STONEMOR PARTNERS LP

FORM 8-K
(Current report filing)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): September 28, 2006

STONEMOR PARTNERS L.P.
(Exact name of registrant as specified in its charter)

Delaware	**000-50910**	**80-0103159**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

155 Rittenhouse Circle
Bristol, PA 19007
(Address of principal executive offices/Zip Code)

(215) 826-2800
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01 Entry into a Material Definitive Agreement.

Asset Purchase and Sale Agreements

On September 28, 2006, StoneMor Operating LLC, a Delaware limited liability company (the "Operating LLC") and a wholly-owned subsidiary of StoneMor Partners L.P., a Delaware limited partnership (the "Company"), joined by certain of its direct and indirect subsidiary entities (collectively, the "Buyer"), entered into the Asset Purchase and Sale Agreement (the " SCI Purchase Agreement"), attached hereto as Exhibit 10.1 , with SCI Funeral Services, Inc., an Iowa corporation ("SCI"), joined by certain of its direct and indirect subsidiary entities (collectively, the "SCI Group").

On September 28, 2006, the Operating LLC, joined by StoneMor Michigan LLC, a Michigan limited liability company and a wholly-owned subsidiary of the Operating LLC, and StoneMor Michigan Subsidiary LLC, a Michigan limited liability company and a wholly-owned subsidiary of Cornerstone Family Services of West Virginia, Inc. (collectively, "StoneMor Michigan Buyer"), SCI, together with SCI Michigan Funeral Services, Inc., a Michigan corporation (collectively, "SCI Michigan"), and Hawes, Inc., a Michigan corporation ("Hawes"), entered into the Asset Purchase and Sale Agreement, attached hereto as Exhibit 10.2 (the "Hawes Purchase Agreement"). On September 28, 2006, StoneMor Michigan Buyer and SCI Michigan also entered into the Asset Purchase and Sale Agreement, attached hereto as Exhibit 10.3 (the "Hillcrest Purchase Agreement, and, together with the SCI Purchase Agreement and the Hawes Purchase Agreement, the "Purchase Agreements"), with Hillcrest Memorial Company, a Delaware corporation ("Hillcrest").

Pursuant to the SCI Purchase Agreement, the Buyer acquired from the SCI Group 18 cemeteries, 14 funeral homes and 3 crematories (collectively, the "SCI Properties"), including certain related assets (together with the SCI Properties, the "SCI Acquired Assets") and certain related liabilities (the "SCI Assumed Liabilities" and, together with the SCI Acquired Assets, the "SCI Business"). The SCI Properties that comprise the SCI Business are located in Alabama (5 cemeteries and 3 funeral homes), Colorado (2 cemeteries), Illinois (1 cemetery), Kansas (2 cemeteries, 1 funeral home and 1 crematory), Kentucky (1 cemetery), Missouri (1 cemetery), Oregon (5 cemeteries, 6 funeral homes and 2 crematories), Washington (1 cemetery and 2 funeral homes), and West Virginia (2 funeral homes).

Pursuant to the Hawes Purchase Agreement, StoneMor Michigan Buyer acquired from Hawes a cemetery located in Michigan (the "Hawes Property"), including certain related assets (together with the Hawes Property, the "Hawes Acquired Assets") and certain related liabilities (the "Hawes Assumed Liabilities" and, together with the Hawes Acquired Assets, the "Hawes Business").

Pursuant to the Hillcrest Purchase Agreement, StoneMor Michigan Buyer acquired from Hillcrest two cemeteries located in Michigan (collectively, the "Hillcrest Properties"), including certain related assets (together with the Hillcrest Properties, the "Hillcrest Acquired Assets") and certain related liabilities (the "Hillcrest Assumed Liabilities" and, together with the Hillcrest Acquired Assets, the "Hillcrest Business").

On September 28, 2006, the Buyer, in consideration for the transfer and delivery to it of the SCI Acquired Assets and in addition to the assumption of the SCI Assumed Liabilities, paid to the SCI Group the sum of $10,390,000 (the "SCI Closing Purchase Price") as follows: (i) the sum of $4,515,000 in cash and (ii) 275,046 common units (the "Common Units") representing limited partner interests in the Company equal in value to $5,875,000, in the aggregate. The Common Units were issued to SCI New Mexico, as defined below.

On September 28, 2006, StoneMor Michigan Buyer: (i) in consideration for the transfer and delivery to it of the Hawes Acquired Assets and in addition to the assumption of the Hawes Assumed Liabilities, paid to Hawes the sum of $446,000 in cash (the "Hawes Closing Purchase Price"); and (ii) in consideration for the transfer and delivery to it of the Hillcrest Acquired Assets and in addition to the assumption of the Hillcrest Assumed Liabilities, paid to Hillcrest the sum of $914,000 in cash (the "Hillcrest Closing Purchase Price").

The SCI Closing Purchase Price, the Hawes Closing Purchase Price and the Hillcrest Closing Purchase Price can be increased or decreased post-closing for accounts receivable, merchandise trust amounts and endowment care trust amounts above or below agreed levels, as provided in the SCI Purchase Agreement, the Hawes Purchase Agreement and the Hillcrest Purchase Agreement, respectively.

The SCI Closing Purchase Price can be also increased by certain amounts which may become payable pursuant to the Registration Rights Agreement as defined and described below.

The Purchase Agreements also include various representations, warranties and covenants which are customary for transactions of this nature.

The foregoing brief summary of the Purchase Agreements is not intended to be complete and is qualified in its entirety by reference to the Purchase Agreements, attached as Exhibits 10.1 - 10.3 to this Current Report on Form 8-K (the "Form 8-K").

Registration Rights Agreement

In connection with the SCI Purchase Agreement, on September 28, 2006, SCI New Mexico Funeral Services, Inc., a New Mexico corporation ("SCI New Mexico"), and the Company acting through its general partner, StoneMor GP LLC, a Delaware limited liability company (the "General Partner"), entered into the Registration Rights Agreement (the "Registration Rights Agreement"), attached hereto as Exhibit 10.4 .

Subject to certain exceptions described in the Registration Rights Agreement, on July 1, 2007 (the "Proposed Filing Date"), the Company (i) is obligated to file a registration statement on Form S-3 ("Form S-3") under the Securities Act of 1933, as amended (the "Securities Act"), with the Securities and Exchange Commission (the "SEC") with respect to the resale of 275,046 Common Units and any common units issued by the Company as a stock dividend or other distribution with respect to the Common Units (collectively, the "Registrable Securities") and (ii) will use reasonable efforts to have the SEC declare such Form S-3 effective. If on the Proposed Filing Date the Company is not eligible to file a Form S-3, the Company will, as soon as practicable thereafter, file a registration statement on such other form that is then available to the Company with respect to the Registrable Securities (collectively, the "Registration Statement") and will use reasonable efforts to have the SEC declare the Registration Statement effective.

Commencing as of January 1, 2007, the Company will guarantee a minimum cash distribution return on the Registrable Securities of 9% per annum, based upon the $5,875,000 valuation set forth in the SCI Purchase Agreement. The Company will make such guaranteed payment monthly beginning thirty days after January 1, 2007 and until the Registration Statement is declared effective by the SEC.

Subject to certain conditions described in the Registration Rights Agreement, the Company will pay in cash, as additional purchase price under the SCI Purchase Agreement, any excess of the product of the percentage of the Registrable Securities that are sold during ninety consecutive trading days after the effective date of the Registration Statement (the "90-Day Period") multiplied by $5,875,000 over the sum of the following: (i) the actual aggregate gross sale proceeds received for the Registrable Securities which are sold during the 90-Day Period or, if the offering of the Registrable Securities is underwritten, the price paid for the Registrable Securities by the underwriter; plus (ii) all cash dividends or other distributions issued by the Company with respect to the Registrable Securities which are sold during the 90-Day Period, including any guaranteed minimum payments described above.

The Registration Rights Agreement also includes various representations, warranties and covenants which are customary for a transaction of this nature.

The foregoing brief summary of the Registration Rights Agreement is not intended to be complete and is qualified in its entirety by reference to the Registration Rights Agreement, attached as Exhibit 10.4 to the Form 8-K.

Second Amendment to Credit Agreement

On September 28, 2006, the General Partner, the Company, the Operating LLC and the subsidiaries of the Operating LLC set forth on the signature page (together with the Operating LLC, the "Borrowers" and together with the General Partner and the Company, the credit parties), entered into the Second Amendment to Credit Agreement (the "Second Amendment"), attached hereto as Exhibit 10.5 , with Sovereign Bank and Commerce Bank, N.A. (collectively, the "Lenders") and Bank of America, N.A., as Administrative Agent for the benefit of the Lenders, as Collateral Agent for the benefit of the Lenders and other Secured Creditors, as Swingline Lender and as Letter of Credit Issuer.

The Company previously reported that it had entered into the Credit Agreement on September 20, 2004, as amended (the "Credit Agreement"), pursuant to which the Lenders extended to the Borrowers (i) a revolving credit facility in the maximum aggregate principal amount of $12,500,000, and (ii) an acquisition line in the maximum aggregate principal amount of $22,500,000.

Pursuant to the Second Amendment, the Lenders extended the maturity date of both facilities under the Credit Agreement to September 20, 2009.

The Second Amendment also includes various representations, warranties and acknowledgments which are customary for a transaction of this nature.

The foregoing brief summary of the Second Amendment is not intended to be complete and is qualified in its entirety by reference to the Second Amendment, attached as Exhibit 10.5 to the Form 8-K.

ITEM 2.01 Completion of Acquisition or Disposition of Assets.

On September 28, 2006, the Company completed the acquisition of the SCI Business, the Hawes Business and the Hillcrest Business pursuant to the Purchase Agreements described in Item 1.01 above.

Any financial statements and pro forma financial information that may be required to be filed as exhibits to this Form 8-K will be filed by amendment to this Form 8-K as soon as practicable, but not later than 71 calendar days after the date that this Form 8-K must be filed with the SEC.

ITEM 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On September 28, 2006, in connection with the Purchase Agreements described in Item 1.01 above, the Company borrowed $9.0 million at the interest rate of 8.87% from the acquisition line under the Credit Agreement to pay the Hawes Closing Purchase Price, the Hillcrest Closing Purchase Price, the cash portion of the SCI Closing Purchase Price and certain closing costs. The terms of the Credit Agreement, including, but not limited to, the terms of the acquisition line, are described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 filed with the SEC on May 15, 2006, which description is incorporated herein by reference.

ITEM 3.02 Unregistered Sales of Equity Securities.

Pursuant to the SCI Purchase Agreement, on September 28, 2006, the Company issued, as part of the consideration for the SCI Acquired Assets, 275,046 Common Units equal in value to $5,875,000, in the aggregate, based on the closing price per Common Unit on The NASDAQ Global Market for the second business day immediately preceding September 28, 2006.

See Item 1.01 above for a brief summary of the SCI Purchase Agreement, pursuant to which the Company acquired the SCI Acquired Assets. The Company offered and sold the Common Units to SCI New Mexico in reliance on the exemption from registration under Section 4(2) of the Securities Act based upon a determination that the Common Units will be issued to a sophisticated investor who could fend for itself and who had access to, and was provided with, information that would otherwise be contained in a registration statement and there was no general solicitation.

ITEM 9.01 Financial Statements and Exhibits.

(a) Financial statements of businesses acquired.

Any financial statements that may be required to be filed as an exhibit to this Form 8-K will be filed by amendment to this Form 8-K as soon as practicable, but not later than 71 calendar days after the date that this Form 8-K must be filed with the SEC.

(b) Pro forma financial information.

Any pro forma financial information that may be required to be filed as an exhibit to this Form 8-K will be filed by amendment to this Form 8-K as soon as practicable, but not later than 71 calendar days after the date that this Form 8-K must be filed with the SEC.

(c) Shell company transactions.

None.

(d) Exhibits.

The following exhibits are filed herewith:

Exhibit No.	Description
10.1	Asset Purchase and Sale Agreement, dated September 28, 2006, by and among StoneMor Operating LLC, joined by its direct and indirect subsidiary entities listed in Exhibit A to the Asset Purchase and Sale Agreement, and SCI Funeral Services, Inc., joined by its direct and indirect subsidiary entities listed in Exhibit B to the Asset Purchase and Sale Agreement.
10.2	Asset Purchase and Sale Agreement, dated September 28, 2006, by and among StoneMor Operating LLC, joined by StoneMor Michigan LLC and StoneMor Michigan Subsidiary LLC, and SCI Funeral Services, Inc., SCI Michigan Funeral Services, Inc. and Hawes, Inc.
10.3	Asset Purchase and Sale Agreement, dated September 28, 2006, by and among StoneMor Operating LLC, joined by StoneMor Michigan LLC and StoneMor Michigan Subsidiary LLC, and SCI Funeral Services, Inc., and SCI Michigan Funeral Services, Inc. and Hillcrest Memorial Company.
10.4	Registration Rights Agreement, dated as of September 28, 2006, by and between StoneMor Partners L.P. acting by its General Partner, StoneMor GP LLC, and SCI New Mexico Funeral Services, Inc.
10.5	Second Amendment to Credit Agreement, dated September 28, 2006, by and among StoneMor GP LLC, StoneMor Partners L.P., StoneMor Operating LLC and its subsidiaries set forth on the signature page to the Second Amendment to the Credit Agreement, the Lenders party to the Second Amendment to the Credit Agreement and Bank of America, N.A., as Administrative Agent for the benefit of the Lenders, as Collateral Agent for the benefit of the Lenders and other Secured Creditors, as Swingline Lender and as Letter of Credit Issuer.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 4, 2006

STONEMOR PARTNERS L.P.

By: StoneMor GP LLC, its general partner

By: /s/ William R. Shane
Name: William R. Shane
Title: Executive Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
10.1	Asset Purchase and Sale Agreement, dated September 28, 2006, by and among StoneMor Operating LLC, joined by its direct and indirect subsidiary entities listed in Exhibit A to the Asset Purchase and Sale Agreement, and SCI Funeral Services, Inc., joined by its direct and indirect subsidiary entities listed in Exhibit B to the Asset Purchase and Sale Agreement.
10.2	Asset Purchase and Sale Agreement, dated September 28, 2006, by and among StoneMor Operating LLC, joined by StoneMor Michigan LLC and StoneMor Michigan Subsidiary LLC, and SCI Funeral Services, Inc., SCI Michigan Funeral Services, Inc. and Hawes, Inc.
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Exhibit 10.1

ASSET PURCHASE AND SALE AGREEMENT

This ASSET PURCHASE AND SALE AGREEMENT (" ***Agreement*** ") dated this 28 th day of September, 2006, is made by and among **STONEMOR OPERATING LLC** , a Delaware limited liability company (" ***StoneMor LLC*** "), joined herein by those of its direct and indirect subsidiary entities which are listed in the " *Operating LLC* " column on Exhibit A attached hereto (all such entities individually and collectively referred to herein as " ***Buyer LLC*** ") and those of its direct and indirect subsidiary entities which are listed in the " *NQ Sub* " column on Exhibit A attached hereto (all such entities individually and collectively referred to herein as " ***Buyer NQ Sub*** " and individually and collectively with StoneMor LLC and Buyer LLC, " ***Buyer*** "), and **SCI FUNERAL SERVICES, INC.** , an Iowa corporation (" ***SCI*** "), joined herein by those of its direct and indirect subsidiary entities which are listed in the " *Subsidiary Owner* " column on Exhibit B attached hereto (SCI and all such direct and indirect subsidiary entities individually and collectively referred to herein as the " ***Sellers*** ");

W I T N E S S E T H :

W HEREAS , Sellers own and operate those funeral, cremation and cemetery businesses which are listed on Exhibit B attached hereto (each location listed on Exhibit B referred to herein as a " ***Location*** ," and the business conducted at the Locations referred to individually and collectively as the " ***Business*** "); and

W HEREAS , the parties desire to provide for the purchase, sale and transfer of the Business, including certain of the personal property located at, used in connection with, or arising out of, such Business, together with the real estate utilized in the Business, in exchange

for cash and other consideration, upon the terms and subject to the conditions herein set forth; and

W HEREAS , this Agreement sets forth the terms and conditions to which the parties have agreed;

W HEREAS , simultaneously affiliates of Buyer and Hawes, Inc. a Michigan corporation, and Hillcrest Memorial Company, a Delaware corporation, are entering into transactions to purchase cemetery businesses in Michigan (the " ***Michigan Transactions*** ");

N OW , T HEREFORE , in consideration of the premises and the mutual covenants, agreements, representations and warranties herein contained, the parties, intending to be legally bound hereby, agree as follows:

ARTICLE I

Purchase and Sale

Section 1.1 ***Transfer of Acquired Assets .*** Subject to the terms and conditions of this Agreement, and except as provided in Section 1.2, Sellers (which as to each particular Location shall be the particular Subsidiary Owner of such Location as designated on Exhibit B hereto) do hereby agree to (or, if applicable, cause their Affiliates to) sell, transfer, convey, assign and deliver to Buyer, and Buyer does hereby agree to purchase and accept from Sellers (or their Affiliates, if applicable), free and clear of all Liens and Liabilities (other than the Assumed Liabilities (as defined below)), all right, title and interest to the following property and rights located at, used in connection with, arising out of or relating to the Business (collectively, the " ***Acquired Assets*** "):

(a) The real property described in Schedule 1.1(a) to this Agreement, together with all buildings, structures, improvements, fixtures, easements, benefits and rights and appurtenances benefiting, belonging or pertaining thereto, (the " ***Owned Real Property*** ");

(b) All furniture, equipment, tools, supplies and other tangible personal property owned or used by Sellers exclusively or primarily in the operation of the

Business as of the date hereof or acquired between the date hereof and the Effective Time, including, without limitation, those items listed on Schedule 1.1(b) to this Agreement;

(c) All vehicles listed on Schedule 1.1(c) to this Agreement;

(d) All caskets, crypts, urns, vaults, monuments, grave spaces, mausoleum spaces, niches, lawn crypts, supplies and other merchandise inventory of the Business (" ***Inventory*** "), including, without limitation, the Inventory of the funeral homes included in the Business and the items stored for customers at the cemeteries included in the Business, plus or minus any changes to such Inventory which result from the ordinary course of operation of the Business, consistent with past practices, subsequent to the date(s) of such listing (s) and until the Effective Time (and specifically limited to the rights permitted by or provided under applicable Laws with regard to merchandise designated as being "stored" for customers under Pre-/At-Need Contracts (as defined below)), and all Services in Progress (as hereinafter defined);

(e) All benefits, rights and entitlements of or relating to the Business under and in all contracts, agreements, leases, licenses and commitments listed on Schedule 1.1(e) to this Agreement (" ***Business Contracts*** ");

(f) All benefits, rights and entitlements under any leases for any real property at the Locations or otherwise exclusively or primarily related to the Business (whether a Seller is lessee or lessor thereunder) (" ***Real Property Leases*** "), including, without limitation, those listed on Schedule 1.1(f) to this Agreement, together with any security deposits held or paid on account of any of the Real Property Leases (the real property leased by any Seller as a lessee or sublessee under the Real Property Leases being referred to herein as " ***Leased Real Property*** " and, together with the Owned Real Property, the " ***Real Property*** ");

(g) All benefits, rights and entitlements under all of the Contracts, engagements and commitments, written or oral, relating to the provision or sale by the Business of at-need or preneed cemetery, cremation or funeral home merchandise, properties or services and all deposits, prepaid amounts, insurance policies and trust funds relating to such Contracts, engagements and commitments, including, without limitation, those items listed on Schedule 1.1(g) to this Agreement, plus or minus any similar items entered into or obtained in the ordinary course of the operation of the Business subsequent to the date(s) of the listing(s) on Schedule 1.1(g) until the Effective Time (collectively, the " ***Pre-/At-Need Contracts*** " and, together with the Business Contracts and the Real Property Leases, the " ***Assumed Contracts*** ");

(h) All of the Permits of Sellers necessary for the ownership, operation, maintenance or presently planned expansion (by Sellers) of the Business, to the extent transferable;

(i) Intentionally omitted;

(j) All utility and other deposits previously paid to and/or held by third parties in connection with the operation of the Business as of the Effective Time;

(k) All accounts and notes receivable generated in or relating to the operation of the Business (" ***Receivables*** "), including, without limitation, those listed on Schedule 1.1(k) to this Agreement, plus or minus any changes in such receivables which result from the ordinary course of the operation of the Business, consistent with past practices, subsequent to the date(s) of the listing(s) on Schedule 1.1 (k) until the Effective Time, but specifically excluding pending trust claims specified in Section 5.5(b)(ii) and pending insurance claims;

(l) All of the Sellers' rights and incidents of interest in and to causes of action, suits, proceedings, judgments, claims and demands of any nature, whenever maturing or asserted, relating to or arising directly or indirectly out of any of the Acquired Assets or the Business, but specifically excluding pending trust claims specified in Section 5.5(b)(ii) and pending insurance claims; and

(m) All goodwill associated with the Business, together with all lists of present or former customers of the Business, all business books, documents, records, files, databases and reports relating to the Acquired Assets and reasonably necessary for Buyer to continue the Business (collectively, ***" Seller Records "***) (whether or not the Seller Records are physically located at one of the Locations), the telephone numbers and listings for the Business, and all Intellectual Property owned and/or used by the Sellers exclusively or primarily in connection with the Business (" ***Business Intellectual Property*** "), including, without limitation, all right, title and interest in and the right to use the trademarks, service marks and trade names for the Locations as listed on Exhibit B hereto. All Seller Records not physically located at one of the Locations shall be copied and, at the election of Buyer, either delivered in person to a representative of Buyer at the location where such Seller Records are held on the Closing Date or shipped to Buyer by Sellers at Buyer's expense by such delivery service selected by Buyer. All requests and other communications from Buyer to any Seller regarding Seller Records, either before or after the Closing, shall be directed to Michael Lehmann, Service Corporation International, 1929 Allen Parkway, Houston, Texas 77019, fax: (713) 525-7372.

Except as specifically provided in Section 1.2, it is intended that the assets, properties and rights of the Business to be sold to Buyer pursuant to this Agreement shall include all of the assets, properties and rights reflected in the Schedules relating to the subsections of Section 1.1, other than those assets, properties and rights that may have been disposed of in the ordinary course of business prior to the Effective Time, but including all similar assets, properties and rights of the Business that may have been acquired in the ordinary course of business since the dates of the listings in the Schedules relating to the subsections of Section 1.1 until the Effective Time.

Section 1.2 ***Excluded Assets .*** Sellers shall not transfer, convey or assign to Buyer, and Buyer shall not purchase, the following assets (collectively, the " ***Excluded Assets*** "): (a) non-preneed related cash and cash equivalents, (b) computers, computer software and information and similar rights (provided, however, that none of the Seller Records shall be deemed to be an Excluded Asset, whether or not contained or stored in or on the hard drive of any computers or on any computer system or server, disk or any other electronic media), (c) corporate records, minutes and records of Sellers' shareholders' and directors' meetings, (d) any pending trust claims specified in Section 5.5(b)(ii) and any pending insurance claims, (e) those items specifically identified in Schedule 1.1(b) as being subject to a corporate lease or otherwise excluded from the sale of the Acquired Assets hereunder, (f) approximately 67.45 acres of undeveloped real property located at Hillcrest Memorial Park in Medford, Oregon, (the " ***Hillcrest Subdivision*** ") with such retained acreage to include a restriction that the property will not be used as a cemetery, as part of the operation of a funeral home, or for another purpose inconsistent with the operation of Hillcrest Memorial Park as a cemetery, (g) the real estate comprising Chapel of the Firs and Long and Shukle Memorial Chapel and (h) all other assets of the Sellers which are not used exclusively or primarily in the ownership, operation or maintenance of the Business and which are not necessary to the continued operation of the Business in a manner consistent with the Sellers' past practices, including training, promotional materials, procedure and policy manuals.

Section 1.3 ***Consideration for Acquired Assets Payable at the Closing .*** On the terms and subject to the conditions of this Agreement, Buyer, in consideration for the transfer and delivery to it of the Acquired Assets as herein provided, will, in addition to the assumption of liabilities set forth in Section 1.5(a) below, pay to Sellers at the Closing (as defined below) the

sum of Ten Million Three Hundred Ninety Thousand Dollars ($10,390,000) (the " ***Closing Purchase Price*** ") in the following forms:

(a) the sum of Four Million Five Hundred Fifteen Thousand Dollars ($4,515,000) in cash (" ***Cash Purchase Price*** "), to be delivered by bank wire transfer to such account as Sellers shall designate to Buyer in writing at least three (3) business days prior to the Closing Date; and

(b) the number of common units (the " ***Units*** ") of StoneMor Partners L.P. (" ***SPLP*** ") equal in value to Five Million Eight Hundred Seventy-five Thousand Dollars ($5,875,000), in the aggregate, based on the closing price per unit of SPLP's common units on NASDAQ Global Markets for the second business day immediately preceding the Closing Date (as such closing price is reported on www.nasdaq.com) which shall be issued/delivered to an affiliate of Sellers, SCI New Mexico Funeral Services, Inc., a New Mexico corporation (" ***SCI New Mexico*** ").

Section 1.4 ***Contingent Consideration Payable After Closing .*** Reference is made to the Registration Rights Agreement between SPLP and SCI New Mexico, the form of which is attached hereto as Exhibit C (the " ***Registration Rights Agreement*** "). In addition to the Closing Purchase Price, Buyer shall cause SPLP to pay to SCI New Mexico, as additional consideration for the Acquired Assets, any additional amounts which may become payable after the Closing pursuant to the Registration Rights Agreement.

Section 1.5 ***Liabilities .***

(a) Assumed Liabilities . From and after the Effective Time, Buyer agrees to assume and perform the liabilities and obligations of the Business (" ***Assumed Liabilities*** ") under and pursuant to the terms and conditions of any Assumed Contract, but only to the extent such obligations arise, accrue or first become due after the Effective Time under the terms of the Assumed Contracts; provided , however , that Buyer will not assume or be responsible for any such liabilities or obligations which arise from any breach or default by Sellers under any Assumed Contract that occurs prior to the Effective Time or that arises out of or relates to events or circumstances that occur or exist prior to the Effective Time, all of which liabilities and obligations will constitute Retained Liabilities (as defined herein). Notwithstanding anything to the contrary contained in this Agreement or any document delivered in connection herewith, Buyer's obligations in respect of the Assumed Liabilities will not extend beyond the extent to which Sellers were obligated in respect thereof and will be subject to Buyer's right to contest in good faith the nature and extent of any liability or obligation (but such right to contest shall not affect Buyer's indemnification responsibilities under Section 8.4(a)(iii)).

