivered personally or sent by mail, telegram or cablegram. The notice need not specify the purposes of the meeting.

Section 12. At all meetings of the board a majority of directors shall be necessary and sufficient to constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the articles of incorporation or by these regulations. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, until a quorum shall be present. Notice of adjournment of a meeting need not be given to absent directors if the time and place are fixed at the meeting adjourned.

Section 13. Unless the articles or these regulations prohibit the authorization or taking of any action of the directors without a meeting, any action which may be authorized or taken at a meeting of the directors may be authorized or taken without a meeting with the affirmative vote or approval of, and in a writing or writings signed by all the directors, which writing or writings shall be filed with or entered upon the records of the corporation.

Section 14. Unless otherwise restricted by the articles of incorporation or these regulations, members of the board of directors or of any committee thereof may participate in a meeting

of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

REMOVAL OF DIRECTORS

Section 15. All the directors, or all the directors of a particular class, if any, or any individual director may be removed from office, without assigning any cause, by the vote of the holders of a majority of the voting power entitling them to elect directors in place of those to be removed. In case of any such removal, a new director may be elected at the same meeting for the unexpired term of each director removed. Failure to elect a director to fill the unexpired term of any director removed shall be deemed to create a vacancy in the board.

ARTICLE IV
NOTICES

Section 1. Notices to directors and shareholders shall be in writing and delivered personally or mailed to the directors or shareholders at their addresses appearing on the books of the corporation. Notice by mail shall be deemed to be given at the time when the same shall be mailed. Notice to directors and shareholders may also be given by telegram or telephone.

Section 2. Notice of the time, place and purposes of any meeting of shareholders or directors as the case may be, whether required by law, the articles of incorporation or these regulations, may be waived in writing, either before or after the holding of such meeting, by any shareholder, or by any director, which writing shall be filed with or entered upon the records of the meeting.

ARTICLE V
OFFICERS

Section 1. The officers of the corporation shall be chosen by the directors and shall be a president, a vice president, a secretary and a treasurer. The board of directors may also choose additional vice presidents, and one or more assistant secretaries and assistant treasurers. Any two or more of such offices except the offices of president and vice president, may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument is required by law or by these regulations to be executed, acknowledged or verified by any two or more officers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, a vice president, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officer and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the whole board of directors. If the office of any officer or officers becomes vacant for any reason, the vacancy shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation; he shall preside at all meetings of the shareholders and directors, shall be ex officio a member of the executive committee or any other committee, shall have general and active management of the business of the corporation, and shall see that all orders and resolutions of the board are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE PRESIDENTS

Section 8. The vice presidents in the order of their seniority, unless otherwise determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president. They shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall keep in safe custody the seal of the corporation and, when authorized by the board of directors, affix the same to any instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of the treasurer or an assistant secretary.

Section 10. The assistant secretaries in the order of their seniority unless otherwise determine by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary. They shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurers in the order of their seniority, unless otherwise determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer. They shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE VI
CERTIFICATES OF STOCK

Section 1. Each holder of shares is entitled to one or more certificates, signed by the president or a vice president and by the secretary, an assistant secretary, the treasurer, or an assistant treasurer of the corporation, which shall certify the number and class of shares held by him in the corporation. Every certificate shall state that the corporation is organized under the laws of Ohio, the name of the person to whom the shares represented by the certificate are issued, the number of shares represented by the certificate, and the par value of each share represented by it or that the shares are without par value, and if the shares are classified, the designation of the class, and the series, if any, of the shares represented by the certificate. There shall also be stated on the face or back of the certificate the express terms, if any, of the shares represented by the certificate and of the other class or classes and series of shares, if any, which the corporation is authorized to issue, or a summary of such express terms, or that the corporation will mail to the shareholder a copy of such express terms without charge within five days after receipt of written request therefor, or that a copy of such express terms is

attached to and by reference made a part of such certificate and that the corporation will mail to the shareholder a copy of such express terms without charge within five days after receipt of written request therefor if the copy has become detached from the certificate.

Section 2. In case of any restriction on transferability of shares or reservation of lien thereon, the certificate representing such shares shall set forth on the face or back thereof the statements required by the General Corporation Law of Ohio to make such restrictions or reservations effective.

Section 3. Where a certificate is countersigned by an incorporated transfer agent or registrar, the signature of any of the officers specified in Section 1 of this article may be facsimile, engraved, stamped, or printed. Although any officer of the corporation, whose manual or facsimile signature has been placed upon such certificate, ceases to be such officer before the certificate is delivered, such certificate nevertheless shall be effective in all respects when delivered.

LOST CERTIFICATES

Section 4. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost or destroyed.

TRANSFERS OF STOCK

Section 5. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 6. For any lawful purpose, including without limitation, the determination of the shareholders who are entitled to (1) receive notice of or to vote at a meeting of shareholders; (2) receive payment of any dividend or distribution; (3) receive or exercise rights of purchase of or subscription for, or exchange or conversion of, shares or other securities, subject to contract rights with respect thereto; or (4) participate in the execution of written consents, waivers, or releases, the directors may fix a record date which shall not be a date earlier than the date on which the record date is fixed and, in the cases provided for in clauses (1), (2) and (3) above, shall not be more than sixty days, preceding the date of the meeting of the shareholders, or the date fixed for the payment of any dividend or distribution, or the date fixed for the receipt or the exercise of rights, as the case may be.

Section 7. If a meeting of the shareholders is called by persons entitled to call the same, or action is taken by shareholders without a meeting, and if the directors fail or refuse, within such time as the persons calling such meeting or initiating such other action may request, to fix a record date for the purpose of determining the shareholders entitled to receive notice of or vote at such meeting, or to participate in the execution of written consents, waivers, or releases, then the persons calling such meeting or initiating such other action may fix a record date for such purposes, subject to the limitations set forth in Section 6 of this article.

Section 8. The record date for the purpose of clause (1) of Section 6 of this article shall continue to be the record date for all adjournments of such meeting, unless the directors or the persons who shall have fixed the original record date shall, subject to the limitations set forth in Section 6 of this article, fix another date, and in case a new record date is so fixed, notice thereof and of the date to which the meeting shall have been adjourned shall be given to shareholders of record as of said date in accordance with the same requirements as those applying to a meeting newly called.

Section 9. The directors may close the share transfer books against transfers of shares during the whole or any part of the period provided for in Section 6 of this article, including the date of the meeting of the shareholders and the period ending with the date, if any, to which adjourned. If no record date is fixed therefor, the record date for determining the shareholders who are entitled to receive notice of, or who are entitled to vote at, a meeting of shareholders, shall be the date next preceding the day on which notice is given, or the date next preceding the day on which the meeting is held, as the case may be.

Section 10. The corporation shall be entitled to recognize the exclusive rights of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Ohio.

ARTICLE VII
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was

unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article VII has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article VII (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article VII.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article VII shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any

by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article VII.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article VII shall remain in full force and effect. If any word, clause or provision of this Article VII or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article VII is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article VII shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE VIII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE IX
GENERAL PROVISIONS
DIVIDENDS

Section 1. The board of directors may declare and the corporation may pay dividends and distributions on its outstanding shares in cash, property, or its own shares pursuant to law and subject to the provisions of its articles of incorporation.

Section 2. Before payment of any dividend or distribution, there may be set aside out of any funds of the corporation available for dividends or distributions such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends or distributions, or for repairing or maintaining any property of the corporation, or for such other purposes as the directors shall think conducive to the interests of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 3. At the annual meeting of shareholders, or the meeting held in lieu of it, the corporation shall prepare and lay before the shareholders a financial statement consisting of: A balance sheet containing a summary of the assets, liabilities, stated capital, if any, and surplus (showing separately any capital surplus arising from unrealized appreciation of assets, other capital surplus, and earned surplus) of the corporation as of a date not more than four months before such meeting; if such meeting is an adjourned meeting, the balance sheet may be as of a date not more than four months before the date of the meeting as originally convened; and a statement of profit and loss and surplus, including a summary of profits, dividends or distributions paid, and other changes in the surplus accounts of the corporation for the period commencing with the date marking the end of the period for which the last preceding statement of profit and loss required under this section was made and ending with the date of the balance sheet, or in the case of the first statement of profit and loss, from the incorporation of the corporation to the date of the balance sheet. The financial statement shall have appended to it a certificate signed by the president or a vice president or the treasurer or an assistant treasurer or by a public accountant or firm of public accountants to the effect that the financial statement presents fairly the position of the corporation and the results of its operations in conformity with generally accepted accounting principles applied on a basis consistent for a period covered thereby, or to the effect that the

financial statements have been prepared on the basis of accounting practices and principles that are reasonable in the circumstances.

Section 4. Upon the written request of any shareholder made within sixty days after notice of any such meeting has been given, the corporation, not later than the fifth day after receiving such request or the fifth day before such meeting, whichever is the later date, shall mail to such shareholder a copy of such financial statement.

CHECKS

Section 5. All checks or demands for money and notes of the corporation shall be signed by such officer or officers as the board of directors may from time to time designate.

FISCAL YEAR

Section 6. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 7. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Ohio." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE X
AMENDMENTS

Section 1. These regulations may be amended or new regulations adopted by the affirmative vote of the holders of shares entitling them to exercise a majority of the voting power on such proposal, at any regular meeting of the shareholders, or at any special meeting of the shareholders if notice of the proposal to amend or add to the regulations be contained in the notice of the meeting, or, without a meeting, by the written consent of the holders of record of shares entitling them to exercise a majority of the voting power on such proposal.

ARTICLE XI

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(OKLAHOMA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Oklahoma City, Oklahoma.

Section 2. The corporation may also have offices at such other places both within and without the State of Oklahoma as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors, or at such place either within or without the State of Oklahoma as shall be designated from time to time by the board of directors and stated in the notice of the meeting.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Oklahoma as shall be stated in the notice of the meeting or in a duly executed notice of waiver thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the president, the board of directors, or at the request in writing of shareholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the certificate of incorporation.

Section 3. Unless otherwise provided in the certificate of incorporation, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders unless the certificate of incorporation or law provides otherwise. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of the shareholders of the corporation, or any action which may be taken at any annual or special meeting of such shareholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, and shall be delivered to the corporation by delivery to its registered office in Oklahoma, by hand or by certified or registered mail, return receipt requested, or to its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of shareholders are recorded. Every written consent shall

bear the date of signature of each signing shareholder, and no written consent shall be effective to take the corporate action referred to therein unless, within sixty days of the earliest dated consent delivered in the manner required hereinabove, written consents signed by a sufficient number of holders to take action are delivered to the corporation in the manner required hereinabove. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those shareholders who have not consented in writing.

ARTICLE V
DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall not be less than one nor more than five. The first board shall consist of two directors. Thereafter, within the limits above specified, the number of directors shall be determined by resolution of the board of directors, or by the shareholders at the annual meeting. The directors shall be elected at the annual meeting of shareholders, except as provided in Section 2 of this Article, and each director elected shall hold office until his successor is elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders. Directors need not be shareholders.

Section 2. Vacancies and newly created directorship resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced.

Section 3. The business of the corporation shall be managed by or under the direction of its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by- laws directed or required to be exercised or done by the shareholders.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. The board of directors of the corporation may hold meetings both regular and special, either within or without the State of Oklahoma.

Section 2. The first meeting of each newly elected board of directors shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the shareholders to fix the time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the shareholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors unless the board consists of only one director, in which case special meetings shall be called by the president or secretary in like manner and on like notice on the written request of the sole director.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. At all meetings of the board a majority of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 8. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the board of directors, or of any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES OF DIRECTOR

Section 1. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member of any meeting of the committee.

In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member.

Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it, but no such committee shall have the power or authority in reference to amending the certificate of incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors as provided in Section 1032A of Title 18, Oklahoma Statutes, fix any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation) adopting an agreement of merge or consolidation, recommending to the shareholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the shareholders a dissolution of the corporation or a revocation of a dissolution, or amending the by-laws of the corporation, and unless the resolution or the certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock or to adopt a certificate of ownership and merger. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

Section 2. Each committee shall keep regular minutes of its meetings and report the same of the board of directors when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. In the absence of the president or in the event of his inability or refusal to act, the vice-president (or in the event there be more than one vice-president, the vice-presidents in the order designated by the directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination then in the order of their election) shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by a certificate or shall be uncertificated. Certificates shall be signed by, or in the name of the corporation by, the chairman or vice-chairman of the board of directors, or the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation.

Upon the face or back of each stock certificate issued to represent any partly paid shares, or upon the books and records of the corporation in the case of uncertificated partly paid shares, shall be set forth the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that except as otherwise provided for in Section 1055 of Title 18, Oklahoma Statutes, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each shareholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Sections 1032, 1037, 1055(A) or 1063(A) of Title 18, Oklahoma Statutes, or a statement that the corporation will furnish without charge to each shareholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. Any of or all the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates or uncertificated shares to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by

the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates or uncertificated shares, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

FIXING RECORD DATE

Section 5. In order that the corporation may determine the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, the board of directors may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which shall not be more than sixty nor less than ten days before the date of such meeting. A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting; provided however, that the board of directors may fix a new record date for the adjourned meeting.

In order that the corporation may determine the shareholders entitled to consent to corporate action in writing without a meeting, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the board of directors.

In order that the corporation may determine the shareholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the shareholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to such action.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the

part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Oklahoma.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a

determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Oklahoma." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed or new by-laws may be adopted by the shareholders or by the board of directors, when such power is conferred upon the board of directors by the certificate of incorporation, at any regular meeting of the shareholders or of the board of directors or at any special meeting of shareholders or of the board of directors if notice of such alteration, amendment, repeal or adoption of new by-laws be contained in the notice of such special meeting. If the power to adopt, amend or repeal by-laws is conferred upon the board of directors by the certificate of incorporation, it shall not divest or limit the power of the shareholders to adopt, amend or repeal by-laws.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(OREGON)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Portland, Oregon.

Section 2. The corporation may also have offices at such other places both within and without the State of Oregon as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Oregon as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of not less than one-tenth of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not

less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Unless otherwise provided in the articles of incorporation, each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be not less than one nor more than five. The number of directors may be fixed or changed within the minimum or maximum by the shareholders or by the board of directors, unless shares have been issued in which case only the shareholders may change the range or switch to a fixed size board. Directors need not be residents of the State of Oregon nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Any vacancy occurring in the board of directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders, the board of directors, or if the directors remaining in office constitute fewer than a quorum of the board, the vacancy may be filled by the affirmative vote of the directors remaining in office. If the vacant office is filled by the shareholders and was held by a director elected by a voting group of shareholders, then only the holders of shares of that voting group are entitled to vote to fill the vacancy.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Oregon, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Oregon.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the

transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate two or more directors to constitute a committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICE

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents, in the order determined by the board of directors, shall, in the absence or disability of

the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries, in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers, in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be uncertificated or shall be represented by certificates signed by the president or a vice-president and the secretary or an assistant secretary of the corporation which may be sealed with the seal of the corporation or a facsimile thereof. When the corporation is authorized to issue shares of more than one class, every certificate or, in the case of uncertificated shares a written statement delivered to the shareholder, shall set forth a statement of the designations, preferences, limitations and relative rights of the shares of each class authorized to be issued, as required by the laws of the State of Oregon.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or uncertificated security to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate or uncertificated security, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days prior to the meeting or the particular action requiring such determination of shareholders. If no record date is fixed for the determination of

shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Oregon.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make, at least two days after notice of each meeting of shareholders is given, a complete record of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of each and the number of shares held by each, which record shall be kept on file at the principal office of the corporation or at the place of the meeting and shall be subject to inspection by any shareholder at any time during usual business hours. Such record shall be kept open through the time of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to who are the shareholders entitled to examine such record or share ledger or transfer book or to vote at any meeting of the shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the

person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors, from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Oregon." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board, unless otherwise provided by the articles of incorporation or by law.

Section 2. A by-law that fixes a greater quorum requirement for the board of directors may be amended or repealed by the shareholders if the provision was originally adopted by the shareholders or by either the shareholders or the board of directors if the provision was originally adopted by the board of directors.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(PENNSYLVANIA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in the City of Philadelphia, Commonwealth of Pennsylvania.

Section 2. The corporation may also have offices at such other places both within and without the Commonwealth of Pennsylvania as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF SHAREHOLDERS

Section 1. All meetings of the shareholders shall be held at such place within or without the Commonwealth, as may be from time to time fixed or determined by the board of directors. One or more shareholders may participate in a meeting of the shareholders by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting may hear each other.

Section 2. An annual meeting of the shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday and, if a legal holiday, then on the next secular day following at 10:00 a.m., when they shall elect by a majority vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called at any time by the president, or a majority of the board of directors, or the holders of not less than twenty percent of all the shares issued and outstanding and entitled to vote at the particular meeting, upon written request delivered to the secretary of the corporation. Such request shall state the purpose or purposes of the proposed meeting. Upon receipt of any such request, it shall be the duty of the secretary to call a special meeting of the shareholders to be held at such time, not more than sixty days thereafter, as the secretary may fix. If the secretary shall neglect to issue such call, the person or persons making the request may issue the call.

Section 4. Written notice of every meeting of the shareholders, specifying the place, date and hour and the general nature of the business of the meeting, shall be served upon or mailed, postage prepaid, at least five days prior to the meeting, unless a greater period of notice is required by statute, to each shareholder entitled to vote thereat.

Section 5. Except as otherwise provided by law the officer having charge of the transfer books for shares of the corporation shall prepare and make a complete list of the shareholders entitled to vote at the meeting, arranged in alphabetical order, with the address and the number of shares held by each. Such list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting.

Section 6. Business transacted at all special meetings of shareholders shall be limited to the purposes stated in the notice.

Section 7. The holders of a majority of the issued and outstanding shares entitled to vote, present in person or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the shareholders for the transaction of business, except as otherwise provided by statute or by the articles of incorporation or by these by-laws. If, however, any meeting of shareholders cannot be organized because a quorum has not attended, the shareholders entitled to vote thereat, present in person or by proxy, shall have power, except as otherwise provided by statute, to adjourn the meeting to such time and place as they may determine, but in the case of any meeting called for the election of directors such meeting may be adjourned only from day to day or for such longer periods not exceeding fifteen days each as the holders of a majority of the shares present in person or by proxy shall direct. Those shareholders entitled to vote who attend a meeting called for the election of directors that has been previously adjourned for lack of a quorum, although less than a quorum, shall nevertheless constitute a quorum for the purpose of electing directors.

Those shareholders entitled to vote who attend a meeting of shareholders that has been previously adjourned for one or more periods aggregating at least fifteen days because of an absence of a quorum, although less than a quorum, shall nevertheless constitute a quorum for the purpose of acting upon any matter set forth in the notice of the meeting if the notice states that those shareholders who attend the adjourned meeting shall nevertheless constitute a quorum for the purpose of acting upon the matter. At any adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. When a quorum is present or represented at any meeting, the vote of the holders of a majority of the shares having voting powers, present in person or represented by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the statutes or of the articles of incorporation or of these by-laws, a different vote is required in which case such express provision shall govern and control the decision of such question.

Section 9. Each shareholder shall at every meeting of the shareholders be entitled to one vote in person or by proxy for each share having voting power held by such shareholder, unless otherwise provided in the articles of incorporation. A proxy, unless coupled with an interest, shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until written notice thereof has been given to the secretary of the corporation. An unrevoked proxy shall not be valid after three years from the date of its execution unless a longer time is expressly provided therein. A proxy shall not be revoked by the death

or incapacity of the maker unless, before the vote is counted or the authority is exercised, written notice of the death or incapacity is given to the secretary of the corporation.

Section 10. In advance of any meeting of shareholders, the board of directors may appoint judges of election, who need not be shareholders, to act at such meeting or any adjournment thereof. If judges of election be not so appointed, the chairman of any such meeting may and, on the request of any shareholder or his proxy, shall make such appointment at the meeting. The number of judges shall be one or three. If appointed at a meeting on the request of one or more shareholders or proxies, the majority of shares present and entitled to vote shall determine whether one or three judges are to be appointed. No person who is a candidate for office shall act as a judge. The judges of election shall do all such acts as may be proper to conduct the election or vote with fairness to all shareholders, and shall make a written report of any matter determined by them and execute a certificate of any fact found by them, if requested by the chairman of the meeting or any shareholder or his proxy. If there be three judges of election the decision, act or certificate of a majority, shall be effected in all respects as the decision, act or certificate of all.

Section 11. Any action which may be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders who would be entitled to vote at a meeting for such purpose and shall be filed with the secretary of the corporation.

Any action which may be taken at a meeting of the shareholders or of a class of shareholders may be taken without a meeting, if a consent or consents in writing to such action, setting forth the action so taken, shall be signed by shareholders entitled to cast such a percentage of the number of votes which all such shareholders are entitled to cast thereon as may be authorized in the articles of incorporation and filed with the secretary of the corporation. Such action shall not become effective until after at least ten days' written notice of such action shall have been given to each shareholder of record entitled to vote thereon who has not consented thereto.

ARTICLE III
DIRECTORS

Section 1. The number of directors which shall constitute the whole board shall be two. The directors shall be elected at the annual meeting of the shareholders, except as provided in Section 2 of this article, and each director shall hold office until his successor is elected and qualified. Directors need not be shareholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the authorized number of directors shall be filled by a majority of the remaining number of the board, though less than a quorum and each person so elected shall be a director for the balance of the unexpired term.

Section 3. The business of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things

as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised and done by the shareholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. The board of directors of the corporation may hold meetings, both regular and special, either within or without the Commonwealth of Pennsylvania.

Section 5. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the shareholders at the meeting at which such directors were elected and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a majority of the whole board shall be present. In the event of the failure of the shareholders to fix the time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the shareholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for such meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

Section 6. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by resolution of at least a majority of the board at a duly convened meeting, or by unanimous written consent.

Section 7. Special meetings of the board may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 8. At all meetings of the board a majority of the directors in office shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the board of directors, except as may be otherwise specifically provided by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 9. If all the directors shall severally or collectively consent in writing to any action to be taken by the corporation, such action shall be as valid a corporate action as though it had been authorized at a meeting of the board of directors.

Section 10. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

COMMITTEES

Section 11. The board of directors may, by resolution adopted by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee to the extent provided in such resolution or in these by-laws, shall have and exercise the authority of the board of directors in the management of the business and affairs of the corporation except that a committee shall not have any power or authority as to the following: The submission to shareholders of any action requiring approval of shareholders under this subpart; the creation or filling of vacancies in the board of directors; the adoption, amendment or repeal of the by-laws; the amendment or repeal of any resolution of the board that by its terms is amendable or repealable only by the board; action on matters committed by the bylaws or resolution of the board of directors to another committee of the board. In the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any such absent or disqualified member. The committees shall keep regular minutes of the proceedings and report the same to the board when required.

COMPENSATION OF DIRECTORS

Section 12. The board of directors shall have the authority to fix the compensation of directors for their services as directors and a director may be a salaried officer of the corporation.

ARTICLE IV
NOTICES

Section 1. Notices to directors and shareholders shall be given to the person either personally or by sending a copy thereof by first class or express mail, postage prepaid, or by telegram (with messenger service specified), telex or TWX (with answerback received) or courier service, charges prepaid, or by telecopier, to his address (or to his telex, TWX, telecopier or telephone number) appearing on the books of the corporation or, in the case of directors, supplied by him to the corporation for the purpose of notice. If the notice is sent by mail, telegraph or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph office or courier service for delivery to that person or, in the case of telex or TWX, when dispatched. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by law. When a meeting of shareholders is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which the adjournment is taken, unless the board fixes a new record date for the adjourned meeting.

Section 2. Whenever any written notice is required to be given under the provisions of law or the articles or by-laws, a waiver thereof in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of the

notice. Except as otherwise required by this section, neither the business to be transacted at, nor the purpose of, a meeting need be specified in the waiver of notice of the meeting. In the case of a special meeting of shareholders, the waiver of notice shall specify the general nature of the business to be transacted. Attendance of a person at any meeting shall constitute a waiver of notice of the meeting except where a person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE V
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a secretary and a treasurer. The president and secretary shall be natural persons of full age; the treasurer may be a corporation but, if a natural person, shall be of full age. The board of directors may also choose vice-presidents and one or more assistant secretaries and assistant treasurers. Any number of the aforesaid offices may be held by the same person.

Section 2. The board of directors, immediately after each annual meeting of shareholders, shall elect a president, who may, but need not be a director, and the board shall also annually choose a secretary and a treasurer who need not be members of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

Section 6. If required by the board of directors, an officer shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

THE PRESIDENT

Section 7. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 8. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 9. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 10. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the executive committee when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall keep in safe custody the seal of the corporation and, when authorized by the board of directors, affix the same to any instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of an assistant secretary.

Section 11. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 12. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 13. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 14. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the

treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE VI
CERTIFICATES OF SHARES

Section 1. The shares of the corporation shall be represented by a certificate or shall be uncertificated if so provided for in the by-laws. The certificates of shares of the corporation shall be numbered and registered in a share register as they are issued. They shall exhibit the name of the registered holder and the number and class of shares and the series, if any, represented thereby and the par value of each share or a statement that such shares are without par value as the case may be. If more than one class of shares is authorized, the certificate shall state that the corporation will furnish to any shareholder, upon request and without charge a full or summary statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued, and the variations thereof between the shares of each series, and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series. Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to Section 1528 or a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. Every share certificate shall be signed by the president or vice-president and the secretary or an assistant secretary or the treasurer or an assistant treasurer and shall be sealed with the corporate seal which may be facsimile, engraved or printed.

Section 3. Where a certificate is signed by a transfer agent or an assistant transfer agent or a registrar, the signature of any such president, vice-president, treasurer, assistant treasurer, secretary or assistant secretary may be facsimile. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the corporation, whether because of death, resignation or otherwise, before such certificate or certificates have been delivered by the corporation, such certificate or certificates may nevertheless be adopted by the corporation and be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the corporation.

LOST CERTIFICATES

Section 4. The board of directors shall direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, destroyed or wrongfully taken, upon the making of an affidavit of that fact by the person claiming the share certificate to be lost, destroyed or wrongfully taken. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent

to the issuance thereof, require the owner of such lost, destroyed or wrongfully taken, certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate or certificates alleged to have been lost, destroyed or wrongfully taken.

TRANSFERS OF SHARES

Section 5. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

CLOSING OF TRANSFER BOOKS

Section 6. The board of directors may fix a time, not more than ninety days, prior to the date of any meeting of shareholders or the date fixed for the payment of any dividend or distribution or the date for the allotment of rights or the date when any change or conversion or exchange of shares will be made or go into effect, as a record date for the determination of the shareholders entitled to notice of and to vote at any such meeting or entitled to receive payment of any such dividend or distribution or to receive any such allotment of rights or to exercise the rights in respect to any such change, conversion or exchange of shares. In such case only such shareholders as shall be shareholders of record on the date so fixed shall be entitled to notice of and to vote at such meeting or to receive payment of such dividend or to receive such allotment of rights or to exercise such rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after any record date so fixed. The board of directors may close the books of the corporation against transfers of shares during the whole or any part of such period and in such case written or printed notice thereof shall be mailed at least ten days before the closing thereof to each shareholder of record at the address appearing on the records of the corporation or supplied by him to the corporation for the purpose of notice.

REGISTERED SHAREHOLDERS

Section 7. The corporation shall be entitled to treat the holder of record of any share or shares as the holder in fact thereof and shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, and shall not be liable for any registration or transfer of shares which are registered or to be registered in the name of a fiduciary or the nominee of a fiduciary unless made with actual knowledge that a fiduciary or nominee of a fiduciary is committing a breach of trust in requesting such registration or transfer, or with knowledge of such facts that its participation therein amounts to bad faith.

ARTICLE VII
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article VII has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article VII (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of

directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article VII.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article VII shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article VII.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VII shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article VII shall remain in full force and effect. If any word, clause or provision of this Article VII or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article VII is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article VII shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE VIII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE IX
GENERAL PROVISIONS
DISTRIBUTIONS

Section 1. Distributions upon the shares of the corporation, subject to the provisions of the articles of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Distributions may be paid in cash, in property, or in its shares, subject to the provisions of the articles of incorporation.

Section 2. Before payment of any distributions, there may be set aside out of any funds of the corporation available for distributions such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

FINANCIAL REPORT TO SHAREHOLDERS

Section 3. The directors shall cause to be sent to the shareholders, within 120 days after the close of the fiscal year, a financial statement as of the closing date of the preceding fiscal year. Such financial statement shall include a balance sheet as of the close of such year, together with statements of income and expenses for such year, prepared so as to present fairly the corporation's financial condition and the results of its operations.

CHECKS

Section 4. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 5. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 6. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Pennsylvania." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE X
AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed by a majority vote of the shareholders entitled to vote thereon at any regular or special meeting duly convened after notice to the shareholders of that purpose or by a majority vote of the members of the board of directors at any regular or special meeting duly convened after notice to the directors of that purpose, subject always to the power of the shareholders to change such action by the directors.

ARTICLE XI

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(RHODE ISLAND)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office of the corporation shall be located in the City of Providence, State of Rhode Island.

Section 2. The corporation may also have offices at such other places both within and without the State of Rhode Island as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. The annual meeting of shareholders, commencing with the year 2001, shall be held on May 15 in each year if not a legal holiday, and if a legal holiday, then on the secular day following, at 10:00 a.m., when they shall elect a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders, for any purpose or purposes, other than those regulated by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of not less than one-tenth of all the shares entitled to vote at the meeting.

Section 2. Written notice of a special meeting of shareholders stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 3. Business transacted at all special meetings shall be limited to the purpose stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares issued and outstanding and entitled to vote present in person, or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute, or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Unless otherwise provided in the articles of incorporation, each outstanding share of stock having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of Rhode Island nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Any directorship to be filled by reason of an increase in the number of directors may be filled by the affirmative vote of a majority of the directors present at a meeting at which a quorum is present. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Rhode Island, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Rhode Island.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business

to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of the by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a

waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 4. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 5. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 6. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 7. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 8. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 9. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 10. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 11. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 12. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 13. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the president or a vice-president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. Any or all of the signatures of the officers of the corporation upon a certificate may be facsimile.

In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effects as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost or destroyed certificate or certificates or his legal representative, to advertise the same in such manner as it shall require and/or give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate or certificates alleged to have been lost or destroyed.

TRANSFERS OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate of stock duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, sixty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, except as expressly provided by the laws of Rhode Island.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make, at least ten days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of each and the number of shares held by each, which list, for a period of ten days prior to such meeting, shall be kept on file at the registered office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of the shareholders.

Section 8. Before payment of any dividend or making any distribution of profits, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the

corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
CHECKS

Section 1. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 2. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 3. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Rhode Island." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(SOUTH CAROLINA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Greenville, South Carolina.

Section 2. The corporation may also have offices at such other places both within and without the State of South Carolina as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of South Carolina as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of not less than ten percent of all the shares entitled to vote at the meeting. Special meetings of the shareholders may be called also by the chairman of the board of directors.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. A majority of the votes entitled to be cast on a matter by a voting group constitutes a quorum of the voting group for action on that matter except as otherwise provided by statute or the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action unless the vote of a greater number of affirmative votes is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders unless otherwise provided by statute or the articles of incorporation. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be not less than one nor more than five. The number of directors may be fixed or changed within the minimum or maximum by the shareholders or by the board of directors. Directors need not be residents of the State of South Carolina nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first meeting of shareholders.

Section 2. Unless the charter provides otherwise, any vacancy occurring in the board of directors, including a vacancy resulting from an increase in the number of directors, may be

filled by the shareholders, the board of directors, or if the directors remaining in office constitute fewer than a quorum of the board, the vacancy may be filled by the affirmative vote of the directors remaining in office.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of South Carolina, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of South Carolina.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The affirmative vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if one or more written consents, setting forth the action so taken, shall be signed by each director.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEES

Section 1. The board of directors may create one or more committees that consist of one or more members. All members of committees exercising the powers of the board of directors must be members of the board of directors and serve at the board of directors' pleasure. To the extent specified by the board of directors in the articles of incorporation, each committee shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertificated. Each share certificate shall be signed by the president or a vice-president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. When the corporation is authorized to issue different classes of shares or different series within a class, there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder, upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class and the variations in the relative rights, preferences, and limitations determined for each series and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix a record date, in advance, that may not be more than seventy days before the meeting or action requiring a determination of shareholders.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of South Carolina.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of each and the number of shares held by each, which list shall be kept on file at the principal office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner

he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director,

officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the corporation, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors, from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, South Carolina." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board, subject always to the right of the shareholders to adopt, amend, or repeal by-laws. The directors may amend or repeal a by-law adopted by the shareholders unless the shareholders in adopting or amending a particular by-law provide expressly that the directors may not adopt, amend or repeal that by-law or any by-law on that subject.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(SOUTH DAKOTA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Pierre, South Dakota.

Section 2. The corporation may also have offices at such other places both within and without the State of South Dakota as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of South Dakota as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of not less than one-tenth of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not

less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Agreements among shareholders regarding the voting of their shares shall be valid and enforceable in accordance with their terms.

In all elections for directors every shareholder entitled to vote shall have the right to vote, in person or by proxy, the number of shares of stock owned by him, for as many persons as there are directors to be elected, or to cumulate the vote of said shares, and give one candidate as many votes as the number of directors multiplied by the number of his shares of stock shall equal, or to distribute the votes on the same principle among as many candidates as he may see fit. To the extent that the laws of this State or any successor statute may be amended or supplemented from time to time, the provisions hereof shall be amended automatically and construed so as to disallow cumulative voting to the extent permitted by law.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. No director need be a shareholder. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Vacancies and newly created directorships resulting from any increase in the number of directors may be filled by a majority of the directors then in office, though less than a quorum, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of South Dakota, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of South Dakota. Members of the board of directors or any committee designated thereby may participate in a meeting of such board or committee by means of a conference telephone call or similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to

such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertificated. Certificates shall be signed by the president or a vice-president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full or summary statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Registered owners of uncertificated shares shall be sent written notice containing the information to be set forth or stated on certificates. The rights and obligations of the holder of uncertificated shares and the rights and obligations of the holders of certificates representing shares of the same class and series shall be identical.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than fifty days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of South Dakota.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the stock transfer books for shares of a corporation shall make a complete list of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each. Such list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes

thereof. The original stock transfer books shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a

determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, South Dakota." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(TENNESSEE)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Knoxville, Tennessee.

Section 2. The corporation may also have offices at such other places both within and without the State of Tennessee as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect, by a plurality vote, a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the date, time, and place of the meeting, shall be delivered not less than ten days nor more than two months before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Tennessee as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the charter, may be called by the president, the board of directors, or upon written demand of at least ten percent of all of the votes entitled to be cast on any issue proposed to be considered.

Section 3. Written or printed notice of a special meeting, stating the date, time, and place of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not

less than ten days nor more than two months before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. A majority of the votes entitled to be cast on a matter by a voting group constitutes a quorum of the voting group for action on that matter, except as otherwise provided by statute or by the charter. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the vote of a greater number of affirmative votes is required by law or the charter.

Section 3. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders unless the charter or law provides otherwise. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting, if one or more written consents setting forth the action so taken shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be not less than one nor more than five. The number of directors may be fixed or changed within the minimum or maximum by the shareholders or by the board of directors. Directors need not be residents of the State of Tennessee nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first meeting of shareholders.

Section 2. Unless the charter provides otherwise, any vacancy occurring in the board of directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders, the board of directors, or if the directors remaining in office constitute fewer than a quorum of the board, the vacancy may be filled by the affirmative vote of a majority of the directors remaining in office.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute, by the charter or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Tennessee, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Tennessee.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting or it may convene at such place and time as shall be fixed by the consent in writing of all the directors. No notice of such meeting shall be necessary to the newly elected directors in order to legally constitute the meeting, provided a quorum shall be present.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called on two days' notice to each director, either personally, by mail or by telegram; special meetings shall be called by the chairman of the board, the president, or by any two directors.

Section 5. Attendance or participation of a director at any meeting shall constitute a waiver of notice of such meeting, unless the director, at the beginning of the meeting (or promptly upon his arrival), objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the

purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of the notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business, unless a greater number is required by law or by the charter. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the charter. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time until a quorum shall be present. Notice of such adjournment need not be given, other than by announcement at the time of the adjournment, provided the meeting is not adjourned for more than one month at any one time.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if one or more written consents, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the charter or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES

Section 1. The board of directors may create one or more committees that may consist of one or more members. All members of committees exercising the powers of the board of directors must be members of the board of directors and serve at the board of directors' pleasure. To the extent specified by the board of directors or charter, each committee shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise provided by law.

ARTICLE VIII
NOTICES

Section 1. Whenever notice is required to be given to any director or shareholder, under the provisions of the statutes, the charter or these by-laws, it shall be construed to mean written notice, which may be by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time it is deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever notice is required to be given under the provisions of the statutes, the charter or these by-laws, a waiver thereof, in writing, signed by the person or persons

entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors, and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors, at its first meeting after each annual meeting of shareholders, shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of

the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders, and shall record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation, and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control, belonging to the corporation.

Section 14. The assistant treasurer or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertificated. Each share certificate shall be signed by the president or a vice-president and the secretary or treasurer or an assistant secretary or treasurer of the corporation, or by the board of directors, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue different classes of shares or different series within a class, there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights applicable to each class, and the variations in the relative rights, preferences, and limitations determined for each series and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the persons signing a share certificate may be facsimiles. In case any person who has signed, or whose facsimile signature has been placed upon such certificate, shall have ceased to hold such office before such certificate is issued, the certificate is nevertheless valid.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation, which is alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate shall be cancelled and the transaction recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board

of directors may fix a record date, in advance, that may not be more than seventy days before the meeting or action requiring a determination of shareholders.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize a person, registered on its books as the owner of shares, as having the exclusive right to receive dividends and to vote with respect to shares shown to be owned, as being exclusively liable for calls and assessments upon shares shown to be owned, and the corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Tennessee.

LIST OF SHAREHOLDERS

Section 7. A list of shareholders as of the record date, certified by the corporate officer responsible for its preparation or the transfer agent, shall be open for inspection at any meeting of shareholders. If the right to vote at any meeting is challenged, the person presiding thereat may rely on such list as evidence of the right of the persons challenged to vote at such meeting.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in

connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the law and any applicable provisions of the charter, dividends may be declared by the board of directors at any regular or special meeting, and may be paid in cash, in property or in shares of the corporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends, such sum or sums as the directors from time to time, in their absolute discretion, think proper, as a reserve fund to meet contingencies, for equalizing dividends, for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money, and notes of the corporation, shall be signed by such officer or officers, or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Tennessee." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be amended or repealed, or new by-laws may be adopted, by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board unless the charter or law reserve this power to the shareholders.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**;

provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(TENNESSEE)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Knoxville, Tennessee.

Section 2. The corporation may also have offices at such other places both within and without the State of Tennessee as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect, by a plurality vote, a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the date, time, and place of the meeting, shall be delivered not less than ten days nor more than two months before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Tennessee as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the charter, may be called by the president, the board of directors, or upon written demand of at least ten percent of all of the votes entitled to be cast on any issue proposed to be considered.

Section 3. Written or printed notice of a special meeting, stating the date, time, and place of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not

less than ten days nor more than two months before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. A majority of the votes entitled to be cast on a matter by a voting group constitutes a quorum of the voting group for action on that matter, except as otherwise provided by statute or by the charter. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the vote of a greater number of affirmative votes is required by law or the charter.

Section 3. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders unless the charter or law provides otherwise. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting, if one or more written consents setting forth the action so taken shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be not less than one nor more than five. The number of directors may be fixed or changed within the minimum or maximum by the shareholders or by the board of directors. Directors need not be residents of the State of Tennessee nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first meeting of shareholders.

Section 2. Unless the charter provides otherwise, any vacancy occurring in the board of directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders, the board of directors, or if the directors remaining in office constitute fewer than a quorum of the board, the vacancy may be filled by the affirmative vote of a majority of the directors remaining in office.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute, by the charter or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Tennessee, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Tennessee.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting or it may convene at such place and time as shall be fixed by the consent in writing of all the directors. No notice of such meeting shall be necessary to the newly elected directors in order to legally constitute the meeting, provided a quorum shall be present.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called on two days' notice to each director, either personally, by mail or by telegram; special meetings shall be called by the chairman of the board, the president, or by any two directors.

Section 5. Attendance or participation of a director at any meeting shall constitute a waiver of notice of such meeting, unless the director, at the beginning of the meeting (or promptly upon his arrival), objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the

purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of the notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business, unless a greater number is required by law or by the charter. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the charter. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time until a quorum shall be present. Notice of such adjournment need not be given, other than by announcement at the time of the adjournment, provided the meeting is not adjourned for more than one month at any one time.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if one or more written consents, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the charter or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES

Section 1. The board of directors may create one or more committees that may consist of one or more members. All members of committees exercising the powers of the board of directors must be members of the board of directors and serve at the board of directors' pleasure. To the extent specified by the board of directors or charter, each committee shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise provided by law.

ARTICLE VIII
NOTICES

Section 1. Whenever notice is required to be given to any director or shareholder, under the provisions of the statutes, the charter or these by-laws, it shall be construed to mean written notice, which may be by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time it is deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever notice is required to be given under the provisions of the statutes, the charter or these by-laws, a waiver thereof, in writing, signed by the person or persons

entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors, and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors, at its first meeting after each annual meeting of shareholders, shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of

the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders, and shall record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation, and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control, belonging to the corporation.

Section 14. The assistant treasurer or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertificated. Each share certificate shall be signed by the president or a vice-president and the secretary or treasurer or an assistant secretary or treasurer of the corporation, or by the board of directors, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue different classes of shares or different series within a class, there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights applicable to each class, and the variations in the relative rights, preferences, and limitations determined for each series and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the persons signing a share certificate may be facsimiles. In case any person who has signed, or whose facsimile signature has been placed upon such certificate, shall have ceased to hold such office before such certificate is issued, the certificate is nevertheless valid.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation, which is alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate shall be cancelled and the transaction recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board

of directors may fix a record date, in advance, that may not be more than seventy days before the meeting or action requiring a determination of shareholders.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize a person, registered on its books as the owner of shares, as having the exclusive right to receive dividends and to vote with respect to shares shown to be owned, as being exclusively liable for calls and assessments upon shares shown to be owned, and the corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Tennessee.

LIST OF SHAREHOLDERS

Section 7. A list of shareholders as of the record date, certified by the corporate officer responsible for its preparation or the transfer agent, shall be open for inspection at any meeting of shareholders. If the right to vote at any meeting is challenged, the person presiding thereat may rely on such list as evidence of the right of the persons challenged to vote at such meeting.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in

connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the law and any applicable provisions of the charter, dividends may be declared by the board of directors at any regular or special meeting, and may be paid in cash, in property or in shares of the corporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends, such sum or sums as the directors from time to time, in their absolute discretion, think proper, as a reserve fund to meet contingencies, for equalizing dividends, for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money, and notes of the corporation, shall be signed by such officer or officers, or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Tennessee." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be amended or repealed, or new by-laws may be adopted, by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board unless the charter or law reserve this power to the shareholders.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**;

provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(TEXAS)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in _____, Texas.

Section 2. The corporation may also have offices at such other places both within and without the State of Texas as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors. Said meetings may also be held at such other place either within or without the State of Texas as shall be designated from time to time by the board of directors and stated in the notice of the meeting.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Texas as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of not less than one-tenth of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of Texas nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Any vacancy occurring in the board of directors may be filled by the shareholders at an annual or a special meeting or by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Any directorship to be filled by reason of an increase in the number of directors may be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders and until his successor shall have been elected and qualified. Any directorship to be filled by reason of an increase in the number of directors may also be filled by the board of directors for a term of office until the next election of directors by shareholders; provided no more than two directorships may be so filled during a period between any two successive annual meetings of shareholders.

Whenever the holders of any class or series of shares are entitled to elect one or more directors by the provisions of the articles of incorporation, any vacancies in such directorships and any newly created directorships of such class or series to be filled by reason of an increase in the number of such directors may be filled by the affirmative vote of a majority of the directors elected by such class or series then in office or by a sole remaining director so elected, or by the vote of the holders of the outstanding shares of such class or series, and such directorships shall not in any case be filled by the vote of the remaining directors or the holders of the outstanding shares as a whole unless otherwise provided in the articles of incorporation.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Texas, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Texas.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Unless otherwise restricted by the articles of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing which shall set forth the action taken and be signed by all members of the board of directors or of the committee as the case may be.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES OF DIRECTORS

Section 1. The board of directors, by resolution adopted by a majority of the full board of directors, may designate from among its members an executive committee and one or more other committees, each of which shall be comprised of one or more members and, to the extent provided in the resolution, shall have and may exercise all of the authority of the board of directors, except that no such committee shall have the authority of the board of directors in reference to amending the articles of incorporation, approving a plan of merger or consolidation, recommending to the shareholders the sale, lease, or exchange of all or substantially all of the property and assets of the corporation otherwise than in the usual and regular course of its business, recommending to the shareholders a voluntary dissolution of the corporation or a revocation thereof, amending, altering, or repealing the by-laws of the corporation or adopting new by-laws for the corporation, filling vacancies in the board of directors or any committee, filling any directorship to be filled by reason of an increase in the number of directors, electing or removing officers or members of any committee, fixing the compensation of any member of a committee, or altering or repealing any resolution of the board of directors which by its terms provides that it shall not be so amendable or repealable; and, unless the resolution expressly so provides, no committee shall have the power or authority to declare a dividend or to authorize the issuance of shares of the corporation.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president and a secretary. The board of directors may also elect or appoint such other officers, including assistant officers and agents as may be deemed necessary.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president and a secretary neither of whom need be a member of the board.

Section 3. The board of directors may also appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, if there is one, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, if there is one, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer, if there is one, shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, if there is one, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the president and secretary or such other officers as may be elected or appointed, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series. When the corporation is authorized to issue shares of more than one class, every certificate shall also set forth upon the face or the back of such certificate a

statement that there is set forth in the articles of incorporation on file in the office of the Secretary of State a full statement of all the designations, preferences, limitations and relative rights, including voting rights, of the shares of each class authorized to be issued and the corporation will furnish a copy of such statement to the record holder of the certificate without charge on written request to the corporation at its principal place of business or registered office. Every certificate shall have noted thereon any information required to be set forth by the Texas Business Corporation Act and such information shall be set forth in the manner provided in said Act.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than fifty days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such

determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Texas.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make, at least ten days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of each and the number of shares held by each, which list, for a period of ten days prior to such meeting, shall be kept on file at the registered office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of the shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction,

or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any

by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time delegate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Texas." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board subject to repeal or change at any regular or special meeting of shareholders at which a quorum is present or represented, by the affirmative vote of a majority of the stock entitled to vote, provided notice of the proposed repeal or change be contained in the notice of such meeting.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(UTAH)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Salt Lake City, Utah.

Section 2. The corporation may also have offices at such other places both within and without the State of Utah as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect, pursuant to law, a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Utah as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes may be called by the chairman of the board or the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors, or at the request in writing of shareholders owning one- tenth of all the outstanding shares of the corporation. Such request shall state the purpose or purposes of the proposed meeting and business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. A majority of the votes entitled to be cast on a matter by a voting group constitutes a quorum of the voting group for action on that matter, except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Each outstanding share regardless of class is entitled to one vote, and each fractional share is entitled to a corresponding fractional vote on each matter voted on at a meeting of shareholders unless the articles of incorporation or law provide otherwise. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting (1) if one or more written consents setting forth the action so taken shall be signed by all the shareholders entitled to vote with respect to the subject matter thereof, or (2) if so provided in the articles of incorporation by persons who would be entitled to vote at a meeting shares having voting power to cast not less than the minimum number (or numbers, in the case of voting groups) of votes that would be necessary to authorize or take the action at a meeting at which all the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Unless the articles of incorporation otherwise provide, directors need not be residents of the State of Utah nor shareholders

of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Unless the articles of incorporation provide otherwise, any vacancy occurring on the board of directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders, the board of directors, or if the directors remaining in office constitute fewer than a quorum of the board, the vacancy may be filled by an affirmative vote of a majority of the directors remaining in office.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Utah, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Utah.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram.

Section 5. Attendance or participation of a director at any meeting shall constitute a waiver of notice of such meeting, unless the director, at the beginning of the meeting (or promptly upon his arrival), objects to holding the meeting or transacting business at the meeting, and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES

Section 1. The board of directors may create one (1) or more committees that may consist of one (1) or more members of the board. Committee members shall serve at the board of directors' pleasure. To the extent specified by the board of directors or articles of incorporation, each committee shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise provided by law.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of

the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertificated. Each share certificate shall be signed by two officers or by the board of directors, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue different classes of shares or different series within a class, there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations and relative rights, preferences, and limitations determined for each series and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix a record date, in advance, that may not be more than seventy (70) days before the meeting or action requiring a determination of shareholders.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares, as having the exclusive right to receive dividends and to vote with respect to shares shown to be owned and as being exclusively liable for calls and assessments upon shares shown to be owned and the corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Utah.

LIST OF SHAREHOLDERS

Section 7. After fixing a record date for a shareholders' meeting, a corporation shall make a list of shareholders as of the record date, prepared in alphabetical order, arranged by voting group, and arranged alphabetically by class or series within each voting group, showing the address of and the number of shares held by each shareholder.

The shareholders list should be made available for inspection by any shareholder beginning on the earlier date of either ten days before the meeting for which the list was prepared or two business days after notice of the meeting is given and continuing through the meeting and any meeting adjournments, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting may be held. A shareholder or shareholder's agent or attorney is entitled on written demand to the corporation, in compliance with the law, to inspect and copy the list during regular business hours and during the period it is available for inspection.

Such list shall also be made available by the corporation during the meeting or any adjournment subject to inspection by any shareholder, shareholder's agent or attorney for any purposes germane to the meeting.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed

to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Utah." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board.

No by-law shall be adopted by the directors which shall require more than a majority of the voting shares for a quorum at a meeting of shareholders, or more than a majority of the votes cast to constitute action by the shareholders, except where higher percentages are required by law or by the articles of incorporation.

The shareholders shall have the right to change or repeal any by-laws adopted by the directors.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(VERMONT)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office of the corporation shall be located in the City of Burlington, State of Vermont.

Section 2. The corporation may also have an office in the City of Cincinnati, State of Ohio, and also offices at such other places as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. The annual meeting of shareholders, commencing with the year 2001, shall be held on May 15 in each year if not a legal holiday, and if a legal holiday, then on the secular day following, at 10:00 a.m., when they shall elect a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders, for any purpose or purposes, other than those regulated by statute or by the articles of incorporation, may be called by the board of directors, person or persons authorized by the articles of incorporation, or the holders of not less than one- tenth of all the shares entitled to vote at the meeting.

Section 2. Written notice of a special meeting of shareholders stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 3. Business transacted at all special meetings shall be limited to the purpose stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares issued and outstanding and entitled to vote present in person, or represented by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute, or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders entitled to vote thereat, present in person or by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock having voting power shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, unless otherwise provided in the articles of incorporation. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of Vermont nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Vermont.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order to legally constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a

majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEE

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of the by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president and a secretary. Any two or more offices may be held by the same person, except the offices of president or secretary. A duly appointed officer may appoint one or more officers or assistant officers if authorized by the bylaws or board of directors.

Section 2. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 3. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 4. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 5. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 6. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 7. The secretary shall record all votes and proceedings of the shareholders and directors or any executive committee thereof. He shall have the custody of the corporate seal, if any, and of the corporate records within this state. He shall keep a record book, which shall always be available for the inspection and copying by the shareholders, containing the names of the shareholders, their places of residence, the number of shares held by each, the time when they respectively acquired the shares, and the time of any transfers thereof except that such record book may be kept by a transfer agent rather than the secretary when such transfer agent is approved by the vote of a majority of the

shareholders of the corporation. He shall procure and file in his own office certified copies of all papers required by law, to be filed with the secretary of state, except the annual report.

