

Statement of Liabilities - Explanatory Notes

August 31, 2008

NOTE 16: PRE-NEED CONTRACT - ULTIMATE LIABILITY - NON-TRUST

Balance represents the ultimate liability, based upon the active pre-need contract amount, on any pre-need contract that has not been assigned to a trust. "Active" pre-need contracts means any pre-need contract other than a contract for an individual that is deceased, or a pre-need contract that shows as cancelled or cancelled rewrite. These balances could vary depending on non-payment, currency of payment, or other factors, etc.

Pre-Need Contract - Ultimate Liability - Non - Trust \$ 598,726,625.00

NOTE 17: POLICY LOANS PAYABLE - OUT STATE

Balance represents policy loans payable by NPS on insurance policies issued by LMLI or MSLI. The amount was obtained from the Company records and could vary based on other information that was not made available.

Policy Loans Payable \$ 36,150,141.00

NOTE 18: FUNERAL HOME CONTRACT LIABILITY

Balance represents payables based upon various Funeral Home Contract provisions for travel plan liabilities and contract inflation adjustments. The amounts were obtained from the Company records and could vary based on other information that was not made available.

Inflation provisions	\$	28,690,932.00
Travel plan provisions		412,806.00
	\$	<u>29,103,738.00</u>

NOTE 19: DEFERRED MANAGEMENT FEES

Balance represents the deferred management fee liability. The amount was obtained from the Company records and could vary based on other information that was not made available.

Deferred Mgmt Fees \$ 7,000,000.00

NOTE 20: NOTES PAYABLE

Balance represents the notes payable for the vehicles and for Trust IV items. The vehicle notes were for the Dodge Van, Land Cruiser, Yukon Denali and the Elantra. These amounts were obtained from the Company records and could vary based on other information that was not made available.

Dodge Van	\$	17,469.28
Land Cruiser		16,473.39
Elantra		<u>18,539.02</u>
Notes Payable - Vehicles		52,481.69
Trust IV		<u>10,147,800.00</u>
Total Notes Payable	\$	<u>10,200,281.69</u>