(b) Retained Liabilities . Except as provided in Section 1.5(a) hereof, Sellers will retain, and Buyer will not assume or be responsible or liable with respect to, any Liabilities of the Business that precede the Effective Time (except as specifically provided in subclause (vii) of this Section 1.5(b)), whether or not arising out of or relating to the conduct of the Sellers or associated with or arising from any of the Acquired Assets, whether fixed or contingent or known or unknown (collectively, the " ***Retained Liabilities*** "), including, without limitation, the following:

(i) Liabilities relating to any Excluded Asset;

(ii) Liabilities of Sellers that constitute trade payables;

(iii) Liabilities of Sellers arising under or relating to any Assumed Contract to the extent such Liabilities relate to periods prior to the Effective Time or arise from any breach or default by any Seller (or any of its Affiliates) under any Assumed Contract that occurs prior to the Effective Time or that arises out of or relates to events or circumstances that occur or exist prior to the Effective Time;

(iv) Liabilities of Sellers arising under or relating to any Contract other than an Assumed Contract;

(v) Liabilities with respect to (A) any Employee Plan maintained, sponsored, contributed to or participated in by Sellers or any Affiliate of Sellers for the benefit of or relating to any current or former employee of the Business (***"Seller Employee Plan"***) and the amendment to or the termination of any Seller Employee Plan, or (B) any person at any time employed by Sellers or any Affiliate of Sellers (including, without limitation, any such person who fails to accept an offer of employment by Buyer or any of its Affiliates), and any such person's spouse, children, other dependents or beneficiaries, with respect to any such person's employment or termination of employment by Sellers or any Affiliate of Sellers including, without limitation, claims arising under health, medical, dental, disability or other benefit plan for products, supplies or services provided or rendered prior to the Effective Time;

(vi) Sellers' deferred sales commissions;

(vii) Liabilities of Sellers, based in whole or in part on violations of Law or environmental conditions occurring or existing prior to the Closing and arising out of or relating to Environmental Requirements, except to the extent that such Liabilities are identified in the Environmental Reports; provided that the Sellers shall remain liable for the environmental Liabilities identified on Exhibit D until Sellers or Buyers at Sellers' expense have remediated, to the extent required by existing governmental standards, such environmental Liabilities as noted on Exhibit D ;

(viii) Except as otherwise specifically provided in this Agreement, all Liabilities of Sellers for any Tax for (A) operations of the Business prior to the Effective Time; (B) the transfer of the Acquired Assets; and (C) income earned by the Pre-Need Trust Funds and the Endowment Care Funds (as each of these terms is defined in Section 5.4) prior to delivery thereof to Buyer's Trustee pursuant to Section 5.5 below to the extent such income (1) is not taxable to the applicable trusts as independent taxpayer

entities, and (2) is withdrawn by or for any Seller or otherwise distributed to any Seller (whether such withdrawal or distribution is made before or after the Effective Time); and

(ix) Liabilities of Sellers arising out of or relating to any Proceeding to which any Seller is a party on the date of this Agreement and relating to the Business or any of the matters referenced on Schedule 1.5(b)(ix) .

Section 1.6 ***Post-Closing Adjustments to Purchase Price*** .

(a) Audit Report . Sellers and Buyer acknowledge that Harper & Pearson Company, P.C. (the " ***Independent Auditor*** ") is currently performing a financial audit and review of the Business and that the report of the Independent Auditor with respect to such audit and review (the " ***Audit Report*** ") is expected to be delivered to Buyer within 30 days after the Closing Date. For purposes of this Agreement, the term " ***Base Gross AR Amount*** " means the aggregate amount of the gross accounts receivable of all of the cemeteries included in the Business as of the Closing Date (excluding any trust claims specified in Section 5.5(b)(ii) and any pending insurance claims), as reflected in the Audit Report (without regard to any allowance for doubtful accounts or other reserve in respect of accounts receivable of the Business), and the term " ***Base Net Merchandise Trust Amount*** " means the Net Transferred Merchandise Trust Amount minus the aggregate amount of the Merchandise Liabilities of all of the cemeteries included in the Business, as of the Effective Time. Buyer shall deliver a copy of the Audit Report to SCI within 15 days after receiving the Audit Report. No later than ten (10) days after the Closing Date, SCI shall deliver to Buyer a detailed statement of Merchandise Liabilities as of the Effective Time of each of the cemeteries included in the Business.

(b) Accounts Receivable Adjustment . If the Base Gross AR Amount is less than $2,435,850, then, subject to Section 1.6(e), the Purchase Price shall be decreased by, and SCI shall pay to Buyer, an amount equal to the discounted present value of the amount by which the Base Gross AR Amount is less than $2,564,051, using a discount rate of .065 and a discount period of three (3) years. If the Base Gross AR Amount is greater than $2,692,250, then, subject to Section 1.6(e), the Purchase Price shall be increased by, and Buyer shall pay to SCI, an amount equal to the discounted present value of the amount by which the Base Gross AR Amount is greater than $2,564,051, using a discount rate of .065 and a discount period of three (3) years. If the Base Gross AR Amount is greater than or equal to $2,435,850, but less than or equal to $2,692,250, then no adjustment shall be made to the Purchase Price, and no amount shall be due by any party hereto, under this Section 1.6(b).

(c) Merchandise Trust Adjustment . If the Base Net Merchandise Trust Amount is less than $4,877,021, then, subject to Section 1.6 (e), the Purchase Price shall be decreased by, and SCI shall pay to Buyer, the discounted present value of the amount by which the Base Net Merchandise Trust Amount is less than $5,133,706, using a discount rate of .065 and a discount period of ten (10) years. If the Base Net Merchandise Trust Amount is greater than $5,390,391, then, subject to Section 1.6(e), the Purchase Price shall be increased by, and Buyer shall pay to SCI, an amount equal to the discounted present value of the amount by which the Base Net Merchandise Trust Amount is greater than $5,133,706, using a discount rate of .065 and a discount period of

ten (10) years. If the Base Net Merchandise Trust Amount is greater than or equal to $4,877,021 but less than or equal to $5,390,391, then no adjustment shall be made to the Purchase Price, and no amount shall be due by any party hereto, under this Section 1.6(c).

(d) Endowment Care Trust Adjustment . If the Transferred Endowment Care Trust Amount is less than $10,862,056, then, subject to Section 1.6(e), the Purchase Price shall be decreased by, and SCI shall pay to Buyer, the Net Endowment Care Adjustment Amount. If the Transferred Endowment Care Trust Amount is greater than $10,862,056, then, subject to Section 1.6(e), the Purchase Price shall be increased by, and Buyer shall pay to SCI, the Net Endowment Care Adjustment Amount.

(e) Net Purchase Price Adjustment Amount . The Purchase Price adjustment amounts provided for in Sections 1.6(b), (c) and (d), if any, shall all be aggregated and netted against each other such that either (i) a single amount shall be payable to Buyer by SCI and no amount shall be payable by Buyer to SCI under this Section 1.6, (ii) a single amount shall be payable by SCI to Buyer, and no amount shall be payable by SCI to Buyer under this Section 1.6, or (iii) no amount shall be payable by any party hereto under either this Section 1.6. By way of example only, if $150,000 is payable by SCI to Buyer pursuant to Section 1.6(b), $50,000 is payable by SCI to Buyer pursuant to Section 1.6(c) and $100,000 is payable by Buyer to SCI pursuant to Section 1.6(d), then SCI shall pay to Buyer, in accordance with Section 1.6(f), an amount equal to $100,000 (i.e., $150,000 + $50,000 - $100,000).

(f) Payment of Purchase Price Adjustment Amounts . Any payment due under Section 1.6(e) by either SCI or Buyer, as the case may be, shall be paid in full, in cash, no later than seventy-five (75) days after the Closing Date, or, if later than such time, twenty (20) days after the date that the Audit Report is delivered to Buyer. Any amounts not paid within such time period shall accrue interest from the Closing Date through the date of payment at the prime rate as reported in *The Wall Street Journal, Eastern Edition* for the date of the Audit Report.

(g) Tax Treatment . Any payments made pursuant to this Section 1.6 shall be treated by Sellers and Buyer as adjustments to the Purchase Price for all Tax purposes.

Section 1.7 ***Prorations; Services in Progress; Transaction Taxes*** .

(a) Sellers shall be responsible for all Taxes arising as a result of the operation of the Business or ownership of the Acquired Assets prior to the Effective Time. At Closing, all real and personal property Taxes shall be prorated between Sellers and Buyer on a per diem basis. Sellers shall also be responsible for all Taxes on income earned by the Pre-Need Trust Funds and the Endowment Care Funds (which are to be transferred to Buyer) prior to delivery thereof to Buyer's Trustee pursuant to Section 5.5 below to the extent such income (A) is not taxable to the applicable trusts as independent taxpayer entities, and (B) is withdrawn by or for any Seller or otherwise distributed to any Seller (whether such withdrawal or distribution is made before or after the Effective Time), and Sellers shall make all applicable estimated Tax payments to the relevant Taxing Authorities associated with such income. For purposes of determining the amount of Taxes owed by Sellers with respect to the Pre-Need Trust Funds and the Endowment

Care Funds, the amount of such Taxes shall be computed as if the tax year of such funds ended on the date of the Final Trust Delivery (as defined in Section 5.5(e) below).

(b) The parties shall cooperate in transferring from the applicable Seller to Buyer all water, electrical, gas and other utility services provided to or benefiting the Real Property, and as and to whatever extent billings are received by any party relating to services utilized both before the Effective Time (for which Sellers shall be responsible) and after the Effective Time (for which Buyer shall be responsible), the parties will cooperate to make appropriate adjustments and reimbursements between them to accomplish the proper allocation of such billings.

(c) All revenues from and direct costs for merchandise paid to third parties in the ordinary course of business associated with Services in Progress will be allocated to Buyer. For purposes of this Agreement, " ***Services in Progress*** " means any "at need" funeral or cemetery related services for which a Contract has been entered into, but which have not been completed as of the Effective Time. For purposes of this Agreement, such funeral or cemetery related services are complete when the body or remains have been cremated or interred.

(d) Except as set forth in Sections 1.7(e) and (f) below, Sellers shall be responsible for the timely payment of, and shall indemnify and hold harmless Buyer against, all sales, use, value added, documentary, stamp, gross receipts, registration, transfer (including, without limitation, real estate), conveyance, excise and other similar Taxes and fees (collectively, " ***Transfer Taxes*** ") arising out of or in connection with or attributable to (i) the transfer of the Acquired Assets and (ii) the transactions contemplated by this Agreement. Sellers shall prepare and timely file all Tax Returns required to be filed in respect of such Transfer Taxes. Sellers shall be responsible for filing all required notices related to bulk sales laws and shall indemnify and hold harmless Buyer against all Taxes or other Losses that Buyer become liable for as a result of the Sellers' failure to file any applicable bulk sales notices or pay any of its Taxes.

(e) The parties shall share in the payment of any recording and other similar fees arising out of or in connection with or attributable to the transactions contemplated by this Agreement in accordance with the normal practices in the applicable states in which the various Acquired Assets are located; provided , however , that Sellers shall pay for the recording of the release of any Lien (other than Permitted Encumbrances) with respect to any Acquired Asset.

(f) Except to the extent that any Transfer Tax amounts are included in the amounts paid by Buyer pursuant to Section 1.3(a)(ii), Buyer shall be responsible for the timely payment of, and shall indemnify and hold harmless Sellers against, all Transfer Taxes arising out of or in connection with or attributable to the transfer of the vehicles listed on Schedule 1.1(c) to this Agreement. Buyer shall prepare and timely file all Tax Returns required to be filed in respect of such Transfer Taxes.

Section 1.8 ***Allocation of Closing Purchase Price .***

(a) On or prior to the Closing Date, Buyer and Sellers shall mutually agree upon a written statement (the " ***Statement of Allocation*** ") setting forth an allocation of the Closing Purchase Price (" ***Purchase Price Allocation*** ") (which for such purpose shall be increased by the amount of the liabilities assumed by Buyer). The Statement of Allocation shall include: (i) the assets to be purchased by each of Buyer LLC and Buyer NQ Sub; (ii) the portion of the Closing Purchase Price (whether cash or Units) that will be paid by or on behalf of Buyer LLC and Buyer NQ Sub to acquire the Acquired Assets, and (iii) an allocation of the portion of the Closing Purchase Price paid by or on behalf of each of Buyer LLC and Buyer NQ Sub (" ***Purchased Acquired Assets Allocation*** ") among each of the respective categories of Acquired Assets that are purchased. Buyer and Sellers agree that each of the allocations required to be prepared pursuant to this Section 1.8 shall be prepared in accordance with the provisions of Section 1060 of the Code, the Treasury Regulations promulgated thereunder and any similar provisions of state, local or foreign law, as applicable.

(b) All federal, state, local and foreign income Tax Returns of Sellers and Buyer shall be filed consistently with the information set forth on the Statement of Allocation. Moreover, Sellers and Buyer further agree to file IRS Form 8594 (and any corresponding form required to be filed by a state or local Taxing Authority) in a manner that is consistent with the Purchased Acquired Assets Allocation. Sellers and Buyer agree to promptly provide each other with any information necessary to complete such Tax Returns and IRS Form 8594 (and any corresponding form required to be filed by a state or local Taxing Authority). Sellers and Buyer shall not take any position on a Tax Return, tax proceeding or audit that is inconsistent with any information set forth on the Statement of Allocation.

(c) Sellers and Buyer, as applicable, agree that all " ***Book-Tax Disparities*** " (as such term is defined in the First Amended and Restated Limited Partnership Agreement of StoneMor Partners L.P.) on property acquired by Buyer for Units shall be eliminated through application of the principles of Treasury Regulation Section 1.704-3(d).

Section 1.9 ***Effective Time .*** The Effective Time of the transfer of the Acquired Assets shall be 12:01 a.m. on the Closing Date.

ARTICLE II

Closing

Section 2.1 ***Closing .*** The closing of the transaction provided for in this Agreement (the ***" Closing "***) shall take place at the offices of Buyer's counsel, Blank Rome LLP, One Logan Square, Philadelphia, PA 19103, on September 28, 2006 (the ***" Closing Date "***), or at such other location, time and date as the parties shall mutually agree. In the event of any postponement

thereof, all references in this Agreement to the Closing Date shall be deemed to refer to the time and to the date to which the Closing Date shall have been so postponed as herein provided.

Section 2.2 ***Instruments of Conveyance and Transfer*** **.** At the Closing, the applicable Sellers shall deliver to Buyer such special warranty deeds, leases, bills of sale, endorsements, assignments, title affidavits and other documents reasonably requested by the Title Company (as defined in Section 5.7), and such other instruments of transfer, conveyance and assignment as may be reasonably requested by Buyer, in forms reasonably satisfactory to Buyer, in order to more fully vest in Buyer good and marketable title to the Acquired Assets. Sellers shall take all such steps as may be reasonably requested by Buyer to put Buyer in actual possession and control of the Acquired Assets and the Business as of the Closing.

ARTICLE III

Representations and Warranties by Sellers

Sellers (which as to each particular Location shall include SCI and the designated Subsidiary Owner thereof, jointly and severally) hereby represent and warrant to Buyer, both as of the date hereof and as of the Effective Time, as follows:

Section 3.1 ***Organization; Standing; Authorization; Capacity*** . Each Seller is a corporation or limited liability company, as applicable, duly organized, validly existing and in good standing under the laws of its state of formation as designated on Exhibit B , with all requisite power and authority to own the Acquired Assets and to conduct the Business as it is now being conducted and is presently proposed (by Sellers) to be conducted. Each Seller is duly qualified to conduct business and is in good standing in each jurisdiction in which the nature of its business or location of its properties makes such qualification necessary, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect. The execution, delivery and performance of this Agreement by Sellers have been duly and

effectively authorized by all necessary action on the part of Sellers, including authorization by the board of directors/managers (as applicable) of each Seller, and no further action or Consent is required in connection with such execution, delivery and performance of this Agreement by Sellers. This Agreement has been duly executed and delivered by each Seller, and constitutes the valid and binding obligation of each Seller, enforceable against each Seller in accordance with its terms.

Section 3.2 ***Financial Information .*** The unaudited income and expense statements for each Location making up the Business for the twelve month periods ending December 31, 2003, 2004 and 2005 (collectively, the ***"Income Statements"***), copies of which are attached hereto as Schedule 3.2 , accurately reflect in all material respects the income and expenses of such Locations for the periods covered.

Section 3.3 ***Tax Matters*** .

(a) (i) each Seller has properly and timely filed all Tax Returns required to be filed by it; (ii) each Seller has paid all Taxes required to be paid by it (whether or not shown on a Tax Return); and (iii) there are no encumbrances for Taxes on the Acquired Assets other than for Taxes not yet due and payable.

(b) Each Seller has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder or other person for all periods for which the statutory period of limitations for the assessment of such Tax has not yet expired and all IRS Forms W-2 and 1099 (and other applicable forms required to be filed by a state or local Taxing Authority) required with respect thereto have been properly completed and timely filed.

(c) None of the Sellers is a "foreign person" as such term is defined in Section 1445(f)(3) of the Code.

(d) All amounts received by Sellers on sales by the Business which are required under applicable state law to be trusted have been deposited in trust and all Tax Returns required to be filed concerning such trusts and the income from such trusts have been filed through all fiscal years ending prior to the Closing Date.

Section 3.4 ***No Violation*** . Neither the execution and delivery of this Agreement by the Sellers nor the performance of their respective obligations hereunder or thereunder will,

subject to receipt of all Required Consents, (a) violate, conflict with or result in a breach of any Law, (b) violate, conflict with or result in a breach or termination of, or otherwise give any contracting party additional rights or compensation under, or the right to terminate or accelerate, or constitute (with notice or lapse of time, or both) a default under the terms of any organizational documents (i.e., charter, bylaws, operating agreement, partnership agreement or similar document), any note, deed, lease, instrument, permit, security agreement, mortgage, commitment, contract, agreement, order, judgment, decree, license or other instrument or agreement, whether written or oral, express or implied, including, without limitation, the Assumed Contracts, to which Sellers are a party or by which any of the Acquired Assets or the Business is bound, or (c) result in the creation or imposition of any Liens with respect to the Acquired Assets or the Business.

Section 3.5 ***Status of Acquired Assets*** **.**

(a) Title to Acquired Assets . Sellers have fee simple title to the Owned Real Property, a valid leasehold interest in the Leased Real Property and good and marketable title to all of the Acquired Assets, subject to no Liens, except for Permitted Encumbrances and as otherwise disclosed in Schedule 3.5 . At the Closing, Buyer will acquire fee simple title to the Owned Real Property, a valid leasehold interest in the Leased Real Property and good and marketable title to all of the Acquired Assets, in each case free and clear of any and all Liens except Permitted Encumbrances. Other than as disclosed in Schedule 3.5 , no Seller has entered into any Contract granting rights to third parties in any real or personal property of Sellers included in the Acquired Assets, and no Person has any right to possession or occupancy of any of the Acquired Assets.

(b) Condition of Acquired Assets . The Real Property and the tangible Acquired Assets that are reasonably necessary for the operation of the Business are in operating condition and reasonable repair (subject to normal wear and tear) and are sufficient to permit Buyer to conduct the Business as presently conducted.

Section 3.6 ***Improvements*** **.** To the Knowledge of Sellers, no municipal or other governmental improvements affecting the Real Property are in the course of construction or installation, and no such improvement has been ordered to be made; and any municipal or other governmental improvements affecting the Real Property which have been constructed or

installed have been paid for and will not hereafter be assessed (except with respect to any currently recorded assessments which are to become due after the Closing), and all assessments heretofore made have been paid in full, other than any recorded assessments which are to become due after the Closing; and Sellers have not entered into any private contractual obligations relating to the installation of or connection to any sanitary sewers, storm sewers or any other improvements.

Section 3.7 ***Real Property Approvals*** . To the Knowledge of Sellers, all permanent certificates of occupancy and all other licenses, permits, authorizations, consents, certificates and approvals required by all Governmental Authorities having jurisdiction and the requisite certificates of the local board of fire underwriters (or other body exercising similar functions), if applicable, have been issued for all of the Real Property, have been paid for, and are in full force and effect.

Section 3.8 ***Zoning .*** Except as disclosed on the letters delivered by the zoning code enforcement officers for the municipalities where the Real Property is located, Sellers have not received notice from any Governmental Authority that: (i) any parcel of the Real Property is not in compliance with current zoning and use classifications under the respective municipal zoning ordinance governing such Real Property; (ii) any cemetery or funeral home use, as the case may be, at or on the Real Property is not a permitted use or an existing non-conforming use thereunder; and (iii) the current construction, operation and use of the buildings and other improvements constituting the Real Property violate any zoning, subdivision, building or similar law, ordinance, order, regulation or recorded plat or any certificate of occupancy issued for the Real Property.

Section 3.9 ***No Violations Relating to Real Property*** . No portion of the Real Property, and no current use of the Real Property, is in violation of any applicable Law, except

where such violation would not have a Material Adverse Effect. Sellers have not received notice of any presently outstanding and uncured violations of any building, housing, safety or fire ordinances with respect to the Real Property.

Section 3.10 ***Real Estate Taxes*** **.** Sellers have not received notice of any proceeding pending for the adjustment of the assessed valuation of all or any portion of the Real Property. To Sellers' Knowledge, there is no abatement, reduction or deferral in effect with respect to all or any portion of the real estate Taxes or assessments applicable to the Real Property.

Section 3.11 ***Eminent Domain*** **.** Sellers have not received any notice of any condemnation proceeding or other proceedings in the nature of eminent domain (" ***Taking*** ") in connection with the Real Property and, to Sellers' Knowledge, no Taking has been threatened.

Section 3.12 ***Inventory*** **.** Sellers have good and marketable title to the Inventories free and clear of any and all Liens (other than a customer's rights in items being stored for such customer). The Inventory does not consist of any material amount of items that are obsolete or damaged or items held on consignment. Sellers have not acquired or committed to acquire or produce Inventory for sale which is not of a quality usable in the ordinary course of business within a reasonable period of time and consistent with past practice.

Section 3.13 ***Litigation*** **.** No Proceeding before any Governmental Authority, mediator or arbitrator is pending or, to Sellers' Knowledge, threatened, involving any Seller wherein a judgment, decree, order, settlement or other resolution would have a Material Adverse Effect, or which would prevent the carrying out of this Agreement, declare unlawful the transactions contemplated by this Agreement, cause such transactions to be rescinded, or require Buyer to divest itself of any of the Acquired Assets or the Business. To Sellers' Knowledge, no facts or circumstances or other events have occurred that can reasonably be expected to give rise to any such Proceeding.

Section 3.14 ***Court Orders and Decrees .*** There is not outstanding or, to the Knowledge of Sellers, threatened any order, writ, injunction or decree of any Governmental Authority, mediator or arbitrator against or affecting any Seller, relating to any of the Acquired Assets or the Business.

Section 3.15 ***Trade Names .*** The Location names set forth on Exhibit B constitute all of the trade names held for use or used by the Sellers in connection with the Business and, other than such tradenames, there are no Trademarks that are material to the Business. Sellers have the legal right to use the Location names set forth on Exhibit B , as used by Sellers in connection with the Business, without the Consent of any other Person.

Section 3.16 ***Preneed and Trust Accounts and Contracts .***

(a) All monies paid to Sellers for the benefit of the Business in respect of the Pre-/At-Need Contracts have been, and as of the Closing will be, set aside and identified as set forth in Schedule 1.1(g) . Sellers have complied with the terms and conditions of the Pre-/At-Need Contracts. Sellers are not in default or breach of any Pre-/At-Need Contract.

(b) The amounts (including interest) held in trust in respect of each of the Pre-/At-Need Contracts, including, without limitation, perpetual care funds, endowment care funds, extended care funds, merchandise trust funds and prearranged mortuary trust funds (collectively, the " ***Trust Funds*** "), are held in conformity with all applicable Laws. All of Sellers' required contributions to, withdrawals from and investment and other uses of the Trust Funds have been made in accordance with all applicable Laws, and Sellers will have paid as of the Closing (or will pay after Closing when due), all commissions due and owing to commissioned sales people in respect of the Pre-/At-Need Contracts. No Seller has Knowledge of any actual or alleged non-compliance on the part of any Seller (or any Affiliate of any Seller) with respect to the Trust Funds.

(c) For those Pre-/At-Need Contracts that are funded by insurance or performance bonds, Sellers have purchased all such insurance policies and performance bonds required to legally fund or secure all such Pre-/At-Need Contracts, and no future premiums or other amounts remain to be paid, except for those instances where, pursuant to the terms of such insurance policies or performance bonds and in the ordinary course of business, the policies or performance bonds specify payment of premiums or other amounts over time. All such insurance policies and performance bonds are fully identified on Schedule 1.1(g) .

(d) All of the Trust Funds are interest bearing trust accounts or other investment accounts that are permissible under applicable Laws. All of the Trust Funds

are identified and described under Schedule 1.1(g) , which Schedule also attaches copies of any and all trust agreements entered into by Sellers and a list of the financial institutions described therein.

Section 3.17 ***Contracts .*** Except for the Assumed Contracts (copies of which have been delivered to Buyer), no Seller, nor any Affiliate of any Seller, is a party to or bound by any material Contract relating to the Acquired Assets or the Business. Except as disclosed on Schedule 3.17 , all of the Assumed Contracts are in full force and effect, and there exists no default or breach thereunder by any Seller or, to Sellers' Knowledge, other than with respect to any Pre-/At-Need Contracts, any other party thereto. No Seller has received any notice (written or oral) indicating the intention of any party to any Assumed Contract to amend, modify, rescind or terminate such Assumed Contract. All of the Assumed Contracts are in full force and effect and are enforceable against the Seller and any of its Affiliates that is a party thereto and, to Sellers' Knowledge, against all other parties thereto in accordance with their terms and applicable Laws.

Section 3.18 ***Licenses and Permits*** . Except as set forth on Schedule 3.18 , the Sellers hold all of the Permits required to own, operate and maintain the Business under any applicable Law as currently conducted or proposed (by Sellers) to be conducted (" ***Existing Permits*** "), and all Existing Permits are, and as of immediately prior to the Closing will be, in full force and effect. To the Sellers' Knowledge, except as set forth on Schedule 3.18 , there are no material restrictions on Buyer's ability to replace or renew any of the Existing Permits. Sellers are in compliance with all Existing Permits, except where the failure to be in compliance would not have a Material Adverse Effect.

Section 3.19 ***Consents .*** Sellers have, or will have prior to the Closing, obtained, satisfied or made all Consents (the " ***Required Consents*** ") that are required to be obtained, satisfied or made pursuant to any Laws, Permits, Assumed Contracts or other agreements by

which Sellers, or any of their properties or business assets, including, without limitation, the Acquired Assets, are bound in connection with (a) the execution and delivery of this Agreement by Sellers, or (b) the sale and transfer to Buyer of the Acquired Assets, including, without limitation, the Assumed Contracts and, if transferable to Buyer under applicable Law, the Existing Permits.