Section 8. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 9. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 10. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so re- quires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 11. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 12. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertified. Each share certificate shall be signed by two officers designated by the board of directors or the bylaws, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have

been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the officers of the corporation upon a certificate may be facsimiles if the certificate is countersigned by a transfer agent, or registered by a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATE

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF STOCK

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate of stock duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a

determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Vermont.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make a list of shareholders as of the record date, prepared in alphabetical order, arranged by voting group (and within each voting group by class or series of shares) and showing the address of and number of shares held by each shareholder. The shareholders' list must be made available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing through the meeting at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director,

officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such

capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Before payment of any dividend or making any distribution of profits, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 2. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 3. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 4. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Vermont." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended or repealed, or new by-laws may be adopted at any regular or special meeting at which a quorum is present or represented, by the affirmative vote of a majority of shares entitled to vote, provided notice of the proposed alteration, amendment or repeal be contained in the notice of such meeting. These by-laws may also be amended or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(VIRGINIA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Glen Allen, Virginia.

Section 2. The corporation may also have offices at such other places both within and without the State of Virginia as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting stating the date, time and place of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Virginia as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the chairman of the board of directors, the president, or the board of directors.

Section 3. Written or printed notice of a special meeting stating the date, time and place of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or

at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Notwithstanding the preceding paragraph, notice of a shareholders' meeting to act on an amendment of the articles of incorporation, on a plan of merger or share exchange, on a proposed sale of assets other than in the regular course of business, or on a plan of dissolution shall be given, in the manner provided herein, not less than twenty-five nor more than sixty days before the date of the meeting. Any such notice shall be accompanied by a copy of the proposed amendment, plan of merger, or share exchange, or plan of proposed sale of assets.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF SHARES

Section 1. A majority of the votes entitled to be cast on a matter by a voting group constitutes a quorum of that voting group for action on that matter except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action unless the vote of a greater number of affirmative votes is required by law or the articles of incorporation.

Section 3. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders unless the articles of incorporation or law provide otherwise. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be not less than one nor more than five. The number of directors may be fixed or changed within the minimum or maximum by the shareholders

or by the board of directors, unless shares have been issued in which case only the shareholders may change the range or switch to a fixed size board. Directors need not be residents of the State of Virginia nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Any vacancy occurring in the board of directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders, the board of directors, or if the directors remaining in office constitute fewer than a quorum of the board, the vacancy may be filled by the affirmative vote of the directors remaining in office.

Section 3. The business and affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these bylaws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Virginia, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Virginia.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by the president on two days' notice to each director, either personally or by mail or by facsimile

telecommunication; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors.

Section 5. Attendance of a director at any meeting shall constitute a waiver of notice such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if one or more consents in writing, setting forth the action so taken, shall be signed by each director entitled to vote with respect to the subject matter thereof and included in the minutes or filed with the corporate records reflecting the action taken.

Section 8. Unless otherwise restricted by the articles of incorporation or these bylaws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES OF DIRECTORS

Section 1. A majority of the number of directors fixed by the bylaws or otherwise, may create one or more committees and appoint members of the board to serve on the committee or committees. To the extent provided by the board of directors or articles of incorporation, each committee shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Each committee hall have two or more members who serve at the pleasure of the board of directors. Each committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these bylaws, notice is required to be given to any director or shareholder, it shall not

be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by facsimile telecommunication.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president and one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and

executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of is office and for the restoration to the corporation, in case of his

death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertificated. Certificates shall be signed by the president or a vice-president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof.

In addition to the above officers, the treasurer or an assistant treasurer may sign in lieu of the secretary or an assistant secretary.

When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of each certificate, or each certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue different series within a class, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the officers upon a certificate may be facsimiles, unless otherwise provided in the articles of incorporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate or uncertificated security to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate or uncertificated security, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix in advance a date as the record date for the determination of shareholders, such date in any case to be not more than seventy days before the meeting or action requiring the determination of shareholders. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Virginia.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the transfer books for shares shall make, at least ten days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged by voting group and within each voting group by class or series of shares, with the address of each and the number of shares held by each, which list, for a period of ten days prior to such meeting, shall be kept on file at the principal business office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share transfer book, or a duplicate thereof, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share transfer book or to vote at any meeting of the shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of

directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in money or other property subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Virginia." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These bylaws may be amended or repealed or new bylaws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board unless the articles of incorporation or law reserve this power to the shareholders.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(WASHINGTON)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Seattle, Washington.

Section 2. The corporation may also have offices at such other places both within and without the State of Washington as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next day following, at 10:00 a.m., at which they shall elect by a plurality vote a board of directors and transact any other business that may be properly brought at the meeting.

Section 3. Written or printed notice of the annual meeting stating the place, day and hour of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Washington as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the articles of incorporation, may be called by the president, the board of directors, or the holders of not less than one-tenth of all the shares entitled to vote at the meeting.

Section 3. Written or printed notice of a special meeting stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not

less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the shares of stock issued and outstanding and entitled to vote, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business except as otherwise provided by statute or by the articles of incorporation. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of Washington nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first annual meeting of shareholders.

Section 2. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of

directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Any directorship to be filled by reason of an increase in the number of directors may be filled by the affirmative vote of a majority of the directors present at a meeting at which a quorum is present. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Washington, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
BOARD OF DIRECTORS MEETINGS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Washington.

Section 2. Regular meetings of the board of directors may be held upon notice or without notice, and at such time and place as shall from time to time be determined by the board.

Section 3. Special meetings of the board of directors may be called on two days' notice to each director, either personally or by mail or by telegram.

Section 4. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 5. A majority of the directors shall constitute a quorum for the transaction of business unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of

incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 6. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 7. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEES

Section 1. The board of directors, by resolution adopted by a majority of the number of directors fixed by the by-laws or otherwise, may designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise required by law. Vacancies in the membership of the committee shall be filled by the board of directors at a regular or special meeting of the board of directors. The executive committee shall keep regular minutes of its proceedings and report the same to the board when required.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the articles of incorporation or of these by-laws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever any notice whatsoever is required to be given under the provisions of the statutes or under the provisions of the articles of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer, or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates signed by the president or a vice-president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue shares of more than one class there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued and, if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

LOST CERTIFICATES

Section 2. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 3. Upon surrender to the corporation or the transfer agent of the corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate cancelled and the transaction recorded upon the books of the corporation.

CLOSING OF TRANSFER BOOKS

Section 4. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, seventy days. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than seventy days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of

shareholders, or shareholders entitled to receive payment of a dividend, the day before the first notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 5. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Washington.

LIST OF SHAREHOLDERS

Section 6. The officer or agent having charge of the transfer books for shares shall make, at least ten days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of each and the number of shares held by each, which list, for a period of ten days prior to such meeting, shall be kept on file at the principal office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of the shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed

to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the provisions of the articles of incorporation relating thereto, if any, dividends may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to any provisions of the articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Washington." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be altered, amended, or repealed or new by-laws may be adopted by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(WEST VIRGINIA)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office of the corporation in the State of West Virginia shall be located in the City of Charleston.

Section 2. The corporation may have such other offices, either within or without the State of West Virginia, as the board of directors may designate or as the business of the corporation may require.

ARTICLE II
ANNUAL MEETING OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., for the purpose of electing directors and for the transaction of such other business as may come before the meeting.

Section 3. Written notice stating the place, day and hour of the meeting shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or other persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of West Virginia as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president or by the board of directors, and shall be called by the president at the request of the holders of not less than one-tenth of all outstanding shares of the corporation entitled to vote at the meeting.

Section 3. Written notice stating the place, day, hour and purpose or purposes for which the meeting is called shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the president, or the secretary, or the officer or other persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. The holders of a majority of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders, but in no event shall a quorum consist of less than one-third of the shares entitled to vote. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

Section 2. If a quorum is present, the affirmative vote of a majority of the shares of stock represented at the meeting shall be the act of the shareholders unless the vote of a greater number of shares of stock is required by law or the articles of incorporation.

Section 3. Each outstanding share of stock, having voting power, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. At each election for directors every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of such candidates. To the extent that the laws of this State or any successor statute may be amended or supplemented from time to time, the provisions hereof shall be amended automatically and construed so as to disallow cumulative voting to the extent permitted by law.

Section 4. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be two. Directors need not be residents of the State of West Virginia nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first meeting of shareholders.

Section 2. Any vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired portion of the term of his predecessor in office.

Any directorship to be filled by reason of an increase in the number of directors may be filled by the affirmative vote of a majority of the directors present at a meeting at which a quorum is present. A director elected to fill a newly created directorship shall serve until the next succeeding annual meeting of shareholders.

The board of directors shall fill vacancies occurring in the board by reason of the removal of directors without cause or for cause.

Section 3. The business affairs of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the articles of incorporation or by these bylaws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of West Virginia, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of West Virginia.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting and no

notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present, or it may convene at such place and time as shall be fixed by the consent in writing of all the directors.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called by or at the request of the president or any two directors. Notice of any special meeting shall be given at least two days previously thereto by written notice delivered personally or mailed to each director at his business address, or by telegram. Any director may waive notice of any meeting.

Section 5. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. With the exception of meetings for the purpose of amending the bylaws or authorizing the sales of all or substantially all of the assets of the corporation, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

Section 6. A majority of the number of directors shall constitute a quorum for the transaction of business at any meeting of the board of directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the board of directors.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these bylaws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
EXECUTIVE COMMITTEES

Section 1. The board of directors by resolution adopted by a majority of the full board, may designate two or more of its members to constitute an executive committee. The designation

of such committee and the delegation thereto of authority shall not operate to relieve the board of directors, or any member thereof, of any responsibility imposed by law.

The executive committee, when the board of directors is not in session shall have and may exercise all of the authority of the board of directors except to the extent, if any, that such authority shall be limited by the resolution appointing the executive committee and except also that the executive committee shall not have the authority of the board of directors in reference to amending the articles of incorporation, adopting a plan of merger or consolidation, recommending to the shareholders the sale, lease, exchange or other disposition of all or substantially all of the property and assets of the corporation otherwise than in the usual and regular course of its business, recommending to the shareholders a voluntary dissolution of the corporation or a revocation thereof, or amending the bylaws of the corporation. Any vacancy in the executive committee may be filled by a resolution adopted by a majority of the full board of directors.

The executive committee shall keep regular minutes of its proceedings and report the same to the board of directors for its information at the meeting thereof held next after the proceedings shall have been taken.

ARTICLE VIII
NOTICES

Section 1. Whenever, under the provisions of the statutes or of the charter or of these bylaws, notice is required to be given to any director or shareholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company.

Section 2. Whenever any notice is required to be given to any shareholder or director of the corporation under the provisions of these bylaws or under the provisions of the articles of incorporation or under the provisions of the West Virginia Corporation Act, a waiver thereof in writing signed by the person or persons entitled to such notice, filed with the records of the meeting, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors at its first meeting after each annual meeting of shareholders shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. In the absence of the president or in the event of his death, inability or refusal to act, the vice-president (or in the event there be more than one vice-president, the vice-presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. Any vice-president may sign, with the secretary or an assistant secretary, certificates for shares of the corporation; and shall perform such other duties as from time to time may be assigned to him by the president or by the board of directors.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall: (a) keep the minutes of the proceedings of the shareholders and of the board of directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (c) be

custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the secretary by such shareholder; (e) sign with the president, or a vice-president, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the board of directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the board of directors.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors or president may from time to time prescribe.

The assistant secretaries, when authorized by the board of directors, may sign with the president or a vice-president certificates for shares of the corporation the issuance of which shall have been authorized by a resolution of the board of directors.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The assistant treasurer or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of a corporation shall be represented by certificates signed by the president or a vice-president and the secretary or an assistant secretary of the corporation, and may be sealed with the seal of the corporation or a facsimile thereof. Every certificate representing shares issued by a corporation which is authorized to issue shares of more than one class shall set forth upon the face or back of the certificate, or shall state that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights of the shares of each class authorized to be issued, and if the corporation is authorized to issue any preferred or special class in series, the variations in the relative rights and preferences between the shares of each such series so far as the same have been fixed and determined and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Each certificate representing shares shall state upon the face thereof: that the corporation is organized under the laws of this state; the name of the person to whom issued; the number and class of shares, and the designation of the series, if any, which such certificate represents; and the par value of each share represented by such certificate, or a statement that the shares are without par value.

Section 2. The signatures of the president or vice-president and the secretary or assistant secretary upon a certificate may be facsimiles if the certificate is manually signed on behalf of a transfer agent or a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFER OF SHARES

Section 4. Transfer of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the secretary of the corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

CLOSING OF TRANSFER BOOKS

Section 5. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors of the corporation may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting.

In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than fifty days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of West Virginia.

LIST OF SHAREHOLDERS

Section 7. The officer or agent having charge of the stock transfer books for shares of the corporation shall make a complete record of the shareholders entitled to vote at each meeting of shareholders or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each. Such record shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of

directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. The board of directors may, from time to time, declare and the corporation may pay dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its articles of incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The board of directors may provide a corporate seal which shall have inscribed thereon the name of the corporation and the words "Corporate Seal, West Virginia."

ARTICLE XIV
AMENDMENTS

Section 1. These bylaws may be altered, amended or repealed and new bylaws may be adopted by the board of directors or by the shareholders at any regular or special meeting.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(WISCONSIN)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Madison, Wisconsin.

Section 2. The corporation may also have offices at such other places both within and without the State of Wisconsin as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect, pursuant to law, a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting, stating the date, time, and place of the meeting, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Wisconsin as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the charter, may be called by the president, the board of directors, such other officers or persons provided in the articles of incorporation, or upon written demand of at least ten percent (10%) of all of the votes entitled to be cast on any issue proposed to be considered.

Section 3. Written or printed notice of a special meeting stating the date, time, and place of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. A majority of the votes entitled to be cast on a matter by a voting group constitutes a quorum of the voting group for action on that matter, except as otherwise provided by statute or by the charter. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the vote of a greater number of affirmative votes is required by law or the articles of incorporation.

Section 3. Each outstanding share, regardless of class, shall be entitled to one vote on each matter voted on at a meeting of shareholders unless the articles of incorporation or law provides otherwise. A shareholder may vote either in person or by proxy as provided for in a signed appointment form executed by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting (1) if one or more written consents setting forth the action so taken shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof, or (2) if so provided in the articles of incorporation, by persons who would be entitled to vote at a meeting shares having voting power to cast not less than the minimum number (or numbers, in the case of voting groups) of votes that would be necessary to authorize or take the action at a meeting at which all the shareholders entitled to vote were present and voted.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be not less than one nor more than five. The number of directors may be fixed or changed within the minimum or maximum by the shareholders

or by the board of directors. Directors need not be residents of the State of Wisconsin nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first meeting of shareholders.

Section 2. Unless the articles of incorporation provide otherwise, any vacancy occurring on the board of directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders, the board of directors, or if the directors remaining in office constitute fewer than a quorum of the board, the vacancy may be filled by the affirmative vote of a majority of the directors remaining in office.

Section 3. The business affairs of the corporation shall be managed by its board of directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute, by the articles of incorporation or by these by-laws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Wisconsin, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Wisconsin.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting or it may convene at such place and time as shall be fixed by the consent in writing of all the directors. No notice of such meeting shall be necessary to the newly elected directors in order to legally constitute the meeting, provided a quorum shall be present.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called on two days' notice to each director, either personally, by mail or by telegram.

Section 5. Attendance or participation of a director at any meeting shall constitute a waiver of notice of such meeting, unless the director, at the beginning of the meeting (or promptly upon his arrival), objects to holding the meeting or transacting business at the meeting, and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of the notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business, unless a greater number is required by law or by the articles of incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the articles of incorporation. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if one or more written consents, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES

Section 1. The board of directors may create two (2) or more committees that may consist of two (2) or more members of the board. Committee members shall serve at the board of directors' pleasure. To the extent specified by the board of directors or articles of incorporation, each committee shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise provided by law.

ARTICLE VIII
NOTICES

Section 1. Whenever notice is required to be given to any director or shareholder under the provisions of the statutes, the articles of incorporation or these by-laws, it shall be construed to mean written notice, which may be by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time it is deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Whenever notice is required to be given under the provisions of the statutes, the articles of incorporation or these by-laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors, and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers

Section 2. The board of directors, at its first meeting after each annual meeting of shareholders, shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders, and shall record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation, and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control, belonging to the corporation.

Section 14. The assistant treasurer or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertificated. Each share certificate shall be signed by the president or a vice-president and the secretary or treasurer or an assistant secretary or treasurer of the corporation, or by the board of directors, and may be sealed with the seal of the corporation or a facsimile thereof.

When the corporation is authorized to issue different classes of shares or different series within a class, there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights applicable to each class, and the variations in the relative rights, preferences, and limitations determined for each series and the authority of the board of directors to fix and determine the relative rights and preferences of subsequent series.

Section 2. The signatures of the persons signing a share certificate may be facsimiles. In case any person who has signed, or whose facsimile signature has been placed upon such certificate, shall have ceased to hold such office before such certificate is issued, the certificate is nevertheless valid.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation, which is alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender, to the corporation or the transfer agent of the corporation, of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate shall be cancelled and the transaction recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix a record date, in advance, that may not be more than seventy (70) days before the meeting or action requiring a determination of shareholders.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize a person, registered on its books as the owner of shares, as having the exclusive right to receive dividends and to vote with respect to shares shown to be owned, and as being exclusively liable for calls and assessments upon shares shown to be owned, and the corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Wisconsin.

LIST OF SHAREHOLDERS

Section 7. A list of shareholders as of the record date, prepared in alphabetical order, arranged by voting group, showing the address of and the number of shares held by each shareholder, and certified by the corporate officer responsible for its preparation or the transfer agent, shall be open for inspection at any meeting of shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the

corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the law and any applicable provisions of the articles of incorporation, dividends may be declared by the board of directors at any regular or special meeting, and may be paid in cash, in property or in shares of the corporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends, such sum or sums as the directors from time to time, in their absolute discretion, think proper, as a reserve fund to meet contingencies, for equalizing dividends, for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money, and notes of the corporation, shall be signed by such officer or officers, or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Wisconsin." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These by-laws may be amended or repealed, or new by-laws may be adopted, by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board unless the articles of incorporation or law reserve this power to the shareholders.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

(WYOMING)

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BY-LAWS

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ARTICLE I
OFFICES

Section 1. The registered office shall be located in Cheyenne, Wyoming.

Section 2. The corporation may also have offices at such other places both within and without the State of Wyoming as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
ANNUAL MEETINGS OF SHAREHOLDERS

Section 1. All meetings of shareholders for the election of directors shall be held in Toronto, Canada, at such place as may be fixed from time to time by the board of directors.

Section 2. Annual meetings of shareholders, commencing with the year 2001, shall be held on May 15, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., at which they shall elect, pursuant to law, a board of directors, and transact such other business as may properly be brought before the meeting.

Section 3. Written or printed notice of the annual meeting, stating the date, time, and place of the meeting, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

ARTICLE III
SPECIAL MEETINGS OF SHAREHOLDERS

Section 1. Special meetings of shareholders for any purpose other than the election of directors may be held at such time and place within or without the State of Wyoming as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the charter, may be called by the president, the board of directors, or upon written demand of at least ten percent (10%) of all of the votes entitled to be cast on any issue proposed to be considered.

Section 3. Written or printed notice of a special meeting stating the date, time, and place of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the president, the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting.

Section 4. The business transacted at any special meeting of shareholders shall be limited to the purposes stated in the notice.

ARTICLE IV
QUORUM AND VOTING OF STOCK

Section 1. A majority of the votes entitled to be cast on a matter by a voting group constitutes a quorum of the voting group for action on that matter, except as otherwise provided by statute or by the charter. If, however, such quorum shall not be present or represented at any meeting of the shareholders, the shareholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 2. If a quorum is present, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the vote of a greater number of affirmative votes is required by law or the charter.

Section 3. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders unless the charter or law provides otherwise. A shareholder may vote either in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact.

Section 4. Any action required or permitted to be taken at a meeting of the shareholders may be taken without a meeting, if one or more written consents setting forth the action so taken shall be signed, either manually or in facsimile, by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE V
DIRECTORS

Section 1. The number of directors shall be not less than one nor more than five. The number of directors may be fixed or changed within the minimum or maximum by the shareholders or by the board of directors. Directors need not be residents of the State of Wyoming nor shareholders of the corporation. The directors, other than the first board of directors, shall be elected at the annual meeting of the shareholders, and each director elected shall serve until the next succeeding annual

meeting and until his successor shall have been elected and qualified. The first board of directors shall hold office until the first meeting of shareholders.

Section 2. Unless the charter provides otherwise, any vacancy occurring in the board of directors, including a vacancy resulting from an increase in the number of directors, may be filled by the shareholders, the board of directors, or if the directors remaining in office constitute fewer than a quorum of the board, the vacancy may be filled by the affirmative vote of a majority of the directors remaining in office.

Section 3. The business affairs of the corporation shall be managed by its board of directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute, by the charter or by these bylaws directed or required to be exercised or done by the shareholders.

Section 4. The directors may keep the books of the corporation, except such as are required by law to be kept within the state, outside of the State of Wyoming, at such place or places as they may from time to time determine.

Section 5. The board of directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers or otherwise.

ARTICLE VI
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the board of directors, regular or special, may be held either within or without the State of Wyoming.

Section 2. The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the shareholders at the annual meeting or it may convene at such place and time as shall be fixed by the consent in writing of all the directors. No notice of such meeting shall be necessary to the newly elected directors in order to legally constitute the meeting, provided a quorum shall be present.

Section 3. Regular meetings of the board of directors may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the board.

Section 4. Special meetings of the board of directors may be called on two days' notice to each director, either personally, by mail or by telegram.

Section 5. Attendance or participation of a director at any meeting shall constitute a waiver of notice of such meeting, unless the director, at the beginning of the meeting (or promptly upon

his arrival), objects to holding the meeting or transacting business at the meeting, and does not thereafter vote for or assent to action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of the notice of such meeting.

Section 6. A majority of the directors shall constitute a quorum for the transaction of business, unless a greater number is required by law or by the charter. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors, unless the act of a greater number is required by statute or by the charter. If a quorum shall not be present at any meeting of directors, the directors present thereat may adjourn the meeting from time to time until a quorum shall be present.

Section 7. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if one or more written consents, setting forth the action so taken, shall be signed, either manually or in facsimile, by all of the directors entitled to vote with respect to the subject matter thereof.

Section 8. Unless otherwise restricted by the articles of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

ARTICLE VII
COMMITTEES

Section 1. The board of directors may create one (1) or more committees that may consist of one (1) or more members of the board. Committee members shall serve at the board of directors' pleasure. To the extent specified by the board of directors or charter, each committee shall have and exercise all of the authority of the board of directors in the management of the corporation, except as otherwise provided by law.

ARTICLE VIII
NOTICES

Section 1. Whenever notice is required to be given to any director or shareholder under the provisions of the statutes, the charter or these bylaws, it shall be construed to mean written notice, which may be by mail, addressed to such director or shareholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time it is deposited in the United States mail or as otherwise provided by law. Notice to directors may also be given by telegram.

Section 2. Whenever notice is required to be given under the provisions of the statutes, the charter or these bylaws, a waiver thereof, in writing, signed by the person or persons

entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE IX
OFFICERS

Section 1. The officers of the corporation shall be chosen by the board of directors, and shall be a president, a vice-president, a secretary and a treasurer. The board of directors may also choose additional vice-presidents, and one or more assistant secretaries and assistant treasurers.

Section 2. The board of directors, at its first meeting after each annual meeting of shareholders, shall choose a president, one or more vice-presidents, a secretary and a treasurer, none of whom need be a member of the board.

Section 3. The board of directors may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board of directors.

Section 4. The salaries of all officers and agents of the corporation shall be fixed by the board of directors.

Section 5. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the board of directors. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

THE PRESIDENT

Section 6. The president shall be the chief executive officer of the corporation, shall preside at all meetings of the shareholders and the board of directors, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the board of directors are carried into effect.

Section 7. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

THE VICE-PRESIDENTS

Section 8. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the board of directors, shall, in the absence or disability of the

president, perform the duties and exercise the powers of the president and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARIES

Section 9. The secretary shall attend all meetings of the board of directors and all meetings of the shareholders, and shall record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the shareholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation, and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it, and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 10. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

Section 12. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 13. If required by the board of directors, he shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control, belonging to the corporation.

Section 14. The assistant treasurer or, if there shall be more than one, the assistant treasurers in the order determined by the board of directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer, and shall perform such other duties and have such other powers as the board of directors may from time to time prescribe.

ARTICLE X
CERTIFICATES FOR SHARES

Section 1. The shares of the corporation shall be represented by certificates or shall be uncertificated. Each share certificate shall be signed by the president or a vice-president and the secretary or treasurer or an assistant secretary or treasurer of the corporation, or by the board of directors, and may be sealed with the seal of the corporation or a facsimile thereof. When the corporation is authorized to issue different classes of shares or different series within a class, there shall be set forth upon the face or back of the certificate, or the certificate shall have a statement that the corporation will furnish to any shareholder upon request and without charge, a full statement of the designations, preferences, limitations, and relative rights applicable to each class, and the variations in the relative rights, preferences, and limitations determined for each series and the authority of the board of directors to determine variations for future series.

Section 2. The signatures of the persons signing a share certificate may be facsimiles. In case any person who has signed, or whose facsimile signature has been placed upon such certificate, shall have ceased to hold such office before such certificate is issued, the certificate is nevertheless valid.

LOST CERTIFICATES

Section 3. The board of directors may direct a new certificate to be issued in place of any certificate theretofore issued by the corporation, which is alleged to have been lost or destroyed. When authorizing such issue of a new certificate, the board of directors, in its discretion and as a condition precedent to the issuance thereof, may prescribe such terms and conditions as it deems expedient, and may require such indemnities as it deems adequate, to protect the corporation from any claim that may be made against it with respect to any such certificate alleged to have been lost or destroyed.

TRANSFERS OF SHARES

Section 4. Upon surrender, to the corporation or the transfer agent of the corporation, of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, a new certificate shall be issued to the person entitled thereto, and the old certificate shall be cancelled and the transaction recorded upon the books of the corporation.

FIXING RECORD DATE

Section 5. For the purpose of determining shareholders entitled to notice of, or to vote at, any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors may fix a record date, in advance, that may not be more than seventy (70) days before the meeting or action requiring a determination of shareholders.

REGISTERED SHAREHOLDERS

Section 6. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote with respect to the shares shown to be owned, and to hold liable for calls and assessments a person registered on its books as the owner of shares and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by law.

LIST OF SHAREHOLDERS

Section 7. A list of shareholders as of the record date, certified by the corporate officer responsible for its preparation or the transfer agent, shall be open for inspection at any meeting of shareholders.

ARTICLE XI
INDEMNIFICATION

Section 1. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the

corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. To the extent that any person described in Section 1 or 2 of this Article XI has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Any indemnification under Section 1 or 2 of this Article XI (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (l) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in written opinion, or (3) by the shareholders of the corporation.

Section 5. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article XI.

Section 6. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article XI shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. The board of directors may authorize, by a vote of the majority of the full board, the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article XI.

Section 8. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article XI shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Unless otherwise restricted by law, the provisions of this Article XI shall remain in full force and effect. If any word, clause or provision of this Article XI or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. The intent of this Article XI is to provide for indemnification and advancement of expenses to the fullest extent permitted by statute or the laws of this State. To the extent that such statute or any successor statute may be amended or supplemented from time to time, this Article XI shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE XII
CERTAIN TRANSACTIONS

Section 1. Unless otherwise restricted by law, no contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if:

(a) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or

(c) The contract is fair as to the corporation as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the shareholders.

Section 2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE XIII
GENERAL PROVISIONS
DIVIDENDS

Section 1. Subject to the law and any applicable provisions of the charter, dividends may be declared by the board of directors at any regular or special meeting, and may be paid in cash, in property or in shares of the corporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends, such sum or sums as the directors from time to time, in their absolute discretion, think proper, as a reserve fund to meet contingencies, for equalizing dividends, for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

CHECKS

Section 3. All checks or demands for money, and notes of the corporation, shall be signed by such officer or officers, or such other person or persons as the board of directors may from time to time designate.

FISCAL YEAR

Section 4. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

SEAL

Section 5. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Wyoming." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

ARTICLE XIV
AMENDMENTS

Section 1. These bylaws may be amended or repealed, or new bylaws may be adopted, by the affirmative vote of a majority of the board of directors at any regular or special meeting of the board unless the charter or law reserves this power to the shareholders.

ARTICLE XV

Section 1. The Corporation shall not issue nonvoting capital stock to the extent prohibited by section 1123 of title 11 of the United States Code as in effect on **[January 31, 2001]**; provided, however, that this prohibition (1) will have no further force and effect beyond that required

under section 1123, (2) will have such force and effect, if any, only for so long as such section is in effect and applicable to the Corporation, and (3) in all events may be amended or eliminated in accordance with applicable law as from time to time in effect. This paragraph shall have no effect on nonvoting capital stock issued by the Corporation prior to June 1, 1999.

Exhibit IV.C.3

LIST OF EMPLOYMENT AND OTHER AGREEMENTS AND PLANS; INITIAL GRANTS UNDER EQUITY INCENTIVE PLAN*

(a) List of Employment and Other Agreements and Plans That Will Continue From and After the Effective Date

Employment Agreements

TLGI has entered into employment agreements with each of John S. Lacey and Paul A. Houston. As of the Effective Date, a wholly owned Canadian subsidiary of Reorganized LGII specified by Reorganized LGII will assume and perform the obligations of TLGI under such agreements, as such agreements are modified by the Plan.

As of the Effective Date, a wholly owned Canadian subsidiary of Reorganized LGII specified by Reorganized LGII will enter into employment agreements with Kenneth A. Sloan, Bradley D. Stam, Gordon Orlikow and James Arthurs. These employment agreements will contain severance benefits in the event of a change in control.

Continuing Benefit Plans

Savings Plans. TLGI maintains a Registered Retirement Savings Plan for Canadian employees, who may contribute 3% of compensation to the plan and receive an employer matching contribution in an equal amount. LGII sponsors a 401(k) Retirement Plan for United States employees of the Loewen Companies, who may make before-tax contributions to the plan of up to 15% of compensation and receive an employer matching contribution of up to 2% of compensation. These plans will continue to be maintained by Reorganized LGII from and after the Effective Date.

Health and Welfare Benefits. Employees of the Debtors participate in health and other welfare benefit plans providing life insurance, disability and accidental death and dismemberment benefits. These plans do not provide retiree medical or other retiree welfare benefits. These plans will continue to be maintained by the Reorganized Debtors from and after the Effective Date.

Key Employee Retention Program. The Debtors adopted a Key Employee Retention Program ("KERP") in the third quarter of 1999 to attract, retain and provide incentives to key employees during the financial and business restructuring. Obligations under the KERP will be assumed by the Reorganized Debtors from and after the Effective Date.

(b) Description of Equity Incentive Plan

The description of the Equity Incentive Plan set forth in the Disclosure Statement is incorporated herein by reference.

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* All capitalized terms used but not defined herein have the meanings given to them in the Plan of Reorganization to which this document is an exhibit (the "Plan").

(c) Initial Grants under the Equity Incentive Plan

Grants to Executive Officers

As of the Effective Date, options exercisable for shares of New Common Stock will be granted pursuant to the Equity Incentive Plan to the individuals presently expected to serve as executive officers of Reorganized LGII as follows:

Name	**Number of Shares of New Common Stock Underlying Option Grant**
John S. Lacey	495,000
Paul A. Houston	495,000
Kenneth A. Sloan	120,000
Bradley D. Stam	120,000
Gordon Orlikow	95,000
James Arthurs	95,000
Total	1,420,000

Grants to Other Individuals

As of the Effective Date, options exercisable to purchase up to an aggregate of 1,055,000 shares of New Common Stock will be granted to individuals eligible to receive such grants under the Equity Incentive Plan (other than those individuals named above) as determined by TLGI prior to the Effective Date. Each individual expected to serve as a Geographic Vice President of Reorganized LGII will be granted an option exercisable for 50,000 shares of New Common Stock and each individual expected to serve as a Vice President will be granted an option exercisable for 30,000 shares of New Common Stock. Determinations with respect to option grants to other eligible individuals will be made prior to the Effective Date.

Exhibit IV.F.1

CERTAIN RETAINED CLAIMS

1. Any and all NAFTA Claims.

2. Claims against Lawrence Miller and William R. Shane and their affiliates in respect to certain payments made on or about March 31, 1999 in connection with the deferred purchase price for the Osiris entities.

3. Claims against Cornerstone Family Services, Inc. relating to purchase price and other matters in connection with the sale of certain companies to Cornerstone Family Services, Inc. on or about March 31, 1999.

4. Claims against Ray Loewen in respect to his obligation to acquire MEIPs Debentures.

5. Claims against Craig Bush and his affiliates relating to certain transactions involving the transfer of cemeteries in the State of Michigan and the ownership and operation thereof.

6. Claims against any person or entity in respect to any alleged failure to deliver an executed Additional Secured Indebtedness Registration Statement (as defined in the CTA) to the CTA Trustee or against the CTA Trustee in respect to the absence of any such Statement from the Secured Indebtedness Register (as defined in the CTA), (the "CTA Claims"), other than CTA Claims against an Indenture Trustee, a Principal CTA Creditor, a holder of a CTA Note Claim or any of their respective present or former directors, officers, employees, attorneys, accountants, financial advisors and agents, acting in such capacity. Notwithstanding the foregoing CTA Claims against any Tolling Party shall constitute Retained Claims.

7. In addition to any other matters described on this exhibit, claims relating to all actions and proceedings pending in any and all forums, including, without limitation, claims asserted in adversary proceedings filed in the Bankruptcy Court, other than the actions identified on Exhibit IX.B.8 of the Plan.

8. Indemnification claims against any person or entity relating to the Debtors' indemnification rights under acquisition or disposition agreements.

9. Claims against any person or entity relating to a breach of a representation, warranty or covenant of any agreement executed in connection with an acquisition or disposition transaction relating to the environmental condition of any real property purchased by the Debtors pursuant to such transaction.

10. Any and all other claims against any person or entity based upon any agreement executed in connection with an acquisition or disposition transaction that is not one of the claims listed in paragraphs 8 and 9 above.

11. Any and all claims relating to the collection of accounts receivable.

12. Any other legal or equitable claims arising under contract, tort or otherwise, other than claims expressly released under the Plan.

Exhibit IV.J

DEBT REGISTRATION RIGHTS AGREEMENT

dated as of

_____ __, 2001

by and among

Loewen Group International, Inc.

and

The Persons Listed on the Signature Pages Attached Hereto

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DEBT REGISTRATION RIGHTS AGREEMENT

This DEBT REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of _____, 2001 (the "Effective Date"), is made by and among Loewen Group International, Inc., a Delaware corporation (the "Company"), and Angelo Gordon & Co., Cerberus Capital Management, Franklin Mutual Advisers, LLP, GSCP Recovery, Inc. and Oaktree Capital Management, LLC, as agent and on behalf of certain funds and accounts, **[and add any other Person receiving greater than 10% of the outstanding New Common Stock on the Effective Date]** (each a "Stockholder" and collectively, the "Stockholders").

RECITALS

A. The Company, its parent corporation, The Loewen Group Inc., and certain of their debtor subsidiaries have filed with the United States Bankruptcy Court in the District of Delaware the Fourth Amended Joint Plan of Reorganization of Loewen Group International, Inc., Its Parent Corporation and Certain of Their Debtor Subsidiaries, dated as of August 14, 2001 (the "Plan").

B. Pursuant to the Plan and the transactions contemplated thereby, each of the Stockholders has become the Beneficial Owner (as defined below) of 11% Senior Secured Notes due 2006, 12 ¼% Senior Unsecured Notes due 2003 and 12 ¼% Senior Unsecured Notes due 2008 (collectively, the "New Notes").

C. In accordance with the terms of the Plan, the Company desires to provide for the registration of the sale by the Stockholders and certain of their transferees of the Registrable Securities (as defined below) from time to time, on the terms and subject to conditions set forth below.

AGREEMENTS

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

Article I. Definitions and Certain Interpretative Matters

1.1 Definitions. For purposes of this Agreement, the following terms have the following meanings:

(a) "Advice": As defined in Section 6.3.

(b) "Affiliate": As defined in Rule 12b-2 under the Exchange Act.

(c) "Agreement": As defined in the introductory paragraph hereof.

(d) "Beneficial Owner" or "Beneficial Ownership": As defined in Rule 13d-3 under the Exchange Act.

(e) "Business Day": Any day, other than a Saturday or Sunday, on which national banking institutions in New York, New York, are required to be open.

(f) "Company": As defined in the introductory paragraph hereof.

(g) "Effective Date": As defined in the introductory paragraph hereof.

(h) "Exchange Act": The Securities Exchange Act of 1934, as amended.

(i) "Holders": The Stockholders holding Registrable Securities and the Permitted Transferees holding Registrable Securities.

(j) "Indemnified Party": As defined in Section 7.3.

(k) "Indemnifying Party": As defined in Section 7.3.

(l) "Losses": As defined in Section 7.1.

(m) "Nasdaq": The Nasdaq Stock Market, Inc.

(n) "New Notes": As defined in Recital B.

(o) "Notes": The New Notes issued to the Stockholders pursuant to the Plan.

(p) "Other Holders": As defined in Section 4.2.

(q) "Permitted Transferee": As determined with respect to each transfer of Registrable Securities, any Person who (i) acquires from a Holder, in a single transfer made in compliance with all applicable securities laws, either (A) all of Holder's Registrable Securities or (B) Registrable Securities that are New Notes of a particular series comprising not less than 25% of the aggregate principal amount of such Holder's Registrable Securities that are in that particular series of New Notes and, as a result of such transfer, has Beneficial Ownership of 5% or more of the aggregate principal amount of the New Notes then outstanding and (ii) agrees to be bound by the terms of this Agreement; *provided*, *however*, that, as determined with respect to each transfer of Registrable Securities, a Person shall also be a "Permitted Transferee" if such Person (x) acquires from a Stockholder, in a single transfer made in compliance with all applicable securities laws, Registrable Securities that are New Notes of a particular series comprising not less than 25% of the aggregate principal amount of the New Notes in such series issued to such Stockholder on the Effective Date pursuant to the Plan and (y) agrees to be bound by the terms of this Agreement.

(r) "Person": Any individual, corporation, general or limited partnership, limited liability company, joint venture, trust or other entity or association, including without limitation any governmental authority.

(s) "Piggyback Notice": As defined in Section 4.1.

(t) "Piggyback Registration": As defined in Section 4.1.

(u) "Plan": As defined in Recital A.

(v) "Prospectus": With respect to any Registration Statement: if Rule 434 under the Securities Act is relied on, the term sheet that is first filed pursuant to Rule 424(b)(7) under the Securities Act, together with the preliminary prospectus identified therein that such term sheet supplements; if Rule 434 under the Securities Act is not relied on, the prospectus first filed with the SEC pursuant to Section 424(b) under the Securities Act; and if Rule 434 under the Securities Act is not relied on and no prospectus is required to be filed pursuant to Rule 424(b) under the Securities Act, the prospectus included in such Registration Statement at the time when it is or was declared effective; in each case, as amended or supplemented by any prospectus supplement, all other amendments and supplements to such prospectus (including post-effective amendments), and all exhibits and all material incorporated by reference or deemed to be incorporated by reference in such prospectus.

(w) "Registrable Securities": The Notes; *provided*, *however*, that as to any Registrable Securities, such securities will irrevocably cease to constitute "Registrable Securities" if: (A) such securities are disposed of pursuant to an effective registration statement under the Securities Act; (B) such securities are distributed to the public pursuant to Rule 144; (C) such securities have been transferred to any Person other than a Permitted Transferee; or (D) such securities cease to be outstanding.

(x) "Registration Expenses": As defined in Section 6.4.

(y) "Registration Statement": Any registration statement of the Company under the Securities Act that covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the related Prospectus, all amendments and supplements to such registration statement (including post-effective amendments), and all exhibits and all materials incorporated by reference or deemed to be incorporated by reference in such registration statement.

(z) "Rule 144": Rule 144 promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(aa) "SEC": The Securities and Exchange Commission.

(bb) "Securities Act": The Securities Act of 1933, as amended.

(cc) "Shelf Registration Statement": As defined in Section 2.1.

(dd) "Stockholder": As defined in the introductory paragraph hereof.

(ee) "Underwritten Registration" or "Underwritten Offering": A registration in which securities of the Company are sold to an underwriter for reoffering to the public.

(ff) "Underwritten Offering Notice": As defined in Section 2.2(a).

1.2 Certain Interpretative Matters. Unless the context otherwise requires, (a) all references to Articles or Sections are to Articles or Sections of this Agreement, (b) each term defined in this Agreement has the meaning assigned to it, (c) all uses of "herein," "hereto," "hereof" and words similar thereto in this Agreement refer to this Agreement in its entirety, and not solely to the Article, Section or provision in which it appears, (d) "or" is disjunctive but not necessarily exclusive, and (e) words in the singular include the plural and vice versa.

Article II. Shelf Registration

2.1 Filing of Shelf Registration Statement. On or before the later to occur of (x) the date that is 60 calendar days after the Effective Date and (y) April 1, 2002, the Company will file with the SEC a Registration Statement covering the resale of the Registrable Securities by the Stockholders on a continuous basis pursuant to Rule 415 under the Securities Act (the "Shelf Registration Statement") on Form S-1. The Company will use its reasonable best efforts to cause the Shelf Registration Statement (a) to be declared effective under the Securities Act within 90 calendar days after the date such Shelf Registration Statement is initially filed with the SEC and (b) once effective, to remain continuously effective for a period ending on the earlier of: (i) the first date on which there ceases to be any Registrable Securities; and (ii) the second anniversary of the date on which the SEC declares such Shelf Registration Statement effective (subject to extension pursuant to Article V or Section 6.3). The Company will not register any securities other than Registrable Securities pursuant to the Shelf Registration Statement; *provided, however*, as contemplated by the Equity Registration Rights Agreement, dated even date herewith, among the Company and the Stockholders, that the Company will be permitted to register, pursuant to Shelf Registration Statement shares of common stock, par value $0.01 per share, of the Company issued to the Stockholders pursuant to the Plan. The plan of distribution contained in the Shelf Registration Statement shall permit Underwritten Offerings. The Company will be permitted to file on Form S-3 a post-effective amendment to the Shelf Registration Statement, or take such other action as may be necessary to convert the Shelf Registration Statement from Form S-1 to Form S-3, at such time the Company becomes eligible, in its sole discretion, to use Form S-3.

2.2 Underwriting Procedures.

(a) If Holders of at least 10% of the aggregate principal amount of Registrable Securities then outstanding so request in writing, the Company will effect pursuant to the Shelf Registration Statement an Underwritten Offering; *provided*, *however*, that the Company will not be required to take any action in response to any such request:

(i) if prior to the date of such request the Company has effected three Underwritten Offerings pursuant to this Section 2.2(a);

(ii) if the Company has effected an Underwritten Offering pursuant to this Section 2.2(a) within the 120-day period next preceding such request; or

(iii) if the Registrable Securities requested to be included in the Underwritten Offering have a then-current market value of less than $10.0 million.

The Company will give written notice (an "Underwritten Offering Notice") of the proposed Underwritten Offering to all Holders within 15 calendar days after receipt of a valid written request for an Underwritten Offering pursuant to this Section 2.2(a). Such notice will offer the Holders the opportunity to include in such Underwritten Offering such aggregate principal amount of Registrable Securities as each Holder may request. The Company will include in such Underwritten Offering all Registrable Securities for which the Company has received written requests for inclusion within 15 calendar days after delivery of the Underwritten Offering Notice, subject to Section 2.2(b).

(b) The Company will cause the managing underwriter or underwriters of a proposed Underwritten Offering to permit the Holders that have requested Registrable Securities to be included in the Underwritten Offering to include all such Registrable Securities on the same terms and conditions as all other Registrable Securities of like kind to be included. Notwithstanding the foregoing, if the managing underwriter or underwriters of such Underwritten Offering advises the Company and the selling Holders that the total aggregate principal amount of Registrable Securities that such Holders propose to include in such Underwritten Offering is such as to materially and adversely affect the success of such Underwritten Offering, then the Company will include in such Underwritten Offering up to the full aggregate principal amount of Registrable Securities requested to be included in such Underwritten Offering by the Holders (allocated *pro rata* among the Holders on the basis of the aggregate principal amount of Registrable Securities requested to be included therein by each such Holder) so that the total aggregate principal amount of Registrable Securities to be included in such Underwritten Offering is the full aggregate principal amount that, in the written opinion of such managing underwriter or underwriters, can be sold without materially and adversely affecting the success of such Underwritten Offering. Similarly, notwithstanding the first sentence of this Section 2.2(b), if the managing underwriter or underwriters of such Underwritten Offering advises the Company and selling Holders that inclusion of a particular kind of Registrable Securities in such Underwritten Offering is likely to materially and adversely affect the success of such Underwritten Offering, the Company will exclude from such Underwritten Offering all Registrable Securities of that kind proposed to be included.

(c) Any Registrable Securities may be withdrawn from a proposed Underwritten Offering at any time before the execution and delivery by such Holder of the underwriting agreement relating to such Underwritten Offering. In the event that all Holders withdraw all of their Registrable Securities from a proposed Underwritten Offering before the execution and delivery of an underwriting agreement relating to such Underwritten Offering, either (i) the Holders withdrawing their Registrable Securities shall reimburse the Company for all of its out-of-pocket expenses incurred in connection with the proposed Underwritten Offering in excess of the amount of expenses relating solely to the maintenance of the Shelf Registration Statement or (ii) the requested Underwritten Offering will be deemed to have been effected for purposes of Section 2.2(a); *provided*, *however*, that if such withdrawal was based on the Company's failure to comply in any material respect with its obligations hereunder, such

reimbursement will not be required and the requested Underwritten Offering will not be deemed to have been effected for purposes of Section 2.2(a).

(d) The managing underwriter or underwriters of the Underwritten Offering relating thereto will be selected by the Holders of at least a majority of the aggregate principal amount of Registrable Securities proposed to be included in such Underwritten Offering, subject to the approval of the Company (which approval shall not be unreasonably withheld or unreasonably delayed).

Article III. Demand Registration

3.1 Right to Demand Registration. From and after the date that is 120 calendar days subsequent to the last day that the Shelf Registration Statement is effective, if any Holder requests in writing that the Company effect the registration of all or part of such Holder's or Holders' Registrable Securities with the SEC under and in accordance with the provisions of the Securities Act (which written request will specify the aggregate principal amount of Registrable Securities requested to be registered and the means of distribution), the Company will file a Registration Statement covering such Holder's or Holders' Registrable Securities requested to be registered as promptly as practicable (and, in any event within 60 calendar days) after receipt of such request; *provided, however*, that the Company will not be required to take any action pursuant to this Article III:

(a) if the Holder or Holders making such respect are not Affiliates of the Company at the time such request is made;

(b) if prior to the date of such request the Company has effected three registrations pursuant to this Article III;

(c) if the Company has effected a registration contemplated by this Article III within the 120-day period next preceding such request;

(d) if a shelf registration is effective at the time such request is made pursuant to which the Holder or Holders that requested registration could effect the disposition of such Holder's or Holders' Registrable Securities in the manner requested and the Company offered, in accordance with the procedures set forth herein, to or did include such Holder's or Holders' Registrable Securities in such shelf registration;

(e) if the Registrable Securities requested to be registered shall have a then-current market value of less than $10.0 million; or

(f) during the pendency of any Blackout Period.

3.2 Blackout Period.

(a) If (i) at any time during which Holders may request a registration pursuant to Section 3.1, the Company files or proposes to file a registration statement with respect to an offering of debt securities of the Company for its own account and (ii) with reasonable prior notice (A) the Company (in the case of an offering that is not an Underwritten Offering) advises

the Holders in writing that the Board of Directors of the Company has determined, in the good faith exercise of its reasonable business judgment, that a sale or distribution of Registrable Securities would adversely affect such offering or (B) the managing underwriter or underwriters, if any, advise the Company in writing (in which case the Company will notify the Holders) that a sale or distribution of Registrable Securities would adversely affect such offering, then the Company will not be obligated to effect the initial filing of a Registration Statement pursuant to Section 3.1 during the 30 calendar days prior to the date the Company in good faith estimates (as certified in writing by an officer of the Company to the Holders following a request for registration pursuant to Section 3.1) will be the date of the filing of, and ending on the date which is 90 calendar days following the effective date of, such registration statement.

(b) If the Board of Directors of the Company determines, in the good faith exercise of its reasonable business judgment, that the registration and distribution of Registrable Securities (i) would materially impede, delay or interfere with any financing, acquisition, corporate reorganization or other significant transaction involving the Company or (ii) would require disclosure of non-public material information, the disclosure of which would materially and adversely affect the Company, the Company will promptly give the Holders written notice of such determination and will be entitled to postpone the filing or effectiveness of a Registration Statement for a reasonable period of time not to exceed 90 calendar days; *provided, however*, that the Company will deliver to the Holder or Holders that have requested registration a general statement, signed by an officer of the Company, of the reasons for such postponement or restriction on use and an estimate of the anticipated delay. The Company will promptly notify such Holders of the expiration or earlier termination of such a period.

(c) Notwithstanding anything in this Section 3.2 to the contrary, there will be no more than one delay period as contemplated by this Section 3.2 during any consecutive 12-month period during the time in which Holders may request a registration pursuant to Section 3.1.

3.3 Effective Demand Registrations.

(a) The Company may satisfy its obligations under Section 3.1 by amending (to the extent permitted by applicable law) any registration statement previously filed by the Company under the Securities Act so that such amended registration statement will permit the disposition (in accordance with the intended methods of disposition specified as aforesaid) of all of the Registrable Securities for which a demand for registration has been properly made under Section 3.1. If the Company so amends a previously filed registration statement, it will be deemed to have effected a registration for purposes of Section 3.1.

(b) Except as provided in Section 3.4, a registration requested pursuant to Section 3.1 will not be deemed to be effected for purposes of Section 3.1 if it has not been declared effective by the SEC or become effective in accordance with the Securities Act and the rules and regulations thereunder and kept effective as contemplated by Section 3.5.

3.4 Revocation of Demand Registration. A Holder of Registrable Securities to be included in a Registration Statement pursuant to Section 3.1 may, at any time prior to the effective date of the Registration Statement relating to such registration, revoke its request to

have Registrable Securities included therein by providing a written notice to the Company. In the event all such Holders of Registrable Securities revoke their request, either (i) the Holders of Registrable Securities who revoke such request shall reimburse the Company for all its out-of-pocket expenses incurred in the preparation, filing and processing of the Registration Statement or (ii) the requested registration that has been revoked will be deemed to have been effected for purposes of Section 3.1; *provided, however*, that, if such revocation was based on the Company's failure to comply in any material respect with its obligations hereunder, such reimbursement will not be required and the requested registration that has been revoked will not be deemed to have been effected for purposes of Section 3.1.

3.5 Continuous Effectiveness of Registration Statement. The Company will use its reasonable best efforts to keep a Registration Statement that has become effective as contemplated by this Article III continuously effective for a period of 60 calendar days (subject to extension pursuant to Section 6.3) or such shorter period that will terminate when all Registrable Securities covered by such Registration Statement have been sold pursuant to such Registration Statement; *provided, however*, that in no event will such period expire prior to the expiration of the applicable period referred to in Section 4(3) of the Securities Act and Rule 174 promulgated thereunder.

3.6 Underwritten Demand Registration. In the event that a registration requested pursuant to Section 3.1 is to be an Underwritten Registration, the managing underwriter or underwriters of the Underwritten Offering relating thereto will be selected by the Holders of at least a majority of the aggregate principal amount of Registrable Securities proposed to be included in such Underwritten Registration, subject to the approval of the Company (which approval shall not be unreasonably withheld or unreasonably delayed).

Article IV. Piggyback Registration.