Section 3.20 ***Compliance with Laws*** **.** The Business presently is conducted, and the Acquired Assets and their respective uses are, in compliance with all Laws applicable to them, including, without limitation, the funding of or maintaining of all Trust Funds in compliance with applicable Laws or to the posting of performance bonds in lieu thereof, except where the failure to so comply would not have a Material Adverse Effect. No Seller has received any written notice of any administrative, civil or criminal investigation or audit by any Governmental Authority relating to, or which could result in a Material Adverse Effect.

Section 3.21 ***OSHA and ADA*** **.** There is no Proceeding pending with respect to any Seller, and, to Sellers' Knowledge, no charge or claim has been made against any Seller that has not been dismissed, discharged or otherwise fully resolved, under the Occupational Safety and Health Act (" ***OSHA*** ") and the Americans with Disabilities Act (" ***ADA*** ") pertaining to the facilities and operations of the Business.

Section 3.22 ***Labor Relations*** **.** Sellers are not a party to any collective bargaining or union Contract and are not aware of any current union organization effort with respect to employees of the Business. There are no pending or unresolved unfair labor practice complaints from or with respect to any employees of the Business. Since December 31, 2005, Sellers have not received any written notice of any strikes, slowdowns, work stoppages, lockouts or threats thereof, by or with respect to any employees of the Business. Since December 31, 2005, no Seller has had an "employment loss" within the meaning of the WARN Act or any similar Law.

Section 3.23 ***Employees and Independent Contractors .*** Schedule 3.23 sets forth a list of all employees of the Business, together with (a) their titles or responsibilities, (b) their salaries or wages during the 2005 calendar year, (c) their dates of hire, (d) any employment or severance agreements with them, and (e) any outstanding loans or advances made to them. Except as limited by any employment Contracts listed in Schedule 3.23 and except for any limitations of general application which may be imposed under applicable employment Laws, Sellers have the right to terminate the employment of each employee of the Business at will and without incurring any penalty or liability other than Retained Liabilities. Sellers are in compliance with all Laws respecting employment practices, except where the failure to so comply would not have a Material Adverse Effect. To Sellers' Knowledge, no employee of the Business has provided to any Seller (or any Affiliate of any Seller) written notice of such employee's intent to terminate his or her employment with the Business after the date hereof.

Section 3.24 ***No Brokers .*** No Seller, nor any Person acting on behalf of any Seller, has agreed to pay to any Person any commission, finder's or investment banking fee, or similar payment in connection with this Agreement or the transactions contemplated thereby, nor has any Seller, or any Person acting on behalf of any Seller, taken any action on which a claim for any such payment could be based.

Section 3.25 ***Accounts Receivable .*** None of the Receivables have been sold and/or factored. All Receivables arising since December 31, 2005, represent bona fide claims of Sellers against debtors of the Business for sales made, services performed or other charges or valid consideration arising on or before the date hereof. All such Receivables are valid and enforceable claims for payment consistent with past practices, without, to Seller's Knowledge, setoff or counterclaim.

Section 3.26 ***Operations in Ordinary Course of Business .*** Since December 31, 2005, Sellers have operated and conducted the Business in the ordinary and usual course consistent with past practices. Since December 31, 2005, there has been no material adverse change in the financial condition, assets, liabilities, or operations of the Business, nor have any events occurred, nor to Sellers' Knowledge do there exist any circumstances, which would constitute, either before or after the Closing, any such change. Without limiting the generality of the foregoing and except as set forth on Schedule 3.26 , since December 31, 2005, no Seller has:

(a) sold, assigned, leased or transferred any of their assets, which are material to the Business singly or in the aggregate, other than assets sold or disposed of in the ordinary course of business, consistent with past practice;

(b) canceled, terminated, amended, modified or waived any material term of any Contract relating to the Business to which they are a party or by which they or any of their assets is bound providing for aggregate annual revenues to such Seller in excess of $25,000;

(c) (i) increased the base compensation payable or to become payable to any of its employees or independent contractors, except for normal periodic increases in such base compensation in the ordinary course of business, consistent with past practice, (ii) increased the sales commission rate payable or to become payable to any of its employees or independent contractors except in the ordinary course of business consistent with past practices (including, without limitation, past practices with respect to amounts and timing), (iii) granted, made or accrued any loan, bonus, fee, incentive compensation (excluding sales commissions), service award or other like benefit, contingently or otherwise, to or for the benefit of any of its employees or independent contractors, except in the ordinary course of business consistent with past practices (including, without limitation, past practices with respect to amounts and timing), or (iv) entered into any new employment, collective bargaining or consulting agreement or caused or suffered any written or oral termination, cancellation or amendment thereof (except for Assumed Contracts or with respect to any employee at will without a written agreement);

(d) executed any lease for real or personal property for the Business or incur any Liability therefor except as otherwise disclosed herein;

(e) suffered any damage, destruction or loss (whether or not covered by insurance) affecting the Business or any assets used in the Business that exceeds $25,000 in any one instance or $100,000 in the aggregate; or

(f) mortgaged or pledged, or otherwise made or suffered any Lien (other than any Permitted Encumbrance) on, any material asset of the Business or group of assets that are material in the aggregate to the Business.

Section 3.27 ***Investment Company Act*** . None of the Sellers is, or has at any time been, an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

Section 3.28 ***Public Utility Holding Company Act*** . None of the Sellers is, or has at any time been, a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 3.29 ***Compliance with Cemetery Laws*** . In connection with their ownership and operation of each cemetery Location, each Seller has complied in all material respects with all applicable Laws governing the operation of cemeteries, the provision of cemetery services and the sale of cemetery merchandise. Furthermore, with respect to the ownership and operation of each cemetery Location, there are no pending or, to the Knowledge of Sellers, threatened claims or suspensions against any Seller by any Person related to the operation of cemeteries, the provision of cemetery services and the sale of cemetery merchandise.

Section 3.30 ***Full Disclosure*** **.** None of the representations and warranties made by Sellers in this Agreement (including the Schedules hereto) or in any document delivered to Buyer by or on behalf of any Seller pursuant to Section 7.1, contains any untrue statement of a material fact, or omits any material fact necessary to make any of them, in light of the circumstances in which it was made, not misleading.

Section 3.31 ***No Other Representations or Warranties*** **.** Except as expressly stated in this Agreement, Sellers make no other representation or warranty of any kind whatsoever.

ARTICLE IV

Representations and Warranties of Buyer

Buyer hereby represents and warrants to Sellers, both as of the date hereof and as of the Effective Time, as follows:

Section 4.1 ***Authority*** **.**

(a) Each of StoneMor LLC and Buyer LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation. Buyer NQ Sub is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation. The execution, delivery and performance of this Agreement by StoneMor LLC and each Buyer LLC and Buyer NQ Sub, have been duly authorized and consented to by the Board of Managers or the Board of Directors of such Person (as the case may be), and no other or additional consent or authorization on the part of such Person is required in connection therewith. The consummation of the transactions contemplated by this Agreement will not result in a breach, violation or default by StoneMor LLC, Buyer LLC or Buyer NQ Sub of or under any judgment, decree or Contract applicable to any of them except to the extent that any such breach, violation or default would not reasonably be expected to have a material adverse effect on the ability of StoneMor LLC, Buyer LLC and Buyer NQ Sub to perform their obligations hereunder.

(b) Upon execution and delivery hereof, this Agreement shall constitute the valid and binding obligation of StoneMor LLC, Buyer LLC and Buyer NQ Sub, enforceable against each of them in accordance with its terms.

Section 4.2 ***Partnership Units*** **.** The issuance and delivery of the Units have been duly authorized by all necessary action on the part of StoneMor Partners, L.P. Upon issuance in accordance with the terms of this Agreement, the Units will be validly issued in accordance with the terms of the First Amended and Restated Limited Partnership Agreement of StoneMor Partners, L.P.

Section 4.3 ***No Brokers*** **.** Neither Buyer, nor any Person acting on behalf of Buyer, has agreed to pay a commission, finder's or investment banking fee, or similar payment in connection with this Agreement or any matter related hereto to any Person, nor has any such Person taken any action on which a claim for any such payment could be based.

Section 4.4 ***Knowledge of Seller Breach*** **.** None of the Buyer Representatives (as defined below) have actual knowledge of a breach by any Seller of any representation or warranty contained in Article III, or any covenant or agreement to be performed or complied

with by Sellers in accordance with this Agreement prior to the Effective Time. For purposes of this Section 4.4, the term "Buyer Representative" means William R. Shane, Paul Waimberg, Frank Milles, Michael Stache, Gregg Strom, Alan Fisher, Ken Lee, Penny Casey and Tim Yost, and such persons shall be deemed to have actual knowledge of any breach referred to in the preceding sentence of which any individual assigned by a third-party representative or advisor of Buyer to provide substantial services in connection with the transaction contemplated hereby has actual knowledge.

Section 4.5 ***No Other Representations or Warranties*** **.** Except as expressly stated in this Agreement, Buyer makes no other representation or warranty of any kind whatsoever.

ARTICLE V

Covenants

Section 5.1 ***Access to Business .*** From and after the date of this Agreement, Sellers will give Buyer and its representatives full and free access to all properties, Contracts, books and records of the Business so that Buyer may have full opportunity to make such investigation as it shall desire to make of the affairs of the Business, including, without limitation, the conduct of any environmental investigations or assessments, provided that (i) such investigation or assessment shall not unreasonably interfere with the operations of the Business, and (ii) prior to Buyer or any of its representatives or contractors contacting any particular Location or Location personnel, Buyer shall first communicate with and receive approval from **Michael Lehmann** , which approval shall not be unreasonably withheld. Sellers agree to furnish to Buyer and its representatives all data and information concerning the Acquired Assets and the Business that may be reasonably requested by them to conduct a complete and thorough due diligence review of the Acquired Assets, the Business and the employees of the Business.

Section 5.2 ***Conduct of Business Pending Closing .*** From and after the date of this Agreement until the Closing, and except as otherwise permitted by this Agreement or as consented to by Buyer in writing, Sellers covenant that:

(a) Sellers will conduct the Business only in the ordinary course consistent with past practices, which shall include, without limitation, compliance in all material respects with all applicable Laws and the maintenance in force of all insurance policies;

(b) Sellers shall maintain the Acquired Assets in their current state of repair, excepting normal wear and tear and use their commercially reasonable efforts to protect the goodwill of the Business and to maintain for the Business the current relationships with suppliers and customers of the Business and others having business relations with the Business;

(c) Sellers shall use their commercially reasonable efforts to ensure that key employees and key independent contractors continue their association with the Business through the Closing Date; and

(d) Sellers shall not engage in any practice, take, fail to take, or omit any action, or enter into any transaction, (i) of the kind described in Section 3.26 or (ii) which would make any of the representations and warranties in Article III not true.

Section 5.3 ***Consents and Licenses*** **.** Sellers will use their commercially reasonable efforts to obtain, satisfy or make, prior to the Closing, all Required Consents.

Section 5.4 ***Buyer's Trustee and Endowment Care and Pre-Need Trust Funds*** **.** Buyer shall, prior to Closing, (i) secure all licenses, permits and other governmental authorizations and approvals required by the States of Alabama, Colorado, Illinois, Kansas, Kentucky, Missouri, Oregon, Washington, and West Virginia, as a prerequisite to Buyer selling Pre-/At-Need Contracts or accepting funds paid by customers toward Pre-/At-Need Contracts with the Business; and (ii) select and formally designate a trustee or trustees (" ***Buyer's Trustee*** ") that is qualified under applicable Laws to receive all bank, trust or other funds or accounts, excluding insurance premium payments, containing amounts that have been received by Sellers prior to the Effective Time pursuant to Pre-/At-Need Contracts for pre-need funeral or cemetery merchandise and/or services to be provided by the Business (" ***Pre-Need Trust Funds*** "), or which are being held as endowment care, perpetual care, extended care or similar trust funds (" ***Endowment Care Funds*** "), or which are being held as pre-construction trust funds (" ***Pre-construction Trust Funds*** ") (all herein collectively the ***"Trust Funds"***). At or prior to Closing, Buyer shall confirm in writing to Seller its compliance with the above requirements. On the Closing Date, all amounts held in the Trust Funds shall be transferred for safekeeping to Buyer's Trustee, provided that certain amounts shall be transferred to Buyer's Trustee after Closing pursuant to Section 5.5. Buyer agrees that all such amounts will be held, administered and withdrawn in accordance with state and federal law. Promptly following the Closing, Buyer shall obtain and post with the requisite authorities in Alabama, Kentucky, Oregon

and Washington a bond which is legally and financially adequate to cause the release of the existing bond(s) regarding the related entity's Pre-/At-Need Contract performance liability.

Section 5.5 ***Delivery of Trust Funds*** **.**

(a) Within the first five (5) business days following the Closing, Sellers shall cause the trustees that hold the Trust Funds (**"Sellers' Trustees"**) to deliver to Buyer's Trustee, by wire transfer in accordance with the instructions from Buyer and/or Buyer's Trustee, amounts from each of the various Trust Funds equal to approximately 90% of the Closing Date balances thereof (the ***" Initial Trust Delivery "***).

(b) For a period of not more than 60 days after the Closing Date, Sellers shall continue to make (i) deposits to the undelivered portion of the Trust Funds (the " ***Retained Trust Funds*** ") as legally and contractually required with respect to payments upon Pre-/At-Need Contracts received by Sellers after the Closing, and (ii) withdrawals from the Retained Trust Funds for legally and contractually allowed amounts with respect to Pre-/At-Need Contracts serviced by Sellers or other appropriate withdrawals, all in accordance with Sellers' historical practices in those regards and consistent with applicable Laws.

(c) Also during the 60-day period referenced in (b) above, Sellers shall cause to be computed and retained/withdrawn from the Retained Trust Funds (for payment to the applicable Taxing Authorities) such Taxes as are due on income earned (and recognized) by the Pre-Need Trust Funds and the Endowment Care Funds prior to their delivery to Buyer's Trustee.

(d) Notwithstanding anything to the contrary, but except as contemplated/allowed in (c) preceding, after the Closing, Sellers shall not be entitled to receive any amounts from, or with respect to, the Endowment Care Funds or the Pre-construction Trust Funds.

(e) On or before the 60 th day following Closing, Sellers shall cause to be delivered to Buyer's Trustee, by wire transfer in accordance with instructions from Buyer and/or Buyer's Trustee, the remaining Trust Funds (the " ***Final Trust Delivery*** ", and herein together with the Initial Trust Delivery, the " ***Post-Closing Trust Delivery*** "), and shall contemporaneously provide to StoneMor a written reconciliation of the amounts making up the Post-Closing Trust Delivery, including designation of the specific Pre-/At-Need Contracts to which the various delivered amounts are attributable. From and after the date of delivery of the Final Trust Delivery, Sellers shall be entitled to no further withdrawals from the Trust Funds, and any further deposits made by Sellers to the Trust Funds shall not be considered as additions to the Post-Closing Trust Delivery for other purposes thereof.

(f) For a period of no more than 60 days after the Closing Date, Buyer shall permit Sellers reasonable access to the books and records of the Business as shall be reasonably necessary for Sellers to properly make the Post-Closing withdrawals and deposits to the Retained Trust Funds as are contemplated in (b) above.

Section 5.6 ***Cooperation Regarding Publicity*** **.** Neither Sellers nor Buyer shall make any press release or other public announcement or filing regarding the transactions contemplated herein without prior consultation and coordination with the other party(ies) hereto, so that the business interests of all are properly served. Notwithstanding the foregoing or anything else to the contrary, Sellers and their respective Affiliates on the one hand, and Buyer and its Affiliates on the other hand, may make one or more public announcements or filings in connection with the transactions contemplated by this Agreement to the extent that such announcement or filing is reasonably required for the party making such announcement or filing (or any of such party's Affiliates) to avoid Liability under applicable Laws; provided, however , that the party making such announcement or filing shall notify the other party(ies) hereto, if reasonably possible, at least three business days prior to making such filing.

Section 5.7 ***Title to Real Estate*** **.** Buyer has obtained (and provided copies to Sellers), one-half at Buyer's expense and one-half at Sellers' expense, commitments for title insurance in an aggregate amount equal to the portion of the Closing Purchase Price deemed allocated to the Real Property as reflected on the Statement of Allocation from Fidelity National Title Company (the " ***Title Company*** "), showing title to the Owned Real Property to be held in fee simple and good, marketable and vested in Sellers subject to the liens, claims and encumbrances, easements, rights-of-way, reservations, restrictions, outstanding mineral interests and other matters affecting the Real Property or the title thereto identified on Schedule 3.5 as Permitted Encumbrances. At Closing or soon thereafter as practicable, the Title Company shall issue, one-half at Buyer's expense and one-half at Sellers' expense, its title insurance policy(ies) consistent with its previous title commitment(s) approved by Buyer.

Section 5.8 ***Inspections*** **.** Buyer and Sellers acknowledge that Buyer has performed and obtained inspections and surveys of the Real Property at Buyer's expense.

Section 5.9 ***Satisfaction of Pre-Closing Covenants*** **.** Sellers and Buyer shall use their commercially reasonable efforts to satisfy at or prior to Closing all of the covenants and agreements to be performed or complied with by each of them, respectively, pursuant to this Agreement at or prior to Closing.

Section 5.10 ***Casket Supply*** **.** Because in the State of Missouri certain of the Pre-At-Need Contracts require furnishing customers with particular caskets as specified therein for which Buyers may not, after the Effective Time, have an independent source of supply, Sellers agree that for so long as they continue to have a source of supply for any or all of the particular casket units specified, they will provide and sell (at an amount equal to Sellers' cost net of discounts) such caskets as Buyer may require to service existing (as of the Effective Time) Pre-/At-Need Contracts in the continued operations of the Business in the State of Missouri. The parties will cooperate in good faith regarding delivery, but Sellers shall have no delivery responsibilities or be required to incur any extraordinary costs with regard to warehousing such caskets or making them available for delivery to Buyers. Sellers shall have no liability to Buyers for unavailability of any particular casket(s) at any particular point in time, but will use their reasonable efforts within their own operations to maintain the availability that Buyers may need from time-to-time.

Section 5.11 ***Dignity Memorial Benefits*** **.** Sellers shall make available to Buyers the Dignity Memorial benefits listed on Exhibit E , for the prices listed on Exhibit E after the Closing, solely to allow Buyers to service Pre-/At-Need Contracts that may include Dignity Memorial products. The prices for the items referenced on Exhibit E , will increase each year on the anniversary of this Agreement by 4%.

Section 5.12 ***Post Closing Access*** **.**

(a) For a period of eight (8) years from the Closing Date, Sellers shall retain and make available to Buyer for any lawful purpose, upon reasonable notice and at

reasonable times, Sellers' Tax records, general ledger and other books of original entry, and original payroll records with respect to periods prior to the Effective Time. If any Seller ceases to conduct operations prior to the end of such eight-year period, that Seller shall give Buyer 60 days' prior written notice and an opportunity to accept (without charge to Buyer) from that Seller a transfer of such books and records, and if Buyer elects not to accept such books and records, the Seller's obligations under this paragraph (a) shall cease.

(b) For a period of eight (8) years from the Closing Date, Buyer shall retain and make available to Sellers for any lawful purpose, upon reasonable notice and at reasonable times, the books and records of the Business with respect to periods prior to the Effective Time and to actions and events after the Effective Time, to the extent they relate to periods prior to the Effective Time. If Buyer ceases to conduct operations prior to the end of such eight-year period, Buyer shall give Sellers 60 days' prior written notice and an opportunity to accept (without charge to Sellers) from Buyer a transfer of such books and records from Buyer, and if Sellers elect not to accept such books and records, Buyer's obligations under this paragraph (b) shall cease.

(c) After the Closing, for a period of 30 days, Buyer shall provide and allow Sellers reasonable access, at such times as are mutually agreed upon in advance by Sellers and Buyer, to the facilities in which the Business is conducted as reasonably necessary to collect and remove the Excluded Assets; provided, however , Buyer's employees shall not be obligated to physically assist in the collection and removal of Excluded Assets and in no event shall such collection and removal of Excluded Assets unreasonably disrupt or interfere with the operations of the Business, and provided, further that , Sellers shall fully indemnify Buyer for any and all Losses arising from or relating to Sellers' collection and removal of the Excluded Assets.

Section 5.13 ***Tax Matters*** **.**

(a) Sellers shall be responsible for preparing and filing, at Sellers' expense, within the times and in the manner prescribed by law (subject, however, to filing under any extension) all Tax Returns of Sellers for all Tax periods.

(b) Sellers and Buyer shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with any Tax proceeding relating to: (i) the Acquired Assets; (ii) the Business; or (iii) the transactions contemplated by this Agreement. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any Tax audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Sellers agree to retain all books and records with respect to Tax matters pertinent to Sellers relating to any taxable period beginning before the Closing Date until the longer of (x) sixty (60) days after the expiration of the statute of limitations of the respective taxable periods or (y) eight years, and to abide by all record retention agreements entered into with any Taxing Authority.

(c) Sellers and Buyer agree, upon request, to use their commercially reasonable efforts to obtain any ruling, certificate or other document from any Taxing Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed solely with respect to the transactions contemplated by this Agreement.

Section 5.14 ***Employees*** **.**

(a) Buyer may, but shall not be obligated to, offer employment to any employees of the Business on such terms and conditions as Buyer may determine. Sellers shall retain all obligations and liabilities arising on or prior to the Closing in respect of its current and former employees under any and all employee benefit plans, policies or practices of Sellers or any of their Affiliates and applicable Laws. Prior to the Closing, Buyer shall notify Sellers of those employees of the Business to whom Buyer expects to make an offer of employment. Buyer shall not assume or otherwise be responsible for any obligation or liability employee benefit plans, policies or practices of Sellers or any of their Affiliates, or from any employee's employment with or termination of employment by Sellers or any Affiliate of any Seller at or prior to the Closing.

(b) Sellers (or any of their Affiliates) shall be responsible for providing health benefit continuation coverage under Section 162(k) and Section 4980B of the Code with respect to (i) any former employee of any Seller (or any of their Affiliates) and any other qualified beneficiary under any group health plan who as of the Closing is receiving or is eligible to receive such continuation coverage, and (ii) any employee of any Seller (or any of their Affiliates) and any qualified beneficiary with respect to such employee.

(c) Sellers shall be responsible for, and shall comply with, any and all WARN Act obligations relating to periods prior to Closing or associated with, or incurred as a result of, the transactions contemplated by this Agreement.

Section 5.15 ***No Solicitation; Notification*** .

(a) No Solicitation . Prior to Closing, no Seller shall, and Sellers shall cause their representatives (including, without limitation, investment bankers, attorneys and accountants), employees, directors, members, partners and other Affiliates not to, directly or indirectly, enter into, solicit, initiate, conduct or continue any discussions or negotiations with, or encourage or respond to any inquiries or proposals by, or participate in any negotiations with, or provide any information to, or otherwise cooperate in any other way with, any Person other than Buyer and its representatives concerning any sale of all or any portion of the assets of the Business of, or of any shares of capital stock or other units of equity interests in, Sellers, or any merger, consolidation, recapitalization, liquidation, dissolution or similar transaction involving Sellers that encompasses any portion of the Business or the Acquired Assets (each such transaction being referred to herein as a " ***Proposed Acquisition Transaction*** "). Sellers hereby represent and warrant that they are not now engaged in discussions or negotiations with any party other than Buyer with respect to any Proposed Acquisition Transaction. No Seller shall, and Sellers shall cause their representatives (including, without limitation, investment bankers, attorneys and accountants), employees, directors, members, partners and other Affiliates

not to, agree to release any third party from, or waive any provision of, any confidentiality or standstill agreement that relates in any way to all or a portion of the Business.

(b) Notification . Sellers shall (i) immediately notify Buyer if any written offer, inquiry or proposal is made or given to any Seller (or any Affiliate of any Seller) with respect to any Proposed Acquisition Transaction, and (ii) promptly provide Buyer with a copy of any such offer, proposal or inquiry; provided , however , that no such notice hereunder shall relieve any Seller of its obligations under Section 5.15(a).

Section 5.16 ***Confidentiality*** **.** The parties acknowledge that the transactions described herein are of a confidential nature and shall not be disclosed except to consultants, advisors, lenders or other financial sources and Affiliates, or as required by Law, until such time as the parties make a public announcement regarding the transaction as provided hereunder. In connection with the negotiation of this Agreement, the preparation for the consummation of the transactions contemplated hereby, and the performance of obligations hereunder, each party acknowledges that it has had, and will continue to have, access to confidential information relating to the other party. Each party shall treat such information as confidential, preserve the confidentiality thereof and not disclose such information, except to its advisors, consultants and other representatives and to Affiliates, or as required by Law, in connection with the transactions contemplated hereby. Notwithstanding the foregoing, Buyer may disclose this Agreement and the information and data in Buyer's possession in connection herewith to its lenders, but shall advise them of the requirement to maintain the confidentiality of such information and data. This Section 5.16 shall not apply to any information that is (a) in the public domain through no fault on the party of the receiving party hereto or any of their Affiliates or the employees, agents or representatives of such party or any of its Affiliates, or (b) learned or discovered through any independent source that is not obligated to maintain such information as confidential. Because of the difficulty of measuring economic loss as a result of a breach of the foregoing covenants in this Section 5.16, and because of the immediate and irreparable damage that would be caused for

which there may be no other adequate remedy, the parties hereto agree that, in the event of a breach by any of them of the foregoing covenants in this Section 5.16, such covenants may be enforced against them by injunction or restraining order.

Section 5.17 ***Cooperation Regarding Financial Information*** **.** After the Closing, without limiting the generality of any other provision of this Agreement, and without further consideration, Sellers shall, and shall cause their Affiliates to, provide reasonable cooperation (including reasonable access to Sellers' files, records and employees) to Buyer and its agents and representatives (including Buyer's external auditors) in connection with the preparation of financial statements and financial information and disclosures relating to the Business and the Acquired Assets, including, without limitation, disclosures required under Items 2.01 and 9.01 of Form 8-K adopted by the Securities and Exchange Commission, including all requirements for pro forma financial information.

Section 5.18 ***Restriction on Use of Hillcrest Subdivision, Chapel of the Firs and Long and Shukle Chapel.*** Sellers agree that the Hillcrest Subdivision shall not be used as a cemetery; as part of the operation of a funeral home, a crematory, a mortuary; for any other purpose or use that is related to the death care business or that is inconsistent with the operation of Hillcrest Memorial Park as a cemetery. Sellers agree that upon expiration of the Chapel of the Firs Lease or the Long and Shukle Lease, the premises which are the subject matter of each lease shall not be used as part of the operation of a cemetery, a funeral home, a crematory or a mortuary or for any other purpose or use that is related to the death care business. Sellers agree that Buyer and Sellers shall enter into and record concurrently an agreement, which shall be a covenant running with the land, memorializing such restrictions on the use of the Hillcrest Subdivision, the Chapel of the Firs and the Long and Shukle Chapel.

Section 5.19 ***Further Assurances .*** From time to time after the Closing, at the request of Buyer, and without further consideration but at no cost to Sellers, Sellers will execute and deliver such additional documents and will take such other actions as Buyer reasonably may request to more fully and absolutely convey, assign, transfer, deliver and vest in Buyer title to the Acquired Assets and the Business and to otherwise carry out the terms of this Agreement.

Section 5.20 ***Notice of Breaches .*** Sellers shall give prompt notice to Buyer of (a) the occurrence, or failure to occur, of any event, which occurrence or failure causes or would reasonably be expected to cause any representation or warranty of Sellers contained in this Agreement or in any Exhibit or Schedule hereto to be untrue or inaccurate, (b) any Material Adverse Effect, and (c) any failure of Sellers or any of their respective Affiliates, shareholders or representatives to comply with, perform or satisfy any covenant, condition or agreement to be complied with, performed by or satisfied by them under this Agreement or any Exhibit or Schedule hereto; and if after receiving such disclosure Buyer shall elect to proceed with the Closing, such disclosure shall be deemed to cure, and shall relieve Sellers of any Liability with respect to any breach of, or failure to satisfy, any representation, warranty, covenant, condition or agreement hereunder to the extent such breach or failure was fully and accurately described in such disclosure.

ARTICLE VI

Conditions Precedent to Closing

Section 6.1 ***Conditions to Sellers Closing .*** The obligations of Sellers to consummate the transactions contemplated by this Agreement are subject to the satisfaction on or before the Closing of the following conditions, any one or more of which may be waived by Sellers at their option:

(a) the representations and warranties of Buyer contained in this Agreement shall be true and correct, both on the date of this Agreement and at and as of the Closing,

except for representations or warranties made as of some other specified date, which as of the Closing shall remain true and correct as of such specified date;

(b) Buyer shall have discharged, performed or complied with, in all material respects, all covenants and agreements contemplated by this Agreement to be performed or complied with by Buyer at or prior to the Closing; and

(c) Buyer shall have delivered, or caused to be delivered, to Sellers each of the documents required by Section 7.2.

(d) The Michigan Transactions shall have closed or closing is contemplated in the near term.

Section 6.2 ***Conditions to Buyer Closing*** **.** The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction on or before the Closing of the following conditions, any one or more of which may be waived by Buyer at its option:

(a) the representations and warranties of Sellers contained in this Agreement shall be true and correct, both on the date of this Agreement and at and as of the Closing, except for representations or warranties made as of some other specified date, which as of the Closing shall remain true and correct as of such specified date;

(b) Sellers shall have discharged, performed or complied with, in all material respects, all covenants and agreements contemplated by this Agreement to be performed or complied with by any Seller at or prior to the Closing;

(c) Sellers shall have delivered, or caused to be delivered, to Buyer each of the documents required by Section 7.1;

(d) Buyer shall have obtained financing for the cash portion of the Closing Purchase Price on terms satisfactory to Buyer in Buyer's reasonable discretion;

(e) There shall have been no material adverse change in the condition (financial, physical or otherwise), assets, commercial relationships, business or operations of the Business or the Acquired Assets from and after December 31, 2005;

(f) No Law, order or judgment shall have been enacted, entered, issued or promulgated by any Governmental Authority, arbitrator or mediator, which challenges, or seeks to prohibit, restrict or enjoin the consummation of the transactions contemplated hereby, nor shall there be pending or threatened, any action, suit or proceeding by or before any Governmental Authority, arbitrator or mediator, challenging any of the transactions contemplated by this Agreement, seeking monetary relief by reason of the consummation of such transactions or seeking to effect any material divestiture or to revoke or suspend any material Contract or Permit of the Business by reason of any or all of the transactions contemplated by this Agreement;

(g) Buyer shall have obtained all required Permits for the operation of the Business;

(h) All Required Consents shall have been made, obtained or given, including without limitation, those of Buyer's existing lenders, and such Consents shall be in full force and effect;

(i) The Michigan Transactions shall have closed or closing is contemplated in the near term; and

(j) Buyer shall have received written assurance from its auditors that audited financial statements for each of the Subsidiary Owners (covering only the portions of the Business owned and operated by each) sufficient, in the opinion of Deloitte & Touche, to permit SPLP to satisfy its disclosure obligations under Items 2.01 and 9.01 of Form 8-K adopted by the Securities and Exchange Commission, including all requirements for pro forma financial information, will be received within thirty (30) days after the date of the Closing.

Section 6.3 ***Sellers' Additional Covenants*** **.** The Sellers covenant and agree that they will perform and observe the following additional covenants and provisions:

(a) Sellers shall diligently pursue subdivision approval for the Hillcrest Subdivision and shall take no action inconsistent with obtaining such approval, the parties shall cooperate in the payment of real estate taxes upon the Hillcrest Subdivision such that they are prorated based on the percentage of land to be owned by each party. In the event that subdivision approval is not forthcoming within a reasonable time following the Closing, the parties shall make other commercially reasonable arrangements to satisfy the intent of the parties with respect to the Hillcrest Subdivision.

(b) Sellers agree that for ninety (90) days following the Closing, Sellers' Highline facility shall forward all telephone calls received by it that relate to Olinger's Evergreen Cemetery ("Olinger") and for ninety (90) days following the Closing shall assist Buyers in verifying the location of grave spaces at Olinger; provided , however , that Buyers shall fully indemnify and hold harmless the Sellers for claims arising in connection with such assistance.

(c) Sellers have posted a bond with the regulatory authorities in Oregon for certain deficiencies (the " ***Deficiency Bond*** ") related to the endowment care and preneed trusts maintained for Memory Gardens Memorial Park in Medford, Oregon (the " ***Memory Gardens Trusts*** "). Sellers shall continue to post the Deficiency Bond until such time as Sellers furnish evidence that the posting of the Deficiency Bond is no longer required by the Oregon regulatory authority and funds representing shortfalls related to the Deficiency Bond in the Memory Gardens Trusts previously maintained by Sellers have been transferred to the Memory Gardens Trusts maintained by the Buyer, and the shortfalls have thereby been satisfied.

ARTICLE VII

Closing Deliveries

Section 7.1 ***Sellers' Closing Deliveries*** . At the Closing, Sellers will deliver to Buyer the following documents, duly executed as required, and each in form and substance reasonably acceptable to Buyer and its counsel:

(a) motor vehicle transfer/tax forms transferring the automobiles comprised in the Acquired Assets to Buyer, free and clear of all Liens (one for each automobile) and duly endorsed certificates of title for the automobiles evidencing that title to such vehicles are held in Buyer and are free and clear of all Liens (one for each automobile); provided , however , that as to all such vehicles which are covered by leases from Wheels, Inc., as referenced above, Buyer recognizes that Wheels, Inc. will cause new certificates of title to be issued and delivered to Buyer after Closing according to the standard procedures of the applicable states regarding such matters;

(b) the Registration Rights Agreement, duly executed by SCI New Mexico;

(c) a bill of sale conveying the applicable Acquired Assets to Buyer, in form and substance reasonably acceptable to Buyer;

(d) an Assignment and Assumption Agreement assigning to Buyer all of the Assumed Contracts;

(e) an assignment agreement assigning to Buyer (and/or to Buyer's Trustee, as appropriate), all Trust Funds, insurance policies and Receivables related to the Pre-/At-Need Contracts (other than those specified in Section 5.5);

(f) a certificate of Sellers, to the effect that the conditions set forth in Sections 6.2(a), (b) and (f) hereof have been satisfied;

(g) a certificate of each Seller to the effect that such Seller is not a foreign person within the meaning of Section 1445 of the Code (or any comparable law);

(h) Special Warranty Deeds conveying to Buyer title in fee simple to the Owned Real Property;

(i) Intentionally Omitted;

(j) fully executed counterparts of any and all required transfer tax forms;

(k) such title affidavits, opinions and indemnities as may be requested by the Title Company to issue the policy to Buyer;

(l) written evidence reasonably satisfactory to the Buyer of the Hillcrest Deed Restriction;

(m) leases of the premises comprising the Chapel of the Firs and the Long and Shukle Chapel (the "Chapel of the Firs Lease" and the "Long and Shukle Lease," respectively);

(n) copies of all Required Consents, duly executed by the Person from whom consent is required to be obtained;

(o) all other bills of sale, deeds, leases, transfers, assignments, acts, things and assurances as may be required in the reasonable opinion of Buyer for more perfectly and absolutely assigning, transferring, conveying, assuring to and vesting in Buyer title to the Acquired Assets free and clear of all Liens; and

(p) such other documents as may be reasonably required to consummate the transaction contemplated hereunder.

Section 7.2 ***Buyer's Closing Deliveries*** . At the Closing, Buyer will deliver to Sellers the following:

(a) in the form and manner specified in Section 1.3 hereof, the Closing Purchase Price, as adjusted pursuant to this Agreement;

(b) one or more certificates evidencing the Units;

(c) the Registration Rights Agreement, duly executed on behalf of StoneMor Partners L.P.;

(d) Intentionally Omitted;

(e) Intentionally Omitted;

(f) the Chapel of the Firs Lease and the Long and Shukle Lease duly executed on behalf of the Buyer accompanied by the rents specified therein;

(g) a certificate of Buyer, signed by an executive officer thereof, to the effect that the conditions set forth in Sections 6.1(a) and (b) hereof have been satisfied; and

(h) such other documents as may be reasonably required to consummate the transaction contemplated hereunder.

ARTICLE VIII

Survival of Representations, Warranties and Covenants; Indemnification; Enforcement of Agreement

Section 8.1 ***Nature of Representations*** **.** For purposes of this Agreement, the contents of all Exhibits, certificates, Schedules, and other items incorporated herein by reference shall, in

addition to the representations, warranties and covenants made in this Agreement, constitute representations, warranties and covenants made in this Agreement by Sellers or Buyer, as the case may be.

Section 8.2 ***Survival of Representations, Warranties and Covenants*** **.** The representations, warranties and covenants of the parties made in this Agreement shall survive the Closing, without regard to any investigation by the parties with respect thereto, as follows:

(a) The representations and warranties set out in Sections 3.1 (Organization, Standing; Authorization; Capacity)), 3.3 (Tax Matters), 3.5(a) (Title to Acquired Assets), 3.10 (Real Estate Taxes), 3.16(b) (Preneed and Trust Accounts and Contracts), 3.24 (No Brokers) and 4.1 (Authority) (claims with respect to any of the foregoing representations and warranties referred to herein as " ***Special Claims*** "), and the indemnification obligations of the parties with respect to breaches of such representations and warranties, shall survive for a period equal to the statute of limitations pertaining thereto;

(b) All other representations and warranties made in this Agreement, and the indemnification obligations of the parties with respect to breaches of such representations and warranties, shall survive for a period of two (2) years after the Closing;

(c) Any claims, actions or suits that either the Sellers, on the one hand, or the Buyer, on the other hand, may have against the other that arise from any actual fraud on the part of such other party in connection with this Agreement or the transactions contemplated hereunder, shall continue in full force and effect without limitation;

(d) All covenants and agreements made in this Agreement, and the indemnification obligations of the parties with respect to breaches of such covenants and agreements, shall survive for a period equal to the statute of limitations or the period of time specified herein for a particular covenant or agreement; provided, however that the covenants contained in Section 5.19 (Further Assurances) and the indemnification obligations of the parties with respect to breaches thereof, shall survive the Closing indefinitely; and

(e) Notwithstanding the foregoing or anything else to the contrary, if any claim or proceeding is to be made or brought by an Indemnitee (as defined in Section 8.8) within the applicable time period set forth above in this Section 8.2, such claim, and the representation, warranty and/or covenant alleged to have been breached in such claim or proceeding, and all indemnification obligations of the parties with respect thereto, shall survive until the final resolution of such claim by settlement, arbitration, litigation or otherwise.

Section 8.3 ***Indemnification by Sellers*** .

(a) Sellers (being for this purpose, as to any particular Location, SCI and that Location's particular Subsidiary Owner, jointly and severally) agree to indemnify and hold each Indemnitee (as defined in Section 8.8), harmless from all Losses incurred, suffered or paid, directly or indirectly, as a result of or arising out of:

(i) any breach or default in the performance by Sellers of any covenant or agreement of Sellers contained in this Agreement or any related document executed pursuant hereto;

(ii) any breach of warranty or inaccurate or erroneous representation made by Sellers herein (except to the extent that a Buyer Representative had actual knowledge thereof in breach of Section 4.4);

(iii) any Retained Liabilities;

(iv) any Taxes of Sellers, including, without limitation, (A) Transfer Taxes; (B) the portion of real and personal property Taxes for which Sellers are liable for pursuant to Section 1.7.; (C) Taxes on income earned (and recognized) by the Pre-Need Trust Funds and the Endowment Care Funds prior to delivery thereof to Buyer's Trustee; and (D) Taxes payable by any trust (as an independent taxpayer entity) of or relating to any Seller or any Affiliate of any Seller and to any or all of the Business, including, without limitation, Taxes relating to or arising from income earned (and recognized) by the Pre-Need Trust Funds and the Endowment Care Funds prior to the delivery thereof to Buyer's Trustee; and

(v) any unpaid Taxes of any Person including under United States Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law) as a transferee or successor, by Contract or otherwise.

(b) Notwithstanding anything herein to the contrary, Buyer shall have no claim for indemnification hereunder until the total amount of all Losses incurred which would otherwise be subject to indemnification hereunder exceeds $150,000, and then only to the extent of such excess, but in no event shall the aggregate amount of all Losses subject to indemnification under this Section 8.3 exceed the Closing Purchase Price; provided , however , that the amounts set forth in this Section 8.3(b) shall not apply to any Losses resulting from or arising out of, directly or indirectly, (i) any Special Claims, (ii) claims under Sections 8.3(a)(i), 8.3(a)(iii) (other than the Retained Liabilities identified in Section 1.5(b)(vii)), 8.3(a)(iv), or 8.3(a)(v) or (iii) claims arising from any actual fraud on the part of Sellers, as to each of which Sellers shall have liability for the entire amount of such Loss without any limitation; and

(c) Except as provided in Section 8.7, the indemnification obligations of Sellers hereunder shall be exclusive remedy of Buyer with respect to any matter subject to indemnification hereunder.

(d) Sellers will be entitled to receive as a credit against any indemnification amount owing to Buyer hereunder an amount equal to the net proceeds of any insurance policy actually received by Buyer for any Loss for which Sellers agreed to indemnify Buyer under this Section 8.3.

Section 8.4 ***Indemnification by Buyer*** .

(a) Buyer agrees to indemnify and hold each Indemnitee (as defined in Section 8.8) harmless from all Losses incurred, suffered or paid, directly or indirectly, as a result of or arising out of:

(i) any breach or default in the performance by Buyer of any covenant or agreement of Buyer contained in this Agreement or any related document executed pursuant hereto;

(ii) any breach of warranty or inaccurate or erroneous representation made by Buyer herein (except to the extent that any Seller had actual knowledge thereof prior to the Closing); and

(iii) the failure of Buyer to fully pay and discharge as and when same are due the Assumed Liabilities or any of the obligations, liabilities and/or duties relating to or arising from the Business from and after the Effective Time.

(b) Except as provided in Section 8.7, the indemnification obligations of Buyer hereunder shall be exclusive remedy of Sellers with respect to any matter subject to indemnification hereunder.

(c) Buyer will be entitled to receive as a credit against any indemnification amount owed to Sellers hereunder an amount equal to the net proceeds of any insurance policy actually received by any Seller for a Loss for which the Buyer agreed to indemnify Sellers under this Section 8.4.

Section 8.5 ***Defense of Claims; Payment*** .

(a) Any Indemnitee seeking indemnification with respect to any actual or alleged Loss shall give notice to the applicable Indemnitor within the applicable survival period set forth in Section 8.2. If any claim, suit, demand or action is asserted or threatened by a third party (" ***Claim*** ") after the Closing Date for which an Indemnitor may be liable under the terms of Article VIII, then the Indemnitee shall notify the Indemnitor within thirty (30) days after such Claim is known to the Indemnitee (provided , however , that failure to provide such notice will not affect the Indemnitee's rights to indemnity hereunder from Indemnitor, unless the Indemnitee can show actual material prejudice resulting from such failure and then only to the extent of such actual material prejudice) and shall give the Indemnitor a reasonable opportunity: (i) to take part in any examination of any books and records; (ii) to conduct any proceedings or negotiations in connection therewith and necessary or appropriate to defend the Indemnitee; (iii) to take all other required steps or proceedings to settle or defend any such Claim; and (iv) to employ counsel to contest any such Claim in the name of the Indemnitee or otherwise (except as set forth below in Section 8.5(b)).

(b) If the Indemnitor intends to assume the defense of such Claim, it shall give written notice of such intention to the Indemnitee within 15 days after Indemnitor first receives written notice of such Claim, whereupon Indemnitee shall permit, and

Indemnitor shall assume, the defense of any such Claim, through counsel reasonably satisfactory to the Indemnitee. Notwithstanding the foregoing, the Indemnitee may participate in such defense of such Claim (with one or more counsel of its own choice) at its own expense, provided , however , that if the parties to any such Claim (including any impleaded parties) include both the Indemnitor and the Indemnitee and the Indemnitor shall have been advised in writing by counsel for the Indemnitee that there may be one or more defenses available to the Indemnitee that are not available to the Indemnitor or legal conflicts of interest pursuant to applicable rules of professional conduct between the Indemnitor and the Indemnitee, the Indemnitor shall not have the right to assume the defense of such Claim on behalf of the Indemnitee and the fees and expenses of one such separate counsel employed by the Indemnitee shall be at the expense of the Indemnitor.

(c) If the Indemnitor fails to assume the defense of any Claim within 15 days after Indemnitor first receives written notice of such Claim, the Indemnitee may defend against such Claim in such manner as it may deem appropriate (provided that the Indemnitor may participate in such defense at its own expense) and a recovery against the Indemnitee in such Claim for damages suffered by it in good faith, shall be conclusive in its favor against the Indemnitor.

(d) The Indemnitor shall not, without the written consent of the Indemnitee, settle or compromise any Claim or consent to the entry of any judgment with respect thereto which does not include, as an unconditional term thereof, the giving to the Indemnitee a release by all other participants from all liability in respect of such Claim. Unless the Indemnitor shall have elected not to assume the defense of any claim subject to Article VIII or, after reasonable written notice of any Claim that is subject to the indemnification provisions of this Article VIII shall have failed to assume or participate in the defense thereof, the Indemnitee may not settle or compromise such Claim without the written consent of the Indemnitor, such consent not to be unreasonably withheld.

(e) Upon determination of the amount due to an Indemnitee (" ***Indemnification Amount*** ") in connection with any matter for which indemnification is sought under this Article VIII (" ***Indemnification Matter*** ") (whether by agreement between the Indemnitor and the Indemnitee or after a settlement agreement is executed or a final judgment or order is rendered by an arbitrator or court of competent jurisdiction with respect to the Indemnification Matter), the Indemnitor shall promptly (and in any event, not later than 10 days after such determination) pay the Indemnification Amount, in cash, to the Indemnitee. Any Indemnification Amount that is not paid in full within 10 days after final determination of the Indemnification Amount as set forth above, such unpaid amount shall thereafter accrue interest through the date of payment at the prime rate as reported in *The Wall Street Journal, Eastern Edition* for the date of such final determination.

Section 8.6 ***Dispute Resolution*** .

(a) Except as provided in Section 8.6(g), any and all disputes among the parties to this Agreement (defined for the purpose of this provision to include their respective officers, directors, managers, members, partners, shareholders, agents and/or other Affiliates) arising out of or in connection with the negotiation, execution,

interpretation, performance or nonperformance of this Agreement and the transactions contemplated herein shall be solely and finally settled by arbitration, which shall be conducted in Wilmington, Delaware, by a single arbitrator selected by the parties. The arbitrator shall be a lawyer familiar with business transactions of the type contemplated in this Agreement who shall not have been previously employed by or affiliated with any of the parties hereto. If the parties fail to agree on the arbitrator within thirty (30) days of the date one of them invokes this arbitration provision, either party may apply to the American Arbitration Association to make the appointment.

(b) The parties hereby renounce all recourse to litigation and agree that the award of the arbitrator shall be final and subject to no judicial review. The arbitrator shall conduct the proceedings pursuant to the Commercial Arbitration Rules of the American Arbitration Association, as now or hereafter amended (the " ***Rules*** ").

(c) The arbitrator shall decide the issues submitted (i) in accordance with the provisions and commercial purposes of this Agreement, and (ii) with all substantive questions of Law determined under the Laws of the State of Delaware (without regard to its principles of conflicts of laws). The arbitrator shall promptly hear and determine (after giving the parties due notice and a reasonable opportunity to be heard) the issues submitted and shall render a decision in writing within six (6) months after the appointment of the arbitrator. No fees shall be paid to the arbitrator with respect to services rendered by the arbitrator after the elapse of six (6) months after the appointment of the arbitrator.

(d) The parties agree to facilitate the arbitration by (i) conducting arbitration hearings to the greatest extent possible on successive days, and (ii) observing strictly the time periods established by the Rules or by the arbitrator for submission of evidence or briefs.

(e) The parties shall share equally the fees and expenses of the arbitrator.

(f) Judgment on the award of the arbitrator may be entered in any court having jurisdiction over the party against which enforcement of the award is being sought and the parties hereby irrevocably consent to the jurisdiction of any such court for the purpose of enforcing any such award.

(g) The parties hereto agree that the provisions of this Section 8.6 shall not be construed to prohibit any party from obtaining, in the proper case, specific performance or injunctive relief in any court of competent jurisdiction with respect to the enforcement of any covenant or agreement of another party to this Agreement as provided herein.

Section 8.7 ***Enforcement of Agreement*** **.** Each party hereto acknowledges that irreparable damage would result if this Agreement is not specifically enforced. Therefore, the covenants, agreements, rights and obligations of the parties under the Agreement, including, without limitation, their respective rights and obligations to sell and purchase the Acquired

Assets and the Business and the rights and obligations of the parties under Articles V, VIII and X, shall be enforceable by a decree of specific performance issued by any court of competent jurisdiction, and appropriate injunctive relief may be applied for and granted in connection therewith. Each party hereto agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense that a remedy at law may be adequate in any action for specific performance hereunder.

Section 8.8 ***Definitions*** .

(a) In the case of a claim of indemnification brought pursuant to Section 8.3, " ***Indemnitee*** " shall mean Buyer and Buyer's Affiliates and the directors, officers, partners, members, managers, employees, successors and assigns of Buyer or any of its Affiliates, and in the case of a claim of indemnification brought pursuant to 8.4, it shall mean Sellers and Sellers' Affiliates and the directors, officers, partners, members, managers, employees, successors and assigns of any Seller or any of its respective Affiliates.

(b) In the case of a claim of indemnification brought pursuant to Section 8.3, " ***Indemnitor*** " shall mean Sellers, and in the case of a claim of indemnification brought pursuant to Section 8.4, it shall mean Buyer.

Section 8.9 ***Cooperation .*** If Buyer or Sellers submit to an insurance carrier for any of their respective insurance policies, a claim arising from or relating to a claim or action by a third party which may otherwise be subject to indemnification pursuant to Section 8.3 or Section 8.4, as the case may be, and if such insurance carrier agrees to defend such claim, then the defense of such claim shall be tendered to such insurance carrier and the rights of the parties between themselves regarding the assumption and control of such defense shall be subject to the reasonable requirements of such insurance carrier.

ARTICLE IX

Termination of Agreement

Section 9.1 ***Termination .*** Except where a right to terminate this Agreement is otherwise specifically provided for herein, this Agreement may be terminated by written notice of termination at any time before the Closing Date only as follows:

(a) by mutual consent of SCI and Buyer;

(b) by Buyer, upon written notice to Sellers given at any time after December 31, 2006 if any or all of the conditions precedent to Buyer's obligations hereunder set forth in Section 6.2 hereof have not been met, without fault of Buyer; or

(c) by SCI, upon written notice to Buyer given at any time after December 31, 2006 if any or all of the conditions precedent to Sellers' obligations hereunder set forth in Section 6.1 hereof have not been met, without fault of Sellers.

Section 9.2 ***Effect of Termination*** . In the event of the termination of this Agreement pursuant to the provisions of Section 9.1: (a) this Agreement shall become void and have no effect, without any liability on the part of any of the parties except for the provisions of Section 5.16 and except as provided below in this Section 9.2; (b) each party shall return all documents, work papers and other material of any other party relating to the transactions contemplated hereby, whether obtained before or after the execution hereof, to the party furnishing the same; and (c) no confidential information received by any party with respect to the business of any other party or its Affiliates shall be disclosed to any third party, unless required by Law. Notwithstanding the foregoing or anything else to the contrary, neither Sellers nor Buyer shall be relieved of liability under, and as provided in, this Agreement for a breach of this Agreement occurring prior to such termination, or for a breach of any provision of this Agreement which specifically survives termination hereunder.

ARTICLE X

Miscellaneous

Section 10.1 ***Certain Defined Terms*** **.** The following terms shall have the following meanings for purposes of this Agreement, which meanings shall be equally applicable to both the singular and plural forms of such terms:

" ***Affiliate*** **"** means, with respect to any Person, one who at such time controls, is controlled by, or is under common control with, such Person.

" ***Code*** **"** means the Internal Revenue Code of 1986, as amended, and all rules and regulations promulgated thereunder.

" ***Consent*** **"** means any consent, waiver, approval, order or authorization of, or registration, declaration or filing with or notice to, any Governmental Authority or other Person.

" ***Contract*** **"** means and includes all contracts, agreements, indentures, leases, franchises, licenses, commitments or legally binding arrangements, express or implied, written or oral.

" ***Employee Plans*** **"** means all employee benefit plans as defined in Section 3(3) of ERISA and all severance, bonus, retirement, pension, profit sharing and deferred compensation plans and other similar material, fringe or employee benefit plans, programs or arrangements, and all material employment or compensation agreements, written or otherwise.

" ***Endowment Care Adjustment Amount*** **"** means the product of (i) the absolute value of the difference between the Transferred Endowment Care Trust Amount and $10,862,056, multiplied by (ii) .05.

" ***Environmental Reports*** **"** means the Phase I and/or Phase II Environmental Assessment Reports specifically identified on Exhibit F .

" ***Environmental Requirements*** **"** means all applicable Laws, Permits and similar items of any Governmental Authority relating to the protection of the environment, including all requirements pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of Hazardous Materials.

" ***ERISA*** **"** means the Employee Retirement Income Security Act of 1974, as amended.

" ***Governmental Authority*** **"** means any federal, state, local or foreign government or any subdivision, authority, department, commission, board, bureau, agency, court or other instrumentality thereof.

" ***Hazardous Materials*** **"** means any substance: (A) the presence of which requires investigation or remediation under any Law; (B) which is or has been identified as a potential hazardous waste, hazardous substance, pollutant or contaminant under any applicable Law, or (C) which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic,

mutagenic, reactive, or otherwise hazardous and has been identified as regulated by any Governmental Authority.