4.1 Right to Piggyback. If at any time the Company proposes to file a registration statement under the Securities Act with respect to an offering of any debt securities (other than a registration statement on Form S-4, Form S-8 or any successor forms thereto and the Shelf Registration Statement, but including any Registration Statement to be filed pursuant to Section 3.1), whether or not for its own account, then the Company will give written notice (the "Piggyback Notice") of such proposed filing to the Holders at least 45 calendar days before the anticipated filing date. Such notice will offer the Holders the opportunity to register such aggregate principal amount of Registrable Securities as each Holder may request (a "Piggyback Registration"). The Company will include in each Piggyback Registration all Registrable Securities for which the Company has received written requests for inclusion within 15 calendar days after delivery of the Piggyback Notice, subject to Section 4.2. The Holders may withdraw all or part of the Registrable Securities from a Piggyback Registration at any time before the third calendar day immediately preceding the effective date of such Piggyback Registration.

4.2 Priority on Piggyback Registrations. The Company will cause the managing underwriter or underwriters of a proposed Underwritten Offering to permit the Holders that have requested Registrable Securities to be included in the Piggyback Registration to include all such Registrable Securities on the same terms and conditions as any similar securities, if any, of the Company. Notwithstanding the foregoing, if the managing underwriter or underwriters of such

Underwritten Offering advises the Company and the selling Holder or Holders that the total amount of securities that the Company, such Holders and any other Persons having rights to participate in such Piggyback Registration ("Other Holders") propose to include in such offering is such as to materially and adversely affect the success of such Underwritten Offering, then:

(a) if such Piggyback Registration is a primary registration by the Company for its own account, the Company will include in such Piggyback Registration: (i) first, all securities to be offered by the Company; and (ii) second, up to the full aggregate principal amount of securities requested to be included in such Piggyback Registration by the Holders and Other Holders having rights to participate in such Piggyback Registration (allocated *pro rata* among such Holders and Other Holders on the basis of the aggregate principal amount of securities requested to be included therein by each such Holder or Other Holder) so that the total aggregate principal amount of securities to be included in such Underwritten Offering is the full aggregate principal amount that, in the opinion of such managing underwriter or underwriters, can be sold without materially and adversely affecting the success of such Underwritten Offering; and

(b) if such Piggyback Registration is an underwritten secondary registration for the account of holders of securities of the Company, the Company will include in such registration: (i) first, all securities of the Persons exercising "demand" registration rights requested to be included therein (including without limitation the Person who demands registration and any Persons who are entitled to participate in such Piggyback Registration pursuant to the same agreement as the Person demanding such registration); and (ii) second, up to the full aggregate principal amount of securities requested to be included in such Piggyback Registration by the Holders and Other Holders having rights to participate in such Piggyback Registration (allocated *pro rata* among such Holders and Other Holders on the basis of the aggregate principal amount of securities requested to be included therein by each such Holder or Other Holder) so that the total aggregate principal amount of securities to be included in such Underwritten Offering is the full aggregate principal amount that, in the written opinion of such managing underwriter or underwriters, can be sold without materially and adversely affecting the success of such Underwritten Offering.

Similarly, notwithstanding the first sentence of this Section 4.2, if the managing underwriter or underwriters of such Underwritten Offering advises the Company and selling Holders that inclusion of a particular kind of securities in such Underwritten Offering is likely to materially and adversely affect the success of such Underwritten Offering, the Company will exclude from such Underwritten Offering all securities of that kind proposed to be included.

Article V. Restrictions on Sale

Each Holder whose Registrable Securities are covered by a Registration Statement filed pursuant to Article II, III or IV hereof agrees, if such Holder is so requested (pursuant to a timely written notice) by the managing underwriter or underwriters in any Underwritten Offering by the Company for its own account, not to effect any public or private sale or distribution of any Registrable Securities (except as part of such Underwritten Offering), including a sale pursuant to Rule 144, during the 10 calendar days prior to, and the 90 calendar days following, the closing

date of such Underwritten Offering. In the event of such a request, the Company may impose, during such period, appropriate stop-transfer instructions with respect to the Registrable Securities subject to such restrictions. If a request is made pursuant to this Article V, the time period during which the Shelf Registration Statement is required to remain continuously effective pursuant to Article II will be extended by 100 calendar days or such shorter period that will terminate when all Registrable Securities covered by the Shelf Registration Statement (and not included in the Underwritten Offering) have been sold pursuant to the Shelf Registration Statement.

Article VI. Procedures and Expenses

6.1 Registration Procedures. In connection with the Company's registration obligations pursuant to Articles II, III and IV, the Company will effect such registrations to permit the sale of Registrable Securities by a Holder in accordance with the intended method or methods of disposition thereof, and pursuant thereto the Company will as promptly as reasonably practicable:

(a) Prepare and file with the SEC a Registration Statement or Registration Statements on Form S-1, Form S-3 or other appropriate form under the Securities Act available for the sale of the Registrable Securities by the selling Holder in accordance with the intended method or methods of distribution thereof; *provided, however*, that the Company (i) will, before filing, furnish to the selling Holder, its counsel and the managing underwriter or underwriters, if any, copies of the Registration Statement or Prospectus proposed to be filed, which documents will be subject to the review of such Holder, its counsel and such underwriters, (ii) will provide such Persons with a reasonable opportunity to review and comment on such Registration Statement or Prospectus, and (iii) will not file any such Registration Statement or Prospectus to which the selling Holder, its counsel or such underwriter, if any, shall reasonably object on a timely basis.

(b) Prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary; cause the related Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provision then in force) under the Securities Act; and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended methods of disposition by the selling Holder set forth in such Registration Statement as so amended, or in such Prospectus as so supplemented.

(c) Promptly notify selling Holder, its counsel and the managing underwriter or underwriters, if any, orally (with subsequent written confirmation) (i) when a Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to a Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the SEC or any other federal or state governmental authority for amendments or supplements to a Registration Statement or related Prospectus or for additional information, (iii) of the issuance by the SEC or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) of the receipt by the Company of any notification with respect

to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (v) of the occurrence of any event which makes any statement made in such Registration Statement or Prospectus untrue in any material respect or which requires the making of any changes in a Registration Statement or Prospectus or other documents so that, (A) in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and (B) in the case of the Prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (vi) of the Company's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate.

(d) Use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement, or the lifting of any suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable date.

(e) If requested by the managing underwriter or underwriters, if any, or the selling Holder, (i) promptly incorporate in a Prospectus supplement or post-effective amendment such information as the managing underwriter or underwriters, if any, and such selling Holder agree should be included therein under applicable law and (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as practicable after the Company has received notification of the matters to be incorporated in such Prospectus supplement or post-effective amendment; *provided*, *however*, that the Company will not be required to take any actions under this Section 6.1(e) that are not, in the opinion of counsel for the Company, in compliance with applicable law.

(f) Furnish to the selling Holder, its counsel and each managing underwriter, if any, at least one conformed copy of the Registration Statement and any post-effective amendment thereto, including financial statements (but excluding all schedules, all documents incorporated or deemed incorporated therein by reference and all exhibits).

(g) Deliver to the selling Holder, its counsel and the managing underwriter or underwriters, if any, as many copies of the Prospectus relating to such Registrable Securities (including each preliminary Prospectus) and any amendment or supplement thereto as such Persons may reasonably request and, by such delivery, the Company will be deemed to have consented to the use of such Prospectus or such amendment or supplement thereto by the selling Holder and the underwriter or underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto.

(h) Prior to any public offering of Registrable Securities, register or qualify, or cooperate with the selling Holder, the managing underwriter or underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or blue sky laws of such jurisdictions within the United States as the selling Holder or underwriter or underwriters reasonably request in writing; keep each such registration or

qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective; and do any and all other acts or things reasonably necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statement; *provided*, *however*, that the Company will not be required to (i) qualify generally to do business in any jurisdiction in which it is not then so qualified or (ii) take any action that would subject it to general service of process in any jurisdiction in which it is not then so subject.

(i) Cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities within the United States as necessary, except where such registration or approval is required solely as a consequence of the nature of the selling Holder's business, in which case the Company will use its reasonable best efforts to enable the selling Holder to make or obtain such registration or approval and to consummate the disposition of such Registrable Securities.

(j) Cooperate with the selling Holder and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates will not bear any restrictive legends, and cause such certificates to be in such denominations and registered in such names as the managing underwriter or underwriters, if any, shall request at least two Business Days prior to any sale of Registrable Securities to the managing underwriter or underwriters.

(k) As promptly as practicable upon the occurrence of any event contemplated by Section 6.1(c)(v) or 6.1(c)(vi) hereof, prepare a supplement or post-effective amendment to each Registration Statement or a supplement to the related Prospectus, or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder, such Prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(l) Enter into such agreements (including, in the event of an Underwritten Offering, an underwriting agreement in form, scope and substance as is customary in Underwritten Offerings) and take all such other actions in connection therewith (including those reasonably requested by the selling Holder or, in the event of an Underwritten Offering, those reasonably requested by the managing underwriter or underwriters) reasonably necessary or desirable to expedite or facilitate the disposition of such Registrable Securities, and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is an Underwritten Registration, (i) make such representations and warranties to the selling Holder and the managing underwriter or underwriters, if any, with respect to the business of the Company and its subsidiaries, the Registration Statement or Prospectus, in each case, in form, substance and scope as are customarily made by issuers to underwriters in Underwritten Offerings and confirm the same if and when requested, (ii) use its reasonable best efforts to obtain opinions of counsel to the Company and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriter or underwriters, if any, and the selling Holder) addressed to the selling Holder and the managing underwriter or underwriters, if any, covering the matters customarily covered in opinions requested in Underwritten Offerings and such other matters as may be reasonably requested by

the selling Holder and managing underwriter or underwriters, if any, including without limitation the matters referred to in clause (i) above, (iii) use its reasonable best efforts to obtain "comfort" letters and updates thereof from the independent certified public accountants of the Company (and, if necessary, any other certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and financial data is, or is required to be, included in the Registration Statement), addressed to the selling Holder and each of the managing underwriter or underwriters, if any, such letters to be in customary form and covering matters of the type customarily covered in "comfort" letters in connection with Underwritten Offerings, and (iv) deliver such documents and certificates as may be reasonably requested by the selling Holder, its counsel or the managing underwriter or underwriters, if any, to evidence the continued validity of the representations and warranties of the Company and its subsidiaries made pursuant to clause (i) above and to evidence compliance with any customary conditions contained in the underwriting agreement or similar agreement entered into by the Company. The foregoing actions will be taken in connection with each closing under such underwriting or similar agreement as and to the extent required thereunder.

(m) Make available for inspection by a representative of the selling Holder, any underwriter and any attorney or accountant retained by such selling Holder or underwriter, all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries, and cause the officers, directors and employees of the Company and its subsidiaries to supply all information reasonably requested by any such representative, underwriter, attorney or accountant in connection with such Registration Statement; *provided, however*, that any records, information or documents that are designated by the Company in writing as confidential at the time of delivery of such records, information or documents will be kept confidential by such Persons unless (i) such records, information or documents are in the public domain or otherwise publicly available (other than by reason of breach of this confidentiality provision), (ii) disclosure of such records, information or documents is required by court or administrative order or is necessary to respond to inquires of regulatory authorities, or (iii) disclosure of such records, information or documents, in the opinion of counsel to such Person, is otherwise required by law or regulation (including without limitation pursuant to the requirements of the Securities Act or regulations promulgated thereunder); *provided, however*, that in the case of subsections (ii) and (iii) hereof, prior to making such disclosure the Holder will, subject to applicable law, advise and consult with the Company and its counsel as to such disclosure and the nature and wording of such disclosure and will use its reasonable best efforts to obtain, at the Company's expense, confidential treatment therefor.

(n) Comply with all applicable rules and regulations of the SEC and make generally available to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act, *provided* that the Company shall be deemed to have complied with this Section 6.1(n) if it has satisfied the provisions of Rule 158 under the Securities Act (or any similar rule promulgated under the Securities Act).

6.2 Information from Stockholder.

(a) The Company may require each Holder including its Registrable Securities in any Registration Statement to furnish to the Company such information regarding the Holder and its plan and method of distribution of such Registrable Securities as the Company

may, from time to time, reasonably request in writing. The Company may refuse to proceed with the registration of such Holder's Registrable Securities if such Holder unreasonably fails to furnish such information within a reasonable time after receiving such request.

(b) Each selling Holder will as expeditiously as possible (i) notify the Company of the occurrence of any event that makes any statement made in a Registration Statement or Prospectus regarding such selling Holder untrue in any material respect or that requires the making of any changes in a Registration Statement or Prospectus so that, in such regard, (A) in the case of a Registration Statement, it will not contain any untrue statement of a material fact or omit any material fact required to be stated therein or necessary to make the statements not misleading and (B) in the case of a Prospectus, it will not contain any untrue statement of a material fact or omit any material fact required to be stated or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (ii) provide the Company with such information as may be required to enable the Company to prepare a supplement or post-effective amendment to any such Registration Statement or a supplement to such Prospectus as contemplated by Section 6.1(k).

(c) With respect to any Underwritten Offering, the inclusion of a Holder's Registrable Securities therein will be conditioned upon the execution and delivery by such Holder of an underwriting agreement in form, scope and substance as is customary in Underwritten Offerings.

6.3 Suspension of Disposition. Each selling Holder will be deemed to have agreed that, upon receipt of any notice from the Company of the occurrence of any event of the kind described in Section 6.1(c)(ii), 6.1(c)(iii), 6.1(c)(iv), 6.1(c)(v) or 6.1(c)(vi), such Holder will discontinue disposition of Registrable Securities covered by a Registration Statement or Prospectus until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6.1(k) or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed and has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus. In the event the Company shall give any such notice, the period of time set forth in Section 2.1 or Section 3.5 will be extended by the number of days during the time period from and including the date of the giving of such notice to and including the date when each seller of Registrable Securities covered by such Registration Statement shall have received (i) the copies of the supplemented or amended Prospectus contemplated by Section 6.1(k) or (ii) the Advice.

6.4 Registration Expenses.

(a) Subject to Section 2.2(c) and 3.4, all fees and expenses incurred by the Company in complying with Articles II, III and IV and Section 6.1 ("Registration Expenses") will be borne by the Company. Such fees and expenses will include without limitation (i) all registration and filing fees (including without limitation fees and expenses (x) with respect to filings required to be made with the National Association of Securities Dealers, Inc. and (y) of compliance with securities or blue sky laws (including without limitation reasonable fees and disbursements of counsel for the underwriters and selling Holder in connection with blue sky qualifications of the Registrable Securities and determination of the eligibility of the Registrable

Securities for investment under the laws of such jurisdictions as the managing underwriter or underwriters, if any, or the selling Holder may designate)), (ii) printing expenses (including without limitation the expenses of printing Prospectuses if the printing of Prospectuses is requested by the selling Holder), (iii) messenger, telephone and delivery expenses, (iv) reasonable fees and disbursements of counsel for the Company, (v) reasonable fees and disbursements of one counsel for all selling Holders and Other Holders collectively (which counsel will be selected by Holders and Other Holders holding a majority of the aggregate principal amount of securities sought to be included in the Registration Statement), (vi) reasonable fees and disbursements of all independent certified public accountants referred to in Section 6.1(n)(iii) (including the expenses of any special audit and "comfort" letters required by or incident to such performance), (vii) reasonable fees and expenses of any "qualified independent underwriter" or other independent appraiser participating in an offering pursuant to Section 2720(c) of the Conduct Rules of the National Association of Securities Dealers, Inc., and (viii) reasonable fees and expenses of all other Persons retained by the Company. In addition, the Company will pay its internal expenses (including without limitation all salaries and expenses of its officers and employees performing legal or accounting duties) and the expense of any annual audit.

(b) Notwithstanding anything to the contrary herein contained, all underwriting fees, discounts, selling commissions and transfer taxes applicable to the sale of Registrable Securities will be borne by the Holder owning such Registrable Securities.

(c) Notwithstanding anything to the contrary herein contained, each selling Holder may have its own separate counsel in connection with the registration of any of its Registrable Securities, which counsel may participate therein to the full extent provided herein; *provided*, *however*, that all fees and expenses of such separate counsel will be paid for by such selling Holder.

Article VII. Indemnification

7.1 Indemnification by the Company. The Company will indemnify and hold harmless, to the fullest extent permitted by law, each Holder owning Registrable Securities registered pursuant to this Agreement, its officers, directors, trustees, agents and employees, each Person who controls such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, trustees, agents and employees of any such controlling Person, from and against all losses, claims, damages, liabilities, costs (including without limitation the costs of investigation and attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or based upon any untrue or alleged untrue statement of a material fact contained or incorporated by reference in any Registration Statement, Prospectus or preliminary prospectus, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same are based solely upon information furnished in writing to the Company by or on behalf of such Holder expressly for use therein; *provided*, *however*, that the Company will not be liable to any Holder to the extent that any such Losses arise out of or are based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any preliminary prospectus if either (i) (A) such Holder failed to send or deliver a copy of the Prospectus with or prior to the delivery of written confirmation of

the sale by such Holder of a Registrable Security to the Person asserting the claim from which such Losses arise and (B) the Prospectus would have completely corrected such untrue statement or alleged untrue statement or such omission or alleged omission or (ii) such untrue statement or alleged untrue statement or such omission or alleged omission is completely corrected in an amendment or supplement to the Prospectus previously furnished by or on behalf of the Company, such Holder was furnished with copies of the Prospectus as so amended or supplemented, and such Holder thereafter failed to deliver such Prospectus as so amended or supplemented prior to or concurrently with the sale of a Registrable Security to the Person asserting the claim from which such Losses arise.

7.2 Indemnification by Holders. Each Holder (severally and not jointly) will indemnify and hold harmless, to the fullest extent permitted by law, the Company, its officers, directors, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), and the directors, officers, agents and employees of any such controlling Person, from and against all Losses, as incurred, arising out of or based upon any untrue statement of a material fact contained or incorporated by reference in any Registration Statement, Prospectus or preliminary prospectus, or arising out of or based upon any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, to the extent, but only to the extent, that such untrue statement or omission was made in reliance upon and in conformity with information so furnished in writing by or on behalf of such Holder to the Company expressly for use in such Registration Statement, Prospectus or preliminary prospectus. In no event will the liability of any Holder hereunder be greater in amount than the dollar amount of the proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

7.3 Conduct of Indemnification Proceedings. If any Person becomes entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party will give prompt notice to the party from which such indemnity is sought (the "Indemnifying Party") of any claim or of the commencement of any action or proceeding with respect to which such Indemnified Party seeks indemnification or contribution pursuant hereto; *provided*, *however*, that the failure to so notify the Indemnifying Party will not relieve the Indemnifying Party from any obligation or liability except to the extent that the Indemnifying Party has been prejudiced materially by such failure. If such an action or proceeding is brought against the Indemnified Party, the Indemnifying Party will be entitled to participate therein and, to the extent it may elect by written notice delivered to the Indemnified Party promptly after receiving the notice referred to in the immediately preceding sentence, to assume the defense thereof with counsel reasonably satisfactory to the Indemnified Party. Notwithstanding the foregoing, the Indemnified Party will have the right to employ its own counsel in any such case, but the fees and expenses of such counsel will be at the expense of the Indemnified Party unless (i) the employment of such counsel shall have been authorized in writing by the Indemnifying Party, (ii) the Indemnifying Party shall not have employed counsel (reasonably satisfactory to the Indemnified Party) to take charge of such action or proceeding within a reasonable time after notice of commencement thereof, or (iii) the Indemnified Party reasonably shall have concluded that there may be defenses or actions available to it which are different from or additional to those available to the Indemnifying Party which, if the Indemnifying Party and the Indemnified Party were to be represented by the same counsel, could result in a conflict of interest for such counsel or

materially prejudice the prosecution of defenses or actions available to the Indemnified Party. If any of the events specified in clause (i), (ii) or (iii) of the immediately preceding sentence are applicable, then the fees and expenses of separate counsel for the Indemnified Party shall be borne by the Indemnifying Party. If, in any case, the Indemnified Party employs separate counsel, the Indemnifying Party will not have the right to direct the defense of such action or proceeding on behalf of the Indemnified Party. All fees and expenses required to be paid to the Indemnified Party pursuant to this Article VII will be paid periodically during the course of the investigation or defense, as and when reasonably itemized bills therefor are delivered to the Indemnifying Party in respect of any particular Loss that is incurred. Notwithstanding anything to the contrary contained in this Section 7.3, an Indemnifying Party will not be liable for the settlement of any action or proceeding effected without its prior written consent. The Indemnifying Party will not consent to entry of any judgment or enter into any settlement or otherwise seek to terminate any action or proceeding in which any Indemnified Party is or could be a party and as to which indemnification or contribution could be sought by such Indemnified Party under this Article VII, unless such judgment, settlement or other termination provides solely for the payment of money and includes as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release, in form and substance satisfactory to the Indemnified Party, from all liability in respect of such claim or litigation for which such Indemnified Party would be entitled to indemnification hereunder.

7.4 Contribution, etc.

(a) If the indemnification provided for in this Article VII is unavailable to an Indemnified Party under Section 7.1 or 7.2 in respect of any Losses or is insufficient to hold such Indemnified Party harmless, then each applicable Indemnifying Party (severally and not jointly), in lieu of indemnifying such Indemnified Party, will contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party or Indemnifying Parties, on the one hand, and such Indemnified Party, on the other hand, in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party or Indemnifying Parties, on the one hand, and such Indemnified Party, on the other hand, will be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or related to information supplied by, such Indemnifying Party or Indemnifying Parties or such Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses will be deemed to include any legal or other fees or expenses incurred by such party in connection with any action or proceeding.

(b) The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7.4 were determined by *pro rata* allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding anything contained in this Section 7.4 to the contrary, an Indemnifying Party that is a selling Holder will not be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities were sold by such selling Holder to the public exceeds the amount of any damages which such selling

Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(c) The provisions of this Article VII will survive indefinitely, notwithstanding any transfer of the Registrable Securities by any Holder.

Article VIII. Rule 144

The Company will file all reports required to be filed by it under the Securities Act and the Exchange Act, and will cooperate with any Holder (including without limitation by making such representations as any such Holder may reasonably request), all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitations of the exemptions provided by Rule 144. Upon the request of any Holder, the Company will deliver to such Holder a written statement as to whether it has complied with such filing requirements. Notwithstanding the foregoing, nothing in this Article VIII will require the Company to register any securities, or file any reports, under the Exchange Act if such registration or filing is not required under the Exchange Act.

Article IX. Miscellaneous

9.1 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made by delivery in person, by courier service, by facsimile transmission or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 9.1):

(a) If to the Company:

Loewen Group International, Inc.
Attention: Bradley D. Stam, Esq.
Senior Vice President, Legal & Asset Management
2225 Sheppard Avenue East
Atria North III, 11th Floor
Toronto, Ontario M2J 5C2
Facsimile Number: (416) 498-2466
Telephone Number: (416) 498-2462

(b) If to a Holder, to the then-current address thereof contained in the records of the Company, which initially shall be, with respect to each Stockholder, the address thereof set forth on the signature page hereto.

All such notices and communications will be deemed to have been delivered or given: upon delivery, if personally delivered; one Business Day after being dispatched, if dispatched by same-day or next-day courier guaranteeing timely delivery; when receipt acknowledged, if sent by facsimile transmission; and five Business Days after being deposited in the mail, if mailed.

9.2 Assignment. Neither this Agreement nor the rights and obligations hereunder may be assigned by operation of law or otherwise (except that this Agreement and rights and obligations hereunder may be assigned by any Holder to a Permitted Transferee thereof, which Permitted Transferee shall be deemed to be a Holder and a party hereto for all purposes of this Agreement upon receipt by the Company of such Permitted Transferee's written agreement to be bound by the terms hereof). Notwithstanding the foregoing, nothing herein contained shall restrict the right of any Holder to transfer securities of the Company held by it.

9.3 No Third-Party Beneficiaries. This Agreement will be binding upon and inure solely to the benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

9.4 Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof.

9.5 Amendment and Waiver. This Agreement may not be amended or modified or any provision hereof waived except by an instrument in writing signed by the Company and both (x) Holders of at least a majority of the aggregate principal amount of Registrable Securities then outstanding and (y) each Holder of 10% or more of the aggregate principal amount of Registrable Securities then outstanding. Notwithstanding anything contained herein to the contrary, a waiver that does not adversely affect all of the parties hereto may be executed by only the adversely affected party or parties.

9.6 Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

9.7 Severability. If any term or other provision of this Agreement is invalid, illegal or unenforceable under any law or public policy, all other terms and provisions of this Agreement will nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto will endeavor in good faith to replace the invalid, illegal or unenforceable provisions with valid, legal and enforceable provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

9.8 Governing Law. This Agreement will be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

9.9 Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties will be entitled to specify performance of the terms hereof, in addition to any other remedy at law or equity.

9.10 Further Assurances. The parties hereto will do such further acts and things necessary to ensure that the terms of this Agreement are carried out and observed.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties has executed this Agreement as of the date first written above.

LOEWEN GROUP INTERNATIONAL, INC.

By: _____
Name: Bradley D. Stam
Title: Senior Vice President, Legal & Asset Management

ANGELO GORDON & CO.

By: _____
Name: _____
Title: _____

Address: _____
_____

CERBERUS CAPITAL MANAGEMENT

By: _____
Name: _____
Title: _____

Address: _____
_____

FRANKLIN MUTUAL ADVISERS, LLP

By: _____
Name: _____
Title: _____

Address: _____
_____

GSCP RECOVERY, INC.

By: _____
Name: _____
Title: _____

Address: _____
_____

OAKTREE CAPITAL MANAGEMENT LLC,
as agent on behalf of certain funds and accounts

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Address: _____
_____

[Add any other Person receiving greater than 10% of the outstanding New Common Stock on the Effective Date.]

Exhibit IV.J

EQUITY REGISTRATION RIGHTS AGREEMENT

dated as of

_____ __, 2001

by and among

Loewen Group International, Inc.

and

The Persons Listed on the Signature Pages Attached Hereto

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EQUITY REGISTRATION RIGHTS AGREEMENT

This EQUITY REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of _____, 2001 (the "Effective Date"), is made by and among Loewen Group International, Inc., a Delaware corporation (the "Company"), and Angelo Gordon & Co., Cerberus Capital Management, Franklin Mutual Advisers, LLP, GSCP Recovery, Inc. and Oaktree Capital Management, LLC, as agent and on behalf of certain funds and accounts, **[and add any other Person receiving greater than 10% of the outstanding New Common Stock on the Effective Date]** (each a "Stockholder" and collectively, the "Stockholders").

RECITALS

A. The Company, its parent corporation, The Loewen Group Inc., and certain of their debtor subsidiaries have filed with the United States Bankruptcy Court in the District of Delaware the Fourth Amended Joint Plan of Reorganization of Loewen Group International, Inc., Its Parent Corporation and Certain of Their Debtor Subsidiaries, dated as of August 14, 2001 (the "Plan").

B. Pursuant to the Plan and the transactions contemplated thereby, each of the Stockholders has become the Beneficial Owner (as defined below) of shares of common stock, par value $0.01 per share, of the Company ("New Common Stock").

C. In accordance with the terms of the Plan, the Company desires to provide for the registration of the sale by the Stockholders and certain of their transferees of the Registrable Securities (as defined below) from time to time, on the terms and subject to conditions set forth below.

AGREEMENTS

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

Article I. Definitions and Certain Interpretative Matters

1.1 Definitions. For purposes of this Agreement, the following terms have the following meanings:

(a) "Advice": As defined in Section 6.3.

(b) "Affiliate": As defined in Rule 12b-2 under the Exchange Act.

(c) "Agreement": As defined in the introductory paragraph hereof.

(d) "Beneficial Owner" or "Beneficial Ownership": As defined in Rule 13d-3 under the Exchange Act.

(e) "Business Day": Any day, other than a Saturday or Sunday, on which national banking institutions in New York, New York, are required to be open.

(f) "Company": As defined in the introductory paragraph hereof.

(g) "Effective Date": As defined in the introductory paragraph hereof.

(h) "Exchange Act": The Securities Exchange Act of 1934, as amended.

(i) "Holders": The Stockholders holding Registrable Securities and the Permitted Transferees holding Registrable Securities.

(j) "Indemnified Party": As defined in Section 7.3.

(k) "Indemnifying Party": As defined in Section 7.3.

(l) "Losses": As defined in Section 7.1.

(m) "Nasdaq": The Nasdaq Stock Market, Inc.

(n) "New Common Stock": As defined in Recital B.

(o) "Other Holders": As defined in Section 4.2.

(p) "Permitted Transferee": As determined with respect to each transfer of Registrable Securities, any Person who (i) acquires from a Holder, in a single transfer made in compliance with all applicable securities laws, either (A) all of such Holder's Registrable Securities or (B) not less than 25% of such Holder's Registrable Securities and, as a result of such transfer, has Beneficial Ownership of 5% or more of the shares of New Common Stock then outstanding and (ii) agrees to be bound by the terms of this Agreement; *provided*, *however*, that, as determined with respect to each transfer of Registrable Securities, a Person shall also be a "Permitted Transferee" if such Person (x) acquires from a Stockholder, in a single transfer made in compliance with all applicable securities laws, not less than 25% of the Registrable Securities issued to such Stockholder on the Effective Date pursuant to the Plan, as adjusted for any securities paid, issued or distributed on such Stockholder's Shares as contemplated by Section 1.1(v)(ii), and (y) agrees to be bound by the terms of this Agreement.

(q) "Person": Any individual, corporation, general or limited partnership, limited liability company, joint venture, trust or other entity or association, including without limitation any governmental authority.

(r) "Piggyback Notice": As defined in Section 4.1.

(s) "Piggyback Registration": As defined in Section 4.1.

(t) "Plan": As defined in Recital A.

(u) "Prospectus": With respect to any Registration Statement: if Rule 434 under the Securities Act is relied on, the term sheet that is first filed pursuant to Rule 424(b)(7)

under the Securities Act, together with the preliminary prospectus identified therein that such term sheet supplements; if Rule 434 under the Securities Act is not relied on, the prospectus first filed with the SEC pursuant to Section 424(b) under the Securities Act; and if Rule 434 under the Securities Act is not relied on and no prospectus is required to be filed pursuant to Rule 424(b) under the Securities Act, the prospectus included in such Registration Statement at the time when it is or was declared effective; in each case, as amended or supplemented by any prospectus supplement, all other amendments and supplements to such prospectus (including post-effective amendments), and all exhibits and all material incorporated by reference or deemed to be incorporated by reference in such prospectus.

(v) "Registrable Securities": (i) The Shares and (ii) any securities paid, issued or distributed in respect of any of the Shares by way of stock dividend, stock split or distribution, or in connection with a combination of shares, recapitalization, reorganization, merger or consolidation, or otherwise; *provided*, *however*, that as to any Registrable Securities, such securities will irrevocably cease to constitute "Registrable Securities" if: (A) such securities are disposed of pursuant to an effective registration statement under the Securities Act; (B) such securities are distributed to the public pursuant to Rule 144; (C) such securities have been transferred to any Person other than a Permitted Transferee; or (D) such securities cease to be outstanding.

(w) "Registration Expenses": As defined in Section 6.4.

(x) "Registration Statement": Any registration statement of the Company under the Securities Act that covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the related Prospectus, all amendments and supplements to such registration statement (including post-effective amendments), and all exhibits and all materials incorporated by reference or deemed to be incorporated by reference in such registration statement.

(y) "Rule 144": Rule 144 promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.

(z) "SEC": The Securities and Exchange Commission.

(aa) "Securities Act": The Securities Act of 1933, as amended.

(bb) "Shares": The shares of New Common Stock issued to the Stockholders pursuant to the Plan.

(cc) "Shelf Registration Statement": As defined in Section 2.1.

(dd) "Stockholder": As defined in the introductory paragraph hereof.

(ee) "Underwritten Registration" or "Underwritten Offering": A registration in which securities of the Company are sold to an underwriter for reoffering to the public.

(ff) "Underwritten Offering Notice": As defined in Section 2.2(a).

1.2 Certain Interpretative Matters. Unless the context otherwise requires, (a) all references to Articles or Sections are to Articles or Sections of this Agreement, (b) each term defined in this Agreement has the meaning assigned to it, (c) all uses of "herein," "hereto," "hereof" and words similar thereto in this Agreement refer to this Agreement in its entirety, and not solely to the Article, Section or provision in which it appears, (d) "or" is disjunctive but not necessarily exclusive, and (e) words in the singular include the plural and vice versa.

Article II. Shelf Registration

2.1 Filing of Shelf Registration Statement. On or before the later to occur of (x) the date that is 60 calendar days after the Effective Date and (y) April 1, 2002, the Company will file with the SEC a Registration Statement covering the resale of the Registrable Securities by the Stockholders on a continuous basis pursuant to Rule 415 under the Securities Act (the "Shelf Registration Statement") on Form S-1. The Company will use its reasonable best efforts to cause the Shelf Registration Statement (a) to be declared effective under the Securities Act within 90 calendar days after the date such Shelf Registration Statement is initially filed with the SEC and (b) once effective, to remain continuously effective for a period ending on the earlier of: (i) the first date on which there ceases to be any Registrable Securities; and (ii) the second anniversary of the date on which the SEC declares such Shelf Registration Statement effective (subject to extension pursuant to Article V or Section 6.3). The Company will not register any securities other than Registrable Securities pursuant to the Shelf Registration Statement; *provided, however,* that, as contemplated by the Debt Registration Rights Agreement, dated even date herewith, among the Company and the Stockholders, the Company will be permitted to register pursuant to the Shelf Registration Statement debt securities of the Company issued to the Stockholders pursuant to the Plan. The plan of distribution contained in the Shelf Registration Statement shall permit Underwritten Offerings. The Company will be permitted to file on Form S-3 a post-effective amendment to the Shelf Registration Statement, or take such other action as may be necessary to convert the Shelf Registration Statement from Form S-1 to Form S-3, at such time the Company becomes eligible, in its sole discretion, to use Form S-3.

2.2 Underwriting Procedures.

(a) If Holders of at least 10% of the Registrable Securities so request in writing, the Company will effect pursuant to the Shelf Registration Statement an Underwritten Offering; *provided*, *however*, that the Company will not be required to take any action in response to any such request:

(i) if prior to the date of such request the Company has effected three Underwritten Offerings pursuant to this Section 2.2(a);

(ii) if the Company has effected an Underwritten Offering pursuant to this Section 2.2(a) within the 120-day period next preceding such request; or

(iii) if the Registrable Securities requested to be included in the Underwritten Offering have a then-current market value of less than $10.0 million.

The Company will give written notice (an "Underwritten Offering Notice") of the proposed Underwritten Offering to all Holders within 15 calendar days after receipt of a valid written request for an Underwritten Offering pursuant to this Section 2.2(a). Such notice will offer the Holders the opportunity to include in such Underwritten Offering such amount of Registrable Securities as each Holder may request. The Company will include in such Underwritten Offering all Registrable Securities for which the Company has received written requests for inclusion within 15 calendar days after delivery of the Underwritten Offering Notice, subject to Section 2.2(b).

(b) The Company will cause the managing underwriter or underwriters of a proposed Underwritten Offering to permit the Holders that have requested Registrable Securities to be included in the Underwritten Offering to include all such Registrable Securities on the same terms and conditions as all other Registrable Securities to be included. Notwithstanding the foregoing, if the managing underwriter or underwriters of such Underwritten Offering advises the Company and the selling Holders that the total amount of Registrable Securities that such Holders propose to include in such Underwritten Offering is such as to materially and adversely affect the success of such Underwritten Offering, then the Company will include in such Underwritten Offering up to the full amount of Registrable Securities requested to be included in such Underwritten Offering by the Holders (allocated *pro rata* among the Holders on the basis of the amount of Registrable Securities requested to be included therein by each such Holder) so that the total amount of Registrable Securities to be included in such Underwritten Offering is the full amount that, in the written opinion of such managing underwriter or underwriters, can be sold without materially and adversely affecting the success of such Underwritten Offering.

(c) Any Registrable Securities may be withdrawn from a proposed Underwritten Offering at any time before the execution and delivery by such Holder of the underwriting agreement relating to such Underwritten Offering. In the event that all Holders withdraw all of their Registrable Securities from a proposed Underwritten Offering before the execution and delivery of an underwriting agreement relating to such Underwritten Offering, either (i) the Holders withdrawing their Registrable Securities shall reimburse the Company for all of its out-of-pocket expenses incurred in connection with the proposed Underwritten Offering in excess of the amount of expenses relating solely to the maintenance of the Shelf Registration Statement or (ii) the requested Underwritten Offering will be deemed to have been effected for purposes of Section 2.2(a); *provided*, *however*, that if such withdrawal was based on the Company's failure to comply in any material respect with its obligations hereunder, such reimbursement will not be required and the requested Underwritten Offering will not be deemed to have been effected for purposes of Section 2.2(a).

(d) The managing underwriter or underwriters of the Underwritten Offering relating thereto will be selected by the Holders of at least a majority of the Registrable Securities proposed to be included in such Underwritten Offering, subject to the approval of the Company (which approval shall not be unreasonably withheld or unreasonably delayed).

Article III. Demand Registration

3.1 Right to Demand Registration. From and after the date that is 120 calendar days subsequent to the last day that the Shelf Registration Statement is effective, if any Holder requests in writing that the Company effect the registration of all or part of such Holder's or Holders' Registrable Securities with the SEC under and in accordance with the provisions of the Securities Act (which written request will specify the aggregate number of shares of Registrable Securities requested to be registered and the means of distribution), the Company will file a Registration Statement covering such Holder's or Holders' Registrable Securities requested to be registered as promptly as practicable (and, in any event within 60 calendar days) after receipt of such request; *provided, however*, that the Company will not be required to take any action pursuant to this Article III:

(a) if the Holder or Holders making such respect are not Affiliates of the Company at the time such request is made;

(b) if prior to the date of such request the Company has effected three registrations pursuant to this Article III;

(c) if the Company has effected a registration contemplated by this Article III within the 120-day period next preceding such request;

(d) if a shelf registration is effective at the time such request is made pursuant to which the Holder or Holders that requested registration could effect the disposition of such Holder's or Holders' Registrable Securities in the manner requested and the Company offered, in accordance with the procedures set forth herein, to include or did include such Holder's or Holders' Registrable Securities in such shelf registration;

(e) if the Registrable Securities requested to be registered shall have a then-current market value of less than $10.0 million; or

(f) during the pendency of any Blackout Period.

3.2 Blackout Period.

(a) If (i) at any time during which Holders may request a registration pursuant to Section 3.1, the Company files or proposes to file a registration statement with respect to an offering of equity securities of the Company for its own account and (ii) with reasonable prior notice (A) the Company (in the case of an offering that is not an Underwritten Offering) advises the Holders in writing that the Board of Directors of the Company has determined, in the good faith exercise of its reasonable business judgment, that a sale or distribution of Registrable Securities would adversely affect such offering or (B) the managing underwriter or underwriters, if any, advise the Company in writing (in which case the Company will notify the Holders) that a sale or distribution of Registrable Securities would adversely affect such offering, then the Company will not be obligated to effect the initial filing of a Registration Statement pursuant to Section 3.1 during the 30 calendar days prior to the date the Company in good faith estimates (as certified in writing by an officer of the Company to the Holders following a request for

registration pursuant to Section 3.1) will be the date of the filing of, and ending on the date which is 90 calendar days following the effective date of, such registration statement.

(b) If the Board of Directors of the Company determines, in the good faith exercise of its reasonable business judgment, that the registration and distribution of Registrable Securities (i) would materially impede, delay or interfere with any financing, acquisition, corporate reorganization or other significant transaction involving the Company or (ii) would require disclosure of non-public material information, the disclosure of which would materially and adversely affect the Company, the Company will promptly give the Holders written notice of such determination and will be entitled to postpone the filing or effectiveness of a Registration Statement for a reasonable period of time not to exceed 90 calendar days; *provided, however*, that the Company will deliver to the Holder or Holders that have requested registration a general statement, signed by an officer of the Company, of the reasons for such postponement or restriction on use and an estimate of the anticipated delay. The Company will promptly notify such Holders of the expiration or earlier termination of such a period.

(c) Notwithstanding anything in this Section 3.2 to the contrary, there will be no more than one delay period as contemplated by this Section 3.2 during any consecutive 12-month period during the time in which Holders may request a registration pursuant to Section 3.1.

3.3 Effective Demand Registrations.

(a) The Company may satisfy its obligations under Section 3.1 by amending (to the extent permitted by applicable law) any registration statement previously filed by the Company under the Securities Act so that such amended registration statement will permit the disposition (in accordance with the intended methods of disposition specified as aforesaid) of all of the Registrable Securities for which a demand for registration has been properly made under Section 3.1. If the Company so amends a previously filed registration statement, it will be deemed to have effected a registration for purposes of Section 3.1.

(b) Except as provided in Section 3.4, a registration requested pursuant to Section 3.1 will not be deemed to be effected for purposes of Section 3.1 if it has not been declared effective by the SEC or become effective in accordance with the Securities Act and the rules and regulations thereunder and kept effective as contemplated by Section 3.5.

3.4 Revocation of Demand Registration. A Holder of Registrable Securities to be included in a Registration Statement pursuant to Section 3.1 may, at any time prior to the effective date of the Registration Statement relating to such registration, revoke its request to have Registrable Securities included therein by providing a written notice to the Company. In the event all such Holders of Registrable Securities revoke their request, either (i) the Holders of Registrable Securities who revoke such request shall reimburse the Company for all its out-of-pocket expenses incurred in the preparation, filing and processing of the Registration Statement or (ii) the requested registration that has been revoked will be deemed to have been effected for purposes of Section 3.1; *provided, however*, that, if such revocation was based on the Company's failure to comply in any material respect with its obligations hereunder, such reimbursement will

not be required and the requested registration that has been revoked will not be deemed to have been effected for purposes of Section 3.1.

3.5 Continuous Effectiveness of Registration Statement. The Company will use its reasonable best efforts to keep a Registration Statement that has become effective as contemplated by this Article III continuously effective for a period of 60 calendar days (subject to extension pursuant to Section 6.3) or such shorter period that will terminate when all Registrable Securities covered by such Registration Statement have been sold pursuant to such Registration Statement; *provided*, *however*, that in no event will such period expire prior to the expiration of the applicable period referred to in Section 4(3) of the Securities Act and Rule 174 promulgated thereunder.

3.6 Underwritten Demand Registration. In the event that a registration requested pursuant to Section 3.1 is to be an Underwritten Registration, the managing underwriter or underwriters of the Underwritten Offering relating thereto will be selected by the Holders of at least a majority of the Registrable Securities proposed to be included in such Underwritten Registration, subject to the approval of the Company (which approval shall not be unreasonably withheld or unreasonably delayed).

Article IV. Piggyback Registration.

4.1 Right to Piggyback. If at any time the Company proposes to file a registration statement under the Securities Act with respect to an offering of any class of equity securities (other than a registration statement on Form S-4, Form S-8 or any successor forms thereto and the Shelf Registration Statement, but including any Registration Statement to be filed pursuant to Section 3.1), whether or not for its own account, then the Company will give written notice (the "Piggyback Notice") of such proposed filing to the Holders at least 45 calendar days before the anticipated filing date. Such notice will offer the Holders the opportunity to register such amount of Registrable Securities as each Holder may request (a "Piggyback Registration"). The Company will include in each Piggyback Registration all Registrable Securities for which the Company has received written requests for inclusion within 15 calendar days after delivery of the Piggyback Notice, subject to Section 4.2. The Holders may withdraw all or part of the Registrable Securities from a Piggyback Registration at any time before the third calendar day immediately preceding the effective date of such Piggyback Registration.

4.2 Priority on Piggyback Registrations. The Company will cause the managing underwriter or underwriters of a proposed Underwritten Offering to permit the Holders that have requested Registrable Securities to be included in the Piggyback Registration to include all such Registrable Securities on the same terms and conditions as any similar securities, if any, of the Company. Notwithstanding the foregoing, if the managing underwriter or underwriters of such Underwritten Offering advises the Company and the selling Holder or Holders that the total amount of securities that the Company, such Holders and any other Persons having rights to participate in such Piggyback Registration ("Other Holders") propose to include in such offering is such as to materially and adversely affect the success of such Underwritten Offering, then:

(a) if such Piggyback Registration is a primary registration by the Company for its own account, the Company will include in such Piggyback Registration: (i) first, all

securities to be offered by the Company; and (ii) second, up to the full amount of securities requested to be included in such Piggyback Registration by the Holders and Other Holders having rights to participate in such Piggyback Registration (allocated *pro rata* among such Holders and Other Holders on the basis of the amount of securities requested to be included therein by each such Holder or Other Holder) so that the total amount of securities to be included in such Underwritten Offering is the full amount that, in the opinion of such managing underwriter or underwriters, can be sold without materially and adversely affecting the success of such Underwritten Offering; and

(b) if such Piggyback Registration is an underwritten secondary registration for the account of holders of securities of the Company, the Company will include in such registration: (i) first, all securities of the Persons exercising "demand" registration rights requested to be included therein (including without limitation the Person who demands registration and any Persons who are entitled to participate in such Piggyback Registration pursuant to the same agreement as the Person demanding such registration); and (ii) second, up to the full amount of securities requested to be included in such Piggyback Registration by the Holders and Other Holders having rights to participate in such Piggyback Registration (allocated *pro rata* among such Holders and Other Holders on the basis of the amount of securities requested to be included therein by each such Holder or Other Holder) so that the total amount of securities to be included in such Underwritten Offering is the full amount that, in the written opinion of such managing underwriter or underwriters, can be sold without materially and adversely affecting the success of such Underwritten Offering.

Article V. Restrictions on Sale

Each Holder whose Registrable Securities are covered by a Registration Statement filed pursuant to Article II, III or IV hereof agrees, if such Holder is so requested (pursuant to a timely written notice) by the managing underwriter or underwriters in any Underwritten Offering by the Company for its own account, not to effect any public or private sale or distribution of any Registrable Securities (except as part of such Underwritten Offering), including a sale pursuant to Rule 144, during the 10 calendar days prior to, and the 90 calendar days following, the closing date of such Underwritten Offering. In the event of such a request, the Company may impose, during such period, appropriate stop-transfer instructions with respect to the Registrable Securities subject to such restrictions. If a request is made pursuant to this Article V, the time period during which the Shelf Registration Statement is required to remain continuously effective pursuant to Article II will be extended by 100 calendar days or such shorter period that will terminate when all Registrable Securities covered by the Shelf Registration Statement (and not included in the Underwritten Offering) have been sold pursuant to the Shelf Registration Statement.

Article VI. Procedures and Expenses

6.1 Registration Procedures. In connection with the Company's registration obligations pursuant to Articles II, III and IV, the Company will effect such registrations to permit the sale of Registrable Securities by a Holder in accordance with the intended method or methods of disposition thereof, and pursuant thereto the Company will as promptly as reasonably practicable:

(a) Prepare and file with the SEC a Registration Statement or Registration Statements on Form S-1, Form S-3 or other appropriate form under the Securities Act available for the sale of the Registrable Securities by the selling Holder in accordance with the intended method or methods of distribution thereof; *provided*, *however*, that the Company (i) will, before filing, furnish to the selling Holder, its counsel and the managing underwriter or underwriters, if any, copies of the Registration Statement or Prospectus proposed to be filed, which documents will be subject to the review of such Holder, its counsel and such underwriters, (ii) will provide such Persons with a reasonable opportunity to review and comment on such Registration Statement or Prospectus, and (iii) will not file any such Registration Statement or Prospectus to which the selling Holder, its counsel or such underwriter, if any, shall reasonably object on a timely basis.

(b) Prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary; cause the related Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provision then in force) under the Securities Act; and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended methods of disposition by the selling Holder set forth in such Registration Statement as so amended, or in such Prospectus as so supplemented.

(c) Promptly notify selling Holder, its counsel and the managing underwriter or underwriters, if any, orally (with subsequent written confirmation) (i) when a Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to a Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the SEC or any other federal or state governmental authority for amendments or supplements to a Registration Statement or related Prospectus or for additional information, (iii) of the issuance by the SEC or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (v) of the occurrence of any event which makes any statement made in such Registration Statement or Prospectus untrue in any material respect or which requires the making of any changes in a Registration Statement or Prospectus or other documents so that, (A) in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and (B) in the case of the Prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (vi) of the Company's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate.

(d) Use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement, or the lifting of any suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable date.

(e) If requested by the managing underwriter or underwriters, if any, or the selling Holder, (i) promptly incorporate in a Prospectus supplement or post-effective amendment such information as the managing underwriter or underwriters, if any, and such selling Holder agree should be included therein under applicable law and (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as practicable after the Company has received notification of the matters to be incorporated in such Prospectus supplement or post-effective amendment; *provided, however*, that the Company will not be required to take any actions under this Section 6.1(e) that are not, in the opinion of counsel for the Company, in compliance with applicable law.

(f) Furnish to the selling Holder, its counsel and each managing underwriter, if any, at least one conformed copy of the Registration Statement and any post-effective amendment thereto, including financial statements (but excluding all schedules, all documents incorporated or deemed incorporated therein by reference and all exhibits).

(g) Deliver to the selling Holder, its counsel and the managing underwriter or underwriters, if any, as many copies of the Prospectus relating to such Registrable Securities (including each preliminary Prospectus) and any amendment or supplement thereto as such Persons may reasonably request and, by such delivery, the Company will be deemed to have consented to the use of such Prospectus or such amendment or supplement thereto by the selling Holder and the underwriter or underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto.

(h) Prior to any public offering of Registrable Securities, register or qualify, or cooperate with the selling Holder, the managing underwriter or underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities for offer and sale under the securities or blue sky laws of such jurisdictions within the United States as the selling Holder or underwriter or underwriters reasonably request in writing; keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective; and do any and all other acts or things reasonably necessary or advisable to enable the disposition in such jurisdictions of the Registrable Securities covered by the Registration Statement; *provided, however*, that the Company will not be required to (i) qualify generally to do business in any jurisdiction in which it is not then so qualified or (ii) take any action that would subject it to general service of process in any jurisdiction in which it is not then so subject.

(i) Cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities within the United States as necessary, except where such registration or approval is required solely as a consequence of the nature of the selling Holder's business, in which case the Company will use its reasonable best efforts to enable the selling Holder to make or obtain such registration or approval and to consummate the disposition of such Registrable Securities.

(j) Cooperate with the selling Holder and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates will not bear any restrictive legends, and

cause such certificates to be in such denominations and registered in such names as the managing underwriter or underwriters, if any, shall request at least two Business Days prior to any sale of Registrable Securities to the managing underwriter or underwriters.

(k) As promptly as practicable upon the occurrence of any event contemplated by Section 6.1(c)(v) or 6.1(c)(vi) hereof, prepare a supplement or post-effective amendment to each Registration Statement or a supplement to the related Prospectus, or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities being sold thereunder, such Prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(l) Use its reasonable best efforts to cause all Registrable Securities covered by such Registration Statement to be (i) listed on each securities exchange, if any, on which similar securities issued by the Company are then listed or (ii) authorized to be quoted on Nasdaq; in each case, if requested by the managing underwriter or underwriters, if any.

(m) Engage an appropriate transfer agent and provide such transfer agent with printed certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company, and provide a CUSIP number for the Registrable Securities.

(n) Enter into such agreements (including, in the event of an Underwritten Offering, an underwriting agreement in form, scope and substance as is customary in Underwritten Offerings) and take all such other actions in connection therewith (including those reasonably requested by the selling Holder or, in the event of an Underwritten Offering, those reasonably requested by the managing underwriter or underwriters) reasonably necessary or desirable to expedite or facilitate the disposition of such Registrable Securities, and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is an Underwritten Registration, (i) make such representations and warranties to the selling Holder and the managing underwriter or underwriters, if any, with respect to the business of the Company and its subsidiaries, the Registration Statement or Prospectus, in each case, in form, substance and scope as are customarily made by issuers to underwriters in Underwritten Offerings and confirm the same if and when requested, (ii) use its reasonable best efforts to obtain opinions of counsel to the Company and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriter or underwriters, if any, and the selling Holder) addressed to the selling Holder and the managing underwriter or underwriters, if any, covering the matters customarily covered in opinions requested in Underwritten Offerings and such other matters as may be reasonably requested by the selling Holder and managing underwriter or underwriters, if any, including without limitation the matters referred to in clause (i) above, (iii) use its reasonable best efforts to obtain "comfort" letters and updates thereof from the independent certified public accountants of the Company (and, if necessary, any other certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and financial data is, or is required to be, included in the Registration Statement), addressed to the selling Holder and each of the managing underwriter or underwriters, if any, such letters to be in customary form and covering matters of the type customarily covered in "comfort" letters in connection with Underwritten Offerings, and (iv) deliver such documents and certificates as may be reasonably

requested by the selling Holder, its counsel or the managing underwriter or underwriters, if any, to evidence the continued validity of the representations and warranties of the Company and its subsidiaries made pursuant to clause (i) above and to evidence compliance with any customary conditions contained in the underwriting agreement or similar agreement entered into by the Company. The foregoing actions will be taken in connection with each closing under such underwriting or similar agreement as and to the extent required thereunder.

(o) Make available for inspection by a representative of the selling Holder, any underwriter and any attorney or accountant retained by such selling Holder or underwriter, all financial and other records, pertinent corporate documents and properties of the Company and its subsidiaries, and cause the officers, directors and employees of the Company and its subsidiaries to supply all information reasonably requested by any such representative, underwriter, attorney or accountant in connection with such Registration Statement; *provided, however*, that any records, information or documents that are designated by the Company in writing as confidential at the time of delivery of such records, information or documents will be kept confidential by such Persons unless (i) such records, information or documents are in the public domain or otherwise publicly available (other than by reason of breach of this confidentiality provision), (ii) disclosure of such records, information or documents is required by court or administrative order or is necessary to respond to inquires of regulatory authorities, or (iii) disclosure of such records, information or documents, in the opinion of counsel to such Person, is otherwise required by law or regulation (including without limitation pursuant to the requirements of the Securities Act or regulations promulgated thereunder); *provided, however*, that in the case of subsections (ii) and (iii) hereof, prior to making such disclosure the Holder will, subject to applicable law, advise and consult with the Company and its counsel as to such disclosure and the nature and wording of such disclosure and will use its reasonable best efforts to obtain, at the Company's expense, confidential treatment therefor.

(p) Comply with all applicable rules and regulations of the SEC and make generally available to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act, *provided* that the Company shall be deemed to have complied with this Section 6.1(p) if it has satisfied the provisions of Rule 158 under the Securities Act (or any similar rule promulgated under the Securities Act).

6.2 Information from Stockholder.

(a) The Company may require each Holder including its Registrable Securities in any Registration Statement to furnish to the Company such information regarding the Holder and its plan and method of distribution of such Registrable Securities as the Company may, from time to time, reasonably request in writing. The Company may refuse to proceed with the registration of such Holder's Registrable Securities if such Holder unreasonably fails to furnish such information within a reasonable time after receiving such request.

(b) Each selling Holder will as expeditiously as possible (i) notify the Company of the occurrence of any event that makes any statement made in a Registration Statement or Prospectus regarding such selling Holder untrue in any material respect or that requires the making of any changes in a Registration Statement or Prospectus so that, in such regard, (A) in the case of a Registration Statement, it will not contain any untrue statement of a

material fact or omit any material fact required to be stated therein or necessary to make the statements not misleading and (B) in the case of a Prospectus, it will not contain any untrue statement of a material fact or omit any material fact required to be stated or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (ii) provide the Company with such information as may be required to enable the Company to prepare a supplement or post-effective amendment to any such Registration Statement or a supplement to such Prospectus as contemplated by Section 6.1(k).

(c) With respect to any Underwritten Offering, the inclusion of a Holder's Registrable Securities therein will be conditioned upon the execution and delivery by such Holder of an underwriting agreement in form, scope and substance as is customary in Underwritten Offerings.

6.3 Suspension of Disposition. Each selling Holder will be deemed to have agreed that, upon receipt of any notice from the Company of the occurrence of any event of the kind described in Section 6.1(c)(ii), 6.1(c)(iii), 6.1(c)(iv), 6.1(c)(v) or 6.1(c)(vi), such Holder will discontinue disposition of Registrable Securities covered by a Registration Statement or Prospectus until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6.1(k) or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed and has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus. In the event the Company shall give any such notice, the period of time set forth in Section 2.1 or Section 3.5 will be extended by the number of days during the time period from and including the date of the giving of such notice to and including the date when each seller of Registrable Securities covered by such Registration Statement shall have received (i) the copies of the supplemented or amended Prospectus contemplated by Section 6.1(k) or (ii) the Advice.

6.4 Registration Expenses.

(a) Subject to Section 2.2(c) and 3.4, all fees and expenses incurred by the Company in complying with Articles II, III and IV and Section 6.1 ("Registration Expenses") will be borne by the Company. Such fees and expenses will include without limitation (i) all registration and filing fees (including without limitation fees and expenses (x) with respect to filings required to be made with the National Association of Securities Dealers, Inc. and (y) of compliance with securities or blue sky laws (including without limitation reasonable fees and disbursements of counsel for the underwriters and selling Holder in connection with blue sky qualifications of the Registrable Securities and determination of the eligibility of the Registrable Securities for investment under the laws of such jurisdictions as the managing underwriter or underwriters, if any, or the selling Holder may designate)), (ii) printing expenses (including without limitation the expenses of printing certificates for securities in a form eligible for deposit with The Depository Trust Company and of printing Prospectuses if the printing of Prospectuses is requested by the selling Holder), (iii) messenger, telephone and delivery expenses, (iv) reasonable fees and disbursements of counsel for the Company, (v) reasonable fees and disbursements of one counsel for all selling Holders and Other Holders collectively (which counsel will be selected by Holders and Other Holders holding a majority of the securities sought to be included in the Registration Statement), (vi) reasonable fees and disbursements of all

independent certified public accountants referred to in Section 6.1(n)(iii) (including the expenses of any special audit and "comfort" letters required by or incident to such performance), (vii) reasonable fees and expenses of any "qualified independent underwriter" or other independent appraiser participating in an offering pursuant to Section 2720(c) of the Conduct Rules of the National Association of Securities Dealers, Inc., and (viii) reasonable fees and expenses of all other Persons retained by the Company. In addition, the Company will pay its internal expenses (including without limitation all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit, and the fees and expenses incurred in connection with the listing of the securities to be registered on each securities exchange, if any, on which similar securities issued by the Company are then listed or the quotation of such securities on Nasdaq if similar securities issued by the Company are then quoted on Nasdaq.

(b) Notwithstanding anything to the contrary herein contained, all underwriting fees, discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities will be borne by the Holder owning such Registrable Securities.

(c) Notwithstanding anything to the contrary herein contained, each selling Holder may have its own separate counsel in connection with the registration of any of its Registrable Securities, which counsel may participate therein to the full extent provided herein; *provided*, *however*, that all fees and expenses of such separate counsel will be paid for by such selling Holder.

Article VII. Indemnification

7.1 Indemnification by the Company. The Company will indemnify and hold harmless, to the fullest extent permitted by law, each Holder owning Registrable Securities registered pursuant to this Agreement, its officers, directors, trustees, agents and employees, each Person who controls such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, trustees, agents and employees of any such controlling Person, from and against all losses, claims, damages, liabilities, costs (including without limitation the costs of investigation and attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or based upon any untrue or alleged untrue statement of a material fact contained or incorporated by reference in any Registration Statement, Prospectus or preliminary prospectus, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same are based solely upon information furnished in writing to the Company by or on behalf of such Holder expressly for use therein; *provided*, *however*, that the Company will not be liable to any Holder to the extent that any such Losses arise out of or are based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any preliminary prospectus if either (i) (A) such Holder failed to send or deliver a copy of the Prospectus with or prior to the delivery of written confirmation of the sale by such Holder of a Registrable Security to the Person asserting the claim from which such Losses arise and (B) the Prospectus would have completely corrected such untrue statement or alleged untrue statement or such omission or alleged omission or (ii) such untrue statement or alleged untrue statement or such omission or alleged omission is completely corrected in an amendment or supplement to the Prospectus previously furnished by or on behalf of the

Company, such Holder was furnished with copies of the Prospectus as so amended or supplemented, and such Holder thereafter failed to deliver such Prospectus as so amended or supplemented prior to or concurrently with the sale of a Registrable Security to the Person asserting the claim from which such Losses arise.

7.2 Indemnification by Holders. Each Holder (severally and not jointly) will indemnify and hold harmless, to the fullest extent permitted by law, the Company, its officers, directors, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), and the directors, officers, agents and employees of any such controlling Person, from and against all Losses, as incurred, arising out of or based upon any untrue statement of a material fact contained or incorporated by reference in any Registration Statement, Prospectus or preliminary prospectus, or arising out of or based upon any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, to the extent, but only to the extent, that such untrue statement or omission was made in reliance upon and in conformity with information so furnished in writing by or on behalf of such Holder to the Company expressly for use in such Registration Statement, Prospectus or preliminary prospectus. In no event will the liability of any Holder hereunder be greater in amount than the dollar amount of the proceeds received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

7.3 Conduct of Indemnification Proceedings. If any Person becomes entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party will give prompt notice to the party from which such indemnity is sought (the "Indemnifying Party") of any claim or of the commencement of any action or proceeding with respect to which such Indemnified Party seeks indemnification or contribution pursuant hereto; *provided*, *however*, that the failure to so notify the Indemnifying Party will not relieve the Indemnifying Party from any obligation or liability except to the extent that the Indemnifying Party has been prejudiced materially by such failure. If such an action or proceeding is brought against the Indemnified Party, the Indemnifying Party will be entitled to participate therein and, to the extent it may elect by written notice delivered to the Indemnified Party promptly after receiving the notice referred to in the immediately preceding sentence, to assume the defense thereof with counsel reasonably satisfactory to the Indemnified Party. Notwithstanding the foregoing, the Indemnified Party will have the right to employ its own counsel in any such case, but the fees and expenses of such counsel will be at the expense of the Indemnified Party unless (i) the employment of such counsel shall have been authorized in writing by the Indemnifying Party, (ii) the Indemnifying Party shall not have employed counsel (reasonably satisfactory to the Indemnified Party) to take charge of such action or proceeding within a reasonable time after notice of commencement thereof, or (iii) the Indemnified Party reasonably shall have concluded that there may be defenses or actions available to it which are different from or additional to those available to the Indemnifying Party which, if the Indemnifying Party and the Indemnified Party were to be represented by the same counsel, could result in a conflict of interest for such counsel or materially prejudice the prosecution of defenses or actions available to the Indemnified Party. If any of the events specified in clause (i), (ii) or (iii) of the immediately preceding sentence are applicable, then the fees and expenses of separate counsel for the Indemnified Party shall be borne by the Indemnifying Party. If, in any case, the Indemnified Party employs separate counsel, the Indemnifying Party will not have the right to direct the defense of such action or

proceeding on behalf of the Indemnified Party. All fees and expenses required to be paid to the Indemnified Party pursuant to this Article VII will be paid periodically during the course of the investigation or defense, as and when reasonably itemized bills therefor are delivered to the Indemnifying Party in respect of any particular Loss that is incurred. Notwithstanding anything to the contrary contained in this Section 7.3, an Indemnifying Party will not be liable for the settlement of any action or proceeding effected without its prior written consent. The Indemnifying Party will not consent to entry of any judgment or enter into any settlement or otherwise seek to terminate any action or proceeding in which any Indemnified Party is or could be a party and as to which indemnification or contribution could be sought by such Indemnified Party under this Article VII, unless such judgment, settlement or other termination provides solely for the payment of money and includes as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release, in form and substance satisfactory to the Indemnified Party, from all liability in respect of such claim or litigation for which such Indemnified Party would be entitled to indemnification hereunder.

7.4 Contribution, etc.

(a) If the indemnification provided for in this Article VII is unavailable to an Indemnified Party under Section 7.1 or 7.2 in respect of any Losses or is insufficient to hold such Indemnified Party harmless, then each applicable Indemnifying Party (severally and not jointly), in lieu of indemnifying such Indemnified Party, will contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party or Indemnifying Parties, on the one hand, and such Indemnified Party, on the other hand, in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party or Indemnifying Parties, on the one hand, and such Indemnified Party, on the other hand, will be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or related to information supplied by, such Indemnifying Party or Indemnifying Parties or such Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses will be deemed to include any legal or other fees or expenses incurred by such party in connection with any action or proceeding.

(b) The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7.4 were determined by *pro rata* allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding anything contained in this Section 7.4 to the contrary, an Indemnifying Party that is a selling Holder will not be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities were sold by such selling Holder to the public exceeds the amount of any damages which such selling Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(c) The provisions of this Article VII will survive indefinitely, notwithstanding any transfer of the Registrable Securities by any Holder.

Article VIII. Rule 144

The Company will file all reports required to be filed by it under the Securities Act and the Exchange Act, and will cooperate with any Holder (including without limitation by making such representations as any such Holder may reasonably request), all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitations of the exemptions provided by Rule 144. Upon the request of any Holder, the Company will deliver to such Holder a written statement as to whether it has complied with such filing requirements. Notwithstanding the foregoing, nothing in this Article VIII will require the Company to register any securities, or file any reports, under the Exchange Act if such registration or filing is not required under the Exchange Act.

Article IX. Miscellaneous

9.1 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made by delivery in person, by courier service, by facsimile transmission or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 9.1):

(a) If to the Company:

Loewen Group International, Inc.
Attention: Bradley D. Stam, Esq.
Senior Vice President, Legal & Asset Management
2225 Sheppard Avenue East
Atria North III, 11th Floor
Toronto, Ontario M2J 5C2
Facsimile Number: (416) 498-2466
Telephone Number: (416) 498-2462

(b) If to a Holder, to the then-current address thereof contained in the stock records of the Company, which initially shall be, with respect to each Stockholder, the address thereof set forth on the signature page hereto.

All such notices and communications will be deemed to have been delivered or given: upon delivery, if personally delivered; one Business Day after being dispatched, if dispatched by same-day or next-day courier guaranteeing timely delivery; when receipt acknowledged, if sent by facsimile transmission; and five Business Days after being deposited in the mail, if mailed.

9.2 Assignment. Neither this Agreement nor the rights and obligations hereunder may be assigned by operation of law or otherwise (except that this Agreement and rights and obligations hereunder may be assigned by any Holder to a Permitted Transferee thereof, which Permitted Transferee shall be deemed to be a Holder and a party hereto for all purposes of this Agreement upon receipt by the Company of such Permitted Transferee's written agreement to be

bound by the terms hereof). Notwithstanding the foregoing, nothing herein contained shall restrict the right of any Holder to transfer securities of the Company held by it.

9.3 No Third-Party Beneficiaries. This Agreement will be binding upon and inure solely to the benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

9.4 Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof.

9.5 Amendment and Waiver. This Agreement may not be amended or modified or any provision hereof waived except by an instrument in writing signed by the Company and both (x) Holders of at least a majority of the then-outstanding Registrable Securities and (y) each Holder of 10% or more of the then-outstanding Registrable Securities. Notwithstanding anything contained herein to the contrary, a waiver that does not adversely affect all of the parties hereto may be executed by only the adversely affected party or parties.

9.6 Headings. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

9.7 Severability. If any term or other provision of this Agreement is invalid, illegal or unenforceable under any law or public policy, all other terms and provisions of this Agreement will nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto will endeavor in good faith to replace the invalid, illegal or unenforceable provisions with valid, legal and enforceable provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

9.8 Governing Law. This Agreement will be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

9.9 Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties will be entitled to specify performance of the terms hereof, in addition to any other remedy at law or equity.

9.10 Further Assurances. The parties hereto will do such further acts and things necessary to ensure that the terms of this Agreement are carried out and observed.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the parties has executed this Agreement as of the date first written above.

LOEWEN GROUP INTERNATIONAL, INC.

By: _____
Name: Bradley D. Stam
Title: Senior Vice President, Legal & Asset Management

ANGELO GORDON & CO.

By: _____
Name: _____
Title: _____

Address: _____
_____

CERBERUS CAPITAL MANAGEMENT

By: _____
Name: _____
Title: _____

Address: _____
_____

FRANKLIN MUTUAL ADVISERS, LLP

By: _____
Name: _____
Title: _____

Address: _____
_____

GSCP RECOVERY, INC.

By: _____
Name: _____
Title: _____

Address: _____
_____

OAKTREE CAPITAL MANAGEMENT LLC,
as agent on behalf of certain funds and accounts

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Address: _____
_____

[Add any other Person receiving greater than 10% of the outstanding New Common Stock on the Effective Date.]

Exhibit IV.K

WARRANT AGREEMENT

This WARRANT AGREEMENT, dated as of _____ __, 2001 (this "Agreement"), is made and entered into by and between Loewen Group International, Inc., a Delaware corporation (the "Company"), and _____, a _____ corporation (the "Warrant Agent").

RECITALS

A. A plan of reorganization of the Company, its parent corporation and certain of their debtor subsidiaries (the "Plan") proposed by the Company was confirmed by the United States Bankruptcy Court for the District of Delaware on _____, 2001.

B. The Plan provides for the execution and delivery of this Agreement by the Company.

C. The Company desires to issue the Warrants (as defined below) on the terms and subject to the conditions herein set forth.

NOW, THEREFORE, in consideration of the mutual covenants herein set forth, the parties hereto hereby agree as follows:

1. Issuance of Warrants; Form of Warrants.

1.1 Issuance of Warrants. On the terms and subject to the conditions set forth in the Plan, (a) the Company will issue and deliver to (i) holders of Allowed Claims in Class 8, (ii) holders of Allowed Claims in Divisions A, B, F, G and H of Class 11, and (iii) if Class 19 accepts the Plan, Loewen Group Capital, L.P. ("LGCLP"), the holder of Allowed Claims in Class 9 (as such terms are defined in the Plan), an aggregate of up to 2,992,000 (subject to increase as a result of the application of the rounding provisions set forth in Section VI.H.3.a of the Plan) warrants (the "Warrants"), each Warrant initially representing the right to purchase one share of Common Stock (as defined below), and (b) immediately after the issuance of Warrants, if any, to LGCLP as contemplated by clause (a), the Company and the Warrant Agent will effect the transfer and delivery of such Warrants from LGCLP to the holders of Allowed Interests and Claims in Class 19 (as such terms are defined in the Plan). The purchase price per Warrant Share (as defined below) payable upon the exercise of a Warrant (the "Warrant Price") will initially be $25.76. The shares of Common Stock purchasable upon exercise of the Warrants are hereinafter referred to as the "Warrant Shares." The Warrant Price and the number and kind of Warrant Shares purchasable upon exercise of the Warrants are subject to adjustment pursuant to the provisions of Section 4.

1.2 Form of Warrants. Each Warrant, including without limitation any Warrants that may be issued upon partial exercise, replacement or transfer of Warrants, will be evidenced by, and subject to the terms of, a Warrant certificate (including the Form of Exercise Notice and Form of Assignment to be printed on the reverse thereof, a "Warrant Certificate") in substantially the form of Exhibit A, with such changes, such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and

as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto.

1.3 Countersignature of Warrants. The Warrant Certificates will be executed on behalf of the Company by the manual or facsimile signature of its Chairman, Chief Executive Officer, President or any Vice President, and attested by its Secretary or any Assistant Secretary. The Warrant Certificates will be countersigned by the Warrant Agent manually and will not be valid for any purpose unless so countersigned. In case any officer of the Company who has signed any of the Warrant Certificates ceases to be such officer of the Company before countersignature by the Warrant Agent and issuance and delivery by the Company, such Warrant Certificates, nevertheless, may be countersigned by the Warrant Agent, and issued and delivered by the Company with the same force and effect as though the person who signed such Warrant Certificates had not ceased to be such officer of the Company; and any Warrant Certificate may be signed on behalf of the Company by any person who, at the actual date of the execution of such Warrant Certificate, is a proper officer of the Company to sign such Warrant Certificate, although on any other date such person was not such an officer.

1.4 Registration of Warrants. The Warrant Agent will keep or cause to be kept, at the principal office of the Warrant Agent designated for such purpose, books for registration and transfer of the Warrant Certificates issued hereunder. Such books will show the names and addresses of the respective holders of the Warrant Certificates, the number of Warrants evidenced on its face by each of the Warrant Certificates and the date of each of the Warrant Certificates. The Company and the Warrant Agent will be entitled to treat the registered holder of any Warrant Certificate (the "Holder") as the sole owner of the Warrants represented by such Warrant Certificate for all purposes and will not be bound to recognize any equitable or other claim or interest in such Warrants on the part of any other person. Neither the Company nor the Warrant Agent will be liable for any registration of transfer of any Warrants that are registered or to be registered in the name of a fiduciary or the nominee of a fiduciary.

2. Transfer and Exchange of Warrants.

2.1 Transfer and Exchange. Any Warrant Certificate may be transferred, split up, combined or exchanged for another Warrant Certificate or Warrant Certificates entitling the Holder thereof to purchase a like aggregate number of Warrant Shares as the Warrant Certificate or Warrant Certificates surrendered then entitled such Holder (or former Holder in the case of a transfer) to purchase. Any Holder desiring to transfer, split up, combine or exchange any such Warrant Certificate will make such request in writing delivered to the Warrant Agent, and will surrender the Warrant Certificate or Warrant Certificates to be transferred, split up, combined or exchanged, with the Form of Assignment duly executed by the Holder thereof, at the principal office of the Warrant Agent designated for such purpose. Thereupon or as promptly as practicable thereafter, the Company will prepare, execute and deliver to the Warrant Agent, and the Warrant Agent will countersign and deliver, a Warrant Certificate or Warrant Certificates, as the case may be, as so requested. Neither the Company nor the Warrant Agent will be required to issue or deliver any Warrant Certificates in connection with any transfer, split up, combination or exchange of Warrants or Warrant Certificates unless and until the person or persons requesting the issuance or delivery thereof has paid to the Warrant Agent the amount of any tax or governmental charge that may be payable in connection with such transfer, split up,

combination or exchange or has established to the satisfaction of the Warrant Agent that any tax or governmental charge has been paid. Holders will not be required to pay any other charge in connection with the transfer, split up, combination or exchange of Warrants.

2.2 Lost, Stolen, and Mutilated Warrant Certificates. Upon (a) receipt by the Company and the Warrant Agent of (i) evidence satisfactory to the Company and the Warrant Agent of the loss, theft, mutilation or destruction of a Warrant Certificate and (ii) security or indemnity as may be required by the Company or the Warrant Agent of all reasonable expenses incidental thereto, and (b) surrender to the Warrant Agent and cancellation of the Warrant Certificate if mutilated, the Company will prepare, execute and deliver a new Warrant Certificate of like tenor to the Warrant Agent and the Warrant Agent will countersign and deliver such new Warrant Certificate to the Holder in lieu of the Warrant Certificate so lost, stolen, mutilated or destroyed.

2.3 Payment of Taxes. The Company will pay all documentary or stamp taxes, if any, attributable to the initial issuance and transfer of the Warrants pursuant to the first sentence of Section 1.1 and the initial issuance of the Warrant Shares upon the exercise of Warrants; provided, however, that the Company's obligations in this regard will in all events be conditioned upon the Holder cooperating with the Company and the Warrant Agent in any reasonable arrangement designed to minimize or eliminate any such taxes. Neither the Company nor the Warrant Agent will be required to pay any tax or governmental charge that may be payable in connection with any transfer, split up, combination or exchange of Warrants or Warrant Certificates.

2.4 Cancellation and Destruction of Warrant Certificates. All Warrant Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange will, if surrendered to the Company, be delivered to the Warrant Agent for cancellation or in canceled form, or, if surrendered to the Warrant Agent, will be canceled by it, and no Warrant Certificates will be issued in lieu thereof except as expressly permitted by this Agreement. The Company will deliver to the Warrant Agent for cancellation and retirement, and the Warrant Agent will so cancel and retire, any other Warrant Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Warrant Agent will destroy such canceled Warrant Certificates and deliver a certificate of destruction thereof to the Company.

3. Exercise of Warrants.

3.1 Exercise of Warrants. (a) Warrants may be exercised by the Holder thereof, in whole or in part, at any time and from time to time after the date hereof and prior to 5:00 p.m., New York City time on the fifth anniversary of the date hereof (the "Expiration Date") by delivering to the Warrant Agent, at its principal office designated for such purpose, the following:

(i) the Warrant Certificate or Warrant Certificates representing the Warrants to be exercised, with the Form of Exercise Notice duly executed by the Holder thereof; and

(ii) cash, a certified or bank cashier's check payable to the order of the Company, or a wire transfer to an account designated by the Company, in each case in an amount equal to the product of (A) the number of Warrant Shares purchasable upon the exercise of the Warrants designated for exercise in the Form of Exercise Notice and (B) the Warrant Price.

(a) As promptly as practicable after an exercise of Warrants in accordance with Section 3.1(a), and in any event within 10 Business Days (as defined below) after such exercise, the Warrant Agent will (i) requisition from any transfer agent for the Common Stock (or make available, if the Warrant Agent is the transfer agent) certificates representing the number of Warrant Shares to be purchased (and the Company hereby irrevocably authorizes and directs its transfer agent to comply with all such requests), (ii) after receipt of such certificates, cause the same to be delivered to or upon the order of the Holder exercising such Warrants, registered in such name or names as may be designated by such Holder, (iii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of the issuance of fractional Warrant Shares in accordance with the provisions of Section 5, and (iv) when appropriate, after receipt, deliver such cash to or upon the order of the Holder exercising such Warrants.

(b) If the number of Warrants represented by a Warrant Certificate are not exercised in full, the Company will prepare, execute and deliver to the Warrant Agent a new Warrant Certificate evidencing Warrants equivalent to such Warrants remaining unexercised and the Warrant Agent will countersign and deliver such new Warrant Certificate to or upon the order of the Holder exercising such Warrants, registered in such name or names as may be designated by such Holder.

(c) The Company will take all such action as may be necessary to ensure that all Warrant Shares delivered upon exercise of Warrants, at the time of delivery of the certificates for such Warrant Shares, will (subject to payment of the Warrant Price) be duly and validly authorized and issued, fully paid and nonassessable and, if shares of Common Stock are then listed on any national securities exchange (as defined in the Securities Exchange Act of 1934, as amended) or qualified for quotation on The Nasdaq Stock Market, Inc., will be duly listed or qualified for quotation thereon, as the case may be.

(d) In the event that the Company is obligated to pay cash in lieu of fractional Warrant Shares pursuant to Section 5 in connection with any exercise of Warrants, it will make all arrangements necessary so that such cash is available for distribution by the Warrant Agent, if and when appropriate.

(e) The Company will pay all expenses, taxes and other charges payable in connection with the preparation, issuance and delivery of certificates representing Warrant Shares or Warrant Certificates representing unexercised Warrants in connection with any exercise of Warrants in accordance with Section 3.1(a), except that, if any such certificates representing Warrant Shares or any such Warrant Certificates are to be registered in a name or names other than that of the Holder at the time of any such exercise of Warrants, funds sufficient to pay all transfer or similar taxes payable as a

result of such transfer shall be paid by the Holder at the time of such exercise or promptly upon receipt of a written request of the Company for payment thereof. In connection with any exercise of Warrants in accordance with Section 3.1(a), the Warrants will be deemed to have been exercised, any certificate representing Warrant Shares or any Warrant Certificate issued on account thereof will be deemed to have been issued, and the person in whose name any such certificate or Warrant Certificate is issued will be deemed for all purposes to have become a holder of record of the Warrant Shares or Warrants, as the case may be, represented thereby as of the date of such exercise.

3.2 Certain Definitions. For purposes of this Agreement, (a) the term "Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions in the state of New York are authorized or obligated by law or executive order to close and (b) the term "Trading Day" means any day on which shares of Common Stock are traded on the principal national securities exchange on which the shares of Common Stock are listed or admitted to trading or, if shares of Common Stock are not so listed or admitted to trading, in the over-the-counter market.

4. Adjustments of Warrant Price and Warrant Shares. The Warrant Price and the number and kind of Warrant Shares purchasable upon exercise of the Warrants will be subject to adjustment from time to time upon the occurrence of certain events as provided in this Section 4.

4.1 Mechanical Adjustments. The Warrant Price and the number and kind of Warrant Shares purchasable upon exercise of a Warrant will be subject to adjustment as follows:

(a) Subject to Section 4.1(f), if the Company (i) pays a dividend or otherwise distributes to holders of its Common Stock, as such, shares of its capital stock (whether Common Stock or capital stock of any other class), (ii) subdivides its outstanding shares of Common Stock into a greater number of shares of Common Stock, (iii) combines its outstanding shares of Common Stock into a smaller number of shares of Common Stock, or (iv) issues any shares of its capital stock in a reclassification of its outstanding shares of Common Stock (including any such reclassification in connection with a consolidation, merger or other business combination transaction in which the Company is the continuing or surviving corporation), then the number and kind of Warrant Shares purchasable upon exercise of each Warrant immediately prior thereto will be adjusted so that the Holder of each Warrant will be entitled to receive (A) in the case of a dividend or distribution, the sum of (1) the number of Warrant Shares that, if such Warrant had been exercised immediately prior to such adjustment, such Holder would have received upon such exercise and (2) the number and kind of additional shares of capital stock that such Holder would have been entitled to receive as a result of such dividend or distribution by virtue of its ownership of such Warrant Shares, (B) in the case of a subdivision or combination, the number of Warrant Shares that, if such Warrant had been exercised immediately prior to such adjustment, such Holder would have received upon such exercise, adjusted to give effect to such subdivision or combination as if such Warrant Shares had been subject thereto, or (C) in the case of an issuance in a reclassification, the sum of (1) the number of Warrant Shares that, if such Warrant had been exercised immediately prior to such adjustment, such Holder would have received upon such exercise and retained after giving effect to such reclassification as if such Warrants

Shares had been subject thereto and (2) the number and kind of additional shares of capital stock that such Holder would have been entitled to receive as a result of such reclassification as if such Warrant Shares had been subject thereto. An adjustment made pursuant to this paragraph (a), in the case of a dividend or distribution, will be made whenever such dividend or distribution is made and, at such time, will become effective retroactive to the time that is immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and, in the case of a subdivision, combination or reclassification, will make each become effective immediately after the effective date of such subdivision, combination or reclassification.

(b) Subject to Section 4.1(f), if the Company distributes to holders of its Common Stock, as such, (i) evidences of indebtedness or assets (excluding regular cash dividends or cash distributions payable out of surplus or net profits legally available therefor or those distributions described in Section 4(a)) of the Company or any corporation or other legal entity a majority of the voting equity securities or equity interests of which are owned, directly or indirectly, by the Company (a "Subsidiary"), (ii) shares of capital stock of any Subsidiary, (iii) securities convertible into or exchangeable for capital stock of the Company (including Common Stock or capital stock of any other class) or any Subsidiary, or (iv) any rights, options or warrants to purchase any of the foregoing (excluding those described in Section 4.1(c)), then the number of Warrant Shares thereafter purchasable upon exercise of each Warrant will be adjusted to the number that results from multiplying the number of Warrant Shares purchasable upon the exercise of each Warrant immediately prior to such adjustment by a fraction (not to be less than one), the numerator of which will be the Current Market Price (as defined below) per share of Common Stock on the record date for such distribution, and the denominator of which will be such Current Market Price per share of Common Stock less the fair value (as determined in good faith by the Board of Directors of the Company, whose determination will be conclusive if based on the financial advice of a nationally recognized investment banking firm) of the portion of the evidences of indebtedness, assets, securities or rights, options or warrants so distributed on account of one share of Common Stock. Such adjustment will be made whenever any such distribution is made and, at such time, will become effective retroactive to the time that is immediately after the record date for the determination of stockholders entitled to receive such distribution. Except as provided in Section 4.1(i), no further adjustments of the number of Warrant Shares will be made upon the actual conversion or exchange of such convertible or exchangeable securities or upon the actual exercise of such rights, options or warrants. If the fair value (as so determined) of the portion of the evidences of indebtedness, assets, securities or rights, options or warrants so distributed on account of one share of Common Stock is equal to or greater than the Current Market Price per share of Common Stock on the record date for such distribution, in lieu of the foregoing adjustment, then provision will be made so that the Holder of each Warrant will be entitled to receive the sum of (A) the number of Warrant Shares that, if such Warrant had been exercised immediately prior to such record date, such Holder would have received upon exercise and (B) such evidences of indebtedness, assets, securities or rights, options or warrants that such Holder would have been entitled to receive as a result of such distribution by virtue of its ownership of such Warrant Shares.

(c) Subject to Section 4.1(f), if the Company issues rights, options or warrants to holders of the outstanding shares of Common Stock, as such, entitling the holders of such rights, options or warrants to subscribe for or purchase shares of Common Stock at a price per share that is lower on the record date mentioned below than the Current Market Price per share of Common Stock on such record date, then the number of Warrant Shares thereafter purchasable upon the exercise of each Warrant will be adjusted to the number that results from multiplying the number of Warrant Shares purchasable upon exercise of each Warrant immediately prior to such adjustment by a fraction (not to be less than one), the numerator of which will be the number of shares of Common Stock outstanding on such record date plus the number of additional shares of Common Stock offered by such rights, options or warrants for subscription or purchase and the denominator of which will be the number of shares of Common Stock outstanding on such record date plus the number of shares of Common Stock which the aggregate subscription or purchase price of the total number of shares of Common Stock so offered would purchase at the Current Market Price per share of Common Stock on such record date. Such adjustment will be made whenever such rights, options or warrants are issued and, at such time, will become effective retroactive to the time that is immediately after the record date for the determination of stockholders entitled to receive such rights, options or warrants. In case such subscription or purchase price may be paid in a consideration part or all of which is in a form other than cash, the fair value of such consideration will be as determined by the Board of Directors of the Company, whose determination will be conclusive if based on the financial advice of a nationally recognized investment banking firm. Except as provided in Section 4.1(i), no further adjustments of the number of Warrant Shares will be made upon the actual issue of shares of Common Stock upon exercise of such rights, options or warrants.

(d) Subject to Section 4.1(f), if the Company issues shares of Common Stock, securities convertible into or exchangeable for shares of Common Stock or rights, options or warrants entitling the holders of such rights, options or warrants to subscribe for or purchase shares of Common Stock (excluding shares of Common Stock, convertible or exchangeable securities or rights, options or warrants issued in any of the transactions described in paragraph (a), (b) or (c) of this Section 4.1) for a purchase price per share of such Common Stock, for a conversion or exchange price per share of Common Stock initially deliverable upon conversion or exchange of such securities, or for a subscription or purchase price per share of Common Stock initially deliverable upon exercise of such rights, options or warrants, that is less than the Current Market Price per share of Common Stock on the date the purchase, conversion, exchange or subscription price of such additional shares of Common Stock are first fixed, then the number of Warrant Shares thereafter purchasable upon the exercise of each Warrant will be adjusted to the number that results from multiplying the number of Warrant Shares purchasable upon exercise of each Warrant immediately prior to such adjustment by a fraction (not to be less than one), the numerator of which will be the number of shares of Common Stock outstanding on such date plus the number of additional shares of Common Stock so issued or issuable upon such conversion, exchange or exercise, and the denominator of which will be the number of shares of Common Stock outstanding on such date plus the number of shares of Common Stock which the aggregate purchase, conversion, exchange or subscription price received or receivable by the Company for such additional shares of

Common Stock would purchase at the Current Market Price per share of Common Stock on such date. Such adjustment will be made and become effective immediately after such shares of Common Stock or convertible or exchangeable securities are issued. In case such purchase, conversion, exchange or subscription price may be paid in a consideration part or all of which is in a form other than cash, the fair value of such consideration will be as determined by the Board of Directors of the Company, whose determination will be conclusive if based on the financial advice of a nationally recognized investment banking firm. Except as provided in Section 4.1(i), no further adjustment will be made upon the actual issue of shares of Common Stock upon conversion or exchange of such securities convertible into or exchangeable for shares of Common Stock or upon exercise of rights, options or warrants entitling the holders of such rights, options or warrants to subscribe for or purchase shares of Common Stock.

(e) For purposes of this Agreement, the "Current Market Price" per share of Common Stock on any date will be the average of the daily closing prices for 20 consecutive Trading Days commencing 30 Trading Days before the date of such computation; provided, however, that in the event that the Current Market Price per share of Common Stock is determined during a period following the announcement of (i) a dividend or distribution on Common Stock payable in shares of Common Stock or securities convertible into or exchangeable for shares of Common Stock or (ii) any subdivision, combination or reclassification of shares of Common Stock, and prior to the expiration of 30 Trading Days after the ex-dividend date of such dividend or distribution, or the effective date for such subdivision, combination or reclassification, then, and in each such case, the Current Market Price per share will be appropriately adjusted to take into account ex-dividend trading or to reflect the Current Market Price per share per Common Stock equivalent. The closing price for each day (the "Closing Price") will be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which shares of Common Stock are listed or admitted to trading or, if shares of Common Stock are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by The Nasdaq Stock Market, Inc. or such other system then in use, or, if on any such date shares of Common Stock are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in shares of Common Stock selected by the Board of Directors of the Company. If the Common Stocks are not publicly held or not so listed or traded, or are not the subject of available bid and asked quotes, "Current Market Price" per share will mean the fair value per share as determined in good faith by the Board of Directors of the Company.

(f) No adjustment in the number of Warrant Shares purchasable upon the exercise of a Warrant will be required unless such adjustment would require an increase or decrease in the number of Warrant Shares purchasable upon the hypothetical exercise of a Warrant of at least 1%; provided, however, that any adjustments which by reason of this paragraph (f) are not required to be made currently will be carried forward and made at the time and together with the next subsequent adjustment which, together with any

adjustments so carried forward, would require an increase or decrease in the number of Warrant Shares purchasable upon the hypothetical exercise of a Warrant of 1% or more. All calculations with respect to the number of Warrant Shares will be made to the nearest one-thousandth of a share and all calculations with respect to the Warrant Price will be to the nearest whole cent. No adjustment in the number of Warrant Shares purchasable upon the exercise of a Warrant will be made under clause (i) of paragraph (a) of this Section 4.1 or paragraph (b), (c) or (d) of this Section 4.1 if the Company issues or distributes to each Holder the shares, rights, options, warrants, convertible or exchangeable securities, evidences of indebtedness, assets or other securities referred to in the applicable paragraph that such Holder would have been entitled to receive had the Warrants been exercised prior to the happening of such event or the record date with respect thereto (provided that, in any case in which such Holder would have been so entitled to receive a fractional interest in any such securities or assets, the Company may distribute to such Holder in lieu of such fractional interest cash in an amount equal to the fair value of such fractional interest as determined in good faith by the Board of Directors of the Company). No adjustment in the number of Warrant Shares purchasable upon the exercise of a Warrant will be made on account of: (1) any issuance of shares of Common Stock, or of options, rights or warrants to purchase, or securities convertible into or exchangeable for, shares of Common Stock, pursuant to the Plan, (2) any issuance of shares of Common Stock upon the exercise of options, rights or warrants or upon the conversion or exchange of convertible or exchangeable securities, in either case issued pursuant to the Plan or outstanding as of the date hereof, (3) any issuance of shares of Common Stock, or of options, rights or warrants, or of other securities, pursuant to a share purchase rights plan or any similar plan adopted by the Board of Directors of the Company, (4) any issuance of shares of Common Stock, or of options, rights or warrants to purchase, or securities convertible into or exchangeable for, shares of Common Stock, in accordance with any plan for the benefit of the employees or Directors of the Company existing as of the date hereof or contemplated by the Plan or any other plan adopted by the Directors of the Company for the benefit of the employees or Directors of the Company or any of its Subsidiaries, (5) any issuance of shares of Common Stock in connection with a Company-sponsored plan for reinvestment of dividends or interest, (6) any issuance of shares of Common Stock, securities convertible into or exchangeable for shares of Common Stock or rights, options or warrants entitling the holders of such rights, options or warrants to unsubscribe for or purchase shares of Common Stock pursuant to an underwritten public offering for a price per share of Common Stock in the case of an issuance of shares of Common Stock, for a price per share of Common Stock initially deliverable upon conversion or exchange of such securities or for a subscription or purchase price per share of Common Stock initially deliverable upon exercise of such rights, options or warrants, that is equal to or greater than 95% of the Closing Price per share of Common Stock on the date the offering, conversion, exchange subscription or purchase price of such additional shares of Common Stock is first fixed, or (7) any issuance of shares of Common Stock or other securities to the owners of any entity that is acquired by the Company in an arm's-length transaction approved by the Board of Directors of the Company. No adjustment in the number of Warrant Shares will be made for a change in the par value of the shares of Common Stock.

(g) Whenever the number of Warrant Shares purchasable upon the exercise of each Warrant is adjusted as herein provided, the Warrant Price will be adjusted by multiplying the Warrant Price in effect immediately prior to such adjustment by a fraction, the numerator of which will be the number of Warrant Shares purchasable upon the exercise of each Warrant immediately prior to such adjustment, and the denominator of which will be the number of Warrant Shares so purchasable immediately thereafter.

(h) For the purpose of this Agreement, the term "Common Stock" means (i) the class of shares designated as the Common Stock of the Company as of the date of this Agreement, (ii) all shares of any class or classes (however designated) of the Company, now or hereafter authorized, the holders of which have the right, without limitation as to amount, either to all or to a part of the balance of current dividends and liquidating dividends after the payment of dividends and distributions on any shares entitled to preference, and the holders of which are ordinarily entitled to vote generally in the election of directors of the Company, or (iii) any other class of shares resulting from successive changes or reclassifications of such shares consisting solely of changes in par value, or from par value to no par value, or from no par value to par value. In the event that at any time, as a result of an adjustment made pursuant to Section 4.1(a), the Warrants become exercisable to purchase Warrant Shares other than shares of Common Stock, thereafter the number of such other shares so purchasable upon exercise of each Warrant and the Warrant Price payable in respect of such other shares upon the exercise of each Warrant will be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Warrant Shares and the Warrant Price contained in this Section 4.1.

(i) Upon the expiration of any rights, options, warrants or conversion or exchange privileges, if any thereof have not been exercised, the Warrant Price and the number of Warrant Shares purchasable upon the exercise of each Warrant will, upon such expiration, be readjusted and will thereafter be such as it would have been had it been originally adjusted (or had the original adjustment not been required, as the case may be) as if (i) the only shares of Common Stock so issued were the shares of Common Stock, if any, actually issued or sold upon the exercise of such rights, options, warrants or conversion or exchange privileges and (ii) such shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company upon such exercise, conversion or exchange plus the aggregate consideration, if any, actually received by the Company for the issuance, sale or grant of all such rights, options, warrants or conversion or exchange privileges whether or not exercised; provided, however, that no such readjustment will have the effect of increasing the Warrant Price or decreasing the number of Warrant Shares purchasable upon the exercise of each Warrant by an amount in excess of the amount of the adjustment initially made in respect of the issuance, sale, or grant of such rights, options, warrants or conversion or exchange privileges.

4.2 Voluntary Adjustment. The Company may at its option, at any time prior to the Expiration Date, reduce the then-current Warrant Price to any amount deemed appropriate by the Board of Directors.

4.3 Notice of Adjustment. Whenever the Warrant Price or the number or kind of Warrant Shares purchasable upon exercise of the Warrants is adjusted pursuant to any of the provisions of this Agreement, the Company will promptly give notice to the Warrant Agent and the Holders of such adjustment or adjustments, together with a certificate of a firm of independent public accountants selected by the Company (who may be the regular accountants employed by the Company) setting forth the adjustments in the Warrant Price and the number or kind of Warrant Shares purchasable upon exercise of each Warrant, and also setting forth a brief statement of the facts requiring such adjustments and the computations upon which such adjustments are based. Such certificate will be conclusive evidence of the correctness of such adjustments.

4.4 No Adjustment for Dividends. Except as provided in Section 4.1, no adjustment or payment in respect of any dividends will be made at any time.

4.5 Preservation of Purchase Rights Upon Merger, Consolidation, Etc. In case of any consolidation of the Company with or merger of the Company into another corporation or in case of any sale, transfer or lease to another corporation of all or substantially all the property of the Company, the Company or such successor or purchasing corporation, as the case may be, will execute an agreement providing that each Holder will have the right thereafter, upon payment of an amount equal to the amount payable upon the exercise of a Warrant immediately prior thereto, to purchase upon exercise of each Warrant the kind and amount of securities or property that it would have owned or have been entitled to receive after giving effect to such consolidation, merger, sale, transfer or lease on account of the Warrant Shares that would have been purchasable upon the exercise of such Warrant had such Warrant been exercised immediately prior thereto (provided that, to the extent that such Holder would have been so entitled to receive cash on account of such Warrant Shares, such Holder may elect in connection with the exercise of a Warrant in accordance with Section 3.1 to reduce the amount of cash that it would be entitled to receive upon such exercise in exchange for a corresponding reduction in the amount payable upon such exercise); provided, however, that no adjustment in respect of dividends, interest or other income on or from such shares or other securities or property will be made during the term of a Warrant or upon the exercise of a Warrant. Such agreement will provide for adjustments that will be as nearly equivalent as may be practicable to the adjustments provided for in this Section 4. The provisions of this Section 4.5 will similarly apply to successive consolidations, mergers, sales, transfers or leases.

4.6 Warrant Certificates. Whether or not any adjustments in the Warrant Price or the number or kind of Warrant Shares purchasable upon the exercise of the Warrants has been made, Warrant Certificates theretofore or thereafter issued may continue to express the same Warrant Price and number and kind of Warrant Shares as are stated in the Warrant Certificate initially issued.

5. Fractional Interests. Neither the Company nor the Warrant Agent will be required to issue fractional Warrant Shares or fractional interests in any other securities on the exercise of the Warrants. If any fraction of a Warrant Share or other security would, except for the provisions of this Section 5, be issuable upon the exercise of the Warrants, the Company will pay an amount in cash (a) in lieu of a fractional Warrant Share, equal to the Current Market Price for one share of Common Stock on the Trading Day immediately preceding the date on which the

Warrants are presented for exercise, multiplied by such fraction of a Warrant Share, or (b) in lieu of a fractional interest in any other security, equal to the fair value of such fractional interest, determined in a manner as similar as possible, taking into account the difference in the fractional interest being valued, to the calculation described in clause (a) of this Section 5.

6. Warrant Agent Matters.

6.1 Appointment of Warrant Agent. The Company hereby appoints the Warrant Agent to act as agent for the Company and the Holders in accordance with the terms and conditions hereof, and the Warrant Agent hereby accepts such appointment.

6.2 Concerning the Warrant Agent. (a) The Company will pay to the Warrant Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Warrant Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Company will indemnify the Warrant Agent for, and hold it harmless against, any loss, liability, suit, action, proceeding or expense, incurred without negligence, bad faith or willful misconduct on the part of the Warrant Agent, for anything done or omitted by the Warrant Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability arising therefrom, directly or indirectly.

(b) The Warrant Agent will be protected and will incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any Warrant Certificate or certificate evidencing Common Stock or other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged by the proper person or persons.

6.3 Merger or Consolidation or Change of Name of Warrant Agent. Any corporation into which the Warrant Agent or any successor Warrant Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Warrant Agent or any successor Warrant Agent is a party, or any corporation succeeding to the corporate trust business of the Warrant Agent or any successor Warrant Agent, will be the successor to the Warrant Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Warrant Agent under the provisions of Section 6.5.

6.4 Duties of Warrant Agent. The Warrant Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Company and the Holders, by their acceptance of Warrant Certificates, will be bound:

(a) The Warrant Agent may consult with legal counsel (who may be legal counsel for the Company), and the opinion of such counsel will be full and complete

authorization and protection to the Warrant Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever in the performance of its duties under this Agreement the Warrant Agent deems it necessary or desirable that any fact or matter be proved or established by the Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by any one of the Chairman of the Board, the Chief Executive Officer, the President or any Vice President of the Company and delivered to the Warrant Agent; and such certificate will be full authorization to the Warrant Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Warrant Agent will be liable hereunder only for its own gross negligence, bad faith or willful misconduct.

(d) The Warrant Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Warrant Certificates or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Company only.

(e) The Warrant Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due execution and delivery hereof by the Warrant Agent) or in respect of the validity or execution of any Warrant Certificate (except the due countersignature thereof by the Warrant Agent); nor will it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Warrant Certificate; nor will it be responsible for any adjustment required under the provisions of Section 4 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Warrants evidenced by Warrant Certificates after actual notice of any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any shares of stock or other securities to be issued pursuant to this Agreement or any Warrant Certificate or as to whether any shares of stock or other securities will, when issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Warrant Agent for the carrying out or performing by the Warrant Agent of the provisions of this Agreement.

(g) The Warrant Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any one of the Chairman of the Board, the Chief Executive Officer, the President or any Vice President of the Company, and to apply to such officers for advice or instructions in connection

with its duties, and it will not be liable for any action taken or suffered to be taken by it in good faith in accordance with instructions of any such officer.

(h) The Warrant Agent and any stockholder, director, officer or employee of the Warrant Agent may buy, sell or deal in any of the Warrants or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Warrant Agent under this Agreement. Nothing herein will preclude the Warrant Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Warrant Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Warrant Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof. The Warrant Agent will not be under any duty or responsibility to insure compliance with any applicable federal or state securities laws in connection with the issuance, transfer or exchange of Warrant Certificates.

6.5 Change of Warrant Agent. The Warrant Agent or any successor Warrant Agent may resign and be discharged from its duties under this Agreement upon 30 calendar days' notice in writing mailed to the Company and to each transfer agent of the Common Stock by registered or certified mail, and to the Holders by first-class mail. The Company may remove the Warrant Agent or any successor Warrant Agent upon 30 calendar days' notice in writing, mailed to the Warrant Agent or successor Warrant Agent, as the case may be, and to each transfer agent of the Common Stock by registered or certified mail, and to the Holders by first-class mail. If the Warrant Agent resigns or is removed or otherwise becomes incapable of acting, the Company will appoint a successor to the Warrant Agent. If the Company fails to make such appointment within a period of 30 calendar days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Warrant Agent or by any Holder (who will, with such notice, submit his Warrant Certificate for inspection by the Company), then any Holder may apply to any court of competent jurisdiction for the appointment of a successor Warrant Agent. Any successor Warrant Agent, whether appointed by the Company or by such a court, will be a corporation organized and doing business under the laws of the United States or of the State of New York (or of any other state of the United States so long as such corporation is authorized to do business as a banking institution in the State of New York), in good standing, having a principal office in the State of New York, which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by federal or state authority and which has at the time of its appointment as Warrant Agent a combined capital and surplus of at least $50 million. After appointment, the successor Warrant Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Warrant Agent without further act or deed; but the predecessor Warrant Agent will deliver and transfer to the successor Warrant Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such

appointment, the Company will file notice thereof in writing with the predecessor Warrant Agent and each transfer agent of the Common Stock, and mail by first class mail a notice thereof to each Holder. Failure to give any notice provided for in this Section 6.5, however, or any defect therein, will not affect the legality or validity of the resignation or removal of the Warrant Agent or the appointment of the successor Warrant Agent, as the case may be. Notwithstanding anything to the contrary contained herein, no resignation or removal of the Warrant Agent or any successor Warrant Agent will become effective prior to the effectiveness of the appointment of a successor Warrant Agent therefor.

7. Rights and Notices.

7.1 No Rights as a Stockholder; Notices to Holders. Nothing contained in this Agreement or in the Warrant Certificate will be construed as conferring upon the Holders or their transferees the right to vote, or to receive dividends, or to consent or to receive notice as a stockholder in respect of any meeting of stockholders for the election of directors of the Company or any other matter, or any rights whatsoever as a stockholder of the Company; provided, however, that if, at any time prior to the Expiration Date and prior to the exercise of all of the Warrants, any of the following events occur:

(a) The Company declares any dividend payable in any securities upon its shares of Common Stock or makes any distribution (other than a regular cash dividend or cash distributions payable out of surplus or net profits legally available therefor) to the holders of its shares of Common Stock;

(b) The Company offers to the holders of its Common Stock any shares of capital stock of the Company or any Subsidiary or securities convertible into or exchangeable for shares of capital stock of the Company or any Subsidiary or any option, right or warrant to subscribe for or purchase any thereof;

(c) The Company distributes to the holders of its Common Stock evidences of indebtedness or assets (including any cash dividend which would result in an adjustment under Section 4.1) of the Company or any Subsidiary;

(d) Any reclassification of the Common Stock, any consolidation of the Company with or merger of the Company into another corporation, any sale, transfer or lease to another corporation of all or substantially all the property of the Company, or any proposal of the Company to effect any of the foregoing transactions that has been publicly announced by the Company; or

(e) Any proposal by the Company to effect a dissolution, liquidation or winding up of the Company that has been publicly announced by the Company;

then in any one or more of such events the Company will give notice of such event to the Holders, as provided in Section 11 hereof, such giving of notice to be completed at least ten calendar days prior to the date fixed as a record date or the date of closing the transfer books for the determination of the stockholders entitled to such dividend, distribution or subscription rights, or for the determination of stockholders entitled to vote on such proposed reclassification, consolidation, merger, sale, transfer or lease, dissolution, liquidation or winding up; provided,

however, that no such notice will be required in respect of any of the matters referred to in the penultimate sentence of Section 4.1(f). Such notice will specify such record date or the date of closing the transfer books, as the case may be, for such event. Failure to mail or receive such notice or any defect therein or in the mailing thereof will not affect the validity of any action taken in connection with such event.