" *Intellectual Property* " means all intellectual property and all intellectual property and industrial property rights owned, held or used, including but not limited to (i) inventions, designs, algorithms and discoveries, know-how, methods, and processes, and all enhancements and improvements thereto, whether patentable or unpatentable, and whether or not reduced to practice, and all patents therefor or in connection therewith, whether U.S. or foreign, and all patent applications, patent disclosures, and all divisions, continuations, continuations-in-part, reissues, re-examinations and extensions thereof; (ii) trademarks, trade names and service marks, trade dress, logos, fictitious names, internet domain names, slogans, and symbols (collectively, " ***Trademarks*** "), and all goodwill and similar value associated with any of the foregoing, and all applications, registrations, and renewals therefor or in connection therewith (collectively, " ***Trademark Applications*** "); (iii) mask works, written works (excluding computer software programs and applications and documentation of or for such software programs), audio works, multimedia works, works of authorship, lists, databases and copyrights (whether or not registered) and all registrations and applications for registration and renewals thereof, as well as moral, paternity, and integrity rights; (iv) trade secrets (as such are determined under applicable law), and other confidential business information, including trade secret or confidential technical information, marketing plans, research, designs, plans, methods, techniques, and processes, any and all technology, supplier lists, statistical models, e-mail lists, inventions, databases, and data, whether in tangible or intangible form and whether or not stored, compiled or memorialized physically, electronically, graphically, photographically or in writing; (v) any and all other rights to existing and future registrations and applications for any of the foregoing and any and all rights in or under, or relating to, any of the foregoing, including, without limitation, remedies against and rights to sue for past infringements, and rights to damages and profits due or accrued in or relating to any of the foregoing; and (vi) any and all other intangible proprietary property, information and materials and rights therein and thereto.

" *IRS* " means the United States Internal Revenue Service.

" *Laws* " means any laws, statutes, rules, regulations, ordinances, orders, codes, common laws, arbitration awards, judgments, decrees, orders or other legal requirements of any Governmental Authority.

" *Liability* " means any direct or indirect indebtedness, liability, assessment, expense, obligation or responsibility (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether disputed or undisputed, whether choate or inchoate, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes.

" *Liens* " means any and all liens, mortgages, security interests or other encumbrances.

" *Losses* " means any and all demands, claims, assessments, judgments, losses, liabilities, damages, costs and expenses (including interest, penalties, reasonable attorney's fees and expenses, reasonable accounting fees and investigation costs).

" *Material Adverse Effect* " means any effect, change or circumstance that, individually or in the aggregate with any other like effect, change or circumstance, is materially adverse to the Business (including with respect to any one particular Location), including, without limitation, the financial condition and the results of operations of the Business.

" *Merchandise Liabilities* " means Sellers' current cost of products and services that have been sold, but have not yet been delivered to the customer.

" *Net Endowment Care Adjustment Amount* " means the amount equal to the present value of the future stream of ten annual payments (as though payable on the Closing Date and each of the first nine anniversaries of the Closing Date), each equal to the Endowment Care Adjustment Amount, calculated using a discount rate of .065.

" *Net Transferred Merchandise Trust Amount* " means the amount equal to (i) the aggregate amount transferred to Buyer's Trustee at the Closing as part of the Initial Trust Delivery in respect of the Pre-Need Trust Funds of the cemeteries included in the Business in accordance with Section 5.5(a), plus (ii) the aggregate amount transferred to Buyer's Trustee as part of the Final Trust Delivery in respect of pre-need merchandise and/or services relating to the Pre-/At-Need Contracts of the cemeteries included in the Business.

" *Permits* " means any licenses, permits, approvals, registrations, certificates (including, but not limited to, certificates of occupancy and any licensure required for the operation of cemeteries and funeral homes) and other evidence of authority.

" ***Permitted Encumbrances*** " means (i) liens, encumbrances or restrictions related to taxes not yet due or payable or which are being contested in good faith and for which appropriate reserves have been taken, (ii) any matters shown on the title commitment(s) not objected to by Buyer as provided for in this Agreement or, if objected to by Buyer, later waived by Buyer as provided for in this Agreement and (iii) liens, encumbrances or restrictions that are created by Buyer.

" *Person* " means any individual, firm, corporation, partnership, trust, estate, association or other entity.

" *Proceeding* " means any suit, action, litigation, investigation, notice of violation, audit, arbitration, administrative hearing or any other similar proceeding.

" *Purchase Price* " means the Closing Purchase Price plus any contingent consideration payable pursuant to Section 1.4 plus the assumption of the Assumed Liabilities by Buyer, as adjusted pursuant to and in accordance with the terms and conditions of this Agreement.

"Sellers' Knowledge", "Knowledge of the Sellers" or any other reference to the "Knowledge" of one or more Sellers means the knowledge of (i) Michael Lehmann, Margie Stewart-Runnels, Eileen Farrell and Michael Smith, (ii) any other individual who is serving as a director, officer, manager or member of any Seller, and (iii) any manager of any of the Locations, in each case, after reasonable inquiry. For purposes of this definition, the persons referenced in the immediately preceding sentence shall be deemed to have knowledge of matters of which any individual assigned by a third-party representative or advisor of Sellers to provide

substantial services in connection with the transaction contemplated hereby has actual knowledge.

" *Tax* " means any income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental, windfall profit, customs, vehicle, airplane, boat, vessel or other title or registration, capital stock, franchise, employees' income withholding, foreign or domestic withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer (including, without limitation, realty transfer and burial lot transfer), value added, alternative, add-on minimum and other tax, fee, assessment, levy, tariff, charge or duty of any kind whatsoever and any interest, penalty, addition or additional amount thereon imposed, assessed or collected by or under the authority of any governmental body or payable under any tax-sharing agreement or any other Contract.

" *Taxing Authority* " shall mean any domestic, foreign, federal, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising tax regulatory authority.

" *Tax Return* " means any return (including any information return), report, statement, schedule, notice, form, declaration, claim for refund or other document or information filed with or submitted to, or required to be filed with or submitted to, any governmental body in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any law relating to any Tax, including any amendment thereto.

" *Transferred Endowment Care Trust Amount* " means the amount equal to the aggregate amount transferred to Buyer's Trustee at the Closing as part of the Initial Trust Delivery in respect of the Endowment Care Funds of the cemeteries included in the Business in accordance with Section 5.5(a), plus (ii) the aggregate amount included in the Final Trust Delivery in respect of the Endowment Care Funds of the cemeteries included in the Business.

" *WARN Act* " means the Worker Adjustment and Retraining Notification Act, as the same may be amended from time to time.

Section 10.2 ***Notices*** **.** All notices and other communications required or provided for hereunder shall be in writing and shall be deemed to be given:

(a) When delivered personally to the individual, or to an officer of the company, to which the notice is directed;

(b) Three (3) business days after the same has been deposited in the United States mail, sent Certified or Registered mail with Return Receipt Requested, postage prepaid and addressed as provided in this Section; or

(c) One (1) business day after the same has been deposited with a generally recognized overnight delivery service (including United States Express Mail), with receipt acknowledged and with all charges prepaid by the sender addressed as provided in this Section. Except as specifically provided otherwise herein, notices and other

communications relating to this Agreement or the transactions contemplated hereby shall be directed as follows:

(1) if to any Seller(s), to:

President
SCI Funeral Services, Inc.
1929 Allen Parkway
Houston, Texas 77019

with a copy to:

General Counsel
Service Corporation International
1929 Allen Parkway
Houston, Texas 77019

and if before Closing, also with a copy to:

John Burleson
Pakis, Giotes, Page & Burleson, P.C.
P. O. Box 58
Waco, Texas 76703-0058

(2) if to Buyer, to:

S TONE M OR O PERATING LLC
Attention: Lawrence Miller, President & Chief Executive Officer
155 Rittenhouse Circle
Bristol, Pennsylvania 19007

with a copy to:

B LANK R OME LLP
Attention: Lewis J. Hoch
One Logan Square
18 th & Cherry Streets
Philadelphia, Pennsylvania 19103-6998

or at such other place or places or to such other person or persons as shall be designated by like notice by any party hereto.

Section 10.3 ***Expenses*** **.** Subject to the terms of Section 1.3(a)(i) above, and except as otherwise specifically provided in Sections 5.7 and 5.8 and any other provision of this Agreement, each party hereto shall pay its own expenses, including without limitation, fees and

expenses of its agents, representatives, counsel, auditors, and accountants, incidental to the consideration, negotiation, preparation and carrying out of this Agreement and the transactions contemplated hereby.

Section 10.4 ***Attorney's Fees .*** In the event of any controversy, claim or dispute between or among any of the parties hereto arising out of or relating to this Agreement, or any default or breach or alleged default or breach hereof, each party shall pay its own attorney's fees, costs and expenses associated with any such action except as provided in Article VIII. If any party hereto shall be joined as a party in any judicial, administrative, or other legal proceeding arising from or incidental to any obligation, conduct or action of another party hereto, the party so joined shall be entitled to be reimbursed by the other party for its reasonable attorney's fees and costs associated therewith.

Section 10.5 ***Assignment; Parties in Interest .*** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. This Agreement shall not be assigned by any party hereto without the prior written consent of the other parties, except that prior to Closing, Buyer may assign its rights and obligations hereunder to any one or more of its direct or indirect subsidiaries, provided that any such assignment shall not relieve Buyer from its obligations and liabilities hereunder. Except as provided in Article VIII, nothing in this Agreement, expressed or implied, is intended to confer upon any third person any rights or remedies under or by reason of this Agreement.

Section 10.6 ***Entire Agreement; Amendment; Waiver*** .

(a) This Agreement together with the Schedules and Exhibits hereto and the other agreements and documents delivered, or to be delivered, pursuant to Section 7.1 and Section 7.2 (all of which are hereby incorporated herein by reference) embody the whole agreement of the parties with respect to the subject matter hereof and thereof, and there are no promises, terms, conditions, or obligations other than those contained herein and therein. All previous negotiations between the parties, either verbal or written, not herein contained are hereby withdrawn and annulled. This Agreement, together with the Schedules and Exhibits hereto, supersedes all previous communications, representations,

or agreements, either verbal or written, between the parties hereto with respect to the subject matter hereof.

(b) This Agreement may not be amended except by an instrument in writing signed on behalf of each party hereto.

(c) No provision of this Agreement may be waived unless such waiver is in writing and signed by the party against whom the waiver is to be effective. No waiver by any party of any provision of this Agreement in a particular instance shall be deemed to constitute a waiver of such provision thereafter unless otherwise agreed in writing and signed by the party against whom the waiver is to be effective.

(d) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 10.7 ***Severability*** **.** If one or more provisions of this Agreement shall be held invalid, illegal or unenforceable, such provision shall, to the extent possible, be modified in such manner as to be valid, legal and enforceable but so as to most nearly retain the intent of the parties, and if such modification is not possible, such provision shall be severed from this Agreement. In either case, the balance of this Agreement shall be interpreted as if such provision were so modified or excluded, as the case may be, and shall be enforceable in accordance with its terms.

Section 10.8 ***Certain Interpretive Matters*** **.** The section and subsection headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the context otherwise requires, all references in this Agreement to Sections, Articles, Exhibits or Schedules are to Sections, Articles, Exhibits or Schedules of or to this Agreement. No provision of this Agreement will be interpreted in favor of, or against, any of the parties to this Agreement by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof. The singular form of any word used herein shall be deemed to include the plural form of such word and vice

versa. References herein to feminine, masculine or neuter gender shall be deemed to include all genders. As used herein, the words “and” and “or” shall be deemed to mean “and/or” as the context requires. The word “including” (and with correlative meaning, the word “include”) means including without limiting the generality of any description preceding such word.

Section 10.9 ***Counterparts .*** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 10.10 ***Governing Law .*** This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws.

[Signature Pages Follow]

In Witness Whereof, the undersigned parties hereto have duly executed this Agreement on the date first above written.

BUYERS:

STONEMOR OPERATING LLC,
a Delaware limited liability company

By: */s/ Paul Waimberg*
PAUL WAIMBERG, Vice President of Finance and Assistant Secretary

STONEMOR ALABAMA LLC, an Alabama limited liability company

STONEMOR ALABAMA SUBSIDIARY LLC, an Alabama limited liability company

STONEMOR COLORADO LLC, a Colorado limited liability company

STONEMOR COLORADO SUBSIDIARY LLC, a Colorado limited liability company

STONEMOR KANSAS LLC, a Kansas limited liability company

STONEMOR KANSAS SUBSIDIARY LLC, a Kansas limited liability company

STONEMOR KENTUCKY LLC, a Kentucky limited liability company

STONEMOR KENTUCKY SUBSIDIARY LLC, a Kentucky limited liability company

STONEMOR ILLINOIS LLC , an Illinois limited liability company

STONEMOR ILLINOIS SUBSIDIARY, LLC , an Illinois limited liability company

STONEMOR MISSOURI LLC, a Missouri limited liability company

STONEMOR MISSOURI SUBSIDIARY LLC, a Missouri limited liability company

{Signatures continued on the following page}

STONEMOR OREGON LLC, an Oregon limited liability company

STONEMOR OREGON SUBSIDIARY LLC, an Oregon limited liability company

STONEMOR WASHINGTON INC. , a Washington corporation

STONEMOR WASHINGTON SUBSIDIARY LLC , a Washington limited liability company

CORNERSTONE FAMILY SERVICES OF WEST VIRGINIA SUBSIDIARY, INC. , a West Virginia corporation

Each By: */s/ Paul Waimberg*
PAUL WAIMBERG, Vice President of Finance

{Signatures continued on the following page}

SELLERS:

SCI FUNERAL SERVICES , INC. ,
an Iowa corporation

SCI ALABAMA FUNERAL SERVICES , INC.,
an Alabama corporation

ECI ALABAMA SERVICES, LLC.,
an Alabama limited liability company

SCI COLORADO FUNERAL SERVICES, INC.,
a Colorado corporation

SCI ILLINOIS SERVICES, INC. ,
an Illinois corporation

SCI KANSAS FUNERAL SERVICES, INC.,
a Kansas corporation

SCI KENTUCKY FUNERAL SERVICES, INC.,
a Kentucky corporation

SCI MISSOURI FUNERAL SERVICES, INC.,
a Missouri corporation

SCI OREGON FUNERAL SERVICES , INC.,
an Oregon corporation

SCI WASHINGTON FUNERAL SERVICES , INC. ,
a Washington corporation

SCI WEST VIRGINIA FUNERAL SERVICES, INC.,
a West Virginia corporation

UNISERVICE CORPORATION,
an Oregon corporation

Each By: */s/ Michael D. Lehmann*
Michael D. Lehmann
Vice President

Exhibit 10.2

ASSET PURCHASE AND SALE AGREEMENT

This ASSET PURCHASE AND SALE AGREEMENT (" ***Agreement*** ") dated this 28 th day of September, 2006, is made by and among **STONEMOR OPERATING LLC** , a Delaware limited liability company (" ***StoneMor LLC*** "), joined herein by **STONEMOR MICHIGAN LLC** , a Michigan limited liability company (" ***Buyer LLC*** ") and **STONEMOR MICHIGAN SUBSIDIARY LLC** , a Michigan limited liability company (" ***Buyer NQ Sub*** " and individually and collectively with StoneMor LLC and Buyer LLC, " ***Buyer*** "), and **SCI FUNERAL SERVICES, INC.** , an Iowa corporation (" ***Parent*** "), **SCI MICHIGAN FUNERAL SERVICES, INC.** , a Michigan corporation (" ***SCI Michigan*** ", and together with Parent, " ***SCI*** "), and **HAWES, INC.** , a Michigan corporation (" ***Seller*** ").

W I T N E S S E T H :

W HEREAS , Seller owns and operates that cemetery business which is listed on Exhibit A attached hereto (such location listed on Exhibit A referred to herein as the " ***Location*** ," and the business conducted at the Location referred to individually and collectively as the " ***Business*** ");

W HEREAS , SCI Michigan provides certain sales, accounting and other administrative services for the Business conducted at the Location pursuant to a Marketing and Accounting Services Agreement with the Seller, dated July 30, 1993, as amended from time to time (the " ***Management Agreement*** "); and

W HEREAS , the parties desire to provide for the purchase, sale and transfer of the Business, including certain of the personal property located at, used in connection with, or arising out of, such

Business, together with the real estate utilized in the Business, in exchange for cash and other consideration, upon the terms and subject to the conditions herein set forth; and

W HEREAS , this Agreement sets forth the terms and conditions to which the parties have agreed;

W HEREAS , simultaneously herewith Buyer and Hillcrest Memorial Company are entering into a transaction to purchase cemetery businesses in Michigan (the ***"Hillcrest Transaction"***), and affiliates of Buyer and Parent are entering into a transaction to purchase funeral, cremation and cemetery businesses in this and other jurisdictions (the ***"Dignity II and III Transactions"***);

N OW , T HEREFORE , in consideration of the premises and the mutual covenants, agreements, representations and warranties herein contained, the parties, intending to be legally bound hereby, agree as follows:

ARTICLE I

Purchase and Sale

Section 1.1 ***Transfer of Acquired Assets .*** Subject to the terms and conditions of this Agreement, and except as provided in Section 1.2, Seller and SCI do hereby agree to (or, if applicable, cause their Affiliates to) sell, transfer, convey, assign and deliver to Buyer, and Buyer does hereby agree to purchase and accept from Seller and SCI (or their Affiliates, if applicable), free and clear of all Liens and Liabilities (other than the Assumed Liabilities (as defined below)), all right, title and interest to the following property and rights located at, used in connection with, arising out of or relating to the Business (collectively, the " ***Acquired Assets*** "):

(a) The real property described in Schedule 1.1(a) to this Agreement, together with all buildings, structures, improvements, fixtures, easements, benefits and rights and appurtenances benefiting, belonging or pertaining thereto, (the " ***Owned Real Property*** ");

(b) All furniture, equipment, tools, supplies and other tangible personal property owned or used by Seller or SCI exclusively or primarily in the operation of the Business as of

the date hereof or acquired between the date hereof and the Effective Time, including, without limitation, those items listed on Schedule 1.1(b) to this Agreement;

(c) All vehicles listed on Schedule 1.1(c) to this Agreement;

(d) All crypts, urns, vaults, monuments, grave spaces, mausoleum spaces, niches, lawn crypts, supplies and other merchandise inventory of the Business (" ***Inventory*** "), including, without limitation, the items stored for customers at the cemeteries included in the Business, plus or minus any changes to such Inventory which result from the ordinary course of operation of the Business, consistent with past practices, subsequent to the date(s) of such listing(s) and until the Effective Time (and specifically limited to the rights permitted by or provided under applicable Laws with regard to merchandise designated as being "stored" for customers under Pre-/At-Need Contracts (as defined below)), and all Services in Progress (as hereinafter defined);

(e) All benefits, rights and entitlements of or relating to the Business under and in all contracts, agreements, leases, licenses and commitments listed on Schedule 1.1(e) to this Agreement (" ***Business Contracts*** ");

(f) All benefits, rights and entitlements under any leases for any real property at the Location or otherwise exclusively or primarily related to the Business (whether Seller is lessee or lessor thereunder) (" ***Real Property Leases*** "), including, without limitation, those listed on Schedule 1.1(f) to this Agreement, together with any security deposits held or paid on account of any of the Real Property Leases (the real property leased by Seller or SCI as a lessee or sublessee under the Real Property Leases being referred to herein as " ***Leased Real Property*** " and, together with the Owned Real Property, the " ***Real Property*** ");

(g) All benefits, rights and entitlements under all of the Contracts, engagements and commitments, written or oral, relating to the provision or sale by the Business of at-need or preneed cemetery or cremation merchandise, properties or services and all deposits, prepaid amounts, insurance policies and trust funds relating to such Contracts, engagements and commitments, including, without limitation, those items listed on Schedule 1.1(g) to this Agreement, plus or minus any similar items entered into or obtained in the ordinary course of the operation of the Business subsequent to the date(s) of the listing(s) on Schedule 1.1(g) until the Effective Time (collectively, the " ***Pre-/At-Need Contracts*** " and, together with the Business Contracts and the Real Property Leases, the " ***Assumed Contracts*** ");

(h) All of the Permits of each of Seller and SCI necessary for the ownership, operation, maintenance or presently planned expansion (by Seller or SCI) of the Business, to the extent transferable;

(i) Intentionally omitted;

(j) All utility and other deposits previously paid to and/or held by third parties in connection with the operation of the Business as of the Effective Time;

(k) All accounts and notes receivable generated in or relating to the operation of the Business (" ***Receivables*** "), including, without limitation, those listed on Schedule 1.1(k) to

this Agreement, plus or minus any changes in such receivables which result from the ordinary course of the operation of the Business, consistent with past practices, subsequent to the date(s) of the listing(s) on Schedule 1.1(k) until the Effective Time, but specifically excluding pending trust claims specified in Section 5.5(b)(ii) and pending insurance claims;

(l) All of the Seller's and SCI's rights and incidents of interest in and to causes of action, suits, proceedings, judgments, claims and demands of any nature, whenever maturing or asserted, relating to or arising directly or indirectly out of any of the Acquired Assets or the Business, but specifically excluding pending trust claims specified in Section 5.5(b)(ii) and pending insurance claims; and

(m) All goodwill associated with the Business, together with all lists of present or former customers of the Business, all business books, documents, records, files, databases and reports relating to the Acquired Assets and reasonably necessary for Buyer to continue the Business (collectively, ***" Seller Records "***) (whether or not the Seller Records are physically located at the Location), the telephone numbers and listings for the Business, and all Intellectual Property owned and/or used by the Seller and/or SCI exclusively or primarily in connection with the Business (" ***Business Intellectual Property*** "), including, without limitation, all right, title and interest in and the right to use the trademarks, service marks and trade names for the Location as listed on Exhibit A hereto. All Seller Records not physically located at the Location shall be copied and, at the election of Buyer, either delivered in person to a representative of Buyer at the location where such Seller Records are held on the Closing Date or shipped to Buyer by Seller and/or SCI at Buyer's expense by such delivery service selected by Buyer. All requests and other communications from Buyer to Seller or SCI regarding Seller Records, either before or after the Closing, shall be directed to Michael Lehmann, Service Corporation International, 1929 Allen Parkway, Houston, Texas 77219, fax: (713) 525-7372.

Except as specifically provided in Section 1.2, it is intended that the assets, properties and rights of the Business to be sold to Buyer pursuant to this Agreement shall include all of the assets, properties and rights reflected in the Schedules relating to the subsections of Section 1.1, other than those assets, properties and rights that may have been disposed of in the ordinary course of business prior to the Effective Time, but including all similar assets, properties and rights of the Business that may have been acquired in the ordinary course of business since the dates of the listings in the Schedules relating to the subsections of Section 1.1 until the Effective Time.

Section 1.2 ***Excluded Assets .*** Neither Seller nor SCI shall transfer, convey or assign to Buyer, and Buyer shall not purchase, the following assets (collectively, the " ***Excluded Assets*** "): (a) non-preneed related cash and cash equivalents, (b) computers, computer software and information

and similar rights (provided, however, that none of the Seller Records shall be deemed to be an Excluded Asset, whether or not contained or stored in or on the hard drive of any computers or on any computer system or server, disk or any other electronic media), (c) corporate records, minutes and records of shareholders' and directors' meetings of Seller or SCI, (d) any pending trust claims specified in Section 5.5(b)(ii) and any pending insurance claims, (e) those items specifically identified in Schedule 1.1(b) as being subject to a corporate lease or otherwise excluded from the sale of the Acquired Assets hereunder; and (f) all other assets of Seller or SCI which are not used exclusively or primarily in the ownership, operation or maintenance of the Business and which are not necessary to the continued operation of the Business in a manner consistent with the Seller's and SCI's past practices, including training, promotional materials, procedure and policy manuals.

Section 1.3 ***Consideration for Acquired Assets Payable at the Closing .*** On the terms and subject to the conditions of this Agreement, Buyer, in consideration for the transfer and delivery to it of the Acquired Assets as herein provided, will, in addition to the assumption of liabilities set forth in Section 1.5(a) below, pay to Seller at the Closing (as defined below) the sum of Four Hundred Forty Six Thousand Dollars ($446,000) (the " ***Closing Purchase Price*** ") in cash (" ***Cash Purchase Price*** "), to be delivered by bank wire transfer to such account as Seller and SCI shall designate to Buyer in writing at least three business days prior to the Closing Date.

Section 1.4 **Intentionally Omitted.**

Section 1.5 ***Liabilities .***

(a) Assumed Liabilities . From and after the Effective Time, Buyer agrees to assume and perform the liabilities and obligations of the Business (" ***Assumed Liabilities*** ") under and pursuant to the terms and conditions of any Assumed Contract, but only to the extent such obligations arise, accrue or first become due after the Effective Time under the terms of the Assumed Contracts; provided , however , that Buyer will not assume or be responsible for any such liabilities or obligations which arise from any breach or default by Seller and/or SCI under any Assumed Contract that occurs prior to the Effective Time or that arises out of or relates to events or circumstances that occur or exist prior to the Effective Time, all of which liabilities and obligations will constitute Retained Liabilities (as defined

herein). Notwithstanding anything to the contrary contained in this Agreement or any document delivered in connection herewith, Buyer's obligations in respect of the Assumed Liabilities will not extend beyond the extent to which Seller and/or SCI were obligated in respect thereof and will be subject to Buyer's right to contest in good faith the nature and extent of any liability or obligation (but such right to contest shall not affect Buyer's indemnification responsibilities under Section 8.4(a)(iii)).