7.2 Agreements Respecting Warrants. The Company will not enter into any agreement or instrument which would preclude the exercise of the Warrants as herein provided.

8. Agreement of Warrant Holders. Every Holder by accepting a Warrant Certificate consents and agrees with the Company and the Warrant Agent and with every other Holder that:

(a) The Warrant Certificates are transferable only in accordance with the terms of this Agreement and only on the registry books of the Warrant Agent if surrendered at the principal office of the Warrant Agent designated for such purpose, duly endorsed or accompanied by a proper instrument of transfer, and otherwise in compliance with Section 2;

(b) The Company and the Warrant Agent may deem and treat the person in whose name the Warrant Certificate is registered as the absolute owner thereof and of the Warrants evidenced thereby (notwithstanding any notations of ownership or writing on the Warrant Certificate made by anyone other than the Company or the Warrant Agent) for all purposes whatsoever, and neither the Company nor the Warrant Agent will be affected by any notice to the contrary;

(c) Such Holder expressly waives any right to receive any fractional Warrants and any fractional securities upon exercise or exchange of a Warrant; and

(d) Notwithstanding anything in this Agreement to the contrary, neither the Company nor the Warrant Agent will have any liability to any Holder or other person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation; provided, however, that the Company will use reasonable efforts to have any such order, decree or ruling lifted or otherwise overturned as soon as possible.

9. Reservation of Common Stock. The Company will, for so long as Warrants remain outstanding, reserve and keep available, solely for issuance and delivery upon the exercise of Warrants, a number of shares of Common Stock (or, if applicable, other securities) sufficient to provide for the exercise of all outstanding Warrants. The transfer agent for the Common Stock (or, if applicable, other securities) will be irrevocably authorized and directed at all times until the exercise or expiration of the Warrants to reserve such number of authorized shares of Common Stock (or, if applicable, other securities) as necessary for such purpose. The Company will keep copies of this Agreement on file with the transfer agent and will supply the transfer agent with duly executed stock certificates for such purpose.

10. Representations and Warranties of the Company. The Company hereby represents and warrants to the Warrant Agent that:

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to execute, deliver and perform its obligations hereunder and to consummate the transactions contemplated hereby;

(b) The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Company;

(c) The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby in accordance with the terms hereof will not conflict with, violate or constitute a breach of any material contract, agreement or instrument by which the Company is bound or any judgment, order, decree, law, statute, rule, regulation or other judicial or governmental restriction to which the Company is subject;

(d) This Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as the enforceability hereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally; and

(e) The Warrants, when issued and delivered to the initial Holders as provided in this Agreement, and the Warrant Shares issued upon exercise of the Warrants, when issued, paid for and delivered as provided in this Agreement, will be validly issued, fully paid and nonassessable.

11. Notices. All notices, requests, waivers, releases, consents and other communications required or permitted by this Agreement (collectively, "Notices") must be in writing. Except as expressly otherwise provided herein with respect to manner of delivery, notices will be deemed sufficiently given for all purposes when delivered in person, when dispatched by telegram or electronic facsimile transmission, when sent by first-class mail, postage prepaid or upon confirmation of receipt when dispatched by a nationally recognized overnight courier service to the appropriate party as follows: (a) if to a Holder, at the address of such Holder as shown in the registry books maintained by the Warrant Agent; (b) if to the Company, at 2225 Sheppard Avenue East, Atria North III, 11th Floor, Toronto, Ontario, Canada M2J 5C2, (416) 498-2466 (marked for the attention of the Chief Financial Officer and the General Counsel), or at such other address as the Company may have furnished to the Holders and the Warrant Agent in writing; and (c) if to the Warrant Agent, at _____ or at such other address as the Warrant Agent may have furnished to the Company and the Holders in writing.

12. Amendment and Waiver. No failure or delay of the Holder in exercising any power or right hereunder (other than a failure to exercise Warrants in accordance with the

provisions hereof) will operate as a waiver thereof, nor will any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. No notice or demand on the Company in any case will entitle the Company to any other or future notice or demand in similar or other circumstances. Subject to the last sentence of this Section 12, (a) if the Company so directs, the Company and the Warrant Agent will supplement or amend this Agreement without the approval of any Holders in order to cure any ambiguity or correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein and (b) the Company and the Warrant Agent may from time to time supplement or amend this Agreement, with the consent of Holders of at least 50% of the Warrants then outstanding, for any other purpose. Notwithstanding anything in this Agreement to the contrary, no supplement or amendment which increases the Warrant Price, decreases the period of time remaining during which the Warrants may be exercised, or changes in a manner adverse to Holders the number of Warrant Shares purchasable upon the exercise of Warrants will be made without the consent of all Holders. Any such amendment, modification or waiver effected pursuant to and in accordance with the provisions of this Section 12 will be binding upon all Holders and upon each future Holder, the Company and the Warrant Agent. In the event of any such amendment, modification or waiver, the Company will give prompt notice thereof to all Holders and, if appropriate, notation thereof will be made on all Warrant Certificates thereafter surrendered for registration of transfer or exchange.

13. Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the parties hereto, their respective successors and permitted assigns, and, subject to Sections 1.4 and 8(b), all Holders, but will not be assignable or delegable by any party without the prior written consent of the other parties. In the absence of such prior written consent, any purported assignment or delegation of any right or obligation hereunder will be null and void.

14. Rights of the Parties. Except as provided in Section 13, nothing expressed or implied in this Agreement is intended or will be construed to confer upon or give any person or entity other than the parties hereto and the Holders any rights or remedies under or by reason of this Agreement or any transaction contemplated hereby. All rights of action in respect of this Agreement are vested in the Holders, and any Holder without the consent of the Warrant Agent or any other Holder may, on such Holder's own behalf and for such Holder's own benefit, enforce such Holder's rights hereunder, including the right to exercise, exchange or surrender for transfer such Holder's Warrant Certificates in accordance with the provisions hereof.

15. Titles and Headings. Titles and headings to Sections herein are inserted for convenience of reference only, and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

16. Certain Interpretive Matters. (a) Unless the context otherwise requires, (i) all references to Sections or Exhibits are to Sections or Exhibits of or to this Agreement, (ii) each term defined in this Agreement has the meaning assigned to it, (iii) "or" is disjunctive but not necessarily exclusive, and (iv) words in the singular include the plural and vice versa. All references to "$" or dollar amounts are to lawful currency of the United States of America.

(b) No provision of this Agreement will be interpreted in favor of, or against, any party hereto by reason of the extent to which such party or its counsel participated in the drafting of this Agreement or by reason of the extent to which any such provision is inconsistent with any prior draft of this Agreement.

17. Entire Agreement. This Agreement, together with its Exhibits, constitutes the entire agreement among the parties hereto with respect to the subject matter hereof, and there are no agreements among the parties hereto with respect thereto except as expressly set forth herein.

18. Severability. In case any provision contained in this Agreement is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby. The Company and the Warrant Agent will endeavor in good faith to replace the invalid, illegal or unenforceable provisions with valid, legal and enforceable provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

19. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflict of laws thereof.

20. Counterparts. This Agreement may be executed in any number of counterparts, each of which so executed will be deemed to be an original; such counterparts will together constitute but one agreement.

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement as of the date first above written.

LOEWEN GROUP INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

_____

By: _____
Name: _____
Title: _____

EXHIBIT A

WARRANT CERTIFICATE

LOEWEN GROUP INTERNATIONAL, INC.

THE WARRANTS REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE WARRANT AGREEMENT (AS HEREINAFTER DEFINED), A COPY OF WHICH WILL BE MADE AVAILABLE BY THE ISSUER UPON REQUEST. THE TRANSFER OR EXCHANGE OF THESE WARRANTS MUST BE REGISTERED IN ACCORDANCE WITH THE WARRANT AGREEMENT.

NO. _____ WARRANTS _____

VOID AFTER 5:00 P.M. NEW YORK CITY TIME
ON _____ __, ____

THIS CERTIFIES THAT for value received, _____, or its registered assigns (the "Holder"), is the owner of the number of Warrants set forth above that initially entitle it to purchase from Loewen Group International, Inc., a Delaware corporation (the "Company"), at any time and from time to time on or prior to 5:00 p.m. New York City time on _____ __, 2006 (the "Expiration Date"), a like number of fully paid and nonassessable shares of the Common Stock, par value $0.01 per share, of the Company (the "Common Stock") at an initial purchase price of $25.76 per share (the "Warrant Price"), subject to adjustment as provided in the Warrant Agreement. The shares of Common Stock purchasable upon exercise of the Warrants are hereinafter referred to as the "Warrant Shares." Subject to the terms and conditions of the Warrant Agreement, the Warrants may be exercised by surrendering to the Warrant Agent (as defined below) this Warrant Certificate, with the Form of Exercise Notice on the reverse side hereof duly executed, together with cash, a certified or bank cashier's check payable to the order of the Company, or a wire transfer to an account designated by the Company, in each case in an amount of lawful currency of the United States of America equal to the product of (a) the number of Warrant Shares purchasable upon the exercise of the Warrants designated for exercise in the Form of Exercise Notice and (b) the Warrant Price.

The number and kind of Warrant Shares that may be purchased upon exercise of the Warrants evidenced by this Warrant Certificate are the number as of the date of the original issue of such Warrants, based on the shares of Common Stock of the Company as constituted at such date. As provided in the Warrant Agreement, the Warrant Price and the number and kind of Warrant Shares purchasable upon exercise of the Warrants are subject to adjustment.

This Warrant Certificate and the Warrants it represents are subject to, and entitled to the benefits of, all of the terms, provisions and conditions of the Warrant Agreement, dated as of _____ __, 2001 (the "Warrant Agreement"), by and between the Company and _____, a _____ corporation (the "Warrant Agent"), which Warrant Agreement is hereby incorporated herein by reference and made a part hereof and to which Warrant Agreement reference is hereby made for a full description of the rights, limitation of

rights, obligations and duties hereunder of the Company and the Holder. A copy of the Warrant Agreement will be made available to the Holder by the Company upon request of the Holder.

Subject to the provisions set forth in the Warrant Agreement or in this Certificate, this Warrant Certificate, with or without other Warrant Certificates, may be transferred, split up, combined or exchanged for another Warrant Certificate or Warrant Certificates, entitling the Holder to purchase a like aggregate number of Warrant Shares as the Warrant Certificate or Warrant Certificates surrendered entitled such Holder (or former Holder in the case of a transfer) to purchase, upon presentation and surrender hereof at the principal office of the Warrant Agent designated for such purpose, with the Form of Assignment (if appropriate) and the related Certificate duly executed.

The Company will not be required to issue fractional Warrant Shares or other fractional interests in securities upon the exercise of any Warrants evidenced by this Warrant Certificate, but in lieu thereof a cash payment will be made, as provided in the Warrant Agreement.

Nothing contained in the Warrant Agreement or in this Warrant Certificate will be construed as conferring upon the holder of this Warrant Certificate the right to vote, or to receive dividends, or to consent or (except as provided in the Warrant Agreement) to receive notice in respect of any meeting of stockholders for the election of directors of the Company or any other matter, or any rights whatsoever as a stockholder of the Company.

This Warrant Certificate will not be valid or obligatory for any purpose until it has been countersigned by the Warrant Agent.

IN WITNESS WHEREOF, the Company has caused this Warrant Certificate to be executed by its corporate officers duly authorized.

Attest:

LOEWEN GROUP INTERNATIONAL, INC.

_____
[Name, title]

By: _____
[Name, title]

Dated: _____, ____

Countersigned:

[WARRANT AGENT]

By: _____
[Authorized Signature]

Form of Reverse Side of Warrant Certificate

FORM OF ASSIGNMENT

(To be executed if the Holder desires to transfer Warrants)

FOR VALUE RECEIVED, _____
hereby sells, assigns, and transfers unto _____
_____
(Please print name and address of transferee)

_____
this Warrant Certificate, together with all right, title, and interest therein, and does hereby irrevocably constitute and appoint _____ Attorney, to transfer the within Warrant Certificate on the books of the within-named Company, with full power of substitution.

Dated: _____, _____

_____
Signature

Signature Guaranteed:

FORM OF EXERCISE NOTICE

(To be executed if the Holder desires to exercise Warrants)

TO LOEWEN GROUP INTERNATIONAL, INC.

The undersigned hereby irrevocably elects to exercise _____ Warrants evidenced by this Warrant Certificate to purchase the Warrant Shares issuable upon the exercise of such Warrants and requests that certificates for such Warrant Shares be issued in the name of:

_____

(Please print name and address)

_____

Please insert social security or other identifying number: _____

If such number of Warrants is not all the Warrants evidenced by this Warrant Certificate, a new Warrant Certificate for the balance remaining of such Warrants will be registered in the name of and delivered to:

_____

(Please print name and address)

_____

Please insert social security or other identifying number: _____

Dated: _____, _____

_____

Signature

Signature Guaranteed:

NOTICE

Signatures on the foregoing Form of Assignment and Form of Exercise Notice and in the related Warrant Certificates must correspond to the name as written upon the face of this Warrant Certificate in every particular, without alternation or enlargement or any change whatsoever.

Signatures must be guaranteed by a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

EXHIBIT IX.B.8

Dismissed Actions

1. Official Committee of Unsecured Creditors vs. Loewen Luxembourg (No. 1) S.A., Adv. Pro. No. A-01-04079.

2. Official Committee of Unsecured Creditors vs. Loewen Luxembourg (No. 2) S.A., Adv. Pro. No. A-01-04078.

3. Loewen Group International, Inc. and The Loewen Group Inc. vs. Harris Trust and Savings Bank; State Street Bank and Trust Company; HSBC Bank USA; U.S. Bank, N.A.; Bank One Trust Company, N.A.; and Does 1-1000, Adv. Pro. No. A-01-4103.

4. Loewen Group International, Inc., The Loewen Group Inc., Riemann Holdings, Inc. and Wright & Ferguson Funeral Home vs. Teachers Insurance and Annuity Association of America, Adv. Pro. No. A-01-4102.

5. Loewen Group International, Inc. and The Loewen Group Inc. vs. Pacific Insurance Company (f.k.a. Pacific Mutual Life Insurance Company), Adv. Pro. No. A-01-4101.

6. Loewen Group International, Inc. and The Loewen Group Inc. vs. The Union Central Life Insurance Company, Adv. Pro. No. A-01-4098.

7. Loewen Group International, Inc.; The Loewen Group Inc.; and Loewen Management Investment Corporation vs. Wachovia Bank, N.A. (f.k.a Wachovia Bank of Georgia, N.A.) and Does 1-100, Adv. Pro. No. A-01-4095.

8. Loewen Group International, Inc. and The Loewen Group Inc. vs. Guarantee Mutual Life Insurance Company (a.k.a. Guarantee Life Insurance Company), Adv. Pro. No. A-01-4091.

9. Loewen Group International, Inc. and The Loewen Group Inc. vs. The Manhattan Life Insurance Company, n.k.a. Carillon Advisors, Inc., Adv. Pro. No. A-01-4092.

10. Loewen Group International, Inc. and The Loewen Group Inc. vs. General American Life Insurance Company, Adv. Pro. No. A-01-4090.

11. Loewen Group International, Inc. and The Loewen Group Inc. vs. Bank of Montreal and Does 1-100, Adv. Pro. No. A-01-4088.

EXHIBIT III

LIQUIDATION ANALYSIS

The Loewen Group Inc. and Affiliated Debtors
Hypothetical Liquidation Analysis

The liquidation analysis presented herein (the "Liquidation Analysis") reflects the projected outcome of the hypothetical, orderly liquidation of the Debtors[1] under chapter 7 of the Bankruptcy Code. Separate liquidation analyses were performed for each legal entity (Debtors and non-Debtors) recognizing that liquidation proceeds and distributions necessarily would differ on an entity-by-entity basis. The Disclosure Supplement to the Disclosure Statement includes hypothetical liquidation valuation and claims information for each of the Subsidiary Debtors that are believed to have creditors holding Class 11 Claims. Similar information in respect to all Subsidiary Debtors is available on the website described under "Additional Information" in the Disclosure Statement. In each case, the projected liquidation proceeds to each Class and, in the case of Class 11, each Division with respect to each Debtor, was less than or equal to the estimated recoveries under the Plan.

Underlying the Liquidation Analysis are a number of estimates and assumptions that, although developed and considered reasonable by management and by Zolfo Cooper, LLC, are inherently subject to economic, competitive and other contingencies beyond the control of the Debtors and management. It is possible that the time needed to dispose of the operating assets could exceed the timeframes assumed in this analysis, causing an adverse impact on the recoveries depicted herein. Similarly, other assumptions with respect to the liquidation process may be subject to change. In addition, the proceeds from the liquidation have not been discounted to reflect any delay in distributions following the completion of the liquidation process. Applying an additional discount factor to the proceeds from the liquidation to account for any such delay would result in a lower range of recoveries for certain creditors. For all of the foregoing reasons, there can be no assurance that the values reflected in the Liquidation Analysis or recovery percentages would be realized if the Debtors were, in fact, liquidated in chapter 7 cases, and actual results could vary materially from those shown in this analysis. The following major assumptions have been made in this Liquidation Analysis:

- The hypothetical liquidation is effectuated beginning on January 1, 2002.
- No proceeds for recoveries of any avoidance actions or NAFTA Claims are included in the assets for distribution.
- Notwithstanding the issues in Adversary No. 00-01181, the CTA Note Claims are assumed to be treated in a liquidation on a *pari passu* basis with each other.
- No additional income tax liabilities arise from the liquidation of the Debtors' assets.
- The Debtors are liquidated under the direction of a trustee appointed by the Bankruptcy Court with the assistance of existing management and specific Professionals.
- The liquidation of operating assets commences March 1, 2002 and is completed by September 1, 2002.
- Administration of the chapter 7, other than the completion of final tax returns, is assumed to be completed by December 31, 2002.

Assumptions utilized in the determination of asset proceeds and costs of the liquidation for this analysis are as follows:

- Cash and Cash Equivalents are calculated net of outstanding checks as of December 31, 2001. Cash flow from operations during the liquidation process is assumed to approximate $60 million.

[1] Capitalized terms not otherwise defined herein or in the Liquidation Analysis have the meanings given to them in the Fourth Amended Joint Plan of Reorganization of Loewen Group International, Inc., Its Parent Corporation and Certain of Their Debtor Subsidiaries.

- Proceeds from Funeral Home and Cemetery Operations have been calculated assuming that (i) all operations are sold through auctions in Bankruptcy Court as "going-concerns" and (ii) all location-related Executory Contracts and Unexpired Leases that have not been rejected or terminated by the Debtors as of September 2001 are assigned to the purchasers. The proceeds consist of the following:

    (i) Estimated net proceeds of funeral home, cemetery operations and other excess real estate assets being actively marketed for sale at September 1, 2000, of $135 million as estimated by management and Dresdner Kleinwort Wasserstein ("Wasserstein"), financial advisors to the Company.

    (ii) Estimated net proceeds of all other funeral home and cemetery operations are valued at a 4.0 multiple, for the "Low" scenario, and a 5.0 multiple, for the "High" scenario, of year 2000 projected operating earnings before interest, taxes, depreciation and amortization ("EBITDA"). Multiples estimated by Wasserstein are based, in part, on the sales process currently underway. Certain cemetery properties that the Company may not be able to liquidate have been excluded.

- Proceeds from insurance operations consist of the sale of the Mayflower National Life Insurance Company ("Mayflower") and Security Industrial Insurance Company ("Security Industrial") businesses. Mayflower is assumed to be sold as a "going concern" through an auction in Bankruptcy Court at a 4.0 multiple, for the "Low Value", and a 5.0 multiple, for the "High Value," of year 2000 projected EBITDA as estimated by Wasserstein. The Debtors believe that a significant portion of insurance business arises as a result of their relationship of the insurance businesses as affiliates of other Loewen Companies. No ongoing commercial or business relationship of the insurance businesses with any other operation currently owned by any of the Loewen Companies should be assumed in the event of a liquidation.

- The Investment in Rose Hills is assumed to be sold through auction in Bankruptcy Court with the estimated enterprise valuation derived utilizing the discounted cash flow and EBITDA multiple methodology by Wasserstein.

- Wind down costs consist primarily of estimated costs for salary, benefits, and occupancy costs. The wind down costs estimates are based upon the Debtors' monthly G&A cost run rate for such expenses. Wind down costs also include estimates for Professional and trustee fees. It is assumed that although the liquidation of the Debtors' operating locations occurs over a six month period, the administrative structure required to complete the tasks associated with the wrap up of the business continue at decreasing levels through the third quarter of 2002 and for certain tax filings through the fourth quarter of 2002.

- Priority and Administrative Claims consist of trustee fees, Professional fees and expenses (including legal, accounting and financial advisory), employee severance claims and tax claims.

- Secured Claims consist of claims (other than the secured portion of the CTA Note Claims) generally secured by real property and/or equipment. Estimated proceeds available for distribution to holders of other Secured Claims represent proceeds from the liquidation of assets subject to security interests.

- The estimated distributions to holders of CTA Note Claims have been subdivided into the underlying distribution components on such Claims recognizing that those Claims include separate claims against TLGI, LGII and each Pledgor. The distribution components consist of the following: (a) distributions in respect of secured portion of guaranty claims against each of the Pledgors that guarantied the CTA Note Claims representing the equity value of the stock of various subsidiaries pledged by each such Pledgor, (b) distributions, *pari passu* with General Unsecured Claims against the Pledgors, in respect of the unsecured portion of the guaranty claims against each Pledgor, (c) distributions in respect of secured claims against TLGI representing the equity value of stock of various subsidiaries pledged by TLGI, (d) distributions, *pari passu* with General Unsecured Claims against TLGI, in respect of the unsecured portion of the CTA Note Claims against TLGI, (e) distributions in respect of secured claims against LGII representing (i) the equity value of various subsidiaries pledged by LGII and (ii) the value of the account (including Intercompany

Claims), rights and general intangibles pledged by LGII and (f) distributions, *pari passu* with General Unsecured Claims against LGII, in respect to the unsecured portion of the CTA Note Claims against LGII.

- For purposes of this analysis, no claims, secured or unsecured, have been included against any of TLGI, LGII or the Pledgors in respect of the indemnification claims asserted by the CTA Trustee and State Street in respect to the issues pending in Adversary Proceeding No. 00-01181.

- No claim amounts in respect of the rejection of non-location-related Executory Contracts or Unexpired Leases that would occur in the event of an actual Chapter 7 liquidation have been included. Any such claims would reduce the projected recoveries to unsecured creditors of the affected Debtors.

- General Unsecured Claims includes deficiency claims of secured creditors other than CTA Note Claims.

Application of net liquidation proceeds has been made in accordance with the priorities set forth in the Bankruptcy Code. This Liquidation Analysis does not address any intercreditor issues.

It is assumed that the Blackstone Settlement would not be consummated in the event of a liquidation of the Debtors. As such, Division A and Division B Class 11 General Unsecured Claims include additional Claims of Blackstone which the Debtors believe would be asserted in such a liquidation.

The Loewen Group Inc. and Affiliated Debtors
Hypothetical Liquidation Analysis (Continued)

($ in millions, USD)

	Low	High
Estimated Asset Proceeds Available for Distribution:		
Cash and Cash Equivalents		
Cash from operations	$ 166.9	$ 166.9
Cash from property distributions	135.0	135.0
	301.9	301.9
Proceeds from Funeral Home and Cemetery Operations	721.2	888.7
Proceeds from Insurance Operations	56.3	61.7
Proceeds from Investment in Rose Hills	21.3	26.7
Gross Proceeds	1,100.7	1,279.0
Wind Down Costs/Priority and Administrative Claims	(128.6)	(108.4)
Net Proceeds Available for Secured and Unsecured Creditors	$ 972.1	$ 1,170.6

	Estimated Claims Amount	Estimated Recovery Amount		Percent Recovered	
		Low	High	Low	High
Secured Claims	$ 94.1	$ 94.1	$ 94.1	100%	100%
CTA Note Claims, including deficiency claims:					
Secured claims against TLGI		1.3	1.8	0.1%	0.1%
Unsecured claims against TLGI		16.4	18.6	0.8%	0.9%
Secured claims against LGII		612.4	745.1	30.0%	36.4%
Unsecured claims against LGII		1.5	1.8	0.1%	0.1%
Secured claims against Pledgors		101.8	133.6	5.0%	6.5%
Unsecured claims against Pledgors		120.9	148.6	5.9%	7.3%
Total CTA	$ 2,044.6	$ 854.3	$ 1,049.5	41.8%	51.3%
General Unsecured Claims					
Class 8	$ 33.1	$ 3.4	$ 4.4	10.3%	13.3%

		Avg. Recovery		Max. Recovery	
		Low	High	Low	High
Class 11					
Division A	358.0	0.8%	0.9%	0.8%	0.9%
Division B	430.9	0.1%	0.1%	0.1%	0.1%
Division C	13.2	89.8%	94.1%	100.0%	100.0%
Division D	2.6	45.8%	53.4%	70.9%	74.2%
Division E	3.9	31.8%	37.4%	53.4%	55.9%
Division F	11.5	19.3%	22.6%	33.2%	34.8%
Division G	4.9	8.6%	9.8%	18.3%	19.1%
Division H	16.7	0.3%	0.3%	4.6%	4.8%
MIPS Class 19	76.8	0%	0%	0%	0%

EXHIBIT IV

MEMORANDUM ENTITLED "THE STATUS OF THE SERIES 3 AND 4 NOTES, THE SERIES 6 AND 7 NOTES, AND THE PATS UNDER THE COLLATERAL TRUST AGREEMENT (AMENDED AND RESTATED)" DATED AS OF SEPTEMBER 19, 2000

IN RE LOEWEN GROUP INTERNATIONAL, INC., ET AL.

THE STATUS OF THE SERIES 3 AND 4 NOTES, THE SERIES 6 AND 7 NOTES, AND THE PATS UNDER THE COLLATERAL TRUST AGREEMENT

(Amended and Restated)

Jones, Day, Reavis & Pogue

September 19, 2000

Highly Confidential

Subject to Confidentiality Agreements

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Interested Parties:

IN RE LOEWEN GROUP INTERNATIONAL, INC., *ET AL*.

The Status of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS Under the Collateral Trust Agreement

This memorandum sets out the facts and analyzes the status of several outstanding series of indebtedness of Loewen Group International, Inc. ("LGII") under the Collateral Trust Agreement dated as of May 15, 1996 (as amended, supplemented or otherwise modified, the "Collateral Trust Agreement" or the "CTA"), among LGII and The Loewen Group, Inc. ("TLGI" and, collectively with LGII, the "Companies" and each a "Company"), various other subsidiaries of TLGI, as pledgors (collectively, the "Pledgors" and each a "Pledgor"), and Bankers Trust Company, as Collateral Trustee ("Bankers Trust" or the "Collateral Trustee").

Our analysis and conclusions are set forth in extensive detail below. It is important to emphasize, however, that the outcome of any legal dispute concerning the secured status of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS is subject to substantial uncertainty. In the event of litigation of any such dispute, the holders of this debt would face the significant risk that a court would adopt a literal reading of the CTA, denying the subject debt secured status due to failure to properly register with the Collateral Trustee. Conversely, parties arguing for a literal interpretation would face the substantial risk that a court, applying equitable principles, would find all of the debt to be secured regardless of whether registered. Moreover, litigation of this matter, regardless of its outcome, would present the substantial threat of delaying the Companies' emergence from chapter 11, resulting in

a deterioration in enterprise value to the detriment of all creditors. Accordingly, an amicable resolution of the issues addressed herein is in the interests of all parties.

EXECUTIVE SUMMARY

I. Facts

In 1996, TLGI and LGII entered into the Collateral Trust Agreement to provide collateral for a 1996 credit facility from a syndicate of banks and for certain other outstanding indebtedness. The Collateral Trust Agreement expressly permits the Companies, under the terms of the financing agreements governing the debt already secured under the CTA, to issue additional secured indebtedness under the CTA. Certain provisions in the CTA that address issuing additional secured indebtedness under the CTA refer to the delivery of an Additional Secured Indebtedness Registration Statement to, and acceptance and registration of that statement by, the Collateral Trustee. The form of the Additional Secured Indebtedness Registration Statement, which also refers to acceptance and recordation by the Collateral Trustee, is attached as an exhibit to the Collateral Trust Agreement.

After the effective date of the CTA, LGII issued, and TLGI guaranteed, among others, five additional series of indebtedness intended to be secured under the CTA: the Series 3 and Series 4 Senior Notes in the original principal amount of $350 million (collectively, the "Series 3 and 4 Notes"), the Series 6 and Series 7 Senior Notes in the original principal amount of $450 million (collectively, the "Series 6 and 7 Notes"), and the Pass-Through Asset Trust Certificates in the original principal amount of $300 million (collectively, the "PATS"). Exhibit A summarizes relevant facts about each issuance. Each of the prospectuses for these public notes stated that the notes would be secured along with other senior indebtedness. The board of directors of each Company authorized these series of indebtedness and designated each series as secured indebtedness under the Collateral Trust Agreement. Moreover,

each Company, together with the indenture trustee, executed the Additional Secured Indebtedness Registration Statements for each series.

Nonetheless, as of June 1, 1999, the date the Companies and certain of their affiliates filed for bankruptcy (the "Petition Date"), the records of the Collateral Trustee did not contain an accurate Additional Secured Indebtedness Registration Statement for any of these series of notes: the Additional Secured Indebtedness Registration Statement for the Series 3 and 4 Notes reflected an outstanding principal balance of $0, rather than $350 million, and the Collateral Trustee had no registration statements at all for the Series 6 and 7 Notes, and the PATS.

A factual investigation conducted by Jones, Day, Reavis & Pogue (Loewen's counsel) has revealed that, for the Series 6 and 7 Notes, and the PATS no party recalls actually having delivered (and no party claims to have delivered) the executed Additional Secured Indebtedness Registration Statements or any drafts thereof to the Collateral Trustee or its counsel.[1] For the Series 3 and 4 Notes, drafts of the Additional Secured Indebtedness Registration Statement reflecting the correct outstanding principal balance were delivered to counsel for the Collateral Trustee, but did not make their way into the Collateral Trustee's retained files.

Although the Collateral Trust Agreement can be read to contemplate that the Collateral Trustee would enter the information from the Additional Secured Indebtedness Registration Statements into a Secured Indebtedness Register, the Collateral Trustee apparently merely kept copies of registration statements that it received and did not keep an independent Secured Indebtedness Register. While any

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[1] An associate with the law firm that represented the underwriter for the PATS initially recalled having delivered Additional Secured Indebtedness Registration Statements for the PATS to the Collateral Trustee. That firm has since indicated that upon further investigation it has determined that the associate was mistaken and no such delivery was made.

Secured Party Representative has the right under the Collateral Trust Agreement to examine the Secured Indebtedness Register, it appears that no party did so before the date of the Companies' chapter 11 filings.[2]

II. Interpreting the CTA

A strict interpretation of the language of the Collateral Trust Agreement suggests that Additional Secured Indebtedness Registration Statements must be delivered to the Collateral Trustee in order for indebtedness to benefit from the collateral provided in the CTA. This interpretation ultimately rests on the definition of "Holder," which by its terms, requires registration.

Under the CTA, the Pledgors granted a security interest in the collateral "in favor of the [Collateral] Trustee . . . for the equal and ratable benefit of all Senior Secured Parties, as security for . . . the payment by the Obligors of the Senior Secured Indebtedness." (CTA § 3.1 (emphasis added).) The CTA defines "Senior Secured Parties" as, among others, "Class C Secured Parties." (CTA § 1.1(104).) The term "Class C Secured Parties" is then defined to include "each Holder of Additional Secured Indebtedness . . . which Additional Secured Indebtedness is designated as Class C Secured Indebtedness." (CTA § 1.1(22).) The definition of "Holder" requires that "in the case of any Holder of Additional Secured Indebtedness, its Secured Party Representative shall have become a Secured Party Representative . . . pursuant to Section 2.5." (CTA § 1.1(52).) Finally, under Section 2.5, "[t]o become a Secured Party Representative . . . each such representative . . . must deliver to the [Collateral] Trustee, for acceptance and registration in the Secured Indebtedness Register, an Additional Secured Indebtedness Registration Statement." (CTA § 2.5(1).) Because the security

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[2] Wachovia Bank of Georgia, N.A. ("Wachovia") apparently asked to review the Secured Indebtedness Register before the chapter 11 filings, but no such review occurred.

interest under the CTA is granted for the benefit of "Senior Secured Parties," who in the case of Additional Secured Indebtedness must have delivered a registration statement to the Collateral Trustee, this definitional chain suggests that additional indebtedness must be registered to be secured.

Other provisions of the CTA also support this interpretation. Section 2.1 provides that indebtedness shall be Secured Indebtedness "only upon and subject to the conditions set forth in this Article [II]." (CTA § 2.1.) Sections 2.3 and 2.5 of that article contain the registration requirements. Moreover, under Section 8.10, proceeds of collateral are to be paid to the Secured Party Representative of each "Holder" it represents in the amount owed to the "Holder." (CTA § 8.10.) This indicates that proceeds of collateral can only be distributed to parties who registered with the Collateral Trustee. Further, the form of Additional Secured Indebtedness Registration Statement appended to the Collateral Trust Agreement states that indebtedness will be covered by the CTA "upon acceptance and registration of this Statement." This language appears in each of the registration statements actually executed by the parties. Thus, by their own terms, the registration statements indicated that registration was a prerequisite to the holders receiving the benefit of the security interest granted under the CTA.

This interpretation of the CTA, however, can be challenged on a number of grounds. First, although Section 3.1 grants the security interest for the "benefit of all Senior Secured Parties," it also states that the security interest is granted "as security for . . . the payment by the Obligors of the Senior Secured Indebtedness." (CTA § 3.1 (emphasis added).) Unlike "Senior Secured Parties," the definition of the phrase "Senior Secured Indebtedness" does not lead to a registration requirement. "Senior Secured Indebtedness" includes "Class C Secured Indebtedness." (CTA § 1.1(102).) "Class C Secured Indebtedness" includes "the Additional Secured Indebtedness designated as Class C

Secured Indebtedness pursuant to Section 2.6." (CTA § 1.1(21) (emphasis added).) In contrast to Section 2.5, Section 2.6 does not impose a registration requirement.

Second, Section 2.4 provides that the Companies, through resolutions of their boards of directors, may designate certain types of indebtedness as Additional Secured Indebtedness under the CTA to be "entitled to the security hereby created." (CTA § 2.4(1).) This language suggests that once debt is designated it becomes entitled to the security interests under the CTA without any requirement of registration.

Third, a recital in the CTA provides that all things have been done to make additional indebtedness "when designated . . . entitled to the benefit of the Senior Lien." (CTA Recital 9(b) (emphasis added).) This language further supports the interpretation that designation by the board of directors is the only prerequisite for obtaining the benefits of the CTA.

Notwithstanding these provisions, the registration interpretation of the collateral provisions in the Collateral Trust Agreement appears more consistent with the provisions of the CTA as a whole. Applying the "nonregistration" interpretation to Section 3.1 of the Collateral Trust Agreement leads to the inconsistent result that debt is secured (whether or not it is registered), but the security interest is granted only for the benefit of those parties who have registered. A similar inconsistency occurs in Section 8.1, as application of the nonregistration interpretation to that section would produce the contradictory result that indebtedness could be secured, but not entitled to any distributions of proceeds of collateral. Further, adoption of the nonregistration interpretation effectively reads out of the Collateral Trust Agreement all of the registration provisions, and ignores the registration language in the registration statements themselves.

In contrast, a strict interpretation of the CTA leads to a different result with respect to the guaranties. Under the Collateral Trust Agreement, each Pledgor Subsidiary guaranteed "the due and punctual payment . . . and performance of all Senior Secured Indebtedness of the Obligors . . . ." (CTA § 5.1.) As indicated above, "Senior Secured Indebtedness" is ultimately defined to include Additional Secured Indebtedness designated under Section 2.6. Thus, unlike the CTA provisions that relate to the security interest granted under the CTA, the provisions that govern the guaranties contain no reference to any registration requirement. This conclusion is reinforced by the registration section of the CTA, Section 2.5, which provides that a "Holder" or representative thereof must register with the Collateral Trustee in order to "be entitled to the benefits of the security interests in the Collateral as set out herein . . . ." (CTA § 2.5(1).) Thus, the registration section itself makes no reference to the guaranties.

This interpretation of the guaranty provisions of the Collateral Trust Agreement is also subject to challenge. The conclusion that a party need not register in order to obtain the benefits of the guaranties is difficult to reconcile with the conclusion that registration is a necessary prerequisite for participation in the CTA security interest. An underlying premise of the registration interpretation of the collateral provisions in the Collateral Trust Agreement is that Senior Secured Indebtedness must be held by a registered holder even though the term itself does not refer to registration. Because the guaranties guarantee Senior Secured Indebtedness, a court could conclude that a consistent reading of the CTA mandates the conclusion that registration is necessary for participation in both the security interest and the guaranties.

Nonetheless, a court will more than likely conclude that registration is not necessary for Holders to benefit from the CTA guaranties. Unlike the contractual provisions regarding Collateral, none of the

guaranty provisions in the CTA contains any reference to a registration requirement. Moreover, unlike the security interest, which is granted in favor of the Collateral Trustee for the benefit of the Holders and can only be enforced by the Collateral Trustee, the guaranties are direct contractual obligations between the Companies and the noteholders that can be enforced by the noteholders independent of the Collateral Trustee. Accordingly, registration arguably would serve no purpose in the case of the guaranties.

Finally, although a court will more than likely adopt the "registration" interpretation of the CTA in assessing whether the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS should participate in the collateral, it will nonetheless likely conclude that the Series 3 and 4 Notes are covered by the Collateral Trust Agreement. First, a court could find that the Additional Secured Indebtedness Registration Statement in the possession of the Collateral Trustee is sufficient to satisfy any registration requirement in the CTA because it actually refers to the $350 million original (as opposed to outstanding) principal amount of the notes. Second, a court could conclude that even if the registration statement is deficient because of its reference to a $0 outstanding principal amount, that deficiency constitutes a "manifest error" that is not binding on the parties under the CTA. A finding that the Series 3 and 4 Notes are secured is also supported by the fact that Bankers' Trust's counsel received drafts of the registration statement with the correct outstanding principal amount prior to closing.

As with the other conclusions described above, this conclusion is also uncertain and subject to attack. The form of Additional Secured Indebtedness Registration Statement to be delivered to the Collateral Trustee requires the entry of the current outstanding principal amount. In addition, Section 2.5(2) of the Collateral Trust Agreement provides that increases in the principal amounts of the initial secured indebtedness under the CTA must be registered in order to obtain the benefits of the CTA.

Thus, it could be argued that the Series 3 and 4 Notes are not covered by the CTA because the $350 million outstanding principal amount of the notes is not reflected in the Additional Secured Indebtedness Registration Statement in the possession of the Collateral Trustee. Nonetheless, because the original principal amount is correctly reflected in the registration statement on file with the Collateral Trustee and the error in the outstanding amount is obvious, it seems more likely that a court will find that the Series 3 and 4 Notes are covered by the CTA.

III. Equitable Doctrines

Notwithstanding the "registration" interpretation of the collateral provisions in the Collateral Trust Agreement, equitable arguments, if adopted, weigh in favor of treating all of the notes as covered by the CTA. The doctrine of reformation may be used by a court to correct the outstanding principal amount in the Additional Secured Indebtedness Registration Statement for the Series 3 and 4 Notes from $0 to $350 million. Reformation arguably does not apply to the Series 6 and 7 Notes, and the PATS because there is no document in the Collateral Trustee's files to be reformed. But general equitable principles reflected in The Prudential Company of America v. SS American Lancer, 870 F.2d 867 (2d Cir. 1989), suggest that, since (i) all parties to the transactions intended that the debt would be covered by the CTA, (ii) all parties to the transactions and the public were on notice that the notes were intended and believed to be covered by the CTA, (iii) no party could claim prejudice if the notes were determined to be covered by the CTA since no one relied on the registration of the debt with the Collateral Trustee and (iv) the registration requirements were not precisely followed as to any of the additional series of notes,[3] a court would be reluctant to treat any of these notes as unsecured and thus

[3] Although an accurate Additional Secured Indebtedness Registration Statement is on file for the Series 5 Notes, there is arguably no Secured Indebtedness Register in which that indebtedness (continued...)

give other creditors an unexpected windfall. Courts, of course, have discretion in applying equitable principles so there is no assurance that holders of these unregistered or potentially incorrectly registered notes would be given relief.

IV. Other Arguments

Other arguments could be advanced to support the proposition that some or all of the affected notes are secured. It could be argued that, because the Collateral Trustee assertedly failed to maintain a Secured Indebtedness Register, compliance with the registration requirement is no longer required under the doctrines of waiver or impossibility. Irrespective of whether the Collateral Trustee may have waived compliance with the CTA's registration provisions, any waiver by the Collateral Trustee would likely not be attributed to other parties to the CTA. Impossibility appears by definition to be inapplicable, because the Collateral Trustee's actions have not rendered it impossible for holders of Additional Secured Indebtedness to file registration statements with the Collateral Trustee. It could also be argued that the Series 3 and 4 Notes were, in fact, properly registered because drafts of the Additional Secured Indebtedness Registration Statement with the correct outstanding principal amount were delivered to counsel for Bankers Trust. While applicable law provides that attorneys are generally considered agents for their clients, the CTA specifies that all "communications and notices" under the CTA should be delivered to Bankers Trust rather than its counsel. Additionally, delivery to the Collateral Trustee's counsel, even if viewed as delivery to the Collateral Trustee, may still not constitute acceptance and registration of the registration statement by the Collateral Trustee.

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[3] (...continued)
is recorded.

Parties may also attempt to use various sections of the Bankruptcy Code either to avoid the security interests assertedly granted in favor of the holders of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS or to correct the deficiencies in the registration of those notes. Section 544 of the Bankruptcy Code (which involves the estate's avoidance powers) may be used as a means to avoid any alleged lien of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS. But this section does not appear to apply to the CTA issues addressed in this memorandum because the lien that would be the target of the avoidance action is actually held by the Collateral Trustee, not the noteholders, and it is not currently disputed that the Collateral Trustee's lien has attached and been properly perfected. Conversely, a party may argue that any defects in registration can be remedied by postpetition compliance with the registration requirements. But any postpetition effort by any party to register the affected indebtedness would appear to be barred by various provisions of the automatic stay contained in section 362 of the Bankruptcy Code and, if successful, could also be viewed as an unauthorized postpetition transfer of property of the Companies' estates under section 549 of the Bankruptcy Code. Finally, it could be argued that registration of the affected debt at this point in time is a permissible perfection of a security interest under section 546 of the Bankruptcy Code and a related provision of the automatic stay; however, these provisions appear to be inapplicable and limited to situations where applicable law provides that perfection of the security interest relates back to an earlier date. That is not the case here.

V. Litigation Risk

There is no interpretation of the CTA that fully reconciles all its terms nor is there any assurance that a court will apply equitable principles or utilize those principles to override the language of the Collateral Trust Agreement. Moreover, it cannot be predicted whether a court may utilize bankruptcy

law principles or other principles to achieve a particular result. Accordingly, all the competing arguments that can be offered with respect to the notes at issue are subject to considerable uncertainty. If litigation is commenced, it could lead to additional litigation involving many other parties. This litigation will consume substantial time and generate considerable expense, and could delay the reorganization process. Accordingly, a consensual resolution of these issues is in the interests of all the parties.

BACKGROUND

Five years before executing the Collateral Trust Agreement, TLGI and LGII executed a trust deed dated October 1, 1991 (the "1991 Trust Deed"). The 1991 Trust Deed provided collateral for three series of notes, the so-called Series A, B, and C Notes, and for an October 1, 1991 revolving credit facility of up to $100 million (the "1991 Revolver"), executed among TLGI and LGII, as borrowers, and a syndicate of Canadian and U.S. banks, as lenders.[4]

Under the 1991 Trust Deed, the Series A, B, and C Notes and the 1991 Revolver were secured equally and ratably by a common security package that was comprised primarily of a security interest in and over all of TLGI's assets, LGII's accounts receivable, the rights of LGII under voting trusts and share option arrangements with respect to certain United States subsidiaries, and a pledge of the stock held by TLGI, LGII, and TLGI's United States subsidiaries (with certain exceptions) and certain other subsidiaries. The 1991 Trust Deed provided that the trustee would concurrently release the security on behalf of the lenders under the 1991 Revolver and the holders of the Series A, B, and C Notes if all of the lenders under the 1991 Revolver agreed to release the security or upon notice that

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[4] The Series A Notes were in the original principal amount of $100 million, the Series B Notes were in the original principal amount of $40 million, and the Series C Notes were in the original principal amount of $25 million.

the 1991 Revolver had been paid in full. Following the issuance of the Series D Notes in September 1993, the 1991 Trust Deed was amended to secure those notes.[5]

On February 16, 1994, TLGI and LGII repaid the 1991 Revolver in full with the proceeds of a $400 million revolving credit loan from a bank group led by The First National Bank of Chicago (the "First Chicago Bank Group"),[6] and the collateral was released under the 1991 Trust Deed. After the 1994 refinancing with the First Chicago Bank Group, the Companies had virtually no secured debt. Thereafter, in February 1994, the Series E Notes in the original principal amount of $50 million were issued.

In November 1995, however, the Companies sustained an adverse judgment of $500 million in a Mississippi state court case, O'Keefe, et al v. TLGI, et al. The holders of the outstanding debt instruments took the position that the O'Keefe judgment constituted a default event.[7] Thus, waivers were granted under these outstanding debt instruments. The waivers granted in connection with the First Chicago Bank Group $400 million revolver and the MEIP facility required TLGI to provide collateral by May 31, 1996. The other outstanding debt instruments contained "negative pledge" and "Equal and Ratable Lien Clauses" that required that, if TLGI or LGII granted security to any existing or future creditor, liens likewise had to be granted to these holders of outstanding debt placing that debt on a *pari passu* basis with the other secured debt. As a result, following the O'Keefe judgment and the

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5 The Series D Notes were in the original principal amount of $60 million.

6 The First Chicago Bank Group also provided a $100 million revolver.

7 The outstanding indebtedness at that time included the First Chicago Bank Group revolvers, the $121 million loan extended by Wachovia in connection with the 1994 Management Equity Investment Plan ("MEIP"), the Series A, B, C, D, and E Notes, a $50 million credit agreement among TLGI, LGII, Royal Bank of Canada, and various lenders, and a $35 million credit agreement between TLGI, LGII, and Dresdner Bank Canada.

later settlement of that litigation, the Companies could not obtain additional financing without retiring or securing all of these outstanding debt instruments.

On March 20, 1996, LGII issued the Series 1 Senior Notes in the original principal amount of $250 million and the Series 2 Senior Notes in the original principal amount of $125 million. These notes contained a covenant that provided that, if the Companies granted security in respect of other senior indebtedness, then the Series 1 and 2 Notes had to be collateralized on a *pari passu* basis.

The proceeds from the Series 1 and 2 Notes were not sufficient to fund the Companies' business plan, so in May 1996, TLGI and LGII obtained a $750 million credit facility from a syndicate of banks led by the Bank of Montreal (the "1996 Credit Facility").[8] The lenders under the 1996 Credit Facility required collateral. The 1996 Credit Facility is secured by:

- all of LGII's right, title, and interest in and to all rights to receive payment under or in respect of accounts, contracts, contractual rights, chattel paper, documents, instruments, and general intangibles;
- a pledge of the shares of capital stock of substantially all of the subsidiaries in which TLGI directly or indirectly held more than 50 percent voting or economic interest; and
- a guaranty by each subsidiary that pledged stock.

The Collateral Trust Agreement was established as the mechanism to secure the 1996 Credit Facility and the outstanding indebtedness that was entitled to share equally and ratably in the collateral. The CTA designates indebtedness secured under it as either Class A, B, C, or D Secured Indebtedness. When the CTA went into effect, Class A Secured Indebtedness consisted of the 1996

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[8] The Companies had commenced negotiations with the First Chicago Bank Group regarding a $750 million revolving credit facility to replace the existing revolvers prior to the entry of the O'Keefe judgment. Following the judgment, the First Chicago Bank Group decided not to participate in any new facility. The First Chicago Bank Group revolvers were later paid off with the proceeds of the 1996 Credit Facility.

Credit Facility, the MEIP facility, and the credit agreements with the Royal Bank of Canada and Dresdner Bank Canada.[9] Class B Secured Indebtedness consisted of the outstanding Series A through E Notes. Class C Secured Indebtedness consisted of the Series 1 and 2 Notes issued in March 1996, and Class D Secured Indebtedness consisted of an intercompany loan from Loewen Finance (Wyoming) LLC to LGII. Class D Secured Indebtedness was junior and subordinate to the other classes of Secured Indebtedness. Although the interests of these classes in the collateral granted under the CTA are *pari passu*, decisions to enforce the CTA interests are based on voting rights weighted to reflect the size of each class of debt.

The Collateral Trust Agreement contemplates that the benefits of pledges and guaranties made thereunder could inure not only to the holders of the Companies' indebtedness existing on the date of the Collateral Trust Agreement, but also to holders of subsequently issued indebtedness of a Company. In this regard, the CTA refers to certain registration procedures for the later-issued indebtedness that involve the execution and delivery of Additional Secured Indebtedness Registration Statements to the Collateral Trustee, acceptance of those statements by the Collateral Trustee, and registration of the statements in a Secured Indebtedness Register.

The CTA does not include any provisions requiring the consent of one or more classes of secured indebtedness to the issuance of additional secured debt. Rather, issuances of additional secured debt are permitted so long as the issuances comply with the covenants and other terms and conditions of the "Financing Agreements" relating to the various borrowings secured under the Collateral Trust Agreement. In effect, rather than requiring the consent of holders of indebtedness

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[9] The Dresdner Bank Canada and Royal Bank of Canada loans were retired in September 1997 and September 1998, respectively.

secured by the CTA before the Companies issue additional secured debt, the holders of secured indebtedness relied on the covenants that existed in the Financing Agreements to limit additional issuances of secured debt.

After the date of the Collateral Trust Agreement, the Companies issued six additional series of indebtedness in four separate transactions. These series of indebtedness are: (i) the Series 3 and 4 Notes, issued on October 1, 1996, (ii) the Series 5 Senior Notes (collectively, the "Series 5 Notes") in the original principal amount of Cdn. $200 million, issued on September 26, 1997, (iii) the Series 6 and 7 Notes, issued on May 28, 1998, and (iv) the PATS, issued on September 30, 1997.

The Companies and all other parties involved in these transactions intended each additional series of debt to be entitled to the benefits of the Collateral Trust Agreement. Each of the prospectuses for the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS states that the notes will be secured under the Collateral Trust Agreement:

- Offering Memorandum dated October 1, 1996 relating to the Series 3 and 4 Notes;
- Offering Circular dated September 25, 1997 relating to the PATS; and
- Offering Memorandum dated May 21, 1998 relating to the Series 6 and 7 Notes.

The cover page of each of these prospectuses contains similar language regarding collateral. As an example, the prospectus for the Series 3 and 4 Notes states:

> The Senior Notes and the Guarantees will be senior obligations of LGII and [TLGI], respectively, and will rank *pari passu* in right of payment with all other senior indebtedness of LGII and [TLGI], respectively. Because other senior indebtedness is secured, the Senior Notes, when issued, will be secured as defined herein.

This intention to secure the notes is reiterated four or five other times in each of the prospectuses.

In addition, the board of directors of each Company adopted resolutions authorizing each series of indebtedness and designating each series as secured indebtedness under the Collateral Trust Agreement. Further, each Company, together with the indenture trustee for each series, executed Additional Secured Indebtedness Registration Statements for each series. These fully executed Additional Secured Indebtedness Registration Statements were in place at the closings of the Series 3 and 4 Notes and the PATS and, in the case of the Series 6 and 7 Notes, were delivered to the underwriter's counsel (at whose offices the closing occurred) the day after the closing of the notes. Copies of the executed Additional Secured Indebtedness Registration Statements are included in each of the relevant sets of closing documents.

After the issuance of each series of indebtedness intended to be secured under the CTA, TLGI consistently referred to the notes as secured under the CTA in each of its public securities filings:

- Form 10-Q with respect to the quarter ended June 30, 1997;
- Form 10-Q with respect to the quarter ended September 30, 1997;
- Form 10-Q with respect to the quarter ended March 31, 1998;
- Form 10-Q/A with respect to the quarter ended June 30, 1998;
- Form 10-Q/A with respect to the quarter ended September 30, 1998;
- Form 10-Q with respect to the quarter ended March 31, 1999;
- Form 10-K with respect to the year ended December 31, 1997; and
- Form 10-K with respect to the year ended December 31, 1998.

As an example, in the Form 10-K for the fiscal year ended December 31, 1998, TLGI stated:

> In 1996, Loewen, LGII and their senior lenders entered into a collateral trust agreement pursuant to which the senior lenders share certain collateral and guarantees on a pari passu basis (the "Collateral Trust Agreement"). * * * The security is held by the trustee for the equal and

> ratable benefit of the senior lending group. This senior lending group consists principally of the lenders under the Series 1-7 Senior Notes, the Series D and E Amortizing Notes, the Revolving Credit Agreement, the MEIP Loan and the PATS Senior Notes, as well as holders of certain letters of credit. * * * At December 31, 1998, the indebtedness owed to the senior lending group subject to the Collateral Trust Agreement, including holders of certain letters of credit, aggregated approximately $2.1 billion.

The prospectus, dated May 29, 1997, prepared and disseminated in connection with TLGI's offering of 12,000,000 common shares, similarly reported that senior obligations, including at that time the Series 3 and 4 Notes, were secured under the Collateral Trust Agreement.

Furthermore, it is apparent that other creditors of the Companies understood and acknowledged not only that the Companies had the right to issue other secured debt, but also that the subsequently issued debt was in fact secured. For example, the Wachovia Credit Agreement[10] and the Bank of Montreal Credit Agreement[11] (together, the "Credit Agreements") explicitly acknowledged and allowed for additional secured debt under the Collateral Trust Agreement. The relevant covenants in the Credit Agreements are identical and indicate that the parties contemplated that additional debt would be secured and guaranteed under the CTA. For example, the Credit Agreements defined "Secured Parties" as the lenders, the persons specified on Schedule 3 of the Credit Agreements, and "all other Persons [as designated by the Borrowers] who from time to time hold Senior Obligations

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[10] Amended and Restated 1994 MEIP Credit Agreement Among Loewen Management Investment Corporation, in its Capacity as Agent for Loewen Group International, Inc., The Loewen Group, Inc., the Banks listed therein, and Wachovia Bank of Georgia, N.A., as Agent, as Amended and Restated as of May 15, 1996.

[11] Second Amended and Restated Credit Agreement Dated as of March 27, 1998 Among Loewen Group International, Inc., The Loewen Group, Inc., the Lenders named therein, and Bank of Montreal, as L/C Issuer, Swing Line Lender and Administrative and Syndication Agent.

which are secured pursuant to the Collateral Trust Agreement." The definition of "Senior Obligations" also recognized that debt, other than the indebtedness described on Schedule 3, was not secured except as provided in the Collateral Trust Agreement. The two covenants clearly suggest that the lenders anticipated that additional debt would be secured.

Moreover, later amendments to the Credit Agreements expressly acknowledge the senior secured status of the Series 3 and 4 Notes, and the PATS. On March 27, 1998, the Bank of Montreal Credit Agreement was amended to reduce the maximum aggregate outstanding principal amount of the commitments and for other reasons. The Series 3 and 4 Notes and the PATS were specifically listed as "Senior Obligations" (the Series 6 and 7 Notes had not yet been issued) and the amendment expressly acknowledges that the collateral pledged to Bank of Montreal will also secure these Notes. Similarly, the Wachovia Credit Agreement was amended on May 1, 1998 and the amendment likewise acknowledges that the collateral for the MEIP obligation would also secure the Series 3 and 4 Notes and the PATS (again the Series 6 and 7 Notes had not, as of that time, been issued). Thus, these lenders undoubtedly believed that the Series 3 and 4 Notes, and the PATS were covered by the Collateral Trust Agreement, and agreed to amend their facilities with the express understanding that these notes were secured on a *pari passu* basis by the same collateral.

In addition to the covenants, both Credit Agreements contained reporting requirements that put the lenders on notice of all outstanding debt, including the debt in question. The Credit Agreements required TLGI and LGII to deliver to the lenders annual audited reports and quarterly unaudited reports as well as all other reports and documents filed with the United States Securities and Exchange Commission, the Ontario Securities Commission, the Toronto Stock Exchange, and the British Columbia Securities Commission. To our knowledge, TLGI and LGII complied with the Credit

Agreements' reporting requirements throughout the prebankruptcy term of the Credit Agreements, and thus the lenders were directly informed of the additional issuances of secured debt.

The holders of the Series 1 and 2 Notes were also informed that, if collateral was provided to secure the notes (because it was provided to Bank of Montreal), the notes would share that collateral *pari passu* with other senior indebtedness, which could include additional indebtedness. This information was disclosed in the prospectus for the Series 1 and 2 Notes. Additionally, State Street Bank and Trust Company, formerly Fleet National Bank ("State Street"), was the indenture trustee for the Series 1 and 2 Notes, as well as the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS. State Street's representative, Michael Hopkins, acted on State Street's behalf in all four cases, and State Street was represented by the same law firm in each case. State Street has also filed proofs of claims in the Companies' chapter 11 cases on behalf of the Series 1 and 2 Notes, the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS. Thus, State Street, as the representative of the Series 1 and 2 Noteholders, had actual knowledge of the intent to secure the notes at issue. The prospectus for the Series 5 Notes similarly disclosed that the Series 5 Notes would be secured on a *pari passu* basis with other senior debt and that senior secured debt included the Series 3 and 4 Notes and could include additional debt.

Although the Collateral Trust Agreement contemplated registration of additional series of debt with the Collateral Trustee, it appears that, before the Petition Date, no party to the CTA ever reviewed the Secured Indebtedness Register or the contents of any Additional Secured Indebtedness Registration Statement in the possession of the Collateral Trustee. In addition, no party appears to have been aware of any potential problem regarding the submission of registration statements until well after the Petition Date.

As of the Petition Date, the Collateral Trustee's records apparently did not contain the Additional Secured Indebtedness Registration Statements for the Series 6 and 7 Notes, and the PATS.[12] In this regard, the Collateral Trustee apparently kept no actual register or ledger containing the relevant information, as arguably required by the terms of the Collateral Trust Agreement, but rather simply maintained all registration information it received, both from the original closing of the Collateral Trust Agreement and with respect to Additional Secured Indebtedness, in a file in its office. Moreover, the Additional Secured Indebtedness Registration Statements for the Series 3 and 4 Notes, despite stating that the original outstanding principal amount of the debt was $350 million, indicated a current outstanding principal balance for that series of zero.

Similarly, the original proof of claim filed by the Collateral Trustee in LGII's bankruptcy case, which purported to attach all of the Additional Secured Indebtedness Registration Statements that were delivered to the Collateral Trustee, included no registration statements for the Series 6 Notes, the Series 7 Notes, or the PATS, and included the registration statement with the incorrect outstanding principal balance for the Series 3 and 4 Notes.[13] The Collateral Trustee has since filed a motion to

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[12] It appears that there may be other executed Additional Secured Indebtedness Registration Statements that are not contained in the Collateral Trustee's records. A registration statement signed in connection with a Bank of Montreal letter of credit facility under which Bank of Montreal on July 16, 1996 issued two letters of credit to LGII: (i) in favor of 2847 Wilson Blvd., Inc., in the maximum stated amount of $2,662,192.28 and (ii) in favor of Steven E. Wooddell and Mary R. Wooddell, in the maximum stated amount of $2,536,352.09 was executed but does not appear in the Collateral Trustee's files. The letters of credit were guaranteed by TLGI. Likewise, a registration statement signed in connection with an interest rate call option facility, dated September 25, 1997, with respect to the PATS between LGII and Union Bank of Switzerland ("UBS") is not included in the Collateral Trustee's records. This facility was also guaranteed by TLGI. Neither Bank of Montreal nor UBS has asserted that either of these facilities is secured, and the proofs of claim filed by each designate the claims as unsecured.

[13] The original proof of claim also includes registration statements for the Series 5 Notes, and for (continued...)

amend its proof of claim to include the correct registration statement for the Series 3 and 4 Notes and the registration statements for the Series 6 and 7 Notes, and the PATS. This motion has not been served on creditors and is not being pursued by the Collateral Trustee at the present time.

FACTUAL INVESTIGATION INTO THE SECURED STATUS OF THE UNREGISTERED NOTES

The Companies' counsel, Jones, Day, Reavis & Pogue, investigated the circumstances underlying the absence from the Collateral Trustee's files of any Additional Secured Indebtedness Registration Statements for the Series 6 and 7 Notes, and the PATS, and the misstatement of the outstanding principal amount on the Additional Secured Indebtedness Registration Statement for the Series 3 and 4 Notes. The following discussion reflects the results of that investigation. Most of the involved parties, however, were interviewed only on an informal basis and did not provide testimony under oath. Further, most of the involved parties had difficulty recalling the details of these transactions. Thus, this factual discussion must be considered to be only non-binding background material.

Jones Day interviewed informally:

- Winnie Tse (Borden Ladner & Gervais), counsel for the Companies, who participated in drafting the Collateral Trust Agreement;
- Michelle Johnson and William O'Brien (Thelen Marrin Johnson & Bridges LLP (now Thelen, Reid & Priest)), counsel for the Companies, who represented the Companies in issuing all of the involved notes;
- Michael Hopkins, a representative of State Street (successor to Fleet National Bank of Connecticut), which served as indenture trustee on all of the involved notes;

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[13] (...continued)
loans by Loewen Luxembourg (No. 1) S.A. ("Lux 1"), including a registration statement reflecting that Lux 1 had received an assignment of the existing intercompany loan from Loewen Finance (Wyoming), LLC to LGII. The Lux 1 loans are classified as Class D indebtedness.

- Sue Ann Dillport (Davis Polk & Wardwell), counsel who represented Salomon Brothers as underwriter of the Series 3 and 4 Notes, and the Series 6 and 7 Notes; and

- C. Thomas Kunz and Paul Roberts (Skadden, Arps, Slate, Meagher & Flom), counsel who represented UBS as underwriter of the PATS.

Some of these individuals also informally provided Jones Day with copies of various documents involved in the transactions: These documents included drafts of the CTA, correspondence related to the transactions, and closing materials. Paul Roberts also provided a print-out reflecting a charge for a car he initially recalled using to deliver to the Collateral Trustee the Additional Secured Indebtedness Registration Statement for the PATS.

Jones Day also took testimony from three representatives of Bankers Trust in a Bankruptcy Rule 2004 examination: Kevin Weeks, who served as Corporate Account Manager from February 1997 until March 1998; Marc Parilla, who served as Corporate Account Manager from March 1998 until February 2000; and Stanley Burg, who is one of two Default Workout Officers handling the Loewen matter. Pursuant to the court order authorizing the 2004 examination, Jones Day received documents responsive to a formal document request from Bankers Trust. Jones Day has since received additional documents from counsel for Bankers Trust, Michele Ross, formerly of Kramer, Levin, Naftalis & Frankel LLP.

I. The CTA Draft Chain

The CTA is a complex agreement that was negotiated at length. Parties who participated in the negotiation and drafting of the CTA were the Companies, Bankers Trust, Bank of Montreal, Wachovia, and holders of the Series A through E Notes. Although the draft chain is lengthy, two facts stand out.

First, a draft of the entire CTA contains handwritten "KLN&F[14] comments May 1, 1996." The registration provisions that appear in Section 2.5 of the final CTA appear in Section 2.3 of the May 1 draft. Section 2.3 twice refers to sending an Additional Secured Indebtedness Registration Statement for "acceptance and recording" in the register. In Kramer Levin's handwritten notes, both references to "recording" are circled, and the accompanying note asks: "What is this intended to mean?" (Doc. No. MR 03018.) In the final version of the CTA, the word "recording" has been changed to "registration."

Second, on May 3, 1996, Michele Ross (of Kramer Levin) sent her comments on the form Additional Secured Indebtedness Registration Statement to Winnie Tse (of Borden & Elliott) and David Graybeal and William O'Brien, Jr. (both of Thelen Marrin). The draft form refers to "acceptance and recordation" of the registration statement. Ross circled the word "recordation" and asked: "Again same question. Is this supposed to be filed or do you add it to the register?" (Doc. No. MR 03007.) The word "recordation" remained unchanged in the final version of the form attached to the CTA.

The draft chain thus suggests that the parties focused on the registration requirement. The substance of any discussions on that point may warrant additional inquiry.

II. The Series 3 and 4 Notes

The Series 3 and 4 Notes were issued on October 1, 1996, and the closing took place on October 4, 1996 at the law firm of Davis Polk & Wardwell. A team at Thelen Marrin Johnson & Bridges LLP (now Thelen, Reid & Priest) (counsel for the Companies), including senior associate Carissa Coze and junior associate David Higley, prepared the notes under the supervision of partner Michelle Johnson. Davis Polk partner Dean Leonard (now retired), along with Of Counsel Sue Ann Dillport and associate Tracy Kimmel, served as underwriter's counsel.

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[14] "KLN&F" is a reference to Kramer, Levin, Naftalis & Frankel LLP, counsel for Bankers Trust.

Counsel for the Companies, Johnson, drafted the original Additional Secured Indebtedness Registration Statement. Copies of the drafts were then faxed to various parties as described below.

- On October 1, 1996, Johnson's associate Coze sent the draft to Collateral Trustee's counsel Michele Ross (Kramer, Levin), State Street's counsel Bruce Lutsk (Reid & Reige), and State Street's representative, Michael Hopkins, for comments. That draft reflected an outstanding principal balance for each series of $0. Counsel for the Collateral Trustee, Ross, responded the same day with comments on the draft.

- On October 2, counsel for the Companies sent a revised draft, along with copies of the Board of Directors' resolutions authorizing each series and designating each series as secured indebtedness under the CTA, to counsel for the Collateral Trustee. The revised draft reflected the correct outstanding principal balance of $350 million. Michele Ross, counsel for Bankers Trust, produced a copy of that draft from her files.

- On October 3, Johnson appears to have faxed to Davis Polk another version of the Additional Secured Indebtedness Registration Statement that contained certain black-lined revisions to the text of the document and again accurately reflected an outstanding principal amount of $350 million (which amount was not black-lined). Michele Ross also produced a copy of that document from her files.

- On October 4, Johnson sent counsel for the Collateral Trustee and Terrence Rawlins at the Collateral Trustee an executed signature page of the revised version of the registration statement. This fax included only the signature page. She also sent them the certified resolutions of the boards of directors approving the notes.

The Additional Secured Indebtedness Registration Statement appears on the closing checklist prepared by Davis Polk, which was (as is typical of underwriter's counsel) running the closing. The

document included in the closing book as the Additional Secured Indebtedness Registration Statement, dated October 4, 1996, reflects an outstanding principal balance of $350 million. Somehow -- no one seems to know how -- the Bankers Trust file contains a different version of the registration statement. That version is comprised of the first page of the old draft with the outstanding principal amount of $0, appended to the executed page for the October 4 draft. This is evident from the fax lines for each page. The first page contains two October 1, 1996 fax lines that indicate that it was initially sent from Thelen Marrin to Kramer Levin, counsel for the Collateral Trustee, and thereafter from Kramer Levin to Bankers Trust. The executed signature page likewise contains two fax lines indicating that on October 4, 1996 the page was sent by underwriters' counsel, Davis Polk, to Thelen Marrin and, later on the same day, sent by Thelen Marrin to the Collateral Trustee and its counsel, Kramer Levin.

William O'Brien, a partner of Johnson's who attended the closing on behalf of the Companies, does not recall any discussion at the closing regarding the mechanics of filing the closing documents. So far as he can recall, the closing documents were simply left on the table at Davis Polk at the end of the closing. Johnson likewise recalls no discussion about registration. State Street's representative, Michael Hopkins, also could not recall any discussion of the mechanics of filing the registration statement. Counsel for the underwriter, Dillport, similarly has no recollection of any specific understanding regarding who would file particular documents.

III. The Series 6 and 7 Notes

The Series 6 and 7 Notes were issued on May 21, 1998, and the closing took place on May 28, 1998 at the law firm of Davis Polk & Wardwell. A team at Thelen Marrin, counsel for the Companies, again operating under the supervision of partner Michelle Johnson, including associates Christopher Ing, Carissa Coze, and Kelly Canady, drafted the notes and revised the Additional

Secured Indebtedness Registration Statement. Dillport, of Davis Polk, again served as underwriter's counsel.

Davis Polk's closing checklist used to identify all of the documents to be executed at the closing does not include an Additional Secured Indebtedness Registration Statement. On the day of the closing, counsel for the Companies, Johnson, realized that the document had been omitted and asked her associate Canady to prepare an Additional Secured Indebtedness Registration Statement. Canady drafted one and faxed it around. Thus, the Additional Secured Indebtedness Registration Statement appears in the closing volume with a fax line of May 29, 1998, although it is dated May 28, 1998. On May 29, 1998, Canady sent the Additional Secured Indebtedness Registration Statement to Hopkins at State Street and Dwight Hawes at the Companies for their signatures. On June 1, Canady sent the signed document to a paralegal at Davis Polk, Martina Skobic, with (according to counsel for the Companies, Johnson) the expectation that Davis Polk would submit the document to the Collateral Trustee.

Neither Johnson nor O'Brien (Johnson's partner who again attended the closing) or underwriter's counsel, Dillport, recalls any discussion before or during the closing regarding who would file the registration statement. Moreover, no one claims to have delivered either drafts or the final versions of the registration statements to Bankers Trust or its counsel.

IV. The PATS

The PATS were issued on September 25, 1997, and the closing took place on September 30, 1997 at the law firm of Skadden, Arps, Slate, Meagher & Flom. There apparently was no closing checklist for this transaction. Counsel for the Companies, Johnson, prepared and delivered two

Additional Secured Indebtedness Registration Statements to the closing. An April 9, 1998 fax[15] from Johnson's associate Canady to Scott Jaffe and Paul Roberts at Skadden Arps, underwriter's counsel, outlines the procedures that Skadden was to follow in having the Additional Secured Indebtedness Registration Statements signed. The registration statements appear in the closing book.

In Jones Day's informal interview, Paul Roberts, an associate at Skadden, indicated that he remembered taking the executed registration statements to Bankers Trust the day after the closing. Skadden's computer records reflect that Roberts took a car at 8:23 that morning and made one stop, but do not indicate where he went. Roberts stated in his informal interview that he believed that he went to Four Albany Street, which is the address listed in the Collateral Trust Agreement. He said that he recalled a discussion with a woman at Bankers Trust (who, according to Roberts, was behind a "cage") where he dropped off the registration statements. Bankers Trust denies that there is any "cage" at Four Albany Street, but has indicated that there is a cage at its "Receipt and Deliveries" window at 123 Washington; Bankers Trust's main address is 130 Liberty. In his interview, Roberts stated that the woman behind the cage may remember him. He recalled that he received a receipt from Bankers Trust, although he was not able to locate it. He also indicated that he may have sent a copy to Canady at Thelen, but Johnson has not been able to locate any receipt.

On September 15, 2000, following the circulation of the initial version of this memorandum, Skadden advised Jones Day that the information previously provided by Roberts was incorrect, and

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[15] Why this fax memorandum, which purports to attach documents for the September 30, 1997 closing, bears a date almost seven months after the closing is unclear. Johnson believes that the memorandum may have been used as a template for a subsequent transaction, and that the date may have inadvertently been changed in connection with that later transaction. Irrespective of the date on the fax, it does appear that executed registration statements were delivered to Skadden at or before the closing. This is supported by the fact that the page of the registration statement executed by UBS bears a fax legend of September 30, 1997.

that Skadden wished to withdraw that information. Based on Skadden's further internal investigation, Roberts now believes that the trip that he recalled to Bankers Trust did not occur in October 1997 in connection with the PATS, but rather occurred in May 1998 in connection with an unrelated transaction. According to Skadden, Roberts believes that he has made only one trip to Bankers Trust, and Skadden has located documents pertaining to the deal for which that trip occurred. Skadden has further indicated that Roberts' revised recollection is confirmed by his effort to make a luncheon appointment on the day that he went to Bankers Trust with a former Skadden associate who had joined Bankers Trust; that associate did not leave Skadden until February 1998. Skadden has been unable to locate information on the destination of Roberts' car trip on October 1, 1997. As a result of its further internal investigation, Skadden states that there is no reason to believe that the firm assumed the duty or responsibility for delivering the registration statements relating to the PATS to Bankers Trust.

V. The Collateral Trustee's Recordkeeping System

At a Bankruptcy Rule 2004 examination, representatives of Bankers Trust testified about the Loewen Group Collateral Trust Agreement Account. Kevin Weeks oversaw the account from February 1997 until March 1998. He testified that he did not recall a particular file or log designated as the Secured Indebtedness Register. Rather, any Additional Secured Indebtedness Registration Statements that were received were simply added to the general Loewen Collateral Trust Agreement account files. Marc Parilla, who oversaw the account from March 1998 until February 2000, testified that he recalled a particular sub-file designated as the Secured Indebtedness Register. Any Additional Secured Indebtedness Registration Statements that were received were placed into this sub-file. According to Parilla, the attachments to Bankers Trust's original proof of claim include all of the

Additional Secured Indebtedness Registration Statements that were in Bankers Trust's file on the Petition Date.

After the 2004 examination, Bankers Trust supplied a documentary history of trust, which appears to catalog all of the sub-files in the Loewen Group Collateral Trust Agreement Account File. According to that history of trust, files entitled "Secured Indebtedness Register" and "Additional Secured Indebtedness Registration Statement" were opened only after the Petition Date, on April 14, 2000. There is, however, a file titled "Schedule of Additional Secured Indebtedness," which was opened on October 3, 1996. Because the history of trust was received after the 2004 examinations were completed, Jones Day did not ask about this chronology during the Rule 2004 examinations. Bankers Trust's counsel has since explained informally that Marc Parilla gathered the attachments to the original Proof of Claim from the file that had been opened on October 3, 1996.

All of the representatives of Bankers Trust agreed that, before the date of the Companies' chapter 11 filings, no party had examined, or been told orally about, the contents of any file containing the Additional Secured Indebtedness Registration Statements. Wachovia has indicated, however, that it attempted to review the Bankers Trust file prior to the Petition Date, but that it was not provided access to the file.

Following the 2004 examination, Jones Day asked Bankers Trust to check the following items: (i) who was behind the Receipt and Delivery Window on the key dates; (ii) whether there is a receipt or a computer record of receipts evidencing the receipt of documents at the Delivery Window; and (iii) whether Bankers Trust has any policy manual addressing when receipts are generated for items received.

Bankers Trust has since responded that it has no receipt for the PATS registration statement. Further, Bankers Trust has indicated that, although it maintained a paper log (and not a computer log) from 1996 through 1998 in which the receipt of documents other than securities was recorded, that log was discarded every few months. Thus, the log for the 1996 through 1998 time period no longer exists. Finally, Bankers Trust has indicated that it has no written policy relating to issuing receipts at the Receipt and Delivery Window.

VI. Discovery of Registration Issues

Counsel for Bankers Trust, Ross, reported that until State Street filed its proof of claim, Bankers Trust had no knowledge of the Series 6 and 7 Notes or the PATS. Marc Parilla, of Bankers Trust, double-checked the contents of the Secured Indebtedness Register file in July 1999, but he was not then aware of any problem. Bankers Trust may have first learned about the issue when the Companies issued a press release raising the subject on April 7, 2000.

Hopkins, the representative of State Street, indicated that until the bankruptcy cases were filed, State Street had no idea that there was any question regarding the registration statements. Underwriter's counsel, Dillport, became aware that there was a problem with the registration statement for the Series 6 and 7 Notes in March or April 2000, when she received a request from State Street for a copy of the closing documents. She apparently first became aware of the $0 principal amount in the Collateral Trustee's copy of the Series 3 and 4 Notes registration statement during Jones Day's interview with her.

ANALYSIS

As an initial matter, the question whether the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS are entitled to the benefits of the Collateral Trust Agreement should not turn on an

analysis of attachment and perfection under the Uniform Commercial Code. There is no current dispute that the lien granted to the Collateral Trustee by the Pledgors was properly created and perfected. Rather, the relevant questions are: (1) as a matter of contract interpretation, which parties are entitled to the benefits of the Collateral Trust Agreement; (2) whether applicable contract and equitable doctrines could affect the results of the contract interpretation analysis; and (3) whether other legal principles are applicable to the issue, including whether sections 544, 546, and 549 of the Bankruptcy Code apply and may be used as a basis to permit postpetition registration of the affected debt or to otherwise alter the outcome of the contract interpretation and legal analyses. Each of these questions is discussed below.

I. Construction of the Collateral Trust Agreement

A. Analytical Framework

1. Governing Law

Section 13.5 of the Collateral Trust Agreement provides that the Collateral Trust Agreement "shall be governed by and construed in accordance with the laws of the State of New York (without reference to any conflict or other choice of law or rules which might otherwise apply, except General Obligations Law §5-1401)." Under Section 5-1401 of the New York General Obligations Law, the parties to a contract relating to obligations arising out of a transaction covering in the aggregate of not less than $250,000 may agree that New York law will govern the agreement, whether or not the agreement bears a reasonable relation to New York. In addition, courts applying New York law in cases construing similar choice-of-law provisions have given effect to the parties' choice of New York law to govern their contracts. See, e.g., Broad v. Rockwell International Corporation, 642 F.2d 929, 946 (5th Cir. 1981) (en banc)(construing an indenture); Tucker Leasing Capital Corp. v. Marin

Medical Management, Inc., 833 F. Supp. 948, 955 (E.D.N.Y. 1993) (construing a guaranty). Therefore, a court interpreting the Collateral Trust Agreement almost certainly will give effect to Section 13.5 and construe the Collateral Trust Agreement under New York law.

2. Judicial Standard of Interpretation

Under New York law, courts will interpret written contracts to give effect to the intention of the parties as expressed in the unequivocal language the parties employed. Broad, 642 F.2d at 946. The parties' intent is determined not by examining extrinsic sources, but by looking within the four corners of the document. See WWW Associates v. Giancontieri, 77 N.Y.2d 157, 162 (N.Y. 1990). Courts will not accept extrinsic evidence of the parties' intent where consideration of the contract as a whole resolves an ambiguity created by one clause of the agreement. See Hudson-Port Ewen Associates v. Chien Kuo, 78 N.Y.2d 944, 944 (N.Y. 1991). Courts will attempt to reconcile all parts of a contract, if possible, to give consistency to the contract. Broad, 642 F.2d at 947.

The words and phrases used in a contract are interpreted according to their plain meaning, and courts will not "rewrite" or "reinterpret" contractual language when the language is clear and unambiguous on its face. E.g., Broad, 642 F.2d at 947; Laba v. Carey, 327 N.Y.S.2d at 618; CCG Associates I v. Riverside Associates, 556 N.Y.S.2d 859, 862 (App. Div. 1990). To decide whether a part of an agreement is ambiguous, courts will examine the entire contract: Particular words and phrases should be considered within the context of the complete agreement. "Form should not prevail over substance and a sensible meaning of the words should be sought." Kass v. Kass, 91 N.Y.2d 554, 566 (N.Y. 1998), quoting Atwater & Co. v. Panama R.R. Co., 246 N.Y. 519, 524 (N.Y. 1927). The whole contract must be considered when deciding between possible interpretations of an ambiguous term. The favored interpretation will be the one that best accords with the remainder of the contract

and makes every part of the contract effective. Broad, 642 F.2d at 947. A court will not adopt an interpretation of a clause that will leave another provision of the contract without effect. Laba v. Carey, 29 N.Y.2d 302, 308 (N.Y. 1971).

Accordingly, the Collateral Trust Agreement should be analyzed by its terms, and one should look to extrinsic sources only if the language of the Collateral Trust Agreement is ambiguous and cannot be resolved by looking at the contract as a whole.

B. Interpretation

The Collateral Trust Agreement is potentially subject to two competing interpretations. The first interpretation holds that registration of additional indebtedness with the Collateral Trustee is a prerequisite to participation in the benefits of the CTA. The other interpretation holds that registration is merely an administrative aid to the Collateral Trustee that has no effect on a party's rights under the CTA. Each interpretation is discussed in detail below, followed by an analysis of their relative merits.

1. Registration Requirement Necessary to Obtain Benefits[16]

The first sentence of Article II of the Collateral Trust Agreement provides:

> The aggregate principal amount of indebtedness which may be secured under this Collateral Trust Agreement at any time is unlimited, but indebtedness shall be Secured Indebtedness only upon and subject to the conditions set forth in this Article. (CTA § 2.1 (emphasis supplied).)

Under this language, additional indebtedness becomes "Secured Indebtedness" only upon satisfying the conditions set forth in Article II of the Collateral Trust Agreement. Sections 2.3 and 2.5 of the Collateral Trust Agreement then set forth a registration scheme. Section 2.3 requires the Collateral

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[16] Attached as Exhibit B is a compilation of the principal provisions of the Collateral Trust Agreement that support the "registration" interpretation of the CTA.

Trustee to maintain a register, called the Secured Indebtedness Register. The Collateral Trustee is required to enter contact information for each Secured Party Representative, the *original* principal amount of the related secured indebtedness and any commitment amount. The Collateral Trustee is also required to note in the Secured Indebtedness Register any changes, additions, or deletions to this information upon receiving written notice from a registered Secured Party Representative or, in certain circumstances, a Company. The Collateral Trustee is required to make the Secured Indebtedness Register available for inspection by any Secured Party Representative at the Collateral Trustee's offices in New York City during normal business hours and with reasonable prior notice. The CTA contains no other provision that permits any other party access to the Secured Indebtedness Register.

Section 2.5 sets forth a detailed process by which Additional Secured Indebtedness Registration Statements are delivered to and accepted by the Collateral Trustee for registration. The second sentence of Section 2.5(1) states that "[t]o become a Secured Party Representative [under the Collateral Trust Agreement]" a representative or holder of "proposed Additional Secured Indebtedness under Section 2.4(1)(i), (ii) or (iii) . . ."must deliver to the [Collateral] Trustee, for acceptance and registration in the Secured Indebtedness Register, an Additional Secured Indebtedness Registration Statement . . . duly executed by such prospective representative or holder . . . ." (emphasis supplied). Under the first sentence of Section 2.5(1), it is necessary to become a Secured Party Representative to "be entitled to the benefits of the security interests in the Collateral as set out [in the Collateral Trust Agreement] and in the other Collateral Documents." By negative implication, these provisions suggest that a representative or holder's failure to register prevents that representative or holder from availing itself of the benefits of the security interests in the Collateral.

In addition, the final sentence of Section 2.5(2) provides that to "have the benefits of Additional Secured Indebtedness" under the Collateral Trust Agreement, increases in commitment amounts, principal amounts, and guaranties of indebtedness must have been registered.[17] Again, by negative implication, this provision indicates that a failure to register an increase in principal amounts of indebtedness deprives such increase of the benefits of Additional Secured Indebtedness. Because indebtedness incurred after the closing date of the Collateral Trust Agreement must be Additional Secured Indebtedness to become Senior Secured Indebtedness that is entitled to the benefit of the collateral granted under Section 3.1, it follows that registration is required to benefit from the collateral under the Collateral Trust Agreement.

Further, Additional Secured Indebtedness Registration Statements must be substantially in the form of Exhibit A to the Collateral Trust Agreement. (CTA § 2.5(1)). That form provides:

> By executing and delivering this Additional Secured Indebtedness Registration Statement and, upon the acceptance and recordation hereof by the Trustee in accordance with Section 2.3 of the Collateral Trust Agreement, _____ (the "Secured Party Representative") hereby agrees on behalf of itself and the Holders it represents to be bound by all the terms and provision of the Collateral Trust Agreement applicable to a Holder and a Secured Party Representative, as applicable, of Secured Indebtedness. . . .
>
> The undersigned Companies and the Secured Party Representative each hereby confirms that (i) the Secured Party Representative represents Holders of Additional Secured Indebtedness, (ii) furnished

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[17] By its terms, Section 2.5(2) applies only to the initial secured indebtedness under the CTA; i.e., the 1996 Credit Facility, the MEIP facility, the credit agreements with Royal Bank of Canada and Dresdner Bank Canada, the Series A through E Notes, the Series 1 and 2 Notes, and the intercompany loan from Loewen Finance (Wyoming) LLC to LGII. Additionally, Section 2.5(2) does not specify whether the phrase "principal amounts" refers to *original* principal amounts or *outstanding* principal amounts. The form of Additional Secured Indebtedness Registration Statement to be filed in connection with Additional Secured Indebtedness includes blanks for both original and outstanding principal amounts.

> herewith is a true and complete copy of [GIVE TITLE(S), DATE(S) AND PARTIES OF THE AGREEMENTS UNDER WHICH THE INDEBTEDNESS HAS BEEN (OR IS TO BE) INCURRED] which shall, upon acceptance and registration of this Statement pursuant to section 2.5 of the Collateral Trust Agreement, be incorporated in the definition of "Financing Agreements"[18] for the purposes of the Collateral Trust Agreement. . . . (Emphasis added.)

Thus, based on this language in the form of Additional Secured Indebtedness Registration Statement, which language appears in all the Additional Secured Indebtedness Registration Statements executed by the parties, indebtedness is not covered by the CTA until the statement is accepted by the Collateral Trustee and registered or recorded in the Secured Indebtedness Register.

Finally, Section 3.1 of the Collateral Trust Agreement provides that the security interest is granted to the Collateral Trustee "for the equal and ratable benefit of all Senior Secured Parties." Under Section 1.1 of the CTA, "Senior Secured Parties" means, among others, Class C Secured Parties (CTA § 1.1(104)), which, in turn, means "each Holder of Additional Secured Indebtedness (if any), which Additional Secured Indebtedness is designated as Class C Secured Indebtedness pursuant to Section 2.6, and their Secured Party Representatives." (CTA § 1.1(22) (emphasis supplied).) "Holder" is then defined as:

> [A]ny person who holds Secured Indebtedness and any successor to or assignee from such a holder of such Secured Indebtedness; provided that in the case of a Holder of Additional Secured Indebtedness, its Secured Party Representative[19] shall have become a Secured Party

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[18] "Financing Agreements" are defined in the Collateral Trust Agreement as the Note Agreements, the 1996 Credit Agreement, the MEIP Credit Agreement, the RBC Credit Agreement and the Dresdner Credit Agreement, the LFW Loan Agreement, and any and all other agreements which by the provisions of any Additional Secured Indebtedness Registration Statement are incorporated in the definition of "Financing Agreements."

[19] "Secured Party Representative" is defined to include "any agent, trustee or like representative of (continued...)

> Representative hereunder pursuant to Section 2.5 (CTA Section 1.1 (52) (emphasis supplied).)

Accordingly, pursuant to Section 3.1, the lien is granted for the benefit of parties who must have registered with the Collateral Trustee.

Before the Petition Date, registration statements for the Series 6 and 7 Notes, and the PATS were apparently not delivered to the Collateral Trustee. Thus, under this interpretation, holders of those notes would not be entitled to the benefits of the security interests in the collateral. In contrast, a registration statement for the Series 3 and 4 Notes was on file with the Collateral Trustee, but that statement reflects an outstanding principal balance of zero (although it likewise states in the same sentence that the original principal balance was $350 million). Further, there is no registration statement contained in the Secured Indebtedness Register evidencing an increase of that outstanding principal amount. Applying the registration interpretation, it could be argued that the entire outstanding principal amount of the Series 3 and 4 Notes would not be entitled to the benefits of Additional Secured Indebtedness.[20]

This argument seems inconsistent, however, with Section 2.3, which specifies that the Secured Indebtedness Register must include the original principal amount, not the outstanding balance.[21]

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[19] (...continued)
any Holder(s) which is designated a Secured Party Representative for such Holder(s) in . . . the related Additional Secured Indebtedness Registration Statement."

[20] It could also be argued that no registration statement was ever delivered to the Collateral Trustee since the registration statement that appears in the Collateral Trustee's files is not the same registration statement that was executed and included in the closing binders. Whether or not the statements are the same, however, because a registration statement appears in the Collateral Trustee's file, the Collateral Trustee must necessarily have received and accepted delivery of that registration statement.

[21] An additional problem in asserting that the outstanding principal amount of additional (continued...)

Accordingly, the somewhat better argument appears to be that the registration statement for the Series 3 and Series 4 Notes did comply with the registration requirements of the CTA because it contains the correct original principal balance, and that original principal amount was never thereafter increased.

This argument is further supported by the fact that the Collateral Trust Agreement, by its terms, appears to anticipate that increases in the outstanding principal amounts could occur after the delivery of registration statements. Section 11.2 of the CTA provides that, following receipt of an Enforcement Order, the Collateral Trustee shall request the Companies to deliver to the Trustee a statement setting forth the amount of senior debt outstanding. The Trustee is also required to deliver a similar request to each Secured Party Representative. Thus, the CTA seems to contemplate enforcement actions based on outstanding principal amounts that differ from the amounts set forth in the registration statements. Similarly, Section 12.1 provides that the Companies will provide the Collateral Trustee with a written statement of the outstanding amount of each Senior Secured Party's senior secured indebtedness within one business day of the receipt of a written request from the trustee. Again, the CTA seems to contemplate that outstanding principal amounts may change from the amounts set forth in the Additional Secured Indebtedness Registration Statements. Conversely, it could be argued that these provisions merely contemplate that outstanding principal amounts may decrease over time and that increases in such amounts, nonetheless, require registration.

In addition, Section 2.3 provides that entries in the register "shall be conclusive and binding for all purposes, absent manifest error." (Emphasis supplied.) According to Black's Law Dictionary,

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[21] (...continued)
indebtedness must be correctly registered is that the CTA could have been used to secure additional revolving credit debt. In that case, it would be difficult to argue that a registration statement would be required each time an increase in the revolver balance occurred.

manifest is defined as "evident to the senses, especially to the sight, obvious to the understanding, evident to the mind, not obscure or hidden, and is synonymous with open, clear, visible, unmistakable, indubitable, indisputable, evident and self-evident." Courts have similarly defined manifest error as error that is obvious or clear. See Bank One Texas v. FDIC, 16 F. Supp. 2d 698, 713 (N.D. Tex. 1998) (using Black's Law Dictionary and concluding that manifest error is an obvious mistake or departure from the truth); Magee v. Magee, 661 So. 2d 1117, 1129 (Miss. 1995) (quoting Black's Law Dictionary and concluding that manifest error is error that is "unmistakable, clear, plain or indisputable"). In the case of the Series 3 and 4 Notes, it could be argued persuasively that the registration statement's reference to a zero outstanding principal balance in connection with a public offering of $350 million in notes is a clear and obvious mistake.[22] This mistake also should have been obvious to the Collateral Trustee on the basis that its counsel at the same time had drafts of the registration statement, which reflected an outstanding principal balance of $350 million. Thus, for these two reasons, even if the "registration" interpretation of the CTA is adopted by a court, a court could conclude that the Series 3 and 4 Notes are properly registered.

2. Registration Not Necessary to Obtain Benefits[23]

Section 3.1 of the Collateral Trust Agreement describes the obligations the collateral secures. Under that section, the security interest is granted to secure "the payment by the Obligors of the Senior Secured Indebtedness." (CTA § 3.1(B).) The key defined term, "Senior Secured Indebtedness," is

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[22] This "manifest error" exception would appear to have no application to the Series 6 and 7 Notes, and the PATS because it applies to entries in the Secured Indebtedness Register. In contrast to the Series 3 and 4 Notes, the Collateral Trustee apparently had no information at all regarding the Series 6 and 7 Notes, or the PATS.

[23] Attached as Exhibit C is a compilation of the principal provisions of the Collateral Trust Agreement that support the "non-registration" interpretation of the CTA.

defined under the Collateral Trust Agreement as Class A, Class B, or Class C Secured Indebtedness (CTA § 1.1(102)), each of which, in turn, is defined substantially identically. the Companies designated the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS as "Class C Indebtedness" in the Companies' authorizing resolutions. "Class C Secured Indebtedness" is defined as:

> all Obligations in respect of the indebtedness arising under or evidenced by the Financing Agreements listed under the heading "Class C Secured Indebtedness" on Schedule 1 and (if any) the Additional Secured Indebtedness designated as Class C Secured Indebtedness pursuant to Section 2.6. (CTA § 1.1(21) (emphasis supplied).)

Accordingly, Class C Secured Indebtedness (and therefore Senior Secured Indebtedness), includes "Additional Secured Indebtedness" designated as Class C Secured Indebtedness under Section 2.6 of the Collateral Trust Agreement.

As has been discussed above, indebtedness becomes Additional Secured Indebtedness through the operation of Section 2.4 (the designation process).[24] Section 2.6 describes the classification process. Because neither of these sections specifically requires registration under Section 2.5 or otherwise, it is possible that indebtedness can become Additional Secured Indebtedness without having

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[24] Section 2.4 authorizes the Companies, by resolutions of their directors, to designate certain types of indebtedness as Additional Secured Indebtedness, "entitled to the security hereby created." (CTA § 2.4(1).) This language buttresses the nonregistration interpretation as it suggests that upon designation (and without registration) the debt becomes entitled to the security created by the CTA.

On the other hand, the argument that compliance with Section 2.4 is all that is required for a party to become secured conflicts with the Collateral Trust Agreement's definition of "Senior Secured Indebtedness." For indebtedness to become Senior Secured Indebtedness, the indebtedness must satisfy two conditions: it must (i) constitute Additional Secured Indebtedness; and (ii) be classified under Section 2.6. Because there is no classification requirement or a cross reference to Section 2.6 in Section 2.4, it could be asserted that compliance with Section 2.4 alone is insufficient for indebtedness to become Senior Secured Indebtedness.

to satisfy the requirements of Section 2.5. The indebtedness at issue met the requirements of both Sections 2.4 and 2.6 and therefore should constitute Senior Secured Indebtedness secured by the security interest created by the Collateral Trust Agreement.

Section 5.1, which sets forth the guaranty agreed to by each Pledgor Subsidiary, bolsters the non-registration interpretation as that section provides that: "Each Pledgor Subsidiary . . . unconditionally and irrevocably guarantees, to the fullest extent permitted by Applicable Law, the due and punctual payment . . . and performance of all Senior Secured Indebtedness of the Obligors." Thus, the guaranties apply to Senior Secured Indebtedness, which has no registration requirement. Finally, although not operative, one of the recitals to the Collateral Trust Agreement states, in pertinent part, that "all things necessary have been done and performed to make . . . additional indebtedness of [a Company] <u>when designated</u> by either company as provided herein as Additional Secured Indebtedness . . . <u>entitled to the benefit of the Senior Lien</u>."[25] (Recital 9(b) (emphasis supplied). Again, there is no reference to a registration requirement.

Under this interpretation, holders of the unregistered (or, for the Series 3 and 4 Notes, potentially incorrectly registered) debt would enjoy the benefits of the Collateral Trust Agreement in the same manner as holders of registered indebtedness.

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[25] In contrast, the immediately preceding recital states that "[e]ach of TLGI, LGII and the Pledgor Subsidiaries desires to grant security, the granting of which is provided for by this Collateral Trust Agreement, to the Trustee for the benefit of . . . any other party hereafter becoming a <u>Holder</u> of . . . Class Indebtedness, to secure all such Secured Indebtedness." (CTA Recital 8 (emphasis added).) By referring to Holder, this recital arguably indicates that security will be granted only to parties with registered debt.

3. Analysis of Competing Arguments

Each of the interpretations described above is supported by certain provisions of the Collateral Trust Agreement. A court charged with interpreting the Collateral Trust Agreement, however, will not look at the agreement's individual provisions in a vacuum. Broad, 642 F.2d at 947. Rather, in construing the Collateral Trust Agreement, courts applying New York law are required to interpret the agreement in a way to read all provisions of the Collateral Trust Agreement together in a consistent manner if that interpretation is possible. Hudson-Port Ewen Assocs., 78 N.Y. 2d at 944.

a. Registration Is Consistent with the Provisions of the CTA

Taking into account all of the provisions of the Collateral Trust Agreement, it is difficult to reconcile the "nonregistration" interpretation with the other parts of the agreement. The first instance of this is in Section 3.1, which provides not only that the security interest in the Collateral is granted to secure Senior Secured Indebtedness, but also that the security interest is granted to the Collateral Trustee "for the equal and ratable benefit of all Senior Secured Parties." As described above, the defined term "Senior Secured Parties," leads to the definitions of "Holder" and "Secured Party Representative," each of which requires registration under Section 2.5 and therefore cannot be read in a consistent manner with the "nonregistration" interpretation of the Collateral Trust Agreement.

Moreover, based on the references in Section 3.1 to Senior Secured Parties and Senior Secured Indebtedness, one may conclude either (i) that the security interest is granted to secure all Senior Secured Indebtedness of all holders, whether or not those holders have registered or (ii) that the security interest is granted to secure only Senior Secured Indebtedness that is held by holders who have registered.

The "nonregistration" interpretation of the Collateral Trust Agreement adopts the first conclusion. This conclusion, however, leads to the contradictory result that, although all Senior Secured Indebtedness (whether or not the applicable holder has registered) is secured by the security interest in the collateral, the security interest is granted for the benefit of only those parties who have registered. It also conflicts with the proviso in the definition of Holder, which states that registration is a prerequisite to becoming a Holder. In contrast, the alternative conclusion (that only registered holders are covered) is consistent with all of the provisions of Section 3.1.

This position is reinforced by Section 8.10 of the Collateral Trust Agreement. Under Section 8.10, distributions of proceeds of collateral are to be made by the Collateral Trustee to "the Secured Party Representatives on behalf of each Holder that they represent, respectively, in an amount equal to the Senior Secured Indebtedness owing to each such Holder. . . . " (CTA § 8.10 (emphasis supplied).) Proceeds are available only for "Holders," which as mentioned above are only those who have registered under Section 2.5. Moreover, although the definition of Senior Secured Indebtedness does not depend on registration under Section 2.5, distributions are limited to the amount of Senior Secured Indebtedness "owing to a Holder," which again relates back to the registration requirements of Section 2.5 of the Collateral Trust Agreement.

These distribution procedures appear to be inconsistent with the "nonregistration" interpretation of the Collateral Trust Agreement. Under that interpretation, there would be a class of holders who have not complied with the registration requirement, but who nonetheless hold indebtedness that is secured under the Collateral Trust Agreement. Under the mechanics of Section 8.10, however, this class of holders would not be entitled to a distribution of the proceeds of collateral because (i) they do not have a Secured Party Representative and (ii) they are not Holders, as defined by the Collateral

Trust Agreement. In contrast, under the "registration" interpretation, this provision can be reconciled. If a holder is not entitled to distributions, then the indebtedness of that holder must not have been secured in the first place.

Further, Section 2.5(1) refers to indebtedness described in Section 2.4(1)(i), (ii), or (iii) as "proposed" Additional Secured Indebtedness. As discussed above, Additional Secured Indebtedness is defined simply as indebtedness that has satisfied the requirements of Section 2.4(1). The "proposed" language of Section 2.5(1), however, implies that further steps must be taken for that indebtedness to constitute Additional Secured Indebtedness. Moreover, Section 2.5(2) provides that to "have the benefits of Additional Secured Indebtedness" under the Collateral Trust Agreement, increases in commitment amounts, principal amounts, and guaranties of the initial secured indebtedness must have been registered. This language does not optionally provide for, but rather mandates, registration of increases in principal amounts of indebtedness. Mandatory registration for increases in principal amounts of the initial indebtedness is inconsistent with the "nonregistration" view that registration is not necessary for additional indebtedness.

Finally, the "nonregistration" interpretation of the Collateral Trust Agreement cannot easily be reconciled with the registration requirements of Section 2.5. One suggested reconciliation is that Section 2.5 is not an operative provision, but rather an administrative provision added to protect the Collateral Trustee and provide it with a record upon which it can rely with respect to the indebtedness secured under the Collateral Trust Agreement. Because indebtedness could be added after the closing date, the Collateral Trustee needed a mechanism to keep itself appraised of the identity of the

beneficiaries under the Collateral Trust Agreement over the life of the agreement.[26] Similarly, it could be argued that registration was merely intended as the mechanism by which a Secured Party Representative could obtain the CTA lien to secure its costs and expenses and to provide the representative with a right to appoint members of an Enforcement Committee.

On the other hand, merely labeling Section 2.5 as "administrative" does not mean that compliance with it is optional. Contracts often contain administrative provisions that can affect the substantive rights of the parties.[27] Where the parties to a contract do not intend for administrative provisions to affect the rights of the parties, the contract typically says so.[28] The Collateral Trust Agreement contains no such provision.

Further, interpreting Section 2.5 solely as an administrative provision is difficult to square with the structure of the Collateral Trust Agreement. One of the primary duties of the Trustee under the Collateral Trust Agreement is to distribute proceeds realized from exercising its remedies under the Collateral Trust Agreement. Not requiring registration is arguably inconsistent with this duty. An example is illustrative. If an Enforcement Event were to have occurred and the Collateral Trustee had liquidated the Collateral, then under Section 8.10, the proceeds are to be distributed to the Secured Party Representatives. If a holder of indebtedness had failed to register with the Collateral Trustee,

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[26] As an example, section 2.3 states that "[t]he [Collateral] Trustee may conclusively rely on the accuracy of the information certified to it by each Secured Party Representative and shall have no duty whatsoever to independently confirm its accuracy." (emphasis supplied).

[27] For example, credit agreements often require the borrower to give a notice of borrowing by a certain time to receive loan proceeds on that day. If the borrower fails to comply, then the lender is not required to lend on that day. This is an administrative function that affects the rights of the parties.

[28] A typical provision with respect to a register would read: "Any failure by a Holder or the Trustee properly to record any transaction on the register does not affect such Holder's or Trustee's rights under this Agreement."

then that holder would not be entitled to any of the proceeds. There is nothing in the Collateral Trust Agreement that would provide a remedy for such a holder. In view of this result the registration requirements appear to go beyond the province of "trustee protection" provisions.

In sum, the "nonregistration" interpretation of the Collateral Trust Agreement is difficult to reconcile with various provisions of the CTA. Because a court interpreting the Collateral Trust Agreement is required to read all of its provisions consistently together, a court is less likely to adopt the "nonregistration" interpretation as the correct interpretation of the agreement. On the other hand, the competing "registration" interpretation is also not free from considerable litigation risk. As explained below, adoption of the "registration" interpretation also leads to inconsistencies and conflicts within the Collateral Trust Agreement.

b. Potential Counterargument

The registration interpretation of the CTA rests heavily on the definition of "Holder." This definition, however, poses several issues, especially in light of its interaction with the definition of Secured Party Representative and Section 2.5.

When read together with the definition of Secured Party Representative, both definitions become circular because each term is used in defining the other term (e.g., a Secured Party Representative is an agent of a Holder, while a Holder is a holder who has a Secured Party Representative). In addition to these circularities, the definition of "Holder" arguably conflicts with other provisions of the Collateral Trust Agreement:

- First, if the definition of Holder requires a Secured Party Representative to register under Section 2.5, then the definition conflicts with the definitions of Secured Party Representative and Additional Secured Indebtedness Registration Statement. Under the definition of "Additional Secured Indebtedness Registration Statement," a representative becomes a Secured Party Representative by being designated in an Additional Secured

Indebtedness Registration Statement. Under the definition of "Additional Secured Party Representative," an instrument becomes an Additional Secured Indebtedness Registration Statement by being in the form of Exhibit A to the Collateral Trust Agreement and being signed by the Companies and the related Secured Party Representative. Taken together, these definitions indicate that a representative can become a Secured Party Representative without having to register the registration statement. This would arguably conflict with the definition of "Holder," which mandates that a representative must become a Secured Party Representative under Section 2.5. It may also conflict with Section 2.5 itself, which states that "to become a Secured Party Representative [under the Collateral Trust Agreement] each such representative" must register.