(b) Retained Liabilities . Except as provided in Section 1.5(a) hereof, each of Seller and SCI will retain, and Buyer will not assume or be responsible or liable with respect to, any Liabilities of the Business that precede the Effective Time (except as specifically provided in subclause (vii) of this Section 1.5(b)), whether or not arising out of or relating to the conduct of Seller and/or SCI or associated with or arising from any of the Acquired Assets, whether fixed or contingent or known or unknown (collectively, the " ***Retained Liabilities*** "), including, without limitation, the following:

(i) Liabilities relating to any Excluded Asset;

(ii) Liabilities of Seller and/or SCI that constitute trade payables;

(iii) Liabilities of Seller and/or SCI arising under or relating to any Assumed Contract to the extent such Liabilities relate to periods prior to the Effective Time or arise from any breach or default by Seller and/or SCI (or any of their Affiliates) under any Assumed Contract that occurs prior to the Effective Time or that arises out of or relates to events or circumstances that occur or exist prior to the Effective Time;

(iv) Liabilities of Seller and/or SCI arising under or relating to any Contract other than an Assumed Contract;

(v) Liabilities with respect to (A) any Employee Plan maintained, sponsored, contributed to or participated in by Seller and/or SCI or any of their Affiliates for the benefit of or relating to any current or former employee of the Business (***"Seller Employee Plan"***) and the amendment to or the termination of any Seller Employee Plan, or (B) any person at any time employed by Seller or SCI or any of their Affiliates (including, without limitation, any such person who fails to accept an offer of employment by Buyer or any of its Affiliates), and any such person's spouse, children, other dependents or beneficiaries, with respect to any such person's employment or termination of employment by Seller or SCI or any of their Affiliates including, without limitation, claims arising under health, medical, dental, disability or other benefit plan for products, supplies or services provided or rendered prior to the Effective Time;

(vi) Seller's or SCI's deferred sales commissions;

(vii) Liabilities of Seller or SCI, based in whole or in part on violations of Law or environmental conditions occurring or existing prior to the Closing and arising out of or relating to Environmental Requirements, except to the extent that such Liabilities are identified in the Environmental Reports;

(viii) Except as otherwise specifically provided in this Agreement, all Liabilities of Seller or SCI for any Tax for (A) operations of the Business prior to the Effective Time; (B) the transfer of the Acquired Assets; and (C) income earned by the Pre-Need Trust Funds and the Endowment Care Funds (as each of these terms is defined in Section 5.4) prior to delivery thereof to Buyer's Trustee pursuant to Section 5.5 below to the extent such income (1) is not taxable to the applicable trusts as independent taxpayer entities, and (2) is withdrawn by or for any Seller or SCI or otherwise distributed to any Seller or SCI (whether such withdrawal or distribution is made before or after the Effective Time); and

(ix) Liabilities of Seller or SCI arising out of or relating to any Proceeding to which Seller or SCI is a party on the date of this Agreement and relating to the Business or any of the matters referenced on Schedule 1.5(b)(ix) except for Liabilities for actions/business changes at the Business that may be required after Closing pursuant to or arising from the Michigan monument builder's class action claim which is identified on Schedule 1.5(b)(ix) ; and

(x) Liabilities arising out of the management of Seller or SCI's Business by SCI; and

(xi) Liabilities relating to any claims arising in connection with monument sales by the Seller or SCI prior to the Closing.

Section 1.6 ***Post-Closing Adjustments to Purchase Price .***

(a) Audit Report . Seller, SCI and Buyer acknowledge that Harper & Pearson Company, P.C. (the " ***Independent Auditor*** ") is currently performing a financial audit and review of the Business and that the report of the Independent Auditor with respect to such audit and review (the " ***Audit Report*** ") is expected to be delivered to Buyer within 30 days after the Closing Date. For purposes of this Agreement, the term " ***Base Gross AR Amount*** " means the aggregate amount of the gross accounts receivable of the Business as of the Closing Date (excluding any trust claims specified in Section 5.5(b)(ii) and any pending insurance claims), as reflected in the Audit Report (without regard to any allowance for doubtful accounts or other reserve in respect of accounts receivable of the Business), and the term " ***Base Net Merchandise Trust Amount*** " means the Net Transferred Merchandise Trust Amount minus the aggregate amount of the Merchandise Liabilities of all of the cemeteries included in the Business, as of the Effective Time. Buyer shall deliver a copy of the Audit Report to Seller and SCI within 15 days after receiving the Audit Report. No later than ten (10) days after the Closing Date, SCI shall deliver to Buyer a detailed statement of Merchandise Liabilities as of the Effective Time of each of the cemeteries included in the Business.

(b) Accounts Receivable Adjustment . If the Base Gross AR Amount is less than $712,900, then, subject to Section 1.6(e), the Purchase Price shall be decreased by, and Seller shall pay to Buyer, an amount equal to the discounted present value of the amount by which the Base Gross AR Amount is less than $750,417, using a discount rate of .065 and a discount period of three (3) years. If the Base Gross AR Amount is greater than $787,900, then, subject to Section 1.6(e), the Purchase Price shall be increased by, and Buyer shall pay to Seller, an amount equal to the discounted present value of the amount by which the Base

Gross AR Amount is greater than $750,417, using a discount rate of .065 and a discount period of three (3) years. If the Base Gross AR Amount is greater than or equal to $712,900, but less than or equal to $787,900, then no adjustment shall be made to the Purchase Price, and no amount shall be due by any party hereto, under this Section 1.6(b).

(c) Merchandise Trust Adjustment . If the Base Net Merchandise Trust Amount is less than $991,900, then, subject to Section 1.6 (e), the Purchase Price shall be decreased by, and Seller shall pay to Buyer, the discounted present value of the amount by which the Base Net Merchandise Trust Amount is less than $1,044,105, using a discount rate of .065 and a discount period of ten (10) years. If the Base Net Merchandise Trust Amount is greater than $1,096,300, then, subject to Section 1.6(e), the Purchase Price shall be increased by, and Buyer shall pay to Seller, an amount equal to the discounted present value of the amount by which the Base Net Merchandise Trust Amount is greater than $1,044,105, using a discount rate of .065 and a discount period of ten (10) years. If the Base Net Merchandise Trust Amount is greater than or equal to $991,900 but less than or equal to $1,096,300, then no adjustment shall be made to the Purchase Price, and no amount shall be due by any party hereto, under this Section 1.6(c).

(d) Endowment Care Trust Adjustment . If the Transferred Endowment Care Trust Amount is less than $751,247, then, subject to Section 1.6(e), the Purchase Price shall be decreased by, and Seller shall pay to Buyer, the Net Endowment Care Adjustment Amount. If the Transferred Endowment Care Trust Amount is greater than $751,247, then, subject to Section 1.6(e), the Purchase Price shall be increased by, and Buyer shall pay to Seller, the Net Endowment Care Adjustment Amount.

(e) Net Purchase Price Adjustment Amount . The Purchase Price adjustment amounts provided for in Sections 1.6(b), (c) and (d), if any, shall all be aggregated and netted against each other such that either (i) a single amount shall be payable to Buyer by Seller and no amount shall be payable by Buyer to Seller under this Section 1.6, (ii) a single amount shall be payable to Seller and SCI by Buyer, and no amount shall be payable by Seller to Buyer under this Section 1.6, or (iii) no amount shall be payable by any party hereto under either this Section 1.6. By way of example only, if $150,000 is payable by Seller to Buyer pursuant to Section 1.6(b), $50,000 is payable by Seller to Buyer pursuant to Section 1.6(c) and $100,000 is payable by Buyer to Seller and SCI pursuant to Section 1.6(d), then Seller shall pay to Buyer, in accordance with Section 1.6(f), an amount equal to $100,000 (i.e., $150,000 + $50,000 - $100,000).

(f) Payment of Purchase Price Adjustment Amounts . Any payment due under Section 1.6(e) by Seller on the one hand or Buyer on the other hand shall be paid in full, in cash, no later than seventy-five (75) days after the Closing Date, or, if later than such time, twenty (20) days after the date that the Audit Report is delivered to Buyer. Any amounts not paid within such time period shall accrue interest from the Closing Date through the date of payment at the prime rate as reported in *The Wall Street Journal, Eastern Edition* for the date of the Audit Report.

(g) Tax Treatment . Any payments made pursuant to this Section 1.6 shall be treated by Seller and Buyer as adjustments to the Purchase Price for all Tax purposes.

Section 1.7 ***Prorations; Services in Progress; Transaction Taxes .***

(a) Seller and SCI shall be responsible for all Taxes arising as a result of the operation of the Business or ownership of the Acquired Assets prior to the Effective Time. At Closing, all real and personal property Taxes shall be prorated between Seller and SCI on the one hand and Buyer on the other hand on a per diem basis. Seller and SCI shall also be responsible for all Taxes on income earned by the Pre-Need Trust Funds and the Endowment Care Funds (which are to be transferred to Buyer) prior to delivery thereof to Buyer's Trustee pursuant to Section 5.5 below to the extent such income (A) is not taxable to the applicable trusts as independent taxpayer entities, and (B) is withdrawn by or for Seller or SCI or otherwise distributed to Seller or SCI (whether such withdrawal or distribution is made before or after the Effective Time), and Seller and SCI shall make all applicable estimated Tax payments to the relevant Taxing Authorities associated with such income. For purposes of determining the amount of Taxes owed by Seller and SCI with respect to the Pre-Need Trust Funds and the Endowment Care Funds, the amount of such Taxes shall be computed as if the tax year of such funds ended on the date of the Final Trust Delivery (as defined in Section 5.5(e) below).

(b) The parties shall cooperate in transferring from the Seller or SCI, as applicable, to Buyer all water, electrical, gas and other utility services provided to or benefiting the Real Property, and as and to whatever extent billings are received by any party relating to services utilized both before the Effective Time (for which Seller and SCI shall be jointly and severally responsible) and after the Effective Time (for which Buyer shall be responsible), the parties will cooperate to make appropriate adjustments and reimbursements between them to accomplish the proper allocation of such billings.

(c) All revenues from and direct costs for merchandise paid to third parties in the ordinary course of business associated with Services in Progress will be allocated to Buyer. For purposes of this Agreement, " ***Services in Progress*** " means any "at need" cemetery related services for which a Contract has been entered into, but which have not been completed as of the Effective Time. For purposes of this Agreement, such cemetery related services are complete when the body or remains have been cremated or interred.

(d) Except as set forth in Sections 1.7(e) and (f) below, Seller and SCI shall be responsible, jointly and severally, for the timely payment of, and shall indemnify and hold harmless Buyer against, all sales, use, value added, documentary, stamp, gross receipts, registration, transfer (including, without limitation, real estate), conveyance, excise and other similar Taxes and fees (collectively, " ***Transfer Taxes*** ") arising out of or in connection with or attributable to (i) the transfer of the Acquired Assets and (ii) the transactions contemplated by this Agreement. Seller and SCI shall prepare and timely file all Tax Returns required to be filed in respect of such Transfer Taxes. Seller and SCI shall be responsible, jointly and severally, for filing all required notices related to bulk sales laws and shall indemnify and hold harmless Buyer against all Taxes or other Losses that Buyer become liable for as a result of the Seller's and/or SCI's failure to file any applicable bulk sales notices or pay any of its Taxes.

(e) The parties shall share in the payment of any recording and other similar fees arising out of or in connection with or attributable to the transactions contemplated by this

Agreement in accordance with the normal practices in the applicable states in which the various Acquired Assets are located; provided , however , that Seller shall pay for the recording of the release of any Lien (other than Permitted Encumbrances) with respect to any Acquired Asset.

(f) Except to the extent that any Transfer Tax amounts are included in the amounts paid by Buyer pursuant to Section 1.3(a)(ii), Buyer shall be responsible for the timely payment of, and shall indemnify and hold harmless Seller and SCI against, all Transfer Taxes arising out of or in connection with or attributable to the transfer of the vehicles listed on Schedule 1.1(c) to this Agreement. Buyer shall prepare and timely file all Tax Returns required to be filed in respect of such Transfer Taxes.

Section 1.8 ***Allocation of Closing Purchase Price .***

(a) On or prior to the Closing Date, Buyer and Seller and SCI shall mutually agree upon a written statement (the " ***Statement of Allocation*** ") setting forth an allocation of the Closing Purchase Price (" ***Purchase Price Allocation*** ") (which for such purpose shall be increased by the amount of the liabilities assumed by Buyer). The Statement of Allocation shall include: (i) the assets to be purchased by each of Buyer LLC and Buyer NQ Sub; (ii) the portion of the Closing Purchase Price that will be paid by or on behalf of Buyer LLC and Buyer NQ Sub to acquire the Acquired Assets, and (iii) an allocation of the portion of the Closing Purchase Price paid by or on behalf of each of Buyer LLC and Buyer NQ Sub (" ***Purchased Acquired Assets Allocation*** ") among each of the respective categories of Acquired Assets that are purchased. Buyer, Seller and SCI agree that each of the allocations required to be prepared pursuant to this Section 1.8 shall be prepared in accordance with the provisions of Section 1060 of the Code, the Treasury Regulations promulgated thereunder and any similar provisions of state, local or foreign law, as applicable.

(b) All federal, state, local and foreign income Tax Returns of Seller, SCI and Buyer shall be filed consistently with the information set forth on the Statement of Allocation. Moreover, Seller, SCI and Buyer further agree to file IRS Form 8594 (and any corresponding form required to be filed by a state or local Taxing Authority) in a manner that is consistent with the Purchased Acquired Assets Allocation. Seller, SCI and Buyer agree to promptly provide each other with any information necessary to complete such Tax Returns and IRS Form 8594 (and any corresponding form required to be filed by a state or local Taxing Authority). Seller, SCI and Buyer shall not take any position on a Tax Return, tax proceeding or audit that is inconsistent with any information set forth on the Statement of Allocation.

Section 1.9 ***Effective Time .*** The Effective Time of the transfer of the Acquired Assets shall be 12:01 a.m. on the Closing Date.

ARTICLE II

Closing

Section 2.1 ***Closing .*** The closing of the transaction provided for in this Agreement (the ***" Closing "***) shall take place at the offices of Buyer's counsel, Blank Rome LLP, One Logan Square, Philadelphia, PA 19103, on September 28, 2006 (the ***" Closing Date "***), or at such other location, time and date as the parties shall mutually agree. In the event of any postponement thereof, all references in this Agreement to the Closing Date shall be deemed to refer to the time and to the date to which the Closing Date shall have been so postponed as herein provided.

Section 2.2 ***Instruments of Conveyance and Transfer .*** At the Closing, each of Seller and SCI, as applicable, shall deliver to Buyer such special warranty deeds, leases, bills of sale, endorsements, assignments, title affidavits and other documents reasonably requested by the Title Company (as defined in Section 5.7), and such other instruments of transfer, conveyance and assignment as may be reasonably requested by Buyer, in forms reasonably satisfactory to Buyer, in order to more fully vest in Buyer good and marketable title to the Acquired Assets. Each of Seller and SCI, as applicable, shall take all such steps as may be reasonably requested by Buyer to put Buyer in actual possession and control of the Acquired Assets and the Business as of the Closing.

ARTICLE III

Representations and Warranties by Seller and SCI

Each of Seller and SCI, jointly and severally, hereby represent and warrant to Buyer, both as of the date hereof and as of the Effective Time, as follows:

Section 3.1 ***Organization; Standing; Authorization; Capacity*** . Each of Seller and SCI is a corporation or limited liability company, as applicable, duly organized, validly existing and in good standing under the laws of its state of formation as designated in the introductory paragraph of this agreement, with all requisite power and authority to own the Acquired Assets and to conduct the

Business as it is now being conducted and is presently proposed (by Seller and SCI) to be conducted. Each of Seller and SCI is duly qualified to conduct business and is in good standing in each jurisdiction in which the nature of its business or location of its properties makes such qualification necessary, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect. The execution, delivery and performance of this Agreement by each of Seller and SCI has been duly and effectively authorized by all necessary action on the part of Seller and SCI, including authorization by the board of directors of each of Seller and SCI, and no further action or Consent is required in connection with such execution, delivery and performance of this Agreement by Seller or SCI. This Agreement has been duly executed and delivered by Seller and SCI, and constitutes the valid and binding obligation of each of Seller and SCI, enforceable against Seller and SCI in accordance with its terms.

Section 3.2 ***Financial Information*** **.** The unaudited income and expense statements for the Business for the twelve month periods ending December 31, 2003, 2004 and 2005 (collectively, the ***"Income Statements"***), copies of which are attached hereto as Schedule 3.2 , accurately reflect in all material respects the income and expenses of such Location for the periods covered.

Section 3.3 ***Tax Matters*** **.**

(a) (i) each of Seller and SCI has properly and timely filed all Tax Returns required to be filed by it; (ii) each of Seller and SCI has paid all Taxes required to be paid by it (whether or not shown on a Tax Return); and (iii) there are no encumbrances for Taxes on the Acquired Assets other than for Taxes not yet due and payable.

(b) Each of Seller and SCI has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder or other person for all periods for which the statutory period of limitations for the assessment of such Tax has not yet expired and all IRS Forms W-2 and 1099 (and other applicable forms required to be filed by a state or local Taxing Authority) required with respect thereto have been properly completed and timely filed.

(c) Neither the Seller nor SCI is a "foreign person" as such term is defined in Section 1445(f)(3) of the Code.

(d) All amounts received by Seller or SCI on sales by the Business which are required under applicable state law to be trusted have been deposited in trust and all Tax Returns required to be filed concerning such trusts and the income from such trusts have been filed through all fiscal years ending prior to the Closing Date.

Section 3.4 ***No Violation .*** Neither the execution and delivery of this Agreement by the Seller or SCI nor the performance of their respective obligations hereunder or thereunder will, subject to receipt of all Required Consents, (a) violate, conflict with or result in a breach of any Law, (b) violate, conflict with or result in a breach or termination of, or otherwise give any contracting party additional rights or compensation under, or the right to terminate or accelerate, or constitute (with notice or lapse of time, or both) a default under the terms of any organizational documents (i.e., charter, bylaws, operating agreement, partnership agreement or similar document), any note, deed, lease, instrument, permit, security agreement, mortgage, commitment, contract, agreement, order, judgment, decree, license or other instrument or agreement, whether written or oral, express or implied, including, without limitation, the Assumed Contracts, to which Seller and/or SCI is a party or by which any of the Acquired Assets or the Business is bound, or (c) result in the creation or imposition of any Liens with respect to the Acquired Assets or the Business.

Section 3.5 ***Status of Acquired Assets .***

(a) Title to Acquired Assets . Seller has fee simple title to the Owned Real Property, a valid leasehold interest in the Leased Real Property and good and marketable title to all of the Acquired Assets, subject to no Liens, except for Permitted Encumbrances and as otherwise disclosed in Schedule 3.5 . At the Closing, Buyer will acquire fee simple title to the Owned Real Property, a valid leasehold interest in the Leased Real Property and good and marketable title to all of the Acquired Assets, in each case free and clear of any and all Liens except Permitted Encumbrances. Other than as disclosed in Schedule 3.5 , neither Seller nor SCI has entered into any Contract granting rights to third parties in any real or personal property of Seller or SCI included in the Acquired Assets, and no Person has any right to possession or occupancy of any of the Acquired Assets.

(b) Condition of Acquired Assets . The Real Property and the tangible Acquired Assets that are reasonably necessary for the operation of the Business are in operating condition and reasonable repair (subject to normal wear and tear) and are sufficient to permit Buyer to conduct the Business as presently conducted.

Section 3.6 ***Improvements .*** To the Knowledge of Seller and SCI, no municipal or other governmental improvements affecting the Real Property are in the course of construction or installation, and no such improvement has been ordered to be made; and any municipal or other governmental improvements affecting the Real Property which have been constructed or installed have been paid for and will not hereafter be assessed (except with respect to any currently recorded assessments which are to become due after the Closing), and all assessments heretofore made have been paid in full, other than any recorded assessments which are to become due after the Closing; and neither Seller nor SCI has entered into any private contractual obligations relating to the installation of or connection to any sanitary sewers, storm sewers or any other improvements.

Section 3.7 ***Real Property Approvals .*** To the Knowledge of Seller and SCI, all permanent certificates of occupancy and all other licenses, permits, authorizations, consents, certificates and approvals required by all Governmental Authorities having jurisdiction and the requisite certificates of the local board of fire underwriters (or other body exercising similar functions), if applicable, have been issued for the Real Property, have been paid for, and are in full force and effect.

Section 3.8 ***Zoning .*** Except as disclosed on the letters delivered by the zoning code enforcement officers for the municipality where the Real Property is located, neither Seller nor SCI has received notice from any Governmental Authority that: (i) any parcel of the Real Property is not in compliance with current zoning and use classifications under the respective municipal zoning ordinance governing such Real Property; (ii) any cemetery use at or on the Real Property is not a permitted use or an existing non-conforming use thereunder; and (iii) the current construction, operation and use of the buildings and other improvements constituting the Real Property violate any zoning, subdivision, building or similar law, ordinance, order, regulation or recorded plat or any certificate of occupancy issued for the Real Property.

Section 3.9 ***No Violations Relating to Real Property*** **.** No portion of the Real Property, and no current use of the Real Property, is in violation of any applicable Law, except where such violation would not have a Material Adverse Effect. Neither Seller nor SCI has received notice of any presently outstanding and uncured violations of any building, housing, safety or fire ordinances with respect to the Real Property.

Section 3.10 ***Real Estate Taxes*** **.** Neither Seller nor SCI has received notice of any proceeding pending for the adjustment of the assessed valuation of all or any portion of the Real Property. To the Knowledge of Seller and SCI, there is no abatement, reduction or deferral in effect with respect to all or any portion of the real estate Taxes or assessments applicable to the Real Property.

Section 3.11 ***Eminent Domain*** **.** Neither Seller nor SCI has received any notice of any condemnation proceeding or other proceedings in the nature of eminent domain (" ***Taking*** ") in connection with the Real Property and, to the Knowledge of Seller and SCI, no Taking has been threatened.

Section 3.12 ***Inventory*** **.** Seller has good and marketable title to the Inventories free and clear of any and all Liens (other than a customer's rights in items being stored for such customer). The Inventory does not consist of any material amount of items that are obsolete or damaged or items held on consignment. Neither Seller nor SCI has acquired or committed to acquire or produce Inventory for sale which is not of a quality usable in the ordinary course of business within a reasonable period of time and consistent with past practice.

Section 3.13 ***Litigation*** **.** No Proceeding before any Governmental Authority, mediator or arbitrator is pending or, to the Knowledge of Seller and SCI, threatened, involving Seller and/or SCI wherein a judgment, decree, order, settlement or other resolution would have a Material Adverse Effect, or which would prevent the carrying out of this Agreement, declare unlawful the transactions

contemplated by this Agreement, cause such transactions to be rescinded, or require Buyer to divest itself of any of the Acquired Assets or the Business. To the Knowledge of Seller and SCI, no facts or circumstances or other events have occurred that can reasonably be expected to give rise to any such Proceeding.

Section 3.14 ***Court Orders and Decrees*** **.** There is not outstanding or, to the Knowledge of Seller and SCI, threatened any order, writ, injunction or decree of any Governmental Authority, mediator or arbitrator against or affecting Seller or SCI, relating to any of the Acquired Assets or the Business.

Section 3.15 ***Trade Names*** **.** The Location name set forth on Exhibit A constitutes the only trade name held for use or used by the Seller and/or SCI in connection with the Business and, other than such trade name, there are no Trademarks that are material to the Business. Seller and/or SCI has the legal right to use the Location name set forth on Exhibit A , as used by Seller and/or SCI in connection with the Business, without the Consent of any other Person.

Section 3.16 ***Preneed and Trust Accounts and Contracts*** **.**

(a) All monies paid to Seller or SCI for the benefit of the Business in respect of the Pre-/At-Need Contracts have been, and as of the Closing will be, set aside and identified as set forth in Schedule 1.1(g) . Each of Seller and SCI has complied with the terms and conditions of the Pre-/At-Need Contracts. Neither Seller nor SCI is in default or breach of any Pre-/At-Need Contract.

(b) The amounts (including interest) held in trust in respect of each of the Pre-/At-Need Contracts, including, without limitation, perpetual care funds, endowment care funds, extended care funds, and merchandise trust funds (collectively, the " ***Trust Funds*** "), are held in conformity with all applicable Laws. All of Seller's and SCI's required contributions to, withdrawals from and investment and other uses of the Trust Funds have been made in accordance with all applicable Laws, and each of Seller and SCI will have paid as of the Closing (or will pay after Closing when due), all commissions due and owing to commissioned sales people in respect of the Pre-/At-Need Contracts. Neither Seller nor SCI has Knowledge of any actual or alleged non-compliance on the part of Seller or SCI (or any Affiliate of Seller or SCI) with respect to the Trust Funds.

(c) For those Pre-/At-Need Contracts that are funded by insurance or performance bonds, Seller or SCI has purchased all such insurance policies and performance bonds

required to legally fund or secure all such Pre-/At-Need Contracts, and no future premiums or other amounts remain to be paid, except for those instances where, pursuant to the terms of such insurance policies or performance bonds and in the ordinary course of business, the policies or performance bonds specify payment of premiums or other amounts over time. All such insurance policies and performance bonds are fully identified on Schedule 1.1(g) .

(d) All of the Trust Funds are interest bearing trust accounts or other investment accounts that are permissible under applicable Laws. All of the Trust Funds are identified and described under Schedule 1.1(g) , which Schedule also attaches copies of any and all trust agreements entered into by either Seller or SCI and a list of the financial institutions described therein.

Section 3.17 ***Contracts*** **.** Except for the Assumed Contracts (copies of which have been delivered to Buyer), neither Seller nor SCI, nor any Affiliate of Seller or SCI, is a party to or bound by any material Contract relating to the Acquired Assets or the Business. Except as disclosed on Schedule 3.17 , all of the Assumed Contracts are in full force and effect, and there exists no default or breach thereunder by Seller or SCI or, to the Knowledge of either Seller or SCI, other than with respect to any Pre-/At-Need Contracts, any other party thereto. Neither Seller nor SCI has received any notice (written or oral) indicating the intention of any party to any Assumed Contract to amend, modify, rescind or terminate such Assumed Contract. All of the Assumed Contracts are in full force and effect and are enforceable against the Seller and/or SCI and any of their Affiliates that is a party thereto and, to the Knowledge of Seller and SCI, against all other parties thereto in accordance with their terms and applicable Laws.

Section 3.18 ***Licenses and Permits*** **.** Except as set forth on Schedule 3.18 , either the Seller or SCI holds all of the Permits required to own, operate and maintain the Business under any applicable Law as currently conducted or proposed (by Seller and/or SCI) to be conducted (" ***Existing Permits*** "), and all Existing Permits are, and as of immediately prior to the Closing will be, in full force and effect. To the Knowledge of Seller and SCI, except as set forth on Schedule 3.18 , there are no material restrictions on Buyer's ability to replace or renew any of the Existing Permits. Each of

Seller and SCI is in compliance with all Existing Permits, except where the failure to be in compliance would not have a Material Adverse Effect.

Section 3.19 ***Consents .*** Each of Seller and SCI has, or will have prior to the Closing, obtained, satisfied or made all Consents (the " ***Required Consents*** ") that are required to be obtained, satisfied or made pursuant to any Laws, Permits, Assumed Contracts or other agreements by which Seller or SCI, or any of their properties or business assets, including, without limitation, the Acquired Assets, are bound in connection with (a) the execution and delivery of this Agreement by Seller or SCI, or (b) the sale and transfer to Buyer of the Acquired Assets, including, without limitation, the Assumed Contracts and, if transferable to Buyer under applicable Law, the Existing Permits.

Section 3.20 ***Compliance with Laws .*** The Business presently is conducted, and the Acquired Assets and their respective uses are, in compliance with all Laws applicable to them, including, without limitation, the funding of or maintaining of all Trust Funds in compliance with applicable Laws or to the posting of performance bonds in lieu thereof, except where the failure to so comply would not have a Material Adverse Effect. Neither Seller nor SCI has received any written notice of any administrative, civil or criminal investigation or audit by any Governmental Authority relating to, or which could result in a Material Adverse Effect. Neither Seller nor SCI have restricted customers from purchasing monuments from outside vendors or restricted vendors from installing monuments at Roseland Memorial Gardens.

Section 3.21 ***OSHA or ADA .*** There is no Proceeding pending with respect to Seller or SCI, and, to the Knowledge of Seller and SCI, no charge or claim has been made against Seller or SCI that has not been dismissed, discharged or otherwise fully resolved, under the Occupational Safety and Health Act (" ***OSHA*** ") or the Americans with Disabilities Act (" ***ADA*** ") pertaining to the facilities and operations of the Business.

Section 3.22 ***Labor Relations .*** Neither Seller nor SCI is a party to any collective bargaining or union Contract and neither the Seller nor SCI is aware of any current union organization effort with respect to employees of the Business. There are no pending or unresolved unfair labor practice complaints from or with respect to any employees of the Business. Since December 31, 2005, neither Seller nor SCI has received any written notice of any strikes, slowdowns, work stoppages, lockouts or threats thereof, by or with respect to any employees of the Business. Since December 31, 2005, neither Seller nor SCI has had an "employment loss" within the meaning of the WARN Act or any similar Law.

Section 3.23 ***Employees and Independent Contractors .*** Schedule 3.23 sets forth a list of all employees of the Business, together with (a) their titles or responsibilities, (b) their salaries or wages during the 2005 calendar year, (c) their dates of hire, (d) any employment or severance agreements with them, and (e) any outstanding loans or advances made to them. Except as limited by any employment Contracts listed in Schedule 3.23 and except for any limitations of general application which may be imposed under applicable employment Laws, either Seller or SCI has the right to terminate the employment of each employee of the Business at will and without incurring any penalty or liability other than Retained Liabilities. Each of the Seller and SCI is in compliance with all Laws respecting employment practices, except where the failure to so comply would not have a Material Adverse Effect. To the Knowledge of Seller and SCI, no employee of the Business has provided to Seller or SCI (or any Affiliate of Seller or SCI) written notice of such employee's intent to terminate his or her employment with the Business after the date hereof.

Section 3.24 ***No Brokers .*** Neither Seller nor SCI, nor any Person acting on behalf of Seller or SCI, has agreed to pay to any Person any commission, finder's or investment banking fee, or similar payment in connection with this Agreement or the transactions contemplated thereby, nor has

Seller, SCI or any Person acting on behalf of Seller or SCI, taken any action on which a claim for any such payment could be based.

Section 3.25 ***Accounts Receivable .*** None of the Receivables have been sold and/or factored. All Receivables arising since December 31, 2005, represent bona fide claims of Seller and SCI against debtors of the Business for sales made, services performed or other charges or valid consideration arising on or before the date hereof. All such Receivables are valid and enforceable claims for payment consistent with past practices, without, to the Knowledge of Seller and SCI, setoff or counterclaim.

Section 3.26 ***Operations in Ordinary Course of Business .*** Since December 31, 2005, Seller and SCI have operated and conducted the Business in the ordinary and usual course consistent with past practices. Since December 31, 2005, there has been no material adverse change in the financial condition, assets, liabilities, or operations of the Business, nor have any events occurred, nor to the Knowledge of Seller and SCI do there exist any circumstances, which would constitute, either before or after the Closing, any such change. Without limiting the generality of the foregoing and except as set forth on Schedule 3.26 , since December 31, 2005, neither the Seller nor SCI has:

(a) sold, assigned, leased or transferred any of their assets, which are material to the Business singly or in the aggregate, other than assets sold or disposed of in the ordinary course of business, consistent with past practice;

(b) canceled, terminated, amended, modified or waived any material term of any Contract relating to the Business to which either of them is a party or by which either of them or any of their assets is bound providing for aggregate annual revenues to Seller or SCI in excess of $25,000;

(c) (i) increased the base compensation payable or to become payable to any of its employees or independent contractors, except for normal periodic increases in such base compensation in the ordinary course of business, consistent with past practice, (ii) increased the sales commission rate payable or to become payable to any of its employees or independent contractors except in the ordinary course of business consistent with past practices (including, without limitation, past practices with respect to amounts and timing), (iii) granted, made or accrued any loan, bonus, fee, incentive compensation (excluding sales commissions), service award or other like benefit, contingently or otherwise, to or for the

benefit of any of its employees or independent contractors, except in the ordinary course of business consistent with past practices (including, without limitation, past practices with respect to amounts and timing), or (iv) entered into any new employment, collective bargaining or consulting agreement or caused or suffered any written or oral termination, cancellation or amendment thereof (except for Assumed Contracts or with respect to any employee at will without a written agreement);

(d) executed any lease for real or personal property for the Business or incur any Liability therefor except as otherwise disclosed herein;

(e) suffered any damage, destruction or loss (whether or not covered by insurance) affecting the Business or any assets used in the Business that exceeds $25,000 in any one instance or $100,000 in the aggregate; or

(f) mortgaged or pledged, or otherwise made or suffered any Lien (other than any Permitted Encumbrance) on, any material asset of the Business or group of assets that are material in the aggregate to the Business.

Section 3.27 ***Investment Company Act*** **.** Neither Seller nor SCI is, or has at any time been, an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

Section 3.28 ***Public Utility Holding Company Act*** **.** Neither Seller nor SCI is, or has at any time been, a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 3.29 ***Compliance with Cemetery Laws*** **.** In connection with the ownership and operation of the Business, each of Seller and SCI has complied in all material respects with all applicable Laws governing the operation of cemeteries, the provision of cemetery services and the sale of cemetery merchandise. Furthermore, with respect to the ownership and operation of the Business, there are no pending or, to the Knowledge of Seller and SCI, threatened claims or suspensions against Seller and/or SCI, by any Person related to the operation of cemeteries, the provision of cemetery services and the sale of cemetery merchandise.

Section 3.30 ***Full Disclosure*** **.** None of the representations and warranties made by Seller or SCI in this Agreement (including the Schedules hereto) or in any document delivered to Buyer by or on behalf of Seller or SCI pursuant to Section 7.1, contains any untrue statement of a material fact, or omits any material fact necessary to make any of them, in light of the circumstances in which it was made, not misleading.

Section 3.31 ***No Other Representations or Warranties*** **.** Except as expressly stated in this Agreement, Seller and SCI make no other representation or warranty of any kind whatsoever.

ARTICLE IV

Representations and Warranties of Buyer

Buyer hereby represents and warrants to Seller and SCI, both as of the date hereof and as of the Effective Time, as follows:

Section 4.1 ***Authority*** **.**

(a) Each of StoneMor LLC and Buyer LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation. Buyer NQ Sub is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation. The execution, delivery and performance of this Agreement by StoneMor LLC and each Buyer LLC and Buyer NQ Sub, have been duly authorized and consented to by the Board of Managers or the Board of Directors of such Person (as the case may be), and no other or additional consent or authorization on the part of such Person is required in connection therewith. The consummation of the transactions contemplated by this Agreement will not result in a breach, violation or default by StoneMor LLC, Buyer LLC or Buyer NQ Sub of or under any judgment, decree or Contract applicable to any of them except to the extent that any such breach, violation or default would not reasonably be expected to have a material adverse effect on the ability of StoneMor LLC, Buyer LLC and Buyer NQ Sub to perform their obligations hereunder.

(b) Upon execution and delivery hereof, this Agreement shall constitute the valid and binding obligation of StoneMor LLC, Buyer LLC and Buyer NQ Sub, enforceable against each of them in accordance with its terms.

Section 4.2 ***Intentionally Omitted*** **.**

Section 4.3 ***No Brokers*** **.** Neither Buyer, nor any Person acting on behalf of Buyer, has agreed to pay a commission, finder's or investment banking fee, or similar payment in connection with this Agreement or any matter related hereto to any Person, nor has any such Person taken any action on which a claim for any such payment could be based.

Section 4.4 ***Knowledge of Seller Breach*** . None of the Buyer Representatives (as defined below) have actual knowledge of a breach by Seller or SCI of any representation or warranty contained in Article III, or any covenant or agreement to be performed or complied with by Seller or SCI in accordance with this Agreement prior to the Effective Time. For purposes of this Section 4.4, the term "Buyer Representative" means William R. Shane, Paul Waimberg, Frank Milles, Michael Stache, Gregg Strom, Alan Fisher, Ken Lee, Penny Casey and Tim Yost, and such persons shall be deemed to have actual knowledge of any breach referred to in the preceding sentence of which any individual assigned by a third-party representative or advisor of Buyer to provide substantial services in connection with the transaction contemplated hereby has actual knowledge.

Section 4.5 ***No Other Representations or Warranties*** **.** Except as expressly stated in this Agreement, Buyer makes no other representation or warranty of any kind whatsoever.

ARTICLE V

Covenants

Section 5.1 ***Access to Business*** **.** From and after the date of this Agreement, Seller and SCI will give Buyer and its representatives full and free access to all properties, Contracts, books and records of the Business so that Buyer may have full opportunity to make such investigation as it shall desire to make of the affairs of the Business, including, without limitation, the conduct of any environmental investigations or assessments, provided that (i) such investigation or assessment shall not unreasonably interfere with the operations of the Business, and (ii) prior to Buyer or any of its representatives or contractors contacting the Location or Location personnel, Buyer shall first

communicate with and receive approval from **Michael Lehmann** , which approval shall not be unreasonably withheld. Seller and SCI agree to furnish to Buyer and its representatives all data and information concerning the Acquired Assets and the Business that may be reasonably requested by them to conduct a complete and thorough due diligence review of the Acquired Assets, the Business and the employees of the Business.

Section 5.2 ***Conduct of Business Pending Closing*** **.** From and after the date of this Agreement until the Closing, and except as otherwise permitted by this Agreement or as consented to by Buyer in writing, each of Seller and SCI covenant that:

(a) Seller and SCI will conduct the Business only in the ordinary course consistent with past practices, which shall include, without limitation, compliance in all material respects with all applicable Laws and the maintenance in force of all insurance policies;

(b) Seller and SCI shall maintain the Acquired Assets in their current state of repair, excepting normal wear and tear and use their commercially reasonable efforts to protect the goodwill of the Business and to maintain for the Business the current relationships with suppliers and customers of the Business and others having business relations with the Business;

(c) Seller and SCI shall use their commercially reasonable efforts to ensure that key employees and key independent contractors continue their association with the Business through the Closing Date; and

(d) Neither Seller nor SCI shall engage in any practice, take, fail to take, or omit any action, or enter into any transaction, (i) of the kind described in Section 3.26 or (ii) which would make any of the representations and warranties in Article III not true.

Section 5.3 ***Consents and Licenses*** **.** Each of Seller and SCI will use its commercially reasonable efforts to obtain, satisfy or make, prior to the Closing, all Required Consents.

Section 5.4 ***Buyer's Trustee and Endowment Care and Pre-Need Trust Funds*** **.** Buyer shall, prior to Closing, (i) secure all licenses, permits and other governmental authorizations and approvals required by the State of Michigan as a prerequisite to Buyer selling Pre-/At-Need Contracts or accepting funds paid by customers toward Pre-/At-Need Contracts with the Business; and (ii) select and formally designate a trustee or trustees (" ***Buyer's Trustee*** ") that is qualified under

applicable Laws to receive all bank, trust or other funds or accounts, excluding insurance premium payments, containing amounts that have been received by Seller or SCI prior to the Effective Time pursuant to Pre-/At-Need Contracts for pre-need cemetery merchandise and/or services to be provided by the Business (" ***Pre-Need Trust Funds*** "), or which are being held as endowment care, perpetual care, extended care or similar trust funds (" ***Endowment Care Funds*** "), or which are being held as pre-construction trust funds (" ***Pre-construction Trust Funds*** ") (all herein collectively the ***"Trust Funds"***). At or prior to Closing, Buyer shall confirm in writing to Seller its compliance with the above requirements. On the Closing Date, all amounts held in the Trust Funds shall be transferred for safekeeping to Buyer's Trustee, provided that certain amounts shall be transferred to Buyer's Trustee after Closing pursuant to Section 5.5. Buyer agrees that all such amounts will be held, administered and withdrawn in accordance with state and federal law.

Section 5.5 ***Delivery of Trust Funds .***

(a) Within the first five (5) business days following the Closing, Seller and SCI shall cause the trustees that hold the Trust Funds (**"Seller's Trustees"**) to deliver to Buyer's Trustee, by wire transfer in accordance with the instructions from Buyer and/or Buyer's Trustee, amounts from each of the various Trust Funds equal to approximately 90% of the Closing Date balances thereof (the ***" Initial Trust Delivery "***).

(b) For a period of not more than 60 days after the Closing Date, Seller and SCI shall continue to make (i) deposits to the undelivered portion of the Trust Funds (the " ***Retained Trust Funds*** ") as legally and contractually required with respect to payments upon Pre-/At-Need Contracts received by Seller and/or SCI after the Closing, and (ii) withdrawals from the Retained Trust Funds for legally and contractually allowed amounts with respect to Pre-/At-Need Contracts serviced by Seller and/or SCI or other appropriate withdrawals, all in accordance with Seller's and/or SCI's historical practices in those regards and consistent with applicable Laws.

(c) Also during the 60-day period referenced in (b) above, Seller and/or SCI shall cause to be computed and retained/withdrawn from the Retained Trust Funds (for payment to the applicable Taxing Authorities) such Taxes as are due on income earned (and recognized) by the Pre-Need Trust Funds and the Endowment Care Funds prior to their delivery to Buyer's Trustee.

(d) Notwithstanding anything to the contrary, but except as contemplated/allowed in (c) preceding, after the Closing, neither Seller nor SCI shall be entitled to receive any

amounts from, or with respect to, the Endowment Care Funds or the Pre-construction Trust Funds.

(e) On or before the 60 th day following Closing, Seller and/or SCI shall cause to be delivered to Buyer's Trustee, by wire transfer in accordance with instructions from Buyer and/or Buyer's Trustee, the remaining Trust Funds (the " ***Final Trust Delivery*** ", and herein together with the Initial Trust Delivery, the " ***Post-Closing Trust Delivery*** "), and shall contemporaneously provide to StoneMor a written reconciliation of the amounts making up the Post-Closing Trust Delivery, including designation of the specific Pre-/At-Need Contracts to which the various delivered amounts are attributable. From and after the date of delivery of the Final Trust Delivery, neither Seller nor SCI shall be entitled to any further withdrawals from the Trust Funds, and any further deposits made by Seller and/or SCI to the Trust Funds shall not be considered as additions to the Post-Closing Trust Delivery for other purposes thereof.

(f) For a period of no more than 60 days after the Closing Date, Buyer shall permit Seller and SCI reasonable access to the books and records of the Business as shall be reasonably necessary for Seller and SCI to properly make the Post-Closing withdrawals and deposits to the Retained Trust Funds as are contemplated in (b) above.

Section 5.6 ***Cooperation Regarding Publicity .*** Neither Seller, SCI nor Buyer shall make any press release or other public announcement or filing regarding the transactions contemplated herein without prior consultation and coordination with the other party(ies) hereto, so that the business interests of all are properly served. Notwithstanding the foregoing or anything else to the contrary, Seller, SCI and each of their respective Affiliates on the one hand, and Buyer and its Affiliates on the other hand, may make one or more public announcements or filings in connection with the transactions contemplated by this Agreement to the extent that such announcement or filing is reasonably required for the party making such announcement or filing (or any of such party's Affiliates) to avoid Liability under applicable Laws; provided, however , that the party making such announcement or filing shall notify the other party(ies) hereto, if reasonably possible, at least three business days prior to making such filing.

Section 5.7 ***Title to Real Estate .*** Buyer has obtained (and provided copies to Seller and SCI), one-half at Buyer's expense and one-half at Seller's expense, commitments for title insurance in an aggregate amount equal to the portion of the Closing Purchase Price deemed allocated to the

Real Property as reflected on the Statement of Allocation from Fidelity National Title Company (the " ***Title Company*** "), showing title to the Owned Real Property to be held in fee simple and good, marketable and vested in Seller subject to the liens, claims and encumbrances, easements, rights-of-way, reservations, restrictions, outstanding mineral interests and other matters affecting the Real Property or the title thereto identified on Schedule 3.5 as Permitted Encumbrances. At Closing or soon thereafter as practicable, the Title Company shall issue, one-half at Buyer's expense and one-half at Seller's expense, its title insurance policy(ies) consistent with its previous title commitment(s) approved by Buyer.

Section 5.8 ***Inspections .*** Buyer, Seller and SCI acknowledge that Buyer has performed and obtained inspections and surveys of the Real Property at Buyer's expense.

Section 5.9 ***Intentionally omitted .***

Section 5.10 ***Satisfaction of Pre-Closing Covenants .*** Seller, SCI and Buyer shall use their commercially reasonable efforts to satisfy at or prior to Closing all of the covenants and agreements to be performed or complied with by each of them, respectively, pursuant to this Agreement at or prior to Closing.

Section 5.11 ***Post Closing Access .***

(a) For a period of eight (8) years from the Closing Date, Seller and SCI shall retain and make available to Buyer for any lawful purpose, upon reasonable notice and at reasonable times, Seller's and SCI's Tax records, general ledger and other books of original entry, and original payroll records with respect to periods prior to the Effective Time. If either Seller or SCI ceases to conduct operations prior to the end of such eight-year period, Seller or SCI, as applicable, shall give Buyer 60 days' prior written notice and an opportunity to accept (without charge to Buyer) from Seller or SCI, as applicable, a transfer of such books and records, and if Buyer elects not to accept such books and records, the Seller's or SCI's obligations under this paragraph (a) shall cease.

(b) For a period of eight (8) years from the Closing Date, Buyer shall retain and make available to Seller and SCI for any lawful purpose, upon reasonable notice and at reasonable times, the books and records of the Business with respect to periods prior to the Effective Time and to actions and events after the Effective Time, to the extent they relate to periods prior to the Effective Time. If Buyer ceases to conduct operations prior to the end of

such eight-year period, Buyer shall give Seller and SCI 60 days' prior written notice and an opportunity to accept (without charge to Seller or SCI) from Buyer a transfer of such books and records from Buyer, and if Seller and SCI elect not to accept such books and records, Buyer's obligations under this paragraph (b) shall cease.

(c) After the Closing, for a period of 30 days, Buyer shall provide and allow each of Seller and SCI reasonable access, at such times as are mutually agreed upon in advance by Seller and SCI, as applicable, and Buyer, to the facilities in which the Business is conducted as reasonably necessary to collect and remove the Excluded Assets; provided, however , Buyer's employees shall not be obligated to physically assist in the collection and removal of Excluded Assets and in no event shall such collection and removal of Excluded Assets unreasonably disrupt or interfere with the operations of the Business, and provided, further that , Seller and SCI, jointly and severally, shall fully indemnify Buyer for any and all Losses arising from or relating to Seller's or SCI's collection and removal of the Excluded Assets.

Section 5.12 ***Tax Matters*** **.**

(a) Seller and SCI shall be responsible for preparing and filing, at Seller's and SCI's expense, as applicable, within the times and in the manner prescribed by law (subject, however, to filing under any extension) all Tax Returns of Seller and SCI, as applicable, for all Tax periods.

(b) Seller, SCI and Buyer shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with any Tax proceeding relating to: (i) the Acquired Assets; (ii) the Business; or (iii) the transactions contemplated by this Agreement. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any Tax audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Seller and SCI agree to retain all books and records with respect to Tax matters pertinent to Seller relating to any taxable period beginning before the Closing Date until the longer of (x) sixty (60) days after the expiration of the statute of limitations of the respective taxable periods or (y) eight years, and to abide by all record retention agreements entered into with any Taxing Authority.

(c) Seller, SCI and Buyer agree, upon request, to use their commercially reasonable efforts to obtain any ruling, certificate or other document from any Taxing Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed solely with respect to the transactions contemplated by this Agreement.

Section 5.13 ***Employees*** **.**

(a) Buyer may, but shall not be obligated to, offer employment to any employees of the Business on such terms and conditions as Buyer may determine. Seller and SCI shall retain all obligations and liabilities arising on or prior to the Closing in respect of their current and former employees under any and all employee benefit plans, policies or practices of each of Seller or SCI or any of their Affiliates and applicable Laws. Prior to the Closing, Buyer shall notify the Seller and SCI, as applicable, of those employees of the Business to whom Buyer expects to make an offer of employment. Buyer shall not assume or otherwise be

responsible for any obligation or liability of employee benefit plans, policies or practices of the Seller or SCI or any of their Affiliates, or from any employee's employment with or termination of employment by Seller or SCI or any Affiliate of Seller or SCI at or prior to the Closing.

(b) Each of Seller and SCI (or any of their Affiliates), as applicable, shall be responsible for providing health benefit continuation coverage under Section 162(k) and Section 4980B of the Code with respect to (i) any former employee of Seller or SCI (or any of their Affiliates) and any other qualified beneficiary under any group health plan who as of the Closing is receiving or is eligible to receive such continuation coverage, and (ii) any employee of the Seller or SCI (or any of their Affiliates) and any qualified beneficiary with respect to such employee.

(c) Seller and SCI shall be responsible for, and shall comply with, any and all WARN Act obligations relating to periods prior to Closing or associated with, or incurred as a result of, the transactions contemplated by this Agreement.

Section 5.14 ***No Solicitation; Notification*** **.**

(a) No Solicitation . Prior to Closing, neither Seller nor SCI shall, and Seller and SCI each shall cause their representatives (including, without limitation, investment bankers, attorneys and accountants), employees, directors, members, partners and other Affiliates not to, directly or indirectly, enter into, solicit, initiate, conduct or continue any discussions or negotiations with, or encourage or respond to any inquiries or proposals by, or participate in any negotiations with, or provide any information to, or otherwise cooperate in any other way with, any Person other than Buyer and its representatives concerning any sale of all or any portion of the assets of the Business of, or of any shares of capital stock or other units of equity interests in, either Seller or SCI, or any merger, consolidation, recapitalization, liquidation, dissolution or similar transaction involving either Seller or SCI that encompasses any portion of the Business or the Acquired Assets (each such transaction being referred to herein as a " ***Proposed Acquisition Transaction*** "). Each of Seller and SCI hereby represents and warrants that it is not now engaged in discussions or negotiations with any party other than Buyer with respect to any Proposed Acquisition Transaction. Neither Seller nor SCI shall, and each of Seller and SCI shall cause its representatives (including, without limitation, investment bankers, attorneys and accountants), employees, directors, members, partners and other Affiliates not to, agree to release any third party from, or waive any provision of, any confidentiality or standstill agreement that relates in any way to all or a portion of the Business.

(b) Notification . Seller and SCI each shall (i) immediately notify Buyer if any written offer, inquiry or proposal is made or given to Seller or SCI (or any of their Affiliates) with respect to any Proposed Acquisition Transaction, and (ii) promptly provide Buyer with a copy of any such offer, proposal or inquiry; provided , however , that no such notice hereunder shall relieve Seller or SCI of its respective obligations under Section 5.14(a).

Section 5.15 ***Confidentiality*** **.** The parties acknowledge that the transactions described herein are of a confidential nature and shall not be disclosed except to consultants, advisors, lenders

or other financial sources and Affiliates, or as required by Law, until such time as the parties make a public announcement regarding the transaction as provided hereunder. In connection with the negotiation of this Agreement, the preparation for the consummation of the transactions contemplated hereby, and the performance of obligations hereunder, each party acknowledges that it has had, and will continue to have, access to confidential information relating to the other party. Each party shall treat such information as confidential, preserve the confidentiality thereof and not disclose such information, except to its advisors, consultants and other representatives and to Affiliates, or as required by Law, in connection with the transactions contemplated hereby. Notwithstanding the foregoing, Buyer may disclose this Agreement and the information and data in Buyer's possession in connection herewith to its lenders, but shall advise them of the requirement to maintain the confidentiality of such information and data. This Section 5.15 shall not apply to any information that is (a) in the public domain through no fault on the part of the receiving party hereto or any of their Affiliates or the employees, agents or representatives of such party or any of its Affiliates, or (b) learned or discovered through any independent source that is not obligated to maintain such information as confidential. Because of the difficulty of measuring economic loss as a result of a breach of the foregoing covenants in this Section 5.15, and because of the immediate and irreparable damage that would be caused for which there may be no other adequate remedy at law, the parties hereto agree that, in the event of a breach by any of them of the foregoing covenants in this Section 5.15, such covenants may be enforced against them by injunction or restraining order.

Section 5.16 ***Cooperation Regarding Financial Information .*** After the Closing, without limiting the generality of any other provision of this Agreement, and without further consideration, Seller and SCI shall, and shall cause their respective Affiliates to, provide reasonable cooperation (including reasonable access to Seller's and SCI's files, records and employees) to Buyer and its agents and representatives (including Buyer's external auditors) in connection with the preparation of

financial statements and financial information and disclosures relating to the Business and the Acquired Assets, including, without limitation, disclosures required under Items 2.01 and 9.01 of Form 8-K adopted by the Securities and Exchange Commission, including all requirements for pro forma financial information.

Section 5.17 ***Further Assurances*** **.** From time to time after the Closing, at the request of Buyer, and without further consideration but at no cost to Seller or SCI, Seller and SCI will execute and deliver such additional documents and will take such other actions as Buyer reasonably may request to more fully and absolutely convey, assign, transfer, deliver and vest in Buyer title to the Acquired Assets and the Business and to otherwise carry out the terms of this Agreement.

Section 5.18 ***Notice of Breaches*** **.** Each of the Seller and SCI shall give prompt notice to Buyer of (a) the occurrence, or failure to occur, of any event, which occurrence or failure causes or would reasonably be expected to cause any representation or warranty of Seller or SCI contained in this Agreement or in any Exhibit or Schedule hereto to be untrue or inaccurate, (b) any Material Adverse Effect, and (c) any failure of Seller or SCI or any of their respective Affiliates, shareholders or representatives to comply with, perform or satisfy any covenant, condition or agreement to be complied with, performed by or satisfied by them under this Agreement or any Exhibit or Schedule hereto; and if after receiving such disclosure Buyer shall elect to proceed with the Closing, such disclosure shall be deemed to cure, and shall relieve Seller and SCI of any Liability with respect to any breach of, or failure to satisfy, any representation, warranty, covenant, condition or agreement hereunder to the extent such breach or failure was fully and accurately described in such disclosure.

ARTICLE VI

Conditions Precedent to Closing

Section 6.1 ***Conditions to Seller and SCI Closing*** **.** The obligations of Seller and SCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction on or

before the Closing of the following conditions, any one or more of which may be waived by Seller and SCI at their option:

(a) the representations and warranties of Buyer contained in this Agreement shall be true and correct, both on the date of this Agreement and at and as of the Closing, except for representations or warranties made as of some other specified date, which as of the Closing shall remain true and correct as of such specified date;

(b) Buyer shall have discharged, performed or complied with, in all material respects, all covenants and agreements contemplated by this Agreement to be performed or complied with by Buyer at or prior to the Closing; and

(c) Buyer shall have delivered, or caused to be delivered, to Seller and SCI each of the documents required by Section 7.2. and

(d) The Dignity II and III Transaction and the Hillcrest Transaction shall have closed or closing is contemplated in the near term.

Section 6.2 ***Conditions to Buyer Closing*** **.** The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction on or before the Closing of the following conditions, any one or more of which may be waived by Buyer at its option:

(a) the representations and warranties of Seller and SCI contained in this Agreement shall be true and correct, both on the date of this Agreement and at and as of the Closing, except for representations or warranties made as of some other specified date, which as of the Closing shall remain true and correct as of such specified date;

(b) Seller and SCI shall have discharged, performed or complied with, in all material respects, all covenants and agreements contemplated by this Agreement to be performed or complied with by Seller and/or SCI at or prior to the Closing;

(c) Seller and SCI shall have delivered, or caused to be delivered, to Buyer each of the documents required by Section 7.1;

(d) Buyer shall have obtained financing for the cash portion of the Closing Purchase Price on terms satisfactory to Buyer in Buyer's reasonable discretion;

(e) There shall have been no material adverse change in the condition (financial, physical or otherwise), assets, commercial relationships, business or operations of the Business or the Acquired Assets from and after December 31, 2005;

(f) No Law, order or judgment shall have been enacted, entered, issued or promulgated by any Governmental Authority, arbitrator or mediator, which challenges, or seeks to prohibit, restrict or enjoin the consummation of the transactions contemplated hereby, nor shall there be pending or threatened, any action, suit or proceeding by or before any

Governmental Authority, arbitrator or mediator, challenging any of the transactions contemplated by this Agreement, seeking monetary relief by reason of the consummation of such transactions or seeking to effect any material divestiture or to revoke or suspend any material Contract or Permit of the Business by reason of any or all of the transactions contemplated by this Agreement;

(g) Buyer shall have obtained all required Permits for the operation of the Business;

(h) All Required Consents shall have been made, obtained or given, including without limitation, those of Buyer's existing lenders, and such Consents shall be in full force and effect;

(i) Seller and SCI shall have terminated the Management Agreement;

(j) The Dignity II and III Transaction and the Hillcrest Transaction shall have closed or closing is contemplated in the near term; and

(k) Buyer shall have received written assurance from its auditors that audited financial statements for each of the Seller and SCI Michigan (covering only the portions of the Business owned and operated by each) sufficient, in the opinion of Deloitte & Touche, to permit StoneMor Partners L.P. to satisfy its disclosure obligations under Items 2.01 and 9.01 of Form 8-K adopted by the Securities and Exchange Commission, including all requirements for pro forma financial information, will be received within thirty (30) days after the date of the Closing.

ARTICLE VII

Closing Deliveries

Section 7.1 ***Seller's and SCI's Closing Deliveries*** . At the Closing, Seller and SCI will deliver to Buyer the following documents, duly executed as required, and each in form and substance reasonably acceptable to Buyer and its counsel:

(a) motor vehicle transfer/tax forms transferring the automobiles comprised in the Acquired Assets to Buyer, free and clear of all Liens (one for each automobile) and duly endorsed certificates of title for the automobiles evidencing that title to such vehicles are held in Buyer and are free and clear of all Liens (one for each automobile); provided , however , that as to all such vehicles which are covered by leases from Wheels, Inc., as referenced above, Buyer recognizes that Wheels, Inc. will cause new certificates of title to be issued and delivered to Buyer after Closing according to the standard procedures of the applicable states regarding such matters;

(b) **Intentionally Omitted** ;

(c) a bill of sale conveying the applicable Acquired Assets to Buyer, in form and substance reasonably acceptable to Buyer;

(d) an Assignment and Assumption Agreement assigning to Buyer all of the Assumed Contracts;

(e) an assignment agreement assigning to Buyer (and/or to Buyer's Trustee, as appropriate), all Trust Funds, insurance policies and Receivables related to the Pre-/At-Need Contracts (other than those specified in Section 5.5);

(f) a certificate of Seller and SCI, to the effect that the conditions set forth in Sections 6.2(a), (b) and (f) hereof have been satisfied;

(g) a certificate of each of Seller and SCI to the effect that Seller or SCI, as applicable, is not a foreign person within the meaning of Section 1445 of the Code (or any comparable law);

(h) Special Warranty Deeds conveying to Buyer title in fee simple to the Owned Real Property;

(i) fully executed counterparts of any and all required transfer tax forms;

(j) such title affidavits, opinions and indemnities as may be requested by the Title Company to issue the policy to Buyer;

(k) all other bills of sale, deeds, leases, transfers, assignments, acts, things and assurances as may be required in the reasonable opinion of Buyer for more perfectly and absolutely assigning, transferring, conveying, assuring to and vesting in Buyer title to the Acquired Assets free and clear of all Liens;

(l) copies of all Required Consents, duly executed by the Person from whom consent is required to be obtained;

(m) written evidence reasonably satisfactory to Buyer that the Management Agreement and any other related relationship between SCI (including its Affiliates) and Seller related to the Location has been terminated; and

(n) such other documents as may be reasonably required to consummate the transaction contemplated hereunder.

Section 7.2 ***Buyer's Closing Deliveries*** . At the Closing, Buyer will deliver to Seller and SCI the following:

(a) in the form and manner specified in Section 1.3 hereof, the Closing Purchase Price, as adjusted pursuant to this Agreement;

(b) Intentionally Omitted ;

(c) a certificate of Buyer, signed by an executive officer thereof, to the effect that the conditions set forth in Sections 6.1(a) and (b) hereof have been satisfied; and

(d) such other documents as may be reasonably required to consummate the transaction contemplated hereunder.

ARTICLE VIII

Survival of Representations, Warranties and Covenants; Indemnification; Enforcement of Agreement

Section 8.1 ***Nature of Representations*** **.** For purposes of this Agreement, the contents of all Exhibits, certificates, Schedules, and other items incorporated herein by reference shall, in addition to the representations, warranties and covenants made in this Agreement, constitute representations, warranties and covenants made in this Agreement by Seller, SCI or Buyer, as the case may be.

Section 8.2 ***Survival of Representations, Warranties and Covenants*** **.** The representations, warranties and covenants of the parties made in this Agreement shall survive the Closing, without regard to any investigation by the parties with respect thereto, as follows:

(a) The representations and warranties set out in Sections 3.1 (Organization, Standing; Authorization; Capacity)), 3.3 (Tax Matters), 3.5(a) (Title to Acquired Assets), 3.10 (Real Estate Taxes), 3.16(b) (Preneed and Trust Accounts and Contracts), 3.24 (No Brokers) and 4.1 (Authority) (claims with respect to any of the foregoing representations and warranties referred to herein as " ***Special Claims*** "), and the indemnification obligations of the parties with respect to breaches of such representations and warranties, shall survive for a period equal to the statute of limitations pertaining thereto;

(b) All other representations and warranties made in this Agreement, and the indemnification obligations of the parties with respect to breaches of such representations and warranties, shall survive for a period of two (2) years after the Closing;

(c) Any claims, actions or suits that either the Seller and/or SCI, on the one hand, or the Buyer, on the other hand, may have against the other that arise from any actual fraud on the part of such other party in connection with this Agreement or the transactions contemplated hereunder, shall continue in full force and effect without limitation;

(d) All covenants and agreements made in this Agreement, and the indemnification obligations of the parties with respect to breaches of such covenants and

agreements, shall survive for a period equal to the statute of limitations or the period of time specified herein for a particular covenant or agreement; provided, however that the covenants contained in Section 5.17 (Further Assurances) and the indemnification obligations of the parties with respect to breaches thereof, shall survive the Closing indefinitely; and

(e) Notwithstanding the foregoing or anything else to the contrary, if any claim or proceeding is to be made or brought by an Indemnitee (as defined in Section 8.8) within the applicable time period set forth above in this Section 8.2, such claim, and the representation, warranty and/or covenant alleged to have been breached in such claim or proceeding, and all indemnification obligations of the parties with respect thereto, shall survive until the final resolution of such claim by settlement, arbitration, litigation or otherwise.

Section 8.3 ***Indemnification by Seller and SCI*** .

(a) Seller and SCI, jointly and severally, agree to indemnify and hold each Indemnitee (as defined in Section 8.8), harmless from all Losses incurred, suffered or paid, directly or indirectly, as a result of or arising out of:

(i) any breach or default in the performance by Seller or SCI of any covenant or agreement of Seller or SCI contained in this Agreement or any related document executed pursuant hereto;

(ii) any breach of warranty or inaccurate or erroneous representation made by Seller or SCI herein (except to the extent that a Buyer Representative had actual knowledge thereof in breach of Section 4.4);

(iii) any Retained Liabilities;

(iv) any Taxes of Seller or SCI, including, without limitation, (A) Transfer Taxes; (B) the portion of real and personal property Taxes for which Seller or SCI is liable for pursuant to Section 1.7.; (C) Taxes on income earned (and recognized) by the Pre-Need Trust Funds and the Endowment Care Funds prior to delivery thereof to Buyer's Trustee; and (D) Taxes payable by any trust (as an independent taxpayer entity) of or relating to any Seller or SCI or any Affiliate of any Seller or SCI and to any or all of the Business, including, without limitation, Taxes relating to or arising from income earned (and recognized) by the Pre-Need Trust Funds and the Endowment Care Funds prior to the delivery thereof to Buyer's Trustee; and

(v) any unpaid Taxes of any Person including under United States Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law) as a transferee or successor, by Contract or otherwise.

(b) Notwithstanding anything herein to the contrary, Buyer shall have no claim for indemnification hereunder until the total amount of all Losses incurred which would otherwise be subject to indemnification hereunder exceeds $10,000, and then only to the extent of such excess, but in no event shall the aggregate amount of all Losses subject to indemnification under this Section 8.3 exceed the Closing Purchase Price; provided, however , that the amounts set forth in this Section 8.3(b) shall not apply to any Losses resulting from or

arising out of, directly or indirectly, (i) any Special Claims, (ii) claims under Sections 8.3(a)(i), 8.3(a)(iii) (other than the Retained Liabilities identified in Section 1.5(b)(vii)), 8.3(a)(iv) or 8.3(a)(v) or (iii) claims arising from any actual fraud on the part of Seller and/or SCI, as to each of which Seller and SCI shall have liability for the entire amount of such Loss without any limitation; and

(c) Except as provided in Section 8.7, the indemnification obligations of Seller and SCI hereunder shall be exclusive remedy of Buyer with respect to any matter subject to indemnification hereunder.

(d) Seller and SCI will be entitled to receive as a credit against any indemnification amount owing to Buyer hereunder an amount equal to the net proceeds of any insurance policy actually received by Buyer for any Loss for which Seller and/or SCI agreed to indemnify Buyer under this Section 8.3.

Section 8.4 ***Indemnification by Buyer*** **.**

(a) Buyer agrees to indemnify and hold each Indemnitee (as defined in Section 8.8) harmless from all Losses incurred, suffered or paid, directly or indirectly, as a result of or arising out of:

(i) any breach or default in the performance by Buyer of any covenant or agreement of Buyer contained in this Agreement or any related document executed pursuant hereto;

(ii) any breach of warranty or inaccurate or erroneous representation made by Buyer herein (except to the extent that Seller or SCI had actual knowledge thereof prior to the Closing); and

(iii) the failure of Buyer to fully pay and discharge as and when same are due the Assumed Liabilities or any of the obligations, liabilities and/or duties relating to or arising from the Business from and after the Effective Time.

(b) Except as provided in Section 8.7, the indemnification obligations of Buyer hereunder shall be exclusive remedy of Seller and SCI with respect to any matter subject to indemnification hereunder.

(c) Buyer will be entitled to receive as a credit against any indemnification amount owed to Seller or SCI hereunder an amount equal to the net proceeds of any insurance policy actually received by Seller or SCI for a Loss for which the Buyer agreed to indemnify Seller or SCI under this Section 8.4.

Section 8.5 ***Defense of Claims; Payment*** **.**

(a) Any Indemnitee seeking indemnification with respect to any actual or alleged Loss shall give notice to the applicable Indemnitor within the applicable survival period set forth in Section 8.2. If any claim, suit, demand or action is asserted or threatened by a third party (“ ***Claim*** ”) after the Closing Date for which an Indemnitor may be liable under the terms

of Article VIII, then the Indemnitee shall notify the Indemnitor within thirty (30) days after such Claim is known to the Indemnitee (provided , however , that failure to provide such notice will not affect the Indemnitee's rights to indemnity hereunder from Indemnitor, unless the Indemnitee can show actual material prejudice resulting from such failure and then only to the extent of such actual material prejudice) and shall give the Indemnitor a reasonable opportunity: (i) to take part in any examination of any books and records; (ii) to conduct any proceedings or negotiations in connection therewith and necessary or appropriate to defend the Indemnitee; (iii) to take all other required steps or proceedings to settle or defend any such Claim; and (iv) to employ counsel to contest any such Claim in the name of the Indemnitee or otherwise (except as set forth below in Section 8.5(b)).

(b) If the Indemnitor intends to assume the defense of such Claim, it shall give written notice of such intention to the Indemnitee within 15 days after Indemnitor first receives written notice of such Claim, whereupon Indemnitee shall permit, and Indemnitor shall assume, the defense of any such Claim, through counsel reasonably satisfactory to the Indemnitee. Notwithstanding the foregoing, the Indemnitee may participate in such defense of such Claim (with one or more counsel of its own choice) at its own expense, provided , however , that if the parties to any such Claim (including any impleaded parties) include both the Indemnitor and the Indemnitee, and the Indemnitor shall have been advised in writing by counsel for the Indemnitee that there may be one or more defenses available to the Indemnitee that are not available to the Indemnitor or legal conflicts of interest pursuant to applicable rules of professional conduct between the Indemnitor and the Indemnitee, the Indemnitor shall not have the right to assume the defense of such Claim on behalf of the Indemnitee and the fees and expenses of one such separate counsel employed by the Indemnitee shall be at the expense of the Indemnitor.

(c) If the Indemnitor fails to assume the defense of any Claim within 15 days after Indemnitor first receives written notice of such Claim, the Indemnitee may defend against such Claim in such manner as it may deem appropriate (provided that the Indemnitor may participate in such defense at its own expense) and a recovery against the Indemnitee in such Claim for damages suffered by it in good faith, shall be conclusive in its favor against the Indemnitor.

(d) The Indemnitor shall not, without the written consent of the Indemnitee, settle or compromise any Claim or consent to the entry of any judgment with respect thereto which does not include, as an unconditional term thereof, the giving to the Indemnitee a release by all other participants from all liability in respect of such Claim. Unless the Indemnitor shall have elected not to assume the defense of any claim subject to Article VIII or, after reasonable written notice of any Claim that is subject to the indemnification provisions of this Article VIII shall have failed to assume or participate in the defense thereof, the Indemnitee may not settle or compromise such Claim without the written consent of the Indemnitor, such consent not to be unreasonably withheld.

(e) Upon determination of the amount due to an Indemnitee (" ***Indemnification Amount*** ") in connection with any matter for which indemnification is sought under this Article VIII (" ***Indemnification Matter*** ") (whether by agreement between the Indemnitor and the Indemnitee or after a settlement agreement is executed or a final judgment or order is rendered by an arbitrator or court of competent jurisdiction with respect to the

Indemnification Matter), the Indemnitor shall promptly (and in any event, not later than 10 days after such determination) pay the Indemnification Amount, in cash, to the Indemnitee. Any Indemnification Amount that is not paid in full within 10 days after final determination of the Indemnification Amount as set forth above, such unpaid amount shall thereafter accrue interest through the date of payment at the prime rate as reported in *The Wall Street Journal, Eastern Edition* for the date of such final determination.

Section 8.6 ***Dispute Resolution*** .

(a) Except as provided in Section 8.6(g), any and all disputes among the parties to this Agreement (defined for the purpose of this provision to include their respective officers, directors, managers, members, partners, shareholders, agents and/or other Affiliates) arising out of or in connection with the negotiation, execution, interpretation, performance or nonperformance of this Agreement and the transactions contemplated herein shall be solely and finally settled by arbitration, which shall be conducted in such city in Michigan as the parties shall mutually agree, or if they are unable to agree, in Wilmington, Delaware, by a single arbitrator selected by the parties. The arbitrator shall be a lawyer familiar with business transactions of the type contemplated in this Agreement who shall not have been previously employed by or affiliated with any of the parties hereto. If the parties fail to agree on the arbitrator within thirty (30) days of the date one of them invokes this arbitration provision, either party may apply to the American Arbitration Association to make the appointment.

(b) The parties hereby renounce all recourse to litigation and agree that the award of the arbitrator shall be final and subject to no judicial review. The arbitrator shall conduct the proceedings pursuant to the Commercial Arbitration Rules of the American Arbitration Association, as now or hereafter amended (the " ***Rules*** ").

(c) The arbitrator shall decide the issues submitted (i) in accordance with the provisions and commercial purposes of this Agreement, and (ii) with all substantive questions of Law determined under the Laws of the State of Delaware (without regard to its principles of conflicts of laws). The arbitrator shall promptly hear and determine (after giving the parties due notice and a reasonable opportunity to be heard) the issues submitted and shall render a decision in writing within six (6) months after the appointment of the arbitrator. No fees shall be paid to the arbitrator with respect to services rendered by the arbitrator after the elapse of six (6) months after the appointment of the arbitrator.

(d) The parties agree to facilitate the arbitration by (i) conducting arbitration hearings to the greatest extent possible on successive days, and (ii) observing strictly the time periods established by the Rules or by the arbitrator for submission of evidence or briefs.

(e) The parties shall share equally the fees and expenses of the arbitrator.

(f) Judgment on the award of the arbitrator may be entered in any court having jurisdiction over the party against which enforcement of the award is being sought and the parties hereby irrevocably consent to the jurisdiction of any such court for the purpose of enforcing any such award.

(g) The parties hereto agree that the provisions of this Section 8.6 shall not be construed to prohibit any party from obtaining, in the proper case, specific performance or injunctive relief in any court of competent jurisdiction with respect to the enforcement of any covenant or agreement of another party to this Agreement as provided herein.

Section 8.7 ***Enforcement of Agreement*** **.** Each party hereto acknowledges that irreparable damage would result if this Agreement is not specifically enforced. Therefore, the covenants, agreements, rights and obligations of the parties under the Agreement, including, without limitation, their respective rights and obligations to sell and purchase the Acquired Assets and the Business and the rights and obligations of the parties under Articles V, VIII and X, shall be enforceable by a decree of specific performance issued by any court of competent jurisdiction, and appropriate injunctive relief may be applied for and granted in connection therewith. Each party hereto agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense that a remedy at law may be adequate in any action for specific performance hereunder.

Section 8.8 ***Definitions*** **.**

(a) In the case of a claim of indemnification brought pursuant to Section 8.3, " ***Indemnitee*** " shall mean Buyer and Buyer's Affiliates and the directors, officers, partners, members, managers, employees, successors and assigns of Buyer or any of its Affiliates, and in the case of a claim of indemnification brought pursuant to 8.4, it shall mean each of Seller and SCI and their respective Affiliates and the directors, officers, partners, members, managers, employees, successors and assigns of Seller or SCI or any of their respective Affiliates.

(b) In the case of a claim of indemnification brought pursuant to Section 8.3, " ***Indemnitor*** " shall mean Seller and SCI, and in the case of a claim of indemnification brought pursuant to Section 8.4, it shall mean Buyer.

Section 8.9 ***Cooperation*** **.** If Buyer or Seller or SCI submits to an insurance carrier for any of their respective insurance policies, a claim arising from or relating to a claim or action by a third party which may otherwise be subject to indemnification pursuant to Section 8.3 or Section 8.4, as the case may be, and if such insurance carrier agrees to defend such claim, then the defense of such

claim shall be tendered to such insurance carrier and the rights of the parties between themselves regarding the assumption and control of such defense shall be subject to the reasonable requirements of such insurance carrier.

ARTICLE IX

Termination of Agreement

Section 9.1 ***Termination .*** Except where a right to terminate this Agreement is otherwise specifically provided for herein, this Agreement may be terminated by written notice of termination at any time before the Closing Date only as follows:

(a) by mutual consent of Seller, SCI and Buyer;

(b) by Buyer, upon written notice to Seller and SCI given at any time after December 31, 2006 if any or all of the conditions precedent to Buyer's obligations hereunder set forth in Section 6.2 hereof have not been met, without fault of Buyer; or

(c) by SCI and Seller, upon written notice to Buyer given at any time after December 31, 2006 if any or all of the conditions precedent to Seller's and SCI's obligations hereunder set forth in Section 6.1 hereof have not been met, without fault of Seller or SCI.

Section 9.2 ***Effect of Termination*** . In the event of the termination of this Agreement pursuant to the provisions of Section 9.1: (a) this Agreement shall become void and have no effect, without any liability on the part of any of the parties except for the provisions of Section 5.15 and except as provided below in this Section 9.2; (b) each party shall return all documents, work papers and other material of any other party relating to the transactions contemplated hereby, whether obtained before or after the execution hereof, to the party furnishing the same; and (c) no confidential information received by any party with respect to the business of any other party or its Affiliates shall be disclosed to any third party, unless required by Law. Notwithstanding the foregoing or anything else to the contrary, neither Seller nor SCI nor Buyer shall be relieved of liability under, and as provided in, this Agreement for a breach of this Agreement occurring prior to such termination, or for a breach of any provision of this Agreement which specifically survives termination hereunder.

ARTICLE X

Miscellaneous

Section 10.1 ***Certain Defined Terms*** **.** The following terms shall have the following meanings for purposes of this Agreement, which meanings shall be equally applicable to both the singular and plural forms of such terms:

" ***Affiliate*** **"** means, with respect to any Person, one who at such time controls, is controlled by, or is under common control with, such Person.

" ***Code*** **"** means the Internal Revenue Code of 1986, as amended, and all rules and regulations promulgated thereunder.

" ***Consent*** **"** means any consent, waiver, approval, order or authorization of, or registration, declaration or filing with or notice to, any Governmental Authority or other Person.

" ***Contract*** **"** means and includes all contracts, agreements, indentures, leases, franchises, licenses, commitments or legally binding arrangements, express or implied, written or oral.

" ***Employee Plans*** **"** means all employee benefit plans as defined in Section 3(3) of ERISA and all severance, bonus, retirement, pension, profit sharing and deferred compensation plans and other similar material, fringe or employee benefit plans, programs or arrangements, and all material employment or compensation agreements, written or otherwise.

" ***Endowment Care Adjustment Amount*** **"** means the product of (i) the absolute value of the difference between the Transferred Endowment Care Trust Amount and $751,247, multiplied by (ii) .05.

" ***Environmental Reports*** **"** means the Phase I and/or Phase II Environmental Assessment Reports specifically identified on Exhibit B .

" ***Environmental Requirements*** **"** means all applicable Laws, Permits and similar items of any Governmental Authority relating to the protection of the environment, including all requirements pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of Hazardous Materials.

" ***ERISA*** **"** means the Employee Retirement Income Security Act of 1974, as amended.

" ***Governmental Authority*** **"** means any federal, state, local or foreign government or any subdivision, authority, department, commission, board, bureau, agency, court or other instrumentality thereof.

" ***Hazardous Materials*** **"** means any substance: (A) the presence of which requires investigation or remediation under any Law; (B) which is or has been identified as a potential hazardous waste, hazardous substance, pollutant or contaminant under any applicable Law, or (C)

which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, reactive, or otherwise hazardous and has been identified as regulated by any Governmental Authority.

" *Intellectual Property* " means all intellectual property and all intellectual property and industrial property rights owned, held or used, including but not limited to (i) inventions, designs, algorithms and discoveries, know-how, methods, and processes, and all enhancements and improvements thereto, whether patentable or unpatentable, and whether or not reduced to practice, and all patents therefor or in connection therewith, whether U.S. or foreign, and all patent applications, patent disclosures, and all divisions, continuations, continuations-in-part, reissues, re-examinations and extensions thereof; (ii) trademarks, trade names and service marks, trade dress, logos, fictitious names, internet domain names, slogans, and symbols (collectively, " ***Trademarks*** "), and all goodwill and similar value associated with any of the foregoing, and all applications, registrations, and renewals therefor or in connection therewith (collectively, " ***Trademark Applications*** "); (iii) mask works, written works (excluding computer software programs and applications and documentation of or for such software programs), audio works, multimedia works, works of authorship, lists, databases and copyrights (whether or not registered) and all registrations and applications for registration and renewals thereof, as well as moral, paternity, and integrity rights; (iv) trade secrets (as such are determined under applicable law), and other confidential business information, including trade secret or confidential technical information, marketing plans, research, designs, plans, methods, techniques, and processes, any and all technology, supplier lists, statistical models, e-mail lists, inventions, databases, and data, whether in tangible or intangible form and whether or not stored, compiled or memorialized physically, electronically, graphically, photographically or in writing; (v) any and all other rights to existing and future registrations and applications for any of the foregoing and any and all rights in or under, or relating to, any of the foregoing, including, without limitation, remedies against and rights to sue for past infringements, and rights to damages and profits due or accrued in or relating to any of the foregoing; and (vi) any and all other intangible proprietary property, information and materials and rights therein and thereto.

" *IRS* " means the United States Internal Revenue Service.

" *Laws* " means any laws, statutes, rules, regulations, ordinances, orders, codes, common laws, arbitration awards, judgments, decrees, orders or other legal requirements of any Governmental Authority.

" *Liability* " means any direct or indirect indebtedness, liability, assessment, expense, obligation or responsibility (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether disputed or undisputed, whether choate or inchoate, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes.

" *Liens* " means any and all liens, mortgages, security interests or other encumbrances.

" *Losses* " means any and all demands, claims, assessments, judgments, losses, liabilities, damages, costs and expenses (including interest, penalties, reasonable attorney's fees and expenses, reasonable accounting fees and investigation costs).

" *Material Adverse Effect* " means any effect, change or circumstance that, individually or in the aggregate with any other like effect, change or circumstance, is materially adverse to the Business

(including with respect to any one particular Location), including, without limitation, the financial condition and the results of operations of the Business.

" *Merchandise Liabilities* " means Seller's and SCI's current cost of products and services that have been sold, but have not yet been delivered to the customer.

" *Net Endowment Care Adjustment Amount* " means the amount equal to the present value of the future stream of ten annual payments (as though payable on the Closing Date and each of the first nine anniversaries of the Closing Date), each equal to the Endowment Care Adjustment Amount, calculated using a discount rate of .065.

" *Net Transferred Merchandise Trust Amount* " means the amount equal to (i) the aggregate amount transferred to Buyer's Trustee at the Closing as part of the Initial Trust Delivery in respect of the Pre-Need Trust Funds of the cemeteries included in the Business in accordance with Section 5.5(a), plus (ii) the aggregate amount transferred to Buyer's Trustee as part of the Final Trust Delivery in respect of pre-need merchandise and/or services relating to the Pre-/At-Need Contracts of the cemeteries included in the Business.

" *Permits* " means any licenses, permits, approvals, registrations, certificates (