- Section 2.5(1) states that agents or like representatives of Holders (or, if the Holders are unrepresented, the Holders themselves) "may become" Secured Party Representatives under the Collateral Trust Agreement by delivering a registration statement. But the second sentence of the definition of "Secured Party Representative" provides that a Holder who may be represented, but whose representative has not been designated in an Additional Secured Indebtedness Registration Statement, shall be the Secured Party Representative for itself. (CTA § 1.1(100).) If this is true, then a conflict appears because Section 2.5(1) indicates that only representatives and unrepresented Holders can become Secured Party Representatives. The same problem exists within the definition of "Holder." The proviso in that definition states that a Secured Party Representative must have become a Secured Party Representative under Section 2.5, but Section 2.5 is silent as to a represented Holder who becomes its own Secured Party Representative under that definition.

- Another issue arises from the capitalization of the word "Holder." The first sentence of Section 2.5(1) refers to a "Holder of any proposed Additional Secured Indebtedness." "Holder," however is defined to mean those who already have registered. A "holder" of proposed indebtedness should have a lowercase "h." A similar issue arises from the use of the word "holder" (with a lowercase "h") in the last sentence of Section 2.5(1).[29] Because this sentence deals with the situation in which a registration statement has already been registered, and if the definition of "Holder" requires registration, then why did the drafters of the Collateral Trust Agreement not use the word "Holder" (with an uppercase "H") here?

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[29] "Upon such delivery, acceptance and registration [of a registration statement], such representative or holder shall have the rights of a Secured Party Representative set out in this Collateral Trust Agreement." (emphasis supplied).

Although these inconsistencies cannot be reconciled, they exist primarily in a vacuum. In a complicated document such as the Collateral Trust Agreement, with all of its attendant defined terms, there is always the possibility that a drafting disconnect can lead to terms and provisions that, on their own, do not precisely harmonize with the rest of the document, but when read within the context of the entire document are not in direct conflict. In these circumstances, technical drafting inconsistencies conceivably could be disregarded in arriving at an interpretation that harmonizes as much of the document as possible.

C. Guaranties

In addition to granting a security interest in the collateral, the Collateral Trust Agreement also provides for guaranties of the Senior Secured Indebtedness. Unlike the provisions in the CTA that concern collateral, the guaranty provisions contain no cross-references or definitions that connect to the registration requirement. Under Section 5.1, each Pledgor guarantees the payment of the Senior Secured Indebtedness. As discussed earlier, the definition of Senior Secured Indebtedness and the definitions to which it leads are all independent of any registration requirement. Thus, a literal interpretation of the guaranty language in the CTA would suggest that registration is not necessary for a party to benefit from the guaranties. Bolstering this argument is the language of the CTA's registration section, section 2.5(1), which essentially states that registration is necessary only for a party to be entitled to the benefits of the *security interest* in the collateral. There is no mention of the guaranties. Therefore, although failure to register may exclude a holder from participating in the collateral, it will likely not vitiate the guaranties.

On the other hand, this conclusion conflicts in some respects with the "registration" interpretation of the Collateral Trust Agreement. Based on its analysis of Section 3.1,[30] a court could conclude that the interpretation that is more consistent with the provisions of the Collateral Trust Agreement as a whole is that only indebtedness held by registered holders is secured by the collateral. Further, as discussed more thoroughly above, Section 2.5[31] implies that only indebtedness held by parties who have registered becomes Additional Secured Indebtedness and, in turn, Senior Secured Indebtedness. Thus, an underlying premise of the "registration" interpretation of the Collateral Trust Agreement is that Senior Secured Indebtedness must be held by a registered holder. This is the case even though the definition of Senior Secured Indebtedness makes no reference to any registration requirements. Because the guaranties guarantee Senior Secured Indebtedness, adoption of the "registration" interpretation may be viewed as mandating the conclusion that the security interests would only be available to holders who have registered.

Nonetheless, we believe that a court will more than likely conclude that registration is not necessary for holders to benefit from the guaranties, as opposed to the security interests in the collateral. Unlike the contractual provisions regarding collateral, none of the provisions in the CTA that addresses the guaranties contains any reference to a registration requirement nor uses any term that refers to registration. Moreover, a court can justify a different result for the guaranties on the basis that registration serves a purpose with respect to the collateral, but arguably serves no function in the case

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30 Under Section 3.1, the Pledgors granted a security interest in favor of the Senior Secured Parties to secure the Senior Secured Indebtedness.

31 Section 2.5(1) makes reference to "proposed" Additional Secured Indebtedness, while Section 2.5(2) requires registration to "have the benefits of Additional Secured Indebtedness" under the Collateral Trust Agreement.

of the guaranties. The security interest provided in the CTA is granted in favor of the Collateral Trustee, to be held for the benefit of the Holders. Accordingly, a court could reason that registration with the actual holder of the security interest is necessary in order for noteholders to benefit from, or share in, that security interest. In contrast, the guaranties guarantee "Senior Secured Indebtedness," which consists of obligations that arguably run directly between the companies and the noteholders, and which can be enforced independent of the Collateral Trustee. Thus, a court could conclude that registration with a *Collateral* Trustee, who merely holds the collateral, would serve no purpose and, therefore, support the view that registration would not be required. Nonetheless, as with the "registration" interpretation for the collateral, this outcome is uncertain and is subject to a material counterargument that it would result in inconsistent interpretations of the same language in the CTA.

D. The Effect of Ambiguity

The preceding analysis examines exclusively the contractual language of the Collateral Trust Agreement. It is possible, however, that a court would find the contractual language to be ambiguous and thus would examine the contracting parties' intent.

A provision of an agreement is ambiguous if reasonable people could disagree as to the parties' intentions, considering the context of the entire agreement. See, e.g., IV Servs. of America, Inc. v. Trustees of Am. Consulting Engineers Council Ins. Trust Fund, 136 F.3d 114, 119 (2d Cir. 1998), citing O'Neil v. Retirement Plan, 37 F.3d, 55, 59 (2d Cir. 1994). If a contract is ambiguous, then a court will consider extrinsic evidence of the contracting parties' intent. See, e.g., Haber v. St. Paul

Guardian Ins. Co., 137 F.3d 691, 695 (2d Cir. 1998).[32] Here, it is uncertain whether a court will find the contractual language to be ambiguous.

On the one hand, the Collateral Trust Agreement was negotiated by sophisticated parties who were represented by counsel. The Collateral Trust Agreement is 80 single-spaced pages long and filled with provisions spelling out the parties' obligations in great detail. In these circumstances, courts are reluctant to find contractual language to be ambiguous. See, e.g., New Bank of New England, N.A. v. The Toronto Dominion Bank, 768 F. Supp. 1017, 1022 (S.D.N.Y. 1991).

On the other hand, this memorandum presents two competing interpretations of the registration provisions of the CTA. The memorandum also notes that some of the relevant definitions in the CTA are circular, and that there appears to be no one interpretation of the contractual language that reconciles all of the contractual provisions. It is thus possible that a court would find the contractual language to be ambiguous. The court would then look at the parties' intent.

If a court examines the intent of the contracting parties, then there are again competing arguments to be made. The Companies and State Street plainly intended the Series 3 and 4 Notes, the

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[32] Based on the CTA draft chain, it appears that the attorneys for Bank of Montreal were the principal drafters of the CTA, although the other parties commented extensively on the drafts. Under New York law, contractual ambiguities are typically construed against the drafter. Jacobson v. Sassower, 489 N.E.2d 1283, 1284 (N.Y. 1985) ("In cases of doubt or ambiguity, a contract must be construed most strongly against the party who prepared it, and favorably to a party who had no voice in the selection of its language"); In re Arbitration between Saranac Central School District and Sweet Associates, Inc., 686 N.Y.S.2d 869, 870 (N.Y. App. Div. 1998) ("It is also well settled that contract ambiguities should be construed against the drafter."); Bernstein v. Sosnowitz, 603 N.Y.S.2d 493, 494 (N.Y. App. Div. 1993) ("[I]t is well settled that any ambiguity which might exist must be construed against the defendant as drafter of the agreement."); Zaremba v. Interface Flooring Systems, Inc., 600 N.Y.S.2d 120, 122 (N.Y. App. Div. 1993) ("A document is to be strictly construed against its drafter, and any ambiguity will be resolved against him or her."). Accordingly, it could be argued that any ambiguities in the Collateral Trust Agreement should be construed against Bank of Montreal.

Series 6 and 7 Notes, and the PATS to be secured. The Company had its directors designate the additional indebtedness as secured indebtedness as required by the CTA, executed Additional Secured Indebtedness Registration Statements, which then appeared in the closing documents, and repeatedly stated in public filings that this debt was secured. State Street, too, executed the Additional Secured Indebtedness Registration Statements.

Those intentions, however, were as of October 1996, September 1997, and May 1998, long after the CTA was executed in May 1996. Evidence of contemporaneous intent is less revealing.

The CTA plainly anticipates that it can be used to secure future indebtedness. The CTA does not, however, provide that it will secure all future indebtedness. The contracting parties understood that circumstances would change over time and thus retained flexibility to secure later indebtedness as desired. There thus may be little evidence of intent, as of May 1996, to secure any particular issuance of debt under the CTA. Moreover, a court might focus on the parties' more specific intent as to the registration provisions themselves. For example, the registration statements, including the form attached to the CTA, recite that acceptance and recordation of the Additional Secured Indebtedness Registration Statements is necessary for the debt to be treated as financing entitled to the benefits of the CTA. Thus, when the intent of the parties is viewed broadly, the parties may have intended the later debt to be secured. When the intent of the parties is examined more narrowly, however, a court may conclude, depending on the testimony of the witnesses who are proffered, that the parties intended registration of Additional Secured Indebtedness Registration Statements to be a required act to obtain the benefits of the security and guaranties.

E. Conclusion

The "nonregistration" interpretation conflicts with a variety of provisions in the CTA. Although the "registration" interpretation better reconciles all of the provisions of the Collateral Trust Agreement, even that interpretation cannot be reconciled completely with every provision of the Collateral Trust Agreement. Moreover, even if a court adopts the "registration" interpretation, it may nonetheless conclude that the Series 3 and 4 Notes are properly registered and may further conclude that the holders of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS are entitled to the benefits of the guaranties. Because neither interpretation can be fully reconciled with all the provisions of the CTA, proponents of either the registration or nonregistration view face substantial litigation risk.

II. Equitable Doctrines

Under the "registration" interpretation, the Collateral Trust Agreement requires that, to obtain secured status as Additional Secured Indebtedness under the CTA, an Additional Secured Indebtedness Registration Statement reflecting an accurate principal amount must be submitted to the Collateral Trustee. Even if that interpretation is adopted by a court and applied to each of the series of notes at issue, however, contract law and equitable doctrines arguably provide a basis for treating the holders of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS as entitled to the benefits of the CTA even absent the delivery of an accurate Additional Secured Indebtedness Registration Statement.

A. Salient Facts

It cannot be disputed that all of the parties to each transaction at issue intended the Notes to be covered by the Collateral Trust Agreement. Each of the Offering Memoranda/Prospectuses for the notes referred to the notes as secured under the CTA. In addition, the board of directors of each

Company adopted resolutions authorizing each series of indebtedness and designating each series as secured indebtedness under the Collateral Trust Agreement. Further, each Company, together with State Street, executed Additional Secured Indebtedness Registration Statements for each series. These fully executed Additional Secured Indebtedness Registration Statements were in place at the closings of the Series 3 and 4 Notes, and the PATS and, in the case of the Series 6 and 7 Notes, were delivered to the underwriter's counsel (at whose offices the closing occurred) the day following the closing of such notes. Copies of the executed Additional Secured Indebtedness Registration Statements are included in each of the relevant sets of closing documents.

After the issuance of each series of indebtedness intended to be secured under the CTA, TLGI consistently referred to the notes as secured under the CTA in each of its public securities filings. Furthermore, all the other parties who were secured by the CTA had knowledge of this additional secured debt. The Wachovia Credit Agreement and the Bank of Montreal Credit Agreement expressly permitted additional secured debt under the Collateral Trust Agreement and both Credit Agreements contained reporting requirements that put the lenders on notice of all outstanding debt, including the debt in question. Later amendments to the Credit Agreements expressly identified the Series 3 and 4 Notes, and the PATS as senior obligations. Further, the prospectuses for the Series 1 and 2 Notes, and the Series 5 Notes contained information regarding *pari passu* additional secured indebtedness including, in the case of the Series 5 Notes, a direct reference to the Series 3 and 4 Notes, and the indenture trustee for all the notes under the CTA, other than the Series 5 Notes, is State Street.

Although the Collateral Trust Agreement contemplated registration of additional series of debt with the Collateral Trustee, it appears that, before the Petition Date, no party to the CTA actually examined the Secured Indebtedness Register or the contents of any registration statement in the

possession of the Collateral Trustee. In addition, no party appears to have been aware of any potential problem regarding the submission of registration statements until well after the Petition Date. In short, there is currently no evidence to indicate that any party ever relied on the Secured Indebtedness Register for any purpose.

The parties apparently did not literally comply with the CTA's registration requirements with respect to any of the issuances of additional indebtedness. In none of the cases did the Collateral Trustee actually maintain a Secured Indebtedness Register nor did it ever record the information provided in any of the registration statements in a document of any kind. Additionally, in the case of the Series 3 and 4 Notes, a correct registration statement was apparently not delivered to the Collateral Trustee or, if it was, it was not placed in the file the Collateral Trustee opened to hold registration statements. Similarly, in the case of the Series 6 and 7 Notes, and the PATS, the registration statements were apparently never delivered to the Collateral Trustee. Moreover, in the case of two other debt facilities that the parties apparently intended to secure under the CTA, the registration procedures again were not followed. A registration statement was prepared and executed in connection with a Bank of Montreal letter of credit facility, but was apparently not delivered to the Collateral Trustee. Likewise, a registration statement was prepared and executed in connection with an interest rate call option facility with respect to the PATS between LGII and UBS. That registration statement also was never delivered to the Collateral Trustee.

Accordingly, in no case of the issuance of additional secured indebtedness did the parties literally follow each and every step of the registration process referred to in the Collateral Trust Agreement.

B. Reformation

Reformation provides a basis on which to treat as secured the Series 3 and 4 Notes.[33] "Under New York law, a contract may be reformed if there is a mutual mistake of fact . . . . Also referred to as 'scrivener's error,' mutual mistake occurs where the parties have reached a real and existing agreement on particular terms and subsequently find themselves bound to a writing which does not accurately express their agreement." The U.S. Russia Investment Fund v. Neal & Company, Inc., 1998 U.S. Dist. LEXIS 13581 (S.D.N.Y. 1998) (internal quotations and citations omitted). "In a case of mutual mistake, the parties have reached an oral agreement and, unknown to either, the signed writing does not express that agreement." Chimart Assocs v. Paul, 66 N.Y.S.2d 570 (N.Y. 1986).

The Additional Secured Indebtedness Registration Statement for the Series 3 and 4 Notes arguably involves just this sort of scrivener's error. The outstanding principal amount does not reflect the parties' mutual understanding of that amount. Additionally, the very same sentence of the registration statement refers to an original principal amount of $350 million. There is no dispute that all of the parties to the notes and the registration statement intended the notes to be secured under the CTA to the extent of $350 million and believed that Additional Secured Indebtedness Registration Statements to this effect had been executed and delivered to the Collateral Trustee. Thus, the mistake appears to satisfy the requirement that it must have occurred when the parties reduced their agreement to writing. Lent v. Cea, 619 N.Y.S. 2d 166 (3d Dept. 1994). The way in which the mistake occurred

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[33] Resort to the reformation doctrine assumes that the Series 3 and 4 Notes are determined by a court to be unsecured because they did not sufficiently meet the registration requirements of the CTA. Consideration of reformation only becomes necessary, however, if a court (i) adopts the "registration" interpretation, (ii) determines that the reference to the correct original principal amount in the Additional Secured Indebtedness Registration Statement is insufficient to comply with the registration requirements, and (iii) the "manifest error" language applicable to information in the Secured Indebtedness Register cannot be used to correct the error.

is not determinative of the parties' right to reformation. In re Brucap Assocs., 158 B.R. 10 (Bankr. E.D.N.Y. 1993) ("Where there is no mistake about the agreement, and the only mistake alleged is in the reduction of that agreement to writing, such mistake of the scrivener, or of either party, no matter how it occurred, may be corrected." (quoting Harris v. Uhlendorf, 24 N.Y.2d 463, 467 (1969)).

If a court were to permit a party to proceed with a reformation claim, the party would be permitted to introduce evidence, in this case the closing documents and the drafts of the registration statements, among others, to show that the $0 outstanding principal amount does not accord with their agreement. "Because the thrust of a reformation claim is that a writing does not set forth the actual agreement of the parties, generally neither the parol evidence rule nor the Statute of Frauds applies to bar proof, in the form of parol or extrinsic evidence, of the claimed agreement." Chimart, 66 N.Y.S.2d at 573. Although the evidence of a mutual mistake must be "evidence of the clearest and most satisfactory character," it seems likely that the closing documents, particularly the executed registration statement with the proper amount, and drafts, as well as the prospectus, and TLGI's subsequent securities filings, all of which refer to the correct principal amount, would satisfy this standard. Porter v. Commercial Cas. Ins. Co., 292 N.Y. 176, 181 (1944).

In one bankruptcy case, a security agreement and financing statement failed to identify an individual as a secured party, although they did identify his corporation as a secured party. The bankruptcy court explained that, provided the individual could establish the prerequisites for reformation, the security agreement could be reformed to reflect the parties' intent. In re Clarence Graphics, 201 B.R. 46 (Bankr. W.D.N.Y. 1996). That court, however, went on to distinguish the security agreement from the financing statement at issue in the case. The financing statement could not be reformed because "it functions not to memorialize the agreement of the signatories but to provide

notice to third parties." Id. Thus, "the appropriate test of a financing statement's adequacy is not one of intent but that which is set forth in Section 9-402 of the Uniform Commercial Code." Id. See also In re Pacific Trencher & Equipment, Inc., 735 F.2d 362 (9th Cir. 1984) (declining to reform a financing statement under the California Commercial Code because the error in the financing statement "was seriously misleading viewed from the standpoint of a potential creditor reviewing the records."). Because the registration statement at issue here is not a public document designed to put third parties on notice of a secured party's status, it arguably should be regarded as an element of the security agreement, and thus a candidate for reformation, rather than as a financing statement that cannot be reformed.

There is some risk, of course, that a court might treat the registration statement as a financing statement since under the terms of the CTA, the Secured Indebtedness Register that the Collateral Trustee theoretically maintained was available for inspection by any Secured Party Representative. In fact, however, according to the testimony of the Collateral Trustee, no Secured Party Representative examined the Secured Indebtedness Register before the Petition Date. Because both the Collateral Trustee and the other secured parties in fact knew or could have known of the correct principal amount by reviewing TLGI's securities filings, the registration statement should be reformed.

Moreover, another equitable factor weighs in favor of reforming the Additional Secured Indebtedness Registration Statement for the Series 3 and 4 Notes. The Collateral Trust Agreement has detailed provisions governing the parties' conduct if an Enforcement Event occurs. If the Trustee realizes proceeds of any security, then the Trustee may ask Secured Party Representatives to certify the amount of secured indebtedness they represent:

> Prior to distribution of any funds to any Secured Party Representative, the Trustee may request a certificate from such Secured Party

> Representative as to the amounts of Secured Indebtedness of the types described in clauses second, third, fourth and fifth owing to such Secured Party Representative and the Holders (if any) it represents. The Trustee may conclusively rely on such certificate received by it in making any distributions pursuant hereto. (CTA § 8.10 at 53.)

This provision is not mandatory. The Trustee "may," but is not required to, ask for certificates. The provision nonetheless suggests that inaccuracies in the amounts outstanding shown on Additional Secured Indebtedness Registration Statements can be revised to ensure the correct distribution of proceeds. The provision thus adds force to the argument in favor of reforming the statement for the Series 3 and 4 Notes.

In contrast to the holders of the Series 3 and 4 Notes, the holders of the Series 6 and 7 Notes, and the PATS cannot point to a particular provision of the Collateral Trust Agreement or the registration statement that does not conform to their prior agreement. "Because the purpose of reformation is to make the written instrument conform to the real agreement or intention of the parties, a definite intention or agreement of the parties must have preceded the instrument in question. The prior agreement or intention must differ from the instrument at issue, otherwise there is no ground for relief." 16 N.Y.Jur. 2d (Cancellation and Reformation of Instruments) § 55. Absent a prior agreement that a registration statement is unnecessary, the holders of the Series 6 and 7 Notes, and the PATS are probably not entitled to reformation. There, the parties made a mistake in complying with the terms of the CTA, not in reducing those terms to writing or in understanding the meaning of those terms.

C. Equitable Doctrines

Nonetheless, general equitable doctrines provide a substantial basis on which to treat the Series 6 and 7 Notes, and the PATS as secured, and provide an additional basis on which to treat the Series 3 and 4 Notes as secured. As an initial matter, a court may decide to consider equitable principles for

two fundamental reasons. First, it is indisputable that the Companies sold and the noteholders bought the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS with the belief and the intention that the notes would be secured by the CTA. Accordingly, a court will be confronted with the question of whether it is equitable to deprive these noteholders of this bargained-for value due to a failure to record information with the Collateral Trustee. Second, all the information available to the Companies' other creditors indicated that these notes were, in fact, secured. The court will thus face the further question of whether it is equitable for those creditors to receive a windfall based upon the absence of information in a register to which they never had access or in a majority of cases (including the case of all unsecured creditors) even a right of access.

When faced with a similar situation, the Second Circuit chose to invoke equitable principles to avoid what it perceived to be an unjust result. In The Prudential Insurance Co. of America v. S.S. American Lancer, 870 F.2d 867 (2d Cir. 1989), senior lenders to a ship owner agreed to a restructuring of their outstanding secured indebtedness. The restructuring included an agreement by the senior lenders to a moratorium, and in connection with that agreement The Prudential Insurance Company of America ("Prudential") agreed to amend its senior mortgage to reflect a reduction in the outstanding balance of its loan from $126 million to $92,885,000. General Electric Capital Corporation ("GECC") held a junior mortgage on the same vessels that secured Prudential's senior lien, and GECC consented to the restructuring along with all the other creditors with mortgages against the vessels. Notwithstanding Prudential's intention to amend its mortgage to reflect a loan balance of $92,885,000, Prudential inadvertently amended the mortgage to state an outstanding principal balance of $92,885 instead of $92,885,000. Despite the restructuring, the ship owner's financial condition continued to deteriorate and the owner and its affiliates thereafter filed chapter 11 proceedings.

In the bankruptcy proceedings, the debtor, GECC and other creditors contended that Prudential's first mortgage was limited to $92,885, the mistaken amount set forth in the amended mortgage. On appeal, the Second Circuit rejected GECC's claim that Prudential should be considered secured only to the extent of the mistaken amount stated in a mortgage amendment. The Second Circuit instead held that Prudential's first preferred ship mortgage was valid for the amount that Prudential and the debtor originally intended, not the amount erroneously recorded on the mortgage amendment. In reaching this result, the Court noted that GECC conceded, as it had to, that the $92,885 amount in the mortgage amendment was the result of a purely clerical error and that Prudential and the debtor intended that Prudential would have a first preferred ship mortgage in the amount of $92,885,000. Moreover, the Court cited GECC's further concessions that it:

> (i) knew at all times that the Prudential debt amounted to $92,885,000.00; (ii) knew that [the debtor] and Prudential both intended to execute, and believed that they had executed, an agreement extending to Prudential a first preferred ship mortgage in the amount of $92,885,000.00; and (iii) did not know until well after [the debtor] went into bankruptcy that the corollary mortgage amendment mistakenly stated the amount of Prudential's first preferred ship mortgage to be only $92,885.00.

Id. at 871. Thus, for the Second Circuit it was highly significant that the creditors were aware of the correct principal amount, were aware that the parties intended to record a mortgage in that amount, and that the lower amount was merely the result of a clerical error, and that no creditor was even aware of the error until after the bankruptcy cases were filed.

Based on these facts, the court concluded: "If the preference is recognized in the amount intended by all the parties, therefore, the [junior mortgagee] will have lost nothing to which it was entitled or that it expected to gain. . . . If the typographical error reduced [the senior mortgagee's] preference by some $92 million, however, [the junior mortgagee] will be the beneficiary of a major

windfall. **We know of no general principle of law or equity that would support what is so obviously an unjust result . . . .**" Id. (emphasis added).

This line of analysis falls within the unjust enrichment doctrine. "An action to recover on the theory of unjust enrichment is based on the equitable principle that a person must not be allowed to enrich himself unjustly at the expense of another. Unjust enrichment does not require a wrongful act by the one enriched and only requires that equity and good conscience demand that the one enriched not retain the property held." 22A N.Y.Jur. 2d (Contracts) § 512.

Where a subsequent mortgagee challenged the validity of a prior-recorded mortgage because that mortgage improperly referred to guaranties that it was intended to secure, the Bankruptcy Court for the Eastern District of New York declined to treat the mortgage as invalid. Because the intentions of the parties were clear, the subsequent mortgagee would receive "a windfall if the [prior mortgage were] held invalid due to its scrivener's error." In re Brucap Associates, 158 B.R. 10, 14 (Bankr. E.D.N.Y. 1993). See also In re McLean Ind., 132 B.R. 271 (Bankr. S.D.N.Y. 1991) ("The Second Circuit has acknowledged that where the intentions of parties are clear, the court will not elevate form over substance and allow a windfall to a party." (citing Prudential Ins. Co. v. S.S. American Lancer, 870 F.2d 867 (2d Cir. 1989)).

This general equitable anti-windfall theory may apply here to preserve the secured status of the holders of the Series 6 and 7 Notes, and the PATS. All of the Companies' creditors knew (or should have known) based on a variety of information, including TLGI's public securities filings, the amount of the notes and that the notes were intended to be secured. The creditors also knew or should have known that the parties to the notes believed they were secured. Further, it was not until after the Petition Date that any party discovered that the requisite registration statements either had errors or did

not appear in the Collateral Trustee's files. As a consequence, any party contesting the status of the Series 6 and 7 Notes, and the PATS under the Collateral Trust Agreement would have to concede that the failure to file the registration statements was due to a mistake. As in the Prudential case, creditors will have lost nothing if the notes are treated as secured and simply would receive a windfall were these notes now treated as unsecured. Finally, the Second Circuit's reasoning in Prudential is arguably not limited to a scrivener's error as is the case with the reformation doctrine. To the contrary, the Prudential analysis could potentially be applied to any type of ministerial error.

If anything, the facts surrounding the issuance of the Series 6 and 7 Notes, and the PATS arguably present an even stronger case for applying the equitable principles espoused in Prudential. In this case, unlike Prudential, the only documents filed in the public record; i.e., the financing statements, are not defective. The public thus was properly placed on constructive notice that any debt entitled to the benefits of the CTA was entitled to the collateral granted therein. Moreover, all the public documents that were issued regarding that debt stated that the Series 6 and 7 Notes, and the PATS were secured. Thus, all creditors were on notice that the Series 6 and 7 Notes, and the PATS were intended to be covered by the CTA. The only information that indicated otherwise, contained in the Collateral Trustee's purported Secured Indebtedness Register, was never reviewed by any party. This contrasts significantly with Prudential, where the error occurred in a public document, the mortgage amendment, on which creditors by law were entitled to rely.[34] Based on the strong similarities between the current issue regarding the status of the Series 6 and 7 Notes, and the PATS, and the facts in Prudential, a court could adopt the Second Circuit's analysis and determine that the notes,

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[34] The mortgage amendment in Prudential did, however, contain the financing agreement, which reflected the correct amount, as an exhibit. 870 F.2d at 870.

notwithstanding the absence of registration by the Collateral Trustee, are entitled to the benefits of the Collateral Trust Agreement.

The Second Circuit's Prudential analysis could also be applied to the Series 3 and 4 Notes if the court finds the reformation argument to be unavailing. The error that exists in the Additional Secured Indebtedness Registration Statement for the Series 3 and 4 Notes is a clerical or typographical error similar to the error at issue in Prudential. Moreover, the parties who would seek to benefit from the error were aware of the true facts and no party relied on the incorrect information. In view of the substantial similarity between the facts in Prudential and the facts involving the Series 3 and 4 Notes, a court could very well apply the Prudential analysis to the Series 3 and 4 Notes and invoke equity to avoid an unjust result.

Nonetheless, there is substantial uncertainty as to whether a court would apply the Prudential reasoning or other equitable doctrines to either the Series 3 and 4 Notes, or the Series 6 and 7 Notes and the PATS. There is very little case law applying equitable doctrines in factual situations similar to this case. Moreover, a court may determine that equitable principles should not be used to override the intent of the parties as embodied in a written contract, particularly where, as here, the contract is complex and was negotiated and agreed to by sophisticated parties. Further, a court may view the Prudential case as inapplicable to the Series 6 and 7 Notes, and the PATS, reasoning that Prudential was, in effect, a reformation case involving a scrivener's error. There is no scrivener's error with respect to these notes.

Because of their very nature, equitable principles are applied on a case-by-case basis at the discretion of the court. Accordingly, there is no assurance that a court will utilize any equitable doctrine in resolving what is, at its core, a contractual dispute.

III. Other Possible Arguments

A. Waiver

Because it appears that the Collateral Trustee did not actually maintain a Secured Indebtedness Register as required under Section 2.3 of the Collateral Trust Agreement, it may be argued that the Collateral Trustee waived the right to require the filing of an accurate or any registration statement for Additional Secured Indebtedness. "Waiver may be established as a matter of law by the express declaration of a party or by the party's undisputed acts or language which is so inconsistent with a purpose to stand on the contract provisions as to leave no opportunity for a reasonable inference to the contrary." 22A N.Y.Jur. 2d (Contracts) § 370.

This argument, however, seems to fail for two reasons. First, the CTA itself provides that the agreement cannot be amended except by "a writing executed by the [Collateral] Trustee and each of the Pledgors. . . ." (CTA § 13.4.) There was certainly no waiver or amendment in writing by the Collateral Trustee and the Pledgors. Second, because all of the Secured Party Representatives (not just the Collateral Trustee) had the right to examine the Secured Indebtedness Register under § 2.3 of the Collateral Trust Agreement, any waiver by the Collateral Trustee would not operate to vitiate the other Secured Party Representative's rights under the registration provision. There is no evidence that the Secured Party Representatives waived the right to examine the Secured Indebtedness Register or the corresponding requirement of filing an accurate Additional Secured Indebtedness Registration Statement containing information to be used in the Secured Indebtedness Register. The case law does not support the suggestion that an asserted failure by the Collateral Trustee to fulfill its obligations under the Collateral Trust Agreement would operate as a waiver of other parties' rights under the Collateral Trust Agreement.

B. Impossibility

Similarly, it may be suggested that an impossibility argument may provide a basis on which to treat the unregistered notes as secured. According to this argument, because the Collateral Trustee failed to keep a Secured Indebtedness Register as literally required by Section 2.3 of the Collateral Trust Agreement, it was impossible to comply with the full registration requirements of the Collateral Trust Agreement. While under this approach it may be true that it was impossible for the holders to "deliver to the Trustee, for acceptance and registration in the Secured Indebtedness Register, an Additional Secured Indebtedness Registration Statement" as Section 2.5 of the Collateral Trust Agreement requires, it was not impossible for the holders of proposed Additional Secured Indebtedness to file the registration statements. "The excuse of impossibility is generally limited to destruction of the means of performance by an act of God, vis major, or by law. Typically, impossibility excuses a party's performance only when the destruction of the subject matter of the contract or the means of performance renders performance objectively impossible." 22A N.Y.Jur. 2d (Contracts) § 384. Even if the Collateral Trustee breached certain of its obligations under the Collateral Trust Agreement, this would not justify the failure to deliver to the Collateral Trustee the requisite registration statements under the doctrine of impossibility.

C. Delivery to an Agent

One could argue that Bankers Trust actually received delivery of the correct Additional Secured Indebtedness Registration Statement for the Series 3 and 4 Notes through its counsel, Michele Ross of Kramer Levin. The available documents indicate that Michelle Johnson (of Thelen) faxed drafts of the Additional Secured Indebtedness Registration Statement for the Series 3 and 4 Notes to Michele Ross (representing the Collateral Trustee) on October 2 and October 3, 1996. Both drafts

reflected the correct current outstanding amount of $350 million. Ross may have sent those drafts to Bankers Trust. If she did, Bankers Trust did not retain them in its registration statement file. Whether Ross did or did not forward the correct versions of the registration statement to Bankers Trust, the question is raised as to whether delivery to the Collateral Trustee's counsel could constitute delivery under the CTA.

New York law provides that attorneys are generally considered agents for their clients. See Ferrentino v. Dime Sav. Bank of New York, F.S.B., 606 N.Y.S.2d 554, 555 (N.Y. Sup. Ct. 1993). "An attorney in fact is essentially an alter ego of the principal and is authorized to act with respect to any and all matters on behalf of the principal with the exception of those acts which, by their nature, by public policy, or by contract require personal performance." Zaubler v. Picone, 473 N.Y.S.2d 580, 582 (N.Y. App. Div. 1984) (emphasis added). Delivery to an agent ordinarily constitutes delivery to a principal. See, e.g., Singer v. National Fire Ins. Co.., 154 A.D. 783, 784-85 (N.Y. App. Div. 1913). "Delivery to the agent constituted delivery to the principal and effected performance of any duty imposed by the [delivered document]." Helfaer v. John Hancock Mut. Life Ins. Co., 290 N.Y.S.2d 40, 44 (N.Y. App. Div. 1968), rev'd on other grounds, 26 N.Y.2d 699 (N.Y. 1970); see also Fidelity & Deposit Co. of Maryland v. J.G. McCrory Co., 164 N.Y.S. 561, 564 (N.Y. App. Div. 1917) (finding that an insurer's delivery of renewal certificates to the agent of the insured constituted an effective delivery under the terms of the insurance agreement).

A contract's terms, however, may be interpreted to preclude action by an agent in lieu of the principal. See, e.g., Manufacturer's & Traders Trust Co. v. Korngold, 618 N.Y.S.2d 744, 745 (N.Y. Sup. Ct. 1994). In Korngold, a New York court held that a notice of default sent by a mortgagee's agent did not comply with the mortgage agreement's requirement that the "lender" send notice of

default. Id. The mortgage agreement provided that the mortgagee could require immediate payment in full if, among other things, the "Lender" sent a thirty-day notice of default to the mortgagor. Despite the agreement's definition of "Lender" as "Midlantic Home Mortgage Corporation," an agent of Midlantic sent a notice of default to the mortgagor. The court found that the agent was neither the Lender nor its successor or assign and that the agreement, which specifically required that the "Lender" send notice, did not permit an agent of the Lender to act on its behalf. Id. Thus, the court deemed the notice ineffective and precluded acceleration of the mortgage. Id.; see also In re Royal Yarn Dyeing Corp., 114 B.R. 852, 860-61 (E.D.N.Y. 1990) (holding that notice sent by a Landlord's attorney was ineffective to terminate a lease under New York law, where the lease required that a party to the lease send notice); Siegel v. Kentucky Fried Chicken of Long Island, Inc., 67 N.Y.2d 792, 793-94 (N.Y. App. Div. 1986) (holding that notice sent by a Landlord's attorney was insufficient where the lease required that the "Landlord" send notice and where the definition of "Landlord" did not include an agent of the landlord).

The question in this situation thus turns on whether anything in the Collateral Trust Agreement precludes delivery to an agent of Bankers Trust rather than to Bankers Trust itself. Section 2.5 requires the Secured Party Representative or the Holder to "deliver to the Trustee" an Additional Secured Indebtedness Registration Statement. The term Trustee under the CTA is defined with specific reference to Bankers Trust Company itself in Section 1.1(126) and the preamble. Further, Section 13.1(3) provides that "all communications and notices" under the CTA intended for the Trustee shall be delivered to Bankers Trust Company, Four Albany St., New York, NY 10006, not to counsel for Bankers Trust. If this provision is determined to apply to Additional Secured Indebtedness Registration Statements, a court would likely conclude that delivery to Michele Ross was insufficient.

On the other hand, it could be argued that this provision does not apply to the delivery of registration statements to the Collateral Trustee. Sections 2.3 and 2.5 of the CTA, which address registration, contain no details regarding the method or place of delivery for registration statements. Thus, it is arguable that the CTA is silent as to place of delivery. If that argument is accepted by a court, then the common law rule would hold that delivery to Ross constituted delivery to Bankers Trust. The analysis, however, does not end there. The CTA arguably requires "delivery, acceptance and registration" of an Additional Secured Indebtedness Registration Statement. Delivery to Ross might fulfill the "delivery" portion of this requirement, but still not constitute "acceptance" or "registration" by the Collateral Trustee.

In the case of the Series 5 Notes, there was an express agreement between the Companies and the Collateral Trustee that delivery of Officer's Certificates and legal opinions as required by Section 7.2(2) of the CTA, could be made to Bankers Trust's counsel, and that delivery to counsel would constitute delivery to the Collateral Trustee. Accordingly, it could be argued that the Collateral Trustee expressly agreed that delivery of documents to its counsel was sufficient to constitute delivery to the trustee.[35] If this argument is accepted by a court, delivery to counsel might constitute both delivery and acceptance by the Collateral Trustee.

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[35] Conversely, it could be argued that this agreement, memorialized in a letter between the Companies' counsel and counsel for Bankers Trust, applied only to the Series 5 Notes and that the absence of similar letters in the case of the Series 3 and 4 Notes establishes that there was no comparable agreement with respect to those notes. Moreover, it could be argued that this agreement, even if applicable to the Series 3 and 4 Notes, did not extend to the registration statements.

D. Section 544 of the Bankruptcy Code

It may be argued that the Companies, as debtors in possession, could utilize the "strong arm" powers of section 544 of the Bankruptcy Code to avoid the transfer of the security interests granted in favor of the holders of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS, and to preserve the avoided transfer for the benefit of unsecured creditors. It appears, however, that section 544 of the Bankruptcy Code does not apply in this instance because there are no unperfected security interests to be avoided. Moreover, even if there were unperfected security interests that could be avoided under section 544, the avoided transfers would be preserved for the benefit of the estate, not unsecured creditors, to be distributed according to the priorities (including lien priorities) under the Bankruptcy Code and other applicable law.

1. Inapplicability of Section 544

Under section 544(a)(1) of the Bankruptcy Code (the germane "strong arm" provision of section 544 in this instance), a debtor in possession "may avoid any transfer of property of the debtor or any obligation incurred by the debtor that is voidable" by a hypothetical creditor that extends credit to the debtor at the time of the commencement of the chapter 11 case and that obtains at that time a judicial lien on all property on which a creditor to a simple contract could have obtained a judicial lien. If a security interest securing an obligation has not been perfected as of the commencement of the chapter 11 case, the debtor in possession may use section 544 of the Bankruptcy Code to avoid the security interest. See, e.g., In re The Greater Southeast Community Hosp. Found., Inc., 237 B.R. 518, 522 (Bankr. D.D.C. 1999) (noting that the case law is well established that section 544 of the Bankruptcy Code may be used to avoid unperfected security interests).

The security interests at issue here were granted by the Companies under the Collateral Trust Agreement and were granted not to the Senior Secured Parties, but rather to the Collateral Trustee for the benefit of the Senior Secured Parties. See N.Y. U.C.C. § 9-105(m) ("When the holders of obligations issued under an indenture of trust, equipment trust agreement or the like are represented by a trustee or other person, the representative is the secured party.").[36] Accordingly, the security interest subject to possible avoidance under section 544(a)(1) of the Bankruptcy Code, if any, is the security interest held by the Collateral Trustee. To our knowledge, the security interest of the Collateral Trustee has attached[37] and has been perfected. To the extent that this is the case, the Companies have no power under section 544(a)(1) of the Bankruptcy Code to avoid any security interests granted pursuant to the Collateral Trust Agreement. See, e.g., In re Long Chevrolet, Inc., 79 B.R. 759, 766 (N.D. Ill. 1987) ("Perfection makes [the secured creditor's] interest enforceable over the claims of third parties, such as the trustee in bankruptcy."). As discussed above, the question instead is whether the holders of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS are entitled to the benefit of the security interests granted to the Collateral Trustee. Section 544(a)(1) of the Bankruptcy Code simply does not bear on this question. Likewise, if the obligations at issue here were determined not to be entitled to the benefits of the Collateral Trust Agreement, the avoidance powers under section

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[36] The parties intended the security interests granted to the Collateral Trustee to secure the obligations owed to the holders of the Series 3 and 4 Notes, the Series 6 and 7 Notes and the PATS. Under N.Y. U.C.C. § 9-204(3), "[o]bligations covered by a security agreement may include future advances or other value whether or not the advances or value are given pursuant to commitment."

[37] Under N.Y. U.C.C. § 9-203, a security interest attaches when (i) the debtor has signed a security agreement that contains a description of the collateral, (ii) value has been given and (iii) the debtor has rights in its collateral. All these elements of attachment were satisfied at the time the parties entered into the Collateral Trust Agreement.

544(a)(1) of the Bankruptcy Code also would not be implicated because there would be no "transfer" to avoid.

2. Effect of Section 544(a)(1) if It Were Applicable

Even if section 544(a)(1) of the Bankruptcy Code were applicable under these circumstances, the ultimate result would be the same. Any interest avoided under section 544(a)(1) of the Bankruptcy Code is automatically preserved for the benefit of the estate. See 11 U.S.C. § 551. In effect, section 551 of the Bankruptcy Code "puts the estate in the shoes of the creditor whose lien is avoided." Carvell v. Bank One, Lafayette, N.A. (In re Carvell), 222 B.R. 178, 180 (Bankr. 1st Cir. 1998). Here, assuming hypothetically that the security interests securing the subject debt were avoided under section 544, the preserved unperfected security interest would remain unperfected following the avoidance and therefore would be subordinate to perfected security interests. In other words, the preservation of an unperfected security interest for the benefit of the estate would not improve the priority of that interest so that it would be treated ahead of validly perfected security interests. See, e.g., Carvell, 222 B.R. at 180 (holding that where an unperfected security interest is avoided, the debtor in possession preserves only an unperfected security interest for the benefit of the estate and that such unperfected interest is junior to properly perfected interests in the same collateral); Barnett Bank of South Florida, N.A. v. Weitzner (In re Kavolchyck), 164 B.R. 1018, 1024 (S.D. Fla. 1994) (holding that an unperfected lien preserved by operation of section 551 of the Bankruptcy Code does not defeat a perfected lien); Connelly v. Marine Midland Bank, N.A., 61 B.R. 748, 750 (W.D.N.Y. 1986) (unperfected security interest avoided by trustee subordinate to perfected security interest in same collateral); Kopel v. Campanile (In re Kopel), 232 B.R. 57, 70 (Bankr. E.D.N.Y. 1999) (stating

that an unperfected security interest is junior to a perfected security interest and that the application of section 551 of the Bankruptcy Code does not elevate the unperfected security interest).

Accordingly, even if separate security interests had been granted to secure the obligations to the holders of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS and those security interests could be avoided under section 544 of the Bankruptcy Code, those security interests would remain subordinate following their avoidance to any security interests in the collateral that are properly the subject of the Collateral Trust Agreement.

E. Postpetition Registration

It may also be argued that the holders of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS might be able to deliver, and the Collateral Trustee might be able to register, Additional Secured Indebtedness Registration Statements at this time without violating the automatic stay imposed by section 362(a) of the Bankruptcy Code. Under this line of reasoning, delivery and registration under the Collateral Trust Agreement could be argued to be merely "ministerial" acts that do not implicate the automatic stay. There is authority in the litigation context to the effect that a ministerial act in connection with an entry or certification of a judgment by the clerk of the court does not constitute the continuation of a judicial proceeding within the meaning of section 362(a)(1) or an act to obtain possession of property under section 362(a)(3). See, e.g., Rexnord Holdings, Inc. v. Bidermann, 21 F.3d 522, 527-28 (2d Cir. 1994) (clerk's entry of judgment after commencement of bankruptcy, based on court's oral directions issued prior to bankruptcy filing, was ministerial and did not violate section 362(a)(1)); Heikkila v. Carver (In re Carver), 828 F.2d 463, 464 (8th Cir. 1987) ("routine certification" by clerk of court completed after petition date did not violate automatic stay provisions of section 362(a)(1) or 362(a)(3)).

This "ministerial acts" exception, however, appears applicable primarily, if not exclusively, to the acts of a court official, as distinguished from private parties. See, e.g., McCarthy, Johnson & Miller v. North Bay Plumbing, Inc. (In re Pettit), 217 F.3d 1072 (9th Cir. 2000) (ministerial act exception "stems from the common-sense principle that a judicial 'proceeding' within the meaning of section 362(a) ends once a decision on the merits has been reached"); Roberts v. IRS, 175 F.3d 889, 897 (11th Cir. 1999); Soares v. Brockton Credit Union (In re Soares), 107 F.3d 969, 964 (1st Cir. 1997) ("[W]hen an official's duty is delineated by, say, a law or a judicial decree with such crystalline clarity that nothing is left to the exercise of the official's discretion or judgment, the resultant act is ministerial.") (citation omitted). In fact, we are not aware of any court that has accepted the "ministerial acts" exception in the context where creditors have sought to undertake postpetition actions to realize upon the benefits of a prepetition security interest.

In addition, this exception would not necessarily render other subsections of section 362(a) inapplicable to the alleged ministerial actions of registering the additional indebtedness. As discussed below, under the literal language of section 362(a) and the relevant case law authority, it appears that the postpetition filing and registration of Additional Secured Indebtedness Registration Statements in this instance would violate at least three provisions of section 362(a), including sections 362(a)(3), 362(a)(4) and 362(a)(6). Furthermore, these acts would violate a primary purpose of the automatic stay, described by one court as creating "a pronounced demarcation, after which all parties must cease any attempts to change their positions in relation to their interests in the debtor." Makoroff v. City of Lockport (In re Guterl Special Steel), 95 B.R. 370, 373 (Bankr. W.D. Pa. 1989), aff'd, 111 B.R. 107 (W.D. Pa. 1990), aff'd, 916 F.2d 890 (3d Cir. 1990). It also appears that those acts would constitute

unauthorized postpetition transfers of property of the Companies' estates that could be avoided by the Companies, as debtors in possession, under section 549(a) of the Bankruptcy Code.

1. Section 362(a)(3) of the Bankruptcy Code

First, it appears that delivery and registration would violate section 362(a)(3) of the Bankruptcy Code, which stays "any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate." Here, postpetition filing and registration would be undertaken with the intended ultimate result that the holders of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS would receive a distribution of the collateral, or the proceeds thereof, that is distributed to pay the obligations secured by the Collateral Trust Agreement. Accordingly, filing and registration would constitute the first steps by the indenture trustee and the Collateral Trustee toward obtaining possession of property of the estate and therefore would likely fall within the scope of "any act to obtain possession of property of the estate."

The Eighth Circuit's ruling in Carver, supra, regarding "ministerial acts," while extending to section 362(a)(3), would not apply to the facts present here. Carver involved a strict foreclosure action brought in state court against the debtors prior to their bankruptcy filing on account of the debtors' alleged default on a contract for deed. Under applicable South Dakota law, the debtors were given 90 days to redeem the contract, after which time, if the debtors did not redeem, their interest in the property would be defeated upon a certification by the clerk of the court that the debtors had not exercised their right of redemption.

When the debtors filed for bankruptcy, the 90-day redemption period had not yet expired. The bankruptcy court concluded that the running of the redemption period was automatically stayed. See Carver, 828 F.2d at 464. On appeal, however, the district court concluded that the redemption period

was only temporarily stayed under section 108(b) of the Bankruptcy Code. See id. The Eighth Circuit accepted this ruling, but the debtors still argued that an affirmative act, the certification by the clerk of the court, was required to defeat the debtors' interest in the property, and that act was barred by the automatic stay. See id. The Eighth Circuit disagreed, stating that "[t]his ministerial certification requirement can therefore never prevent the otherwise valid transfer of rights that occurs at the end of the judicially decreed redemption period. We thus reject the [debtors'] contention that this routine certification constitutes a judicial proceeding or act to obtain possession of property under 11 U.S.C. § 362(a)(1) or (a)(3)." Id.

For at least two reasons, Carver does not appear to apply to the facts present here. First, the Eighth Circuit concluded that the clerk's certification in Carver would have no impact on the debtors' property interests. Under the "registration" interpretation of the Collateral Trust Agreement, that is not the case with respect to the filing and registration of Additional Secured Indebtedness Registration Statements. Second, unlike here, the party charged with making the certification, the clerk of the court, did not stand to gain an interest in property by virtue of the certification act.

2. Section 362(a)(4) of the Bankruptcy Code

Second, it appears that filing and registration would violate section 362(a)(4) of the Bankruptcy Code, which stays "any act to create, perfect, or enforce any lien against property of the estate." The term "lien" is defined broadly in the Bankruptcy Code to mean a "charge against or interest in property to secure payment of a debt or performance of an obligation." 11 U.S.C. § 101(37). See Levin v. Kelton Realty, Inc. (In re Oxford Royal Mushroom Products, Inc.), 39 B.R. 948, 949 (Bankr. E.D. Pa. 1984) (holding that, because the term "lien" is to be construed broadly, [section] 362(a)(4) prohibited the postpetition filing of an agreement containing a covenant running with the land that

required the debtor to supply the filing party with water from the property subject to the covenant). Using this definition of "lien," section 362(a)(4) prohibits any act to create, perfect, or enforce any "charge against or interest in property to secure payment of a debt or performance of an obligation" against property of the Debtors' estates.

As discussed above, delivery and registration would be undertaken with the intended result that the holders of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS would receive the benefits of the security interests granted to the Collateral Trustee. Delivery and registration, therefore, would create an interest in property of the estate — at least as to the holders of these series of debt — in that it would give these holders an interest in the collateral that is the subject of the Collateral Trust Agreement, which interest would secure the payment of the Debtors' funded debt obligations to the holders. Accordingly, delivery and registration would constitute acts to create liens against property of the Debtors' estates within the meaning of section 362(a)(4) of the Bankruptcy Code. According to the relevant legislative history, Congress intended to prevent such a result by enacting section 362(a)(4). "Paragraph (4) stays lien creation against property of the estate . . . . To permit lien creation after bankruptcy would give certain creditors preferential treatment by making them secured instead of unsecured." H.R. Rep. No. 95-595, 95th Cong., 1st Sess. 340-42 (1977). See also Makoroff, supra.

3. Section 362(a)(6) of the Bankruptcy Code

Third, it appears that delivery and registration would violate section 362(a)(6) of the Bankruptcy Code, which stays "any act to collect, assess, or recover a claim against the debtor that arose before the commencement of the case under this title." 11 U.S.C. § 362(a)(6). Although section 362(a)(6) most often applies to situations where a creditor attempts to collect immediate payment of a prepetition debt, section 362(a)(6) also covers situations where a creditor takes an action that could

result in an increase in the amount of, or a reclassification of, an unsecured nonpriority prepetition claim, to the detriment of other unsecured creditors of the debtor's estate. See In re Texaco Inc., 73 B.R. 960, 967 (Bankr. S.D.N.Y. 1987) ("Texaco I").

In Texaco I, a holder of certain unsecured notes issued by one of the debtors, Texaco Capital Inc. ("Texaco Capital"), and the indenture trustee for the notes together requested that the bankruptcy court modify the automatic stay to permit the indenture trustee to deliver a "notice of acceleration" to Texaco Capital with respect to the notes. The notice of acceleration would have declared all principal and accrued interest on the notes to be immediately due and payable and would have preserved the noteholder's and indenture trustee's rights later to assert that the commencement of Texaco Capital's chapter 11 case had the effect of accelerating the payments under the notes. According to the noteholder and indenture trustee, this in turn would preserve the rights of the noteholder and indenture trustee to assert that the interest rate on the notes was 13.25% per annum, not a reduced rate of 7.75% per annum.[38]

The noteholder and the indenture trustee asserted that the sending of the notice of acceleration should be permitted because, by sending the notice, the indenture trustee in no way would be seeking to collect the amounts assertedly due under the notes. See id. at 962. Accordingly, the noteholder and

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[38] The Texaco debtors "consistently maintained that they are solvent." In re Texaco, Inc., 81 B.R. 804, 805 ("Texaco II"). Thus, interest continued to accrue on the notes at issue during the Texaco chapter 11 cases even though the notes were unsecured. Approximately one month after commencing its chapter 11 case, Texaco Capital had issued a certificate identifying 7.75% per annum as the interest rate that it would have established if its chapter 11 case had not intervened. Under the indenture governing the notes, upon the issuance of such a certificate, the noteholders either could tender their notes for immediate repayment or could continue to hold the notes with the new interest rate in effect. In response to the issuance of the certificate, Texaco Capital and certain parties entered into a court-approved stipulation that permitted noteholders to elect to tender their notes while preserving all parties' rights with respect to the notes. The noteholder that was seeking relief from the stay had not tendered its notes.

the indenture trustee argued, the sending of the notice of acceleration was merely a "ministerial act intended only to preserve the status quo." Id. at 967.

The bankruptcy court disagreed. Notwithstanding that the sending of the notice of acceleration did not itself seek to collect the amounts assertedly due, the court held, among other things, that the sending of the notice would violate the automatic stay because it would constitute an act to collect, assess, or recover a claim against the debtors. See id. at 967. According to the court, the sending of the notice of acceleration would "automatically lock the Note holders into a 13.25% interest rate and would foreclose the debtors from subsequently contending that the reduced rate of 7.75% applied." The court refused to permit a modification of the automatic stay in the circumstances because the modification would "advance the interests of some unsecured claimants over others." Id. at 968. The court indicated that the noteholder and indenture trustee could file proofs of claim asserting that they were entitled to the higher interest rate, but they could not take an action that could foreclose the debtors from asserting that the lower interest rate was applicable, the effect of which would be to reduce the recovery by other unsecured creditors of the debtor's estate.[39] Arguably, the Collateral Trustee and the holders of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS would similarly violate the automatic stay imposed by section 362(a)(6) by taking acts that could foreclose the Companies from asserting that their obligations to these holders are unsecured.

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[39] In a subsequent proceeding, the court ruled that the sending of a notice of acceleration with respect to another series of notes would not violate the automatic stay in circumstances where it appeared that, whether the notice was sent or not, unsecured creditors would recover in full, including prepetition and postpetition interest where applicable, on their claims. See Texaco II, 81 B.R. at 806. Thus, in Texaco II, the act of the creditor at issue would have been to the detriment of equity holders, not other creditors, and accordingly was concluded not to be within the intended scope of the automatic stay. See Texaco II, 81 B.R. at 806. Since full creditor recoveries are not expected in these cases, the reasoning of the Texaco II court does not appear to apply here.

In addition, under the facts present in these cases, postpetition registration, if it resulted in the treatment of the subject debt holders' claims as secured, would result in a higher percentage recovery on those claims. Accordingly, registration likely would be deemed to constitute as act to "recover" a claim against the Debtors that arose prior to the Petition Date, within the meaning of section 362(a)(6).

4. Section 549(a) of the Bankruptcy Code

Finally, it appears that delivery and registration would constitute unauthorized postpetition transfers of property of the Companies' estates that could be avoided by the Companies, as debtors in possession, under section 549(a) of the Bankruptcy Code. Under section 549, the trustee or debtor in possession may avoid unauthorized postpetition transfers of property of the estate. Under section 101(54) of the Bankruptcy Code, the term "transfer" is defined broadly as "every mode, direct or indirect, absolute or conditional, voluntary or involuntary, of disposing of or parting with property or with an interest in property, including retention of title as a security interest and foreclosure of the debtor's equity of redemption." This definition is intended "to be all-inclusive and as broad as possible to encompass any surrender of an interest in property, whether the transfer is of legal title or of possession, custody or control." E-Tron Corp. v. National Bank of Sussex County (In re E-Tron Corp.), 141 B.R. 49, 55 (Bankr. D.N.J. 1992). Property of the estate likewise is a broad concept that includes, among other things,"all legal or equitable interests of the debtor in property as of the commencement of the case." 11 U.S.C. § 541. Unauthorized postpetition transfers of estate property effectuated by any party are subject to avoidance under the terms of section 549(a).

Under the facts here, in light of the broad definitions quoted above, the collateral held by the Collateral Trustee constitutes property of the estate, and filing and registration arguably would effect a transfer of an interest in the collateral. Furthermore, such a transfer would be unauthorized under the

Bankruptcy Code insofar as the transfer would violate the automatic stay. Accordingly, it appears that delivery and registration would be avoidable under section 549(a).

F. Sections 362(b)(3) and 546(b) of the Bankruptcy Code

It may be argued in the alternative that the holders of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS might be able to file, and the Collateral Trustee might be able to properly register, Additional Secured Indebtedness Registration Statements under the exception to the automatic stay set forth in section 362(b)(3) of the Bankruptcy Code, which, in conjunction with section 546(b) of the Bankruptcy Code, permits the postpetition perfection of security interests under certain circumstances. These sections, where applicable, permit the postpetition perfection of security interests notwithstanding the automatic stay provisions of section 362(a) and the avoidance powers under, among other provisions, section 549. For the reasons discussed below, however, it appears that sections 362(b)(3) and 546(b) are inapplicable to the facts present here.

Under section 362(b)(3), the commencement of a chapter 11 case does not stay, among other things, "any act to perfect, or to maintain or continue the perfection of, an interest in property to the extent that the trustee's rights and powers are subject to such perfection under section 546(b) of [the Bankruptcy Code]." In turn, section 546(b)(1)(A), the relevant provision of section 546(b) in this instance, provides that "[t]he rights and powers of a trustee under section 544, 545, and 549 of [the Bankruptcy Code] are subject to any generally applicable law that . . . permits perfection of an interest in property to be effective against an entity that acquires rights in such property before the date of perfection."[40]

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[40] Section 546(b)(2) provides for the perfection of a security interest by the postpetition giving of notice in the bankruptcy court in instances where applicable law requires seizure of property or (continued...)

Under Third Circuit case law, section 546(b) is narrowly construed. See Equibank, N.A. v. Wheeling-Pittsburgh Steel Corp., 884 F.2d 80, 85 (3d Cir. 1989) ("The legislative history of § 546(b) makes clear that its exceptions to the trustee's avoiding power should be narrowly construed."); Dicello v. United States (In re The Railway Reorganization Estate, Inc.), 133 B.R. 578, 583 (Bankr. D. Del. 1991) (section 546(b) is to be narrowly construed); In re Wynnewood House Associates, 121 B.R. 716, 726 (Bankr. E.D. Pa. 1990) (stating that "the provisions of section 546(b), which are an exception to the bankruptcy theme that the rights of a secured creditor are fixed as of the date of the bankruptcy filing, are in this circuit narrowly construed") (citing Equibank).

As an initial matter, sections 362(b)(3) and 546(b) by their terms do not appear to apply to the filing and registration of Additional Secured Indebtedness Registration Statements. The applicable provisions of sections 362(b)(3) and 546(b), as quoted above, provide for postpetition perfection of security interests in applicable circumstances. As discussed above, however, the security interests at issue here were granted by the Companies to the Collateral Trustee at the time of entry into the

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[40] (...continued)
commencement of an action to accomplish perfection. Types of interests addressed by section 546(b)(2) include, for example, mechanic's liens and assignments of rents. See, e.g., Roofing Concepts, Inc. v. Kenyon Industries, Inc. (In re Coated Sales, Inc.), 147 B.R. 842, 845-46 (S.D.N.Y. 1992) (mechanic's lien); In re C.G. Chartier Construction, Inc., 126 B.R. 956, 959-60 (E.D. La. 1991) (assignment of rents); In re Gelwicks, 81 B.R. 445, 448 (Bankr. N.D. Ill. 1987) (lien on rents); FDIC v. Lancaster (In re Sampson), 57 B.R. 304, 309 (Bankr. E.D. Tenn. 1986) (lien on rents). Section 546(b)(2) by its terms should not apply to registration with the Collateral Trustee.

Sections 546(b)(1) and (2) also include parallel provisions regarding the maintenance or continuation of the perfection of a security interest. Our review of the case law concerning this section revealed no cases in which these provisions were deemed to apply to anything other than requirements under applicable law, such as the refiling of liens on vehicles when the debtor moves or the filing of U.C.C. continuation statements, for the preservation of preexisting liens. Thus, it does not appear that these provisions are relevant to this discussion.

Collateral Trust Agreement, and there is no current dispute that those security interests have attached and have been perfected. Thus, the facts here do not appear to fit within the plain meaning of sections 362(b)(3) and 546(b). See, e.g., In re Vienna Park Properties, 136 B.R. 43, 51 (Bankr. S.D.N.Y. 1992) (in case involving enforcement of assignment of rents clause, explaining that "perfection" relates only to the process of putting third parties on notice of an interest, whereas steps a party must take to realize its rights in the collateral are properly viewed as "enforcement").

In addition, the Third Circuit and other courts have consistently concluded that section 546(b) is not intended to be a mechanism by which parties may correct deficiencies in a lien that existed as of the Petition Date or take steps to secure a lien that were neglected prior to the petition date. See Makoroff v. City of Lockport, 916 F.2d 890, 894 (3d Cir. 1990) (the city, despite its "ever-present expectation of collecting taxes," did not have a property interest in the real estate at issue prior to taking "the affirmative acts necessary to fix the amount of tax due and to acquire a lien to the extent of that amount"); In re Railway Reorganization, 133 B.R. at 583 ("an interest under section 546(b) must be more than an abstract expectation; the creditor must have taken the appropriate steps to secure its position") (citing Makoroff); Bevill, Bresler & Schulman, Inc. v. Spencer Savings & Loan Assoc., 94 B.R. 817, 830 (Bankr. D.N.J. 1989) (the legislative history "clearly indicates that its purpose is not to permit a creditor, who itself has taken no action prior to the filing of the case, to perfect a lien subsequent to the filing of the case") (citation omitted); Aikens v. City of Philadelphia, 94 B.R. 869, 876 (Bankr. E.D. Pa. 1989) (rejecting city's attempt to correct deficiencies in lien on debtor's property). Instead, section 546(b) is intended to protect those creditors who are in the process of perfecting their liens from the "surprise intervention" of bankruptcy to complete the prepetition perfection process. Aikens, 94 B.R. at 876 ("Secondly, the purpose of § 546(b) is to allow acts by a

lienholder, in furtherance of perfection of the lien, to continue in its ordinary course of perfecting its lien despite the intervention of bankruptcy.").

Most courts, including the Third Circuit and several lower courts in the Third Circuit, have concluded that section 546(b)(1)(A) comes into play only if the applicable law relied upon by the creditor provides for perfection to "relate back" to a prior date. See Equibank, 884 F.2d at 85 (in case involving real estate tax statute, stating that 546(b) applies only "to cases in which an interest is created prior to bankruptcy and its post-petition perfection relates back, as a matter of law, to the date of its creation") (citing legislative history); Beatrice Cheese, Inc. v. Peter J. Schmitt Co., Inc., 154 B.R. 47, 50 (Bankr. D. Del. 1993) (perfection must relate back to a prepetition date); Midlantic National Bank v. Sourlis, 141 B.R. 826, 837-38 (D.N.J. 1992) ("Moreover, § 546(b) is a time statute which applies only where the state law permits relation-back."); Funding Systems Asset Management Corp. v. Chemical Business Credit Corp., 111 B.R. 500, 521 (Bankr. W.D. Pa. 1990) (perfection of interest in proceeds could not "relate back" and thus fell outside the scope of section 546(b)); Bevill, Bresler & Schulman, Inc., 94 B.R. at 830; Aikens, 94 B.R. at 876 (rejecting application of 546(b) where perfection would not "relate back" to defeat the rights of a bona fide purchaser of the debtor's property); In re TM Carlton House Partners, Ltd., 91 B.R. 349, 355-56 (Bankr. E.D. Pa. 1988) (citing legislative history and Collier on Bankruptcy); Valairco, Inc. v. ATC Systems, Inc., 9 B.R. 289, 294 (Bankr. D.N.J. 1981) ("No mention [in the legislative history] is made of liens which do not relate back for presumably the drafters of the Bankruptcy Code intended that, absent language within the state statute giving rise to a purported lien, it must be assumed that such liens are susceptible to the trustee's avoiding power."); see also In re Westport-Sandpiper Associates Ltd. Partnership, 116 B.R. 355 (Bankr. D. Conn. 1990) (state law must "specifically authorize" that the interest relate back to a

date prior to perfection); Kearney Hotel Partners v. Richardson, 92 B.R. 95, 105 (Bankr. S.D.N.Y. 1988) ("[T]he legislative history makes clear that Congress had in mind only those state law statutes permitting relation back to a period prior to the filing of the bankruptcy petition."); Lawrence P. King, 5 Collier on Bankruptcy ¶ 546.03[2][c][i], at 546-23 (15th ed. rev. 2000) [hereinafter Collier].

An example of a "relation-back" law to which, under this majority view, section 546(b) applies is Section 9-301(2) of the New York Uniform Commercial Code, which provides that the filing of a financing statement with respect to a purchase money security interest within 20 days after the debtor receives possession of the collateral relates back to the time that the security interest attached and takes priority over the interests of an intervening lien creditor. See Collier, at 546-23. By contrast, under the majority view, section 546(b) does not apply to a generally applicable law under which a perfected lien does not "relate back" to a prior date. See, e.g., In re Alberto, 823 F.2d 712, 723 (3d Cir. 1987) (in case involving federal maritime law, section 546(b) of the Bankruptcy Code was inapplicable where the postpetition recordation of the lien at issue would not relate back in time under the applicable federal statute).

A minority of courts have concluded that section 546(b) applies to any applicable law under which a lien, such as a tax or environmental "superlien," takes priority over previous liens, regardless of whether this priority "relates back" to a prior date. See The Lionel Corp. v. Civale & Trovato, Inc., 29 F.3d 88, 93 (2d Cir. 1994) ("We see nothing in § 546(b) indicating that it applies only when the lienor fits within a 'relation-back' statute.") (applying New York mechanic's lien statute); Marine Midland Bank v. Bennett Funding Corp., No. 96-61376, 1997 Bankr. LEXIS 2197, at *63-8 (Bankr. N.D.N.Y. Aug. 11, 1997) (evaluating New York Uniform Commercial Code); In re Microfab, Inc., 105 B.R. 152, 158 (Bankr. D. Mass. 1989) (refusing to limit 546(b) to liens that "relate back," noting

that the statutory language does not contain this provision and that other liens may fall within the scope of the clear meaning of such language; finding Massachusetts environmental "superlien" law to be a "generally applicable law" within the meaning of 546(b)); see also 229 Main Street Ltd. Partnership v. Massachusetts, No. 99-40163, 2000 U.S. Dist. LEXIS 10778, at *8-17 (D. Mass. July 26, 2000) (environmental "superlien" statute) (citing Microfab). Under these cases, the generally applicable law at issue merely needs to establish that the lien is superior to any hypothetical interest that a third party could have acquired as of the petition date.

It may be argued in this case that the "future advances" provisions of the New York Uniform Commercial Code, the provisions of the Collateral Trust Agreement, and generally applicable contract law together may satisfy the requirements of section 546(b). Under New York U.C.C. § 9-204(3), "[o]bligations covered by a security agreement may include future advances or other value whether or not the advances or value are given pursuant to commitment." In addition, New York U.C.C. § 9-312(7) provides:

> If future advances are made while a security interest is perfected by filing, the taking of possession, or under Section 8-321 on securities, the security interest has the same priority for the purposes of subsection (5) with respect to the future advances as it does with respect to the first advance. If a commitment is made before or while the security interest is so perfected, the security interest has the same priority with respect to advances made pursuant thereto. In other cases a perfected security interest has priority from the date the advance is made.

Under these provisions, future advances made pursuant to commitment[41] are entitled to the same priority afforded to the initial advance subject to the security interest. Future advances not made pursuant to commitment are afforded priority as of the date such future advances are made.

These provisions regarding future advances appear to fall outside the scope of section 546(b), whether that section is viewed to be limited to "relation back" statutes or not. Section 546(b)(1)(A), as quoted above, applies only to any generally applicable law permitting perfection to be effective against an entity that acquires rights in the property "before the date of perfection." Under the future advances statutes, as they apply to the Collateral Trust Agreement, the holders of the additional indebtedness are entitled to the same priority afforded to the holders of the initial indebtedness under the same security interests granted to the Collateral Trustee, as of, not before, the date of perfection of those security interests. None of the holders of additional indebtedness can claim that registration under the Collateral Trust Agreement would entitle it to priority over a security interest perfected before perfection by the Collateral Trustee. Thus, under the facts present here, neither the future advance statutes quoted above, the provisions of the Collateral Trust Agreement, nor generally applicable contract law can constitute the type of law covered by section 546(b)(1)(A), namely, "a generally applicable law permitting perfection to be effective . . . before the date of perfection."

Parties may also argue that "generally applicable law" in this context encompasses a law that would apply but for the intervention of bankruptcy. Under this line of reasoning, it may be argued that -- by operation of the future advances provisions of the New York Uniform Commercial Code and New York contract law -- the holders of the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the

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[41] Under New York U.C.C. § 9-105(k), "[a]n advance is made 'pursuant to commitment' if the secured party has bound himself to make it, whether or not a subsequent event of default or other event not within his control has relieved or may relieve him from his obligation."

PATS, were it not for the intervention of bankruptcy, would have been able to correct any deficiencies in realizing upon the benefits of CTA and thereby gain priority over all parties perfecting security interests after the CTA security interests were perfected. In other words, but for the intervention of bankruptcy, the holders would have been able to obtain a security interest superior to that of post-Collateral Trust Agreement, prepetition secured parties.

The language of the statute, legislative history, and case law, however, do not support this argument. Aside from the points raised above, the legislative history shows that Congress chose the term "generally applicable law" to prevent states from establishing priorities that exist only in bankruptcy. See Makoroff, 916 F.2d at 892 ("The legislative history also indicates that 'generally applicable law' means 'provisions of applicable law that apply both in bankruptcy cases and outside bankruptcy cases,' and warns that '[the phrase] is not designed too [sic] give the States an opportunity to enact disguised priorities in the form of liens that apply only in bankruptcy cases.'") (bracketed comments in original); Microfab, 105 B.R. at 156 ("generally applicable" is intended to indicate that the law must apply both in and outside bankruptcy cases). Furthermore, nothing in the legislative history or any of the cases of which we are aware suggests that Congress intended "generally applicable law" to mean anything other than a generally applicable statute, as distinguished from common law. See, e.g., Makoroff v. City of Lockport, 95 B.R. 370, 375 (Bankr. W.D. Pa. 1989) (the "generally applicable law" Congress envisioned in drafting this section only extended to statutes allowing perfection to relate back and defeat an intervening perfected creditor); H.R. Rep. No. 595, 95th Cong., 1st Sess. 371 (1977); S. Rep. No. 989, 95th Cong. 2d Sess. 86 (1978).

CONCLUSION

There are competing arguments as to all the issues that have been raised with respect to the Series 3 and 4 Notes, the Series 6 and 7 Notes, and the PATS. With respect to the contractual interpretation of the Collateral Trust Agreement, we believe that a court is more likely to find that:

- registration is required for additional indebtedness to be secured under the CTA;
- registration is not necessary for the noteholders to obtain the benefits of the guaranties; and
- even if registration is required for a noteholder to benefit from the CTA's security interests, the Series 3 and 4 Notes are properly registered and, therefore, secured under the CTA.

If a court determines to apply equitable doctrines to the facts, we believe that a court is more likely to decide that:

- if the Series 3 and 4 Notes are defectively registered under the CTA, the doctrine of reformation is available to correct the mistake;
- all the notes at issue are secured and entitled to the benefits of the guaranties, based on Prudential, because any other result would generate an unjust windfall to creditors who were not harmed by the deficiencies in registration.

As for the bankruptcy and other arguments addressed herein, we conclude that a court will likely not apply them to any of the notes at issue and that, therefore, they will not affect the outcome of the contract interpretation and equitable analyses.

Notwithstanding these conclusions, all of the potential arguments discussed in this paper, as well as the conclusions reached, are subject to considerable uncertainty. As described in detail above, each

of the contract interpretation arguments is subject to substantial counterarguments. Additionally, there is no assurance that a court will apply any of the equitable principles to the facts or, if it does, that it will utilize these principles potentially to override the parties' intent as memorialized in the CTA. Likewise, it is uncertain whether a court will utilize any of the bankruptcy and other principles discussed herein to affect the outcome.

Irrespective of how a court may ultimately rule, litigation of these difficult and complex issues will undoubtedly be expensive and time-consuming and could spawn other contentious litigation involving a myriad of parties. The potential consequence of litigation is a substantial delay in the Companies' chapter 11 cases to the detriment of the Companies' business operations and the interests of all creditors.

An amicable resolution of the issues addressed in this paper is, from the perspective of the Companies and all their creditors, unquestionably preferable to the expense and uncertainty of protracted litigation. The expeditious confirmation of a plan of reorganization in these cases may, indeed, depend upon a prompt, consensual resolution of these matters.

JONES, DAY, REAVIS & POGUE

September 19, 2000

EXHIBIT A

SERIES 3 AND SERIES 4 NOTES

Issued: October 1, 1996
Closing Date: October 4, 1996
Principal Amount: $350 million

Indenture Trustee:
Michael Hopkins
Fleet National Bank

Indenture Trustees' Counsel:
Eric A. Henzy
Reid and Riege, P.C.

Manager:
Michael Klein
Salomon Smith Barney Inc.

Co-Managers:
Alex. Brown & Sons Incorporated
Nesbitt Burns Securities Inc.
RBC Dominion Securities Corporation
Midland Walwyn Capital Corporation

Underwriters' Counsel:
Sue Ann Dillport
Davis, Polk & Wardwell

Loewen's Counsel:
Michelle Johnson
Thelen Reid & Priest LLP

Collateral Trustee:
Bankers Trust Company

Collateral Trustee's Counsel:
Michele Ross
Kramer Levin Naftalis & Frankel LLP

PATS

Issued: September 25, 1997
Closing Date: September 30, 1997
Principal Amount: $300 million

Indenture Trustee:
Michael Hopkins
State Street Bank and Trust Company

Indenture Trustee's Counsel:
Eric A. Henzy
Reid and Riege, P.C.

Manager:
James Woolfrey
UBS Securities LLC

Co-Manager:
Salomon Smith Barney Inc.

Underwriters' Counsel:
C. Thomas Kunz
Skadden, Arps, Slate, Meagher & Flom LLP

Loewen's Counsel:
Michelle Johnson
Thelen Reid & Priest LLP

Collateral Trustee:
Bankers Trust Company

Collateral Trustee's Counsel:
Michele Ross
Kramer Levin Naftalis & Frankel LLP

SERIES 6 AND SERIES 7 NOTES

Issued: May 21, 1998
Closing Date: May 28, 1998
Principal Amount: $450 million

Indenture Trustee:
Michael Hopkins
State Street Bank and Trust Company

Indenture Trustee's Counsel:
Eric A. Henzy
Reid and Riege, P.C.

Manager:
Michael Klein
Salomon Smith Barney Inc.

Co-Managers:
Goldman Sachs & Co.
Nesbitt Burns Securities Inc.
BT Alex. Brown
Deutsche Morgan Grenfell

Underwriters' Counsel:
Sue Ann Dillport
Davis Polk & Wardwell

Loewen's Counsel:
Michelle Johnson
Thelen Reid & Priest LLP

Collateral Trustee:
Bankers Trust Company

Collateral Trustee's Counsel:
Michele Ross
Kramer Levin Naftalis & Frankel LLP

EXHIBIT B

Primary CTA Provisions That Support Registration Interpretation

2.1 Secured Indebtedness: Classes: Initial Secured Indebtedness

The aggregate principal amount of indebtedness which may be secured under this Collateral Trust Agreement at any time is unlimited, but indebtedness shall be Secured Indebtedness only upon and subject to the conditions set forth in this Article. Any Secured Indebtedness shall be classified as one of the following in accordance with the provisions of this Article: Class A Secured Indebtedness, Class B Secured Indebtedness, Class C Secured Indebtedness or Class D Secured Indebtedness. The Class A Secured Indebtedness, the Class B Secured Indebtedness and the Class C Secured Indebtedness shall be the Senior Secured Indebtedness, having the benefit of the Senior Lien as provided herein. The Class D Secured Indebtedness shall have the benefit of the Junior Lien as provided herein. (Emphasis added.)

2.3 Secured Indebtedness Register

The Trustee shall cause to be kept a register (the "Secured Indebtedness Register") in which shall be entered the name, address, telephone number, facsimile number, if any, and representative capacity, if any, of each Secured Party Representative together with the original principal amount of the related Secured Indebtedness, if any, and the commitment amount, if any, under the related Financing Agreement(s), and the name(s) or office(s) of the persons responsible for giving instructions under this Collateral Trust Agreement. . . . . The entries in the Secured Indebtedness Register shall be conclusive and binding for all purposes absent manifest error, and the Trustee and each other Secured Party may treat each Person whose name is recorded in the Secured Indebtedness Register as a Secured Party Representative hereunder for the related registered Secured Indebtedness for all purposes under this Collateral Trust Agreement. The Secured Indebtedness Register shall be available for inspection at the Trustee's office in New York City by an Secured Party Representative during the Trustee's normal business hours and with reasonable prior written notice. (Emphasis added.)

2.5 Additional Secured Indebtedness Registration

(1) From time to time after the date hereof, agents, trustees or like representatives acting on behalf of Holders of any proposed Additional Secured Indebtedness under Section 2.4((1)(i), (ii) or (iii) (or, if such Holders are unrepresented, the Holders themselves) may become Secured Party Representatives under this Collateral Trust Agreement and be entitled to the benefits of the security interests in the Collateral as set out herein and in the other Collateral Documents. To become a Secured Party Representative hereunder each such representative or Holder much deliver to the Trustee, for acceptance and registration in the Secured Indebtedness Register, an

Additional Secured Indebtedness Registration Statement substantially in the form of Exhibit A, duly executed by such prospective representative or holder and the Companies. Upon such delivery, acceptance and registration, such representative or holder shall have the rights of a Secured Party Representative set out in this Collateral Trust Agreement. (Underscore in text deleted; emphasis added.)

(2) From time to time after the date hereof, a Secured Party Representative may register increases in commitment amounts, principal amounts and guaranties of indebtedness described in Section 2.4(1)(iv) or (v) as Additional Secured Indebtedness by the delivery to the Trustee, for acceptance and registration in the Secured Indebtedness Register, of an Additional Secured Indebtedness Registration Statement substantially in the form of Exhibit A, duly executed by such Secured Party Representative and the Companies. Upon such delivery, acceptance and registration, such increases in commitment amounts, principal amounts and guaranties shall have the benefits of Additional Secured Indebtedness under this Collateral Trust Agreement. (Underscore in text deleted; emphasis added.)

3.1 Grant of Senior Lien for Senior Secured Indebtedness.

[E]ach Pledgor does hereby pledge, charge, assign and transfer to and in favor of the Trustee, and does hereby create and grant a first priority security interest in favor of the Trustee in, in trust for the benefit of the Trustee in such capacity, and for the equal and ratable benefit of all Senior Secured Parties, as security for (A) the due payment by the Companies of all amounts payable to the Trustee, the Enforcement Representatives and the Secured Party Representatives hereunder, (B) the payment by the Obligors of the Senior Secured Indebtedness, (C) the due performance of the obligations of the Companies contained herein, and (D) in the case of a Pledgor Subsidiary, the due performance by such Pledgor Subsidiary of its obligations contained herein, including, without limitation, its obligations under Article V, all of the following property, whether now existing or hereafter arising (the "Collateral") . . . . (Underscore in text deleted; emphasis added.)

1.1 Defined Terms

(104) "Senior Secured Parties" means the Class A Secured Parties, the Class B Secured Parties and the Class C Secured Parties, and "Senior Secured Party" means any of them. (Underscore in text deleted; emphasis added.)

(22) "Class C Secured Parties" means the Holders of the Series 1 Notes and the Series 2 Notes, and each Holder of Additional Secured Indebtedness (if any), which Additional Secured Indebtedness is designated as Class C Secured Indebtedness pursuant to Section 2.6,

and their Secured Party Representatives, and "Class C Secured Party" means any of them. (Underscore in text deleted; emphasis added.)

(50) "Holder" means any Person who holds Secured Indebtedness and any successor to or assignee from such a holder of such Secured Indebtedness; provided that in the case of any Holder of Additional Secured Indebtedness, its Secured Party Representative shall have become a Secured Party Representative hereunder pursuant to Section 2.5. (Underscore in text deleted; emphasis added.)

8.10 Application of Proceeds of Realization of Security

Except as otherwise provided herein or by law or by the order of a court, the moneys arising from the enforcement of any remedy provided for herein, including, without limitation, the carrying on of the Business and the sale or other realization of the whole or any part of the Collateral, whether under any sale by the Trustee or by judicial process or otherwise, shall be held by the Trustee and, together with any other moneys then or thereafter in the hands of the Trustee available for the purpose, shall be applied by the Trustee as follows:

* * *

* * *

* * *

Fourth: To the Secured Party Representatives on behalf of each Holder they represent, respectively, in an amount equal to the Senior Secured Indebtedness owing to each such Holder as of the date of such distribution . . . . (Emphasis added.)

EXHIBIT C

Primary CTA Provisions That Support Non-Registration Interpretation

3.1 Grant of Senior Lien for Senior Secured Indebtedness

[E]ach Pledgor does hereby pledge, charge, assign and transfer to and in favor of the Trustee, and does hereby create and grant a first priority security interest in favor of the Trustee in, in trust for the benefit of the Trustee in such capacity, and for the equal and ratable benefit of all Senior Secured Parties, as security for (A) the due payment by the Companies of all amounts payable to the Trustee, the Enforcement Representatives and the Secured Party Representatives hereunder, (B) the payment by the Obligors of the Senior Secured Indebtedness, (C) the due performance of the obligations of the Companies contained herein, and (D) in the case of a Pledgor Subsidiary, the due performance by such Pledgor Subsidiary of its obligations contained herein, including, without limitation, its obligations under Article V, all of the following property, whether now existing or hereafter arising (the "Collateral") . . . . (Underscore in text deleted; emphasis added.)

1.1 Definitions

(102) Senior Secured Indebtedness" means the Class A Secured Indebtedness, the Class B Secured Indebtedness and the Class C Secured Indebtedness. (Underscore in text deleted; emphasis added.)

(21) "Class C Secured Indebtedness" means all Obligations in respect of the indebtedness arising under or evidenced by the Financing Agreements listed under the heading "Class C Secured Indebtedness" on Schedule 1 and (if any) the Additional Secured Indebtedness designated as Class C Secured Indebtedness pursuant to Section 2.6. (Underscore in text deleted; emphasis added.)

2.4 Designation of Additional Secured Indebtedness

(1) [E]ither Company may from time to time by resolutions of its Directors designate any of the following to be Secured Indebtedness hereunder ("Additional Secured Indebtedness") entitled to the security hereby created:

(i) new indebtedness for borrowed money . . . .

2.6 Designation of Class for Additional Secured Indebtedness

Upon the designation of any Additional Secured Indebtedness, the Companies shall determine, as of the date of the creation and issuance thereof, with the holders thereof whether such Additional Secured Indebtedness shall be Class A Secured Indebtedness, Class B Secured Indebtedness or Class C Secured Indebtedness . . . and such determination shall be set forth in the related Additional Secured Indebtedness Registration Statement, together with the certification by the Companies to the effect that (i) the incurrence and securing of such additional indebtedness or obligations is permitted by and will not result in any breach of any Financing Agreement, and (ii) the proposed classification of such additional indebtedness or obligations complies with the terms of Section 2.4(2) hereof and has been approved by the requisite parties to any Financing Agreement(s) under which such approval is required.

5.1 Guaranty

Each Pledgor Subsidiary hereby unconditionally and irrevocably guarantees, to the fullest extent permitted by Applicable Law, the due and punctual payment (whether at stated maturity, upon acceleration or otherwise) and performance of all Senior Secured Indebtedness of the Obligors . . . . Upon failure by any Obligor to pay or perform any Senior Secured Indebtedness, such Pledgor Subsidiary shall forthwith on demand pay or perform such Secured Indebtedness, at the place, in the manner and with the effect otherwise specified in the related Financing Agreement. Such Pledgor Subsidiary hereby agrees that its guaranty of the Senior Secured Indebtedness pursuant to this Article V is an absolute guaranty of payment and is not a guaranty of collection. (Underscore in text deleted; emphasis added.)

Recital 9. All things necessary have been done and performed to make:

(b) additional indebtedness of TLGI, LGII or any other Wholly-Owned Subsidiary when designated by either Company as provided herein as Additional Secured Indebtedness and either as Class A Secured Indebtedness, Class B Secured Indebtedness or Class C Secured Indebtedness, entitled to the benefit of the Senior Lien . . . . (Emphasis added.)

EXHIBIT V

SUMMARY OF DISCLOSURE SUPPLEMENT BEING PROVIDED SEPARATELY TO HOLDERS OF CLASS 8 AND 11 CLAIMS

SUMMARY RECOVERY ANALYSIS FOR SUBSIDIARY DEBTORS WITH CLASS 11 CREDITORS

Legal Entity Name	Case #	Liquidation Recovery %	Strict Priority Unsecured Recovery %	Plan Recovery %	Plan Division	Total Unsecured Claims	Convenience Class	Assumed to Elect to Convenience Class	Class 11 Claims
Almont, Inc.	99-1274	84.52%	100.00%	100.0%	Division C	1,232,313	13,285	-	1,219,028
Arlington Park Cemetery, Inc.	99-1287	100.00%	100.00%	100.0%	Division C	46,651	19,675	-	26,976
Bateman Funeral Chapel, Inc.	99-1296	100.00%	100.00%	100.0%	Division C	96,347	1,766	-	94,581
Bill Eisenhour Funeral Homes, Inc.	99-1316	100.00%	100.00%	100.0%	Division C	107,445	14,446	-	92,999
Bob Miller Funeral Home, Inc.	99-1325	57.47%	94.73%	100.0%	Division C	112,248	-	-	112,248
Carothers Holding Company (Georgia), Inc.	99-1352	58.53%	82.12%	100.0%	Division C	332,509	41,043	-	291,466
Carpenter's Funeral Homes, Inc.	99-1354	100.00%	100.00%	100.0%	Division C	122,159	1,746	-	120,413
Chicago Cemetery Corporation	99-1377	71.01%	97.68%	100.0%	Division C	63,565	28,251	-	35,314
Coge Investment Corporation	99-1384	100.00%	100.00%	100.0%	Division C	42,255	149	-	42,106
Corrigan Funeral Home, Inc.	99-1393	100.00%	100.00%	100.0%	Division C	39,635	12,115	-	27,520
Covell-Smith Funeral Home, Inc.	99-1395	100.00%	100.00%	100.0%	Division C	119,827	-	-	119,827
Craciun Funeral Home, Inc.	99-1396	100.00%	100.00%	100.0%	Division C	325,276	581	-	324,695
Darling-Mouser Funeral Home, Inc.	99-1411	100.00%	100.00%	100.0%	Division C	257,497	10,321	-	247,176
DiCicco and Son, Inc.	99-1428	100.00%	100.00%	100.0%	Division C	52,686	25,339	-	27,347
Dickson Funeral Home, Incorporated	99-1429	79.46%	100.00%	100.0%	Division C	156,246	2,459	-	153,787
Edward Swanson & Son Funeral Home, Inc.	99-1454	100.00%	100.00%	100.0%	Division C	38,770	9,711	-	29,059
Elzey & Haggard Funeral Homes, Inc.	99-1457	100.00%	100.00%	100.0%	Division C	234,121	1,648	-	232,473
Evangeline Funeral Home, Inc.	99-1462	100.00%	100.00%	100.0%	Division C	30,191	6,849	-	23,342
Forest Park Cemetery West of Shreveport, Inc.	99-1487	79.01%	84.55%	100.0%	Division C	25,013	1,000	-	24,013
Frank R. Gorton & Sons, Inc.	99-1493	100.00%	100.00%	100.0%	Division C	39,602	306	-	39,296
Franklin Memorial Chapel, Inc.	99-1494	100.00%	100.00%	100.0%	Division C	177,997	5,780	-	172,217
Green Lawn Cemetery Corporation	99-1531	64.95%	89.33%	100.0%	Division C	62,943	12,426	-	50,517
H. C. Alexander Funeral Home, Inc.	99-1543	100.00%	100.00%	100.0%	Division C	23,762	-	-	23,762
H. H. Birkenkamp Funeral Home, Inc.	99-1544	100.00%	100.00%	100.0%	Division C	90,708	50	-	90,658
Haakinson-Groulx Mortuary, Inc.	99-1547	100.00%	100.00%	100.0%	Division C	74,795	-	-	74,795
Harnett Devotional Gardens, Inc.	99-1552	100.00%	100.00%	100.0%	Division C	42,038	373	-	41,665
Harvey Funeral Home, Inc.	99-1555	59.50%	84.15%	100.0%	Division C	483,816	1,261	-	482,555
HFH, Inc.	99-1563	100.00%	100.00%	100.0%	Division C	49,519	341	-	49,178
HLLB, Inc.	99-1572	100.00%	100.00%	100.0%	Division C	186,677	1,484	-	185,193
J & K Management Company	99-1591	66.69%	92.46%	100.0%	Division C	153,954	17,247	-	136,707
J. W. Curry & Son, Inc.	99-1593	100.00%	100.00%	100.0%	Division C	66,675	6,679	-	59,996
Kennedy-Roth Funeral Home, Inc.	99-1621	100.00%	100.00%	100.0%	Division C	67,858	7,857	-	60,001
Kimball Funeral Home, Inc.	99-1623	62.01%	85.04%	100.0%	Division C	90,333	4,145	-	86,188
Lee Funeral Home of Manassas, Inc.	99-1642	100.00%	100.00%	100.0%	Division C	260,688	16	-	260,672
Loewen (Oklahoma), Inc.	99-1663	70.63%	95.98%	100.0%	Division C	416,504	22,069	-	394,435
Loewen Life Insurance Group, Inc.	99-1675	100.00%	100.00%	100.0%	Division C	2,202,310	2,100	-	2,200,210
Ludlum Management Services, Inc.	99-1692	86.53%	100.00%	100.0%	Division C	45,881	-	-	45,881
McLeod Mortuary, Inc.	99-1713	100.00%	100.00%	100.0%	Division C	120,988	-	-	120,988
Morrison Funeral Home, Inc.	99-1747	66.78%	91.89%	100.0%	Division C	48,103	-	-	48,103
Nave Funeral Home, Inc.	99-1767	100.00%	100.00%	100.0%	Division C	295,976	5,277	-	290,699
Newby Funeral Home, Inc.	99-1772	100.00%	100.00%	100.0%	Division C	34,856	6,749	-	28,106

SUMMARY RECOVERY ANALYSIS FOR SUBSIDIARY DEBTORS WITH CLASS 11 CREDITORS

Legal Entity Name	Case #	Liquidation Recovery %	Strict Priority Unsecured Recovery %	Plan Recovery %	Plan Division	Total Unsecured Claims	Convenience Class	Assumed to Elect to Convenience Class	Class 11 Claims
Poteet Holdings, Inc.	99-1845	100.00%	100.00%	100.0%	Division C	245,908	35,825	-	210,083
Prata Funeral Homes, Inc.	99-1849	65.05%	90.64%	100.0%	Division C	176,690	2,369	-	174,321
R. Stutzmann & Son, Inc.	99-1855	100.00%	100.00%	100.0%	Division C	31,272	4,350	-	26,922
Rawlings Funeral Home, Inc.	99-1857	84.86%	100.00%	100.0%	Division C	93,378	14,115	-	79,263
Reeves Funeral Home, Inc.	99-1861	100.00%	100.00%	100.0%	Division C	93,659	-	-	93,659
Retz Funeral Home, Inc.	99-1873	100.00%	100.00%	100.0%	Division C	65,629	-	-	65,629
Riverside Memorial Park, Inc.	99-1882	58.04%	81.73%	100.0%	Division C	393,738	5,689	-	388,049
Rogers Funeral Home of Clarkson, Kentucky, Inc.	99-1892	85.99%	91.87%	100.0%	Division C	298,663	8,242	-	290,421
Sandling Funeral Home, Inc.	99-1918	100.00%	100.00%	100.0%	Division C	90,969	3,175	-	87,794
Takoma Funeral Home, Inc.	99-1997	100.00%	100.00%	100.0%	Division C	221,625	-	-	221,625
Trevino Funeral Home, Inc.	99-2018	100.00%	100.00%	100.0%	Division C	45,800	175	-	45,625
Weaver Funeral Home, Inc.	99-2042	100.00%	100.00%	100.0%	Division C	66,676	15,753	-	50,923
Loewen (Texas), L.P.	99-2094	100.00%	100.00%	100.0%	Division C	474,620	59,403	-	415,217
Loewen (Alabama), L.P.	99-2096	93.58%	100.00%	100.0%	Division C	1,389,325	32,801	-	1,356,524
Bennett-Emmert Funeral Home, Inc.	99-1305	55.75%	76.71%	80.0%	Division D	101,303	50	10,001	91,252
Bishop Funeral Chapel Inc.	99-1317	58.41%	62.51%	80.0%	Division D	88,173	-	10,001	78,172
Carothers Holding Company (South Carolina), Inc.	99-1353	46.63%	72.09%	80.0%	Division D	330,047	11,433	12,314	306,300
Harrell-Faircloth Funeral Home, Inc.	99-1553	44.83%	62.77%	80.0%	Division D	93,182	6,663	10,001	76,518
John Dormi & Sons, Inc.	99-1605	47.37%	65.08%	80.0%	Division D	228,637	6,534	-	222,103
Lineberry Group (Virginia), Inc.	99-1652	40.99%	60.18%	80.0%	Division D	520,551	24,999	-	495,552
Memorial Park, Inc.	99-1724	49.10%	67.60%	80.0%	Division D	125,162	46,096	11,378	67,688
Memorial Services Acquisition, Inc.	99-1726	47.21%	64.11%	80.0%	Division D	62,283	347	21,088	40,848
Whitehurst California	99-2055	3.97%	64.43%	80.0%	Division D	800,051	-	-	800,051
Whitehurst - Lakewood Memorial Park And Funeral Service	99-2057	46.48%	63.75%	80.0%	Division D	98,407	36,370	10,001	52,036
Yablokoff Kingsway Memorial Chapel, Inc.	99-2085	51.93%	71.60%	80.0%	Division D	48,741	14,481	21,268	12,992
Loewen (Indiana), L.P.	99-2095	50.24%	66.43%	80.0%	Division D	374,294	40,773	10,001	323,520
Camposanto PR, Inc.	99-2099	70.78%	75.67%	80.0%	Division D	42,374	92	22,457	19,825
Arlington Memory Gardens, Inc.	99-1286	29.35%	40.21%	60.0%	Division E	56,170	15,485	20,018	20,667
Carothers Holding Company, Inc.	99-1351	30.81%	47.35%	60.0%	Division E	2,667,079	81,061	57,836	2,528,182
Cauthen's, Inc.	99-1357	41.83%	57.99%	60.0%	Division E	238,562	9,701	10,001	218,860
Kadek Enterprises of Florida, Inc.	99-1612	31.49%	43.14%	60.0%	Division E	51,846	19,533	10,001	22,312
Loewen Cemetery (Texas), Inc.	99-1668	30.50%	41.38%	60.0%	Division E	337,723	16,696	11,691	309,336
Sandy Springs Chapel, Inc.	99-1919	36.13%	49.78%	60.0%	Division E	638,988	2,862	-	636,126
Valley of The Temples Mortuaries, Ltd.	99-2031	53.81%	57.52%	60.0%	Division E	116,486	37,667	22,445	56,374
Earthman Holdings, Inc.	99-2101	28.79%	42.79%	60.0%	Division E	173,022	7,567	42,197	123,259
Belcrest Memorial Park, Inc.	99-1303	19.28%	26.28%	45.2%	Division F	63,600	5,953	10,001	47,646
Blackhawk Garden of Memories, Inc.	99-1319	32.80%	34.82%	45.2%	Division F	54,609	12,870	10,001	31,738
Burris Funeral Home, Inc.	99-1344	30.91%	33.32%	45.2%	Division F	157,308	-	14,301	143,007
Cavazos Memorial Chapel, Inc.	99-1358	25.06%	34.48%	45.2%	Division F	66,057	-	10,001	56,056
Desert DR Acquisition, Inc.	99-1423	16.78%	23.06%	45.2%	Division F	770,495	450	-	770,045
Elmwood Acquisition Corporation	99-1455	19.13%	26.22%	45.2%	Division F	140,608	37,825	12,783	90,000

SUMMARY RECOVERY ANALYSIS FOR SUBSIDIARY DEBTORS WITH CLASS 11 CREDITORS

Legal Entity Name	Case #	Liquidation Recovery %	Strict Priority Unsecured Recovery %	Plan Recovery %	Plan Division	Total Unsecured Claims	Convenience Class	Assumed to Elect to Convenience Class	Class 11 Claims
Forest Park Cemetery of Shreveport, Inc.	99-1488	19.38%	20.54%	45.2%	Division F	1,192,796	13,994	29,420	1,149,382
Funeral Services Acquisition Group, Inc.	99-1502	15.93%	21.71%	45.2%	Division F	471,882	89,371	19,703	362,808
Grennan Funeral Home, Ltd.	99-1537	25.67%	35.32%	45.2%	Division F	121,008	-	11,001	110,007
Hibbard-Ruggles Funeral Home, Inc.	99-1564	25.08%	34.09%	45.2%	Division F	54,447	687	10,001	43,759
Imperial Memorial Gardens, Inc.	99-1588	14.45%	20.74%	45.2%	Division F	1,238,419	18,835	-	1,219,584
Johnson Funeral Home Of Church Hill, Inc.	99-1608	21.70%	23.46%	45.2%	Division F	119,762	-	10,001	109,761
Kennedy-Morgan Funeral Home, Inc.	99-1620	23.87%	35.39%	45.2%	Division F	91,760	-	10,001	81,759
Levitt-Weinstein Memorial Chapels, Inc.	99-1646	16.63%	22.91%	45.2%	Division F	533,241	26,977	21,191	485,073
Lineberry Group, Inc.	99-1651	27.56%	38.23%	45.2%	Division F	1,583,083	51,266	13,193	1,518,624
Loewen (Kentucky), Inc.	99-1660	33.94%	36.22%	45.2%	Division F	1,042,971	59,288	56,200	927,483
Loewen Group, Inc.	99-1674	27.16%	30.59%	45.2%	Division F	437,395	24,804	33,179	379,412
Mission Memorial Park	99-1736	19.73%	27.04%	45.2%	Division F	259,571	4,046	-	255,525
Mullins Holding Company	99-1760	13.85%	24.91%	45.2%	Division F	2,010,075	17,476	-	1,992,599
New England Holding Co., Inc.	99-1770	0.00%	21.57%	45.2%	Division F	176,533	2,227	16,048	158,258
Oak Enterprises, Inc.	99-1792	24.22%	33.83%	45.2%	Division F	73,137	1,910	10,001	61,226
Osiris Holding Corporation	99-1805	15.82%	20.20%	45.2%	Division F	714,174	99,937	20,000	594,237
Parks Development Company, Inc.	99-1822	15.10%	20.52%	45.2%	Division F	465,912	10,637	-	455,275
Reeves, Inc.	99-1862	26.54%	36.95%	45.2%	Division F	55,576	15,539	10,001	30,036
Roselawn Memorial Gardens, Inc.	99-1899	26.16%	27.65%	45.2%	Division F	111,132	5,907	10,103	95,122
Rushlow-Iacoi Funeral Home, Inc.	99-1909	19.44%	20.81%	45.2%	Division F	51,087	-	15,905	35,182
South Bend Highland Cemetery Association, Inc.	99-1954	22.24%	30.13%	45.2%	Division F	151,315	20,487	13,756	117,072
Spring Hill Cemetery Company	99-1961	19.74%	27.01%	45.2%	Division F	56,404	12,456	21,299	22,649
The Portland Memorial, Inc.	99-2007	24.07%	30.87%	45.2%	Division F	59,661	18,237	10,001	31,423
Valley Memory Gardens, Inc.	99-2029	15.91%	21.73%	45.2%	Division F	38,215	5,221	10,001	22,993
Wattengel Funeral Home, Inc.	99-2041	32.13%	34.75%	45.2%	Division F	67,289	-	-	67,289
Alternative Acquisition, Inc.	99-2098	30.71%	32.50%	45.2%	Division F	58,613	20,301	10,001	28,311
Chism-Smith Funeral Home, Inc.	99-1378	11.74%	11.86%	25.2%	Division G	108,393	1,200	10,001	97,192
Hillcrest Cemetery Corporation	99-1569	9.12%	12.38%	25.2%	Division G	191,664	1,216	17,424	173,024
Kraeer Holdings, Inc.	99-1629	11.56%	16.22%	25.2%	Division G	1,942,490	60,273	67,210	1,815,006
New Rose Hill, Inc.	99-1771	7.12%	7.61%	25.2%	Division G	162,752	873	10,001	151,878
Roth Funeral Chapel, Incorporated	99-1905	11.09%	11.83%	25.2%	Division G	87,193	1,014	44,064	42,115
Family Funeral Service Group, Inc.	99-2102	6.52%	9.89%	25.2%	Division G	1,325,509	9,683	145,402	1,170,424
Nakamura Mortuary, Inc.	99-2106	5.43%	5.73%	25.2%	Division G	65,761	2,967	10,001	52,793
Riemann Holdings, Inc.	99-2108	10.17%	14.48%	25.2%	Division G	831,046	23,131	-	807,915
Wagner Acquisition Corporation	99-2110	0.00%	7.48%	25.2%	Division G	541,463	-	-	541,463
Blessing Funeral Home, Inc.	99-1322	0.00%	0.00%	15.2%	Division H	151,219	1,896	45,972	103,351
Dudley M. Hughes Funeral Home, Inc.	99-1437	0.00%	0.00%	15.2%	Division H	583,609	198	53,055	530,356
Fairview Memorial Park of Albemarle, Inc.	99-1469	4.44%	4.75%	15.2%	Division H	1,756,186	188	-	1,755,998
Gardens of Memory, Inc.	99-1506	0.00%	0.00%	15.2%	Division H	1,396,693	11,483	-	1,385,210
Hill Funeral Home, Inc.	99-1567	0.00%	0.00%	15.2%	Division H	466,316	-	114,384	351,932
HM Acquisition, Inc.	99-1573	3.72%	3.98%	15.2%	Division H	1,159,237	-	-	1,159,237

SUMMARY RECOVERY ANALYSIS FOR SUBSIDIARY DEBTORS WITH CLASS 11 CREDITORS

Legal Entity Name	Case #	Liquidation Recovery %	Strict Priority Unsecured Recovery %	Plan Recovery %	Plan Division	Total Unsecured Claims	Convenience Class	Assumed to Elect to Convenience Class	Class 11 Claims
HRMP Management, Inc.	99-1582	0.00%	0.00%	15.2%	Division H	105,840	4,096	10,001	91,743
Ives-Pearson Funeral Homes, Inc.	99-1590	0.00%	0.00%	15.2%	Division H	96,312	-	10,001	86,311
Loewen Group Acquisition Corp.	99-1673	0.00%	0.00%	15.2%	Division H	6,186,022	14,886	341,180	5,829,956
Malletta-Vertin Holdings, Inc.	99-1699	0.00%	0.00%	15.2%	Division H	2,820,121	416	102,558	2,717,146
Maplelawn Park Cemetery, Inc.	99-1703	0.15%	0.11%	15.2%	Division H	250,062	750	22,733	226,579
Osiris Holding of Florida, Inc.	99-1801	0.42%	0.33%	15.2%	Division H	309,038	31,678	28,094	249,266
Paragon Trevino Funeral Home, Inc.	99-1819	0.00%	0.00%	15.2%	Division H	168,023	2,627	35,092	130,304
Pittsburg Cemetery Company	99-1841	0.00%	0.00%	15.2%	Division H	78,856	-	-	78,856
Ridge Chapels, Inc.	99-1875	0.00%	0.00%	15.2%	Division H	108,933	7,200	10,001	91,732
Robert A. Weinstein, Ltd.	99-1886	0.00%	0.00%	15.2%	Division H	210,341	-	19,122	191,219
Stanly Gardens of Memory, Inc.	99-1968	3.43%	3.66%	15.2%	Division H	1,756,186	188	-	1,755,998
						54,699,166	1,597,516	1,827,088	51,274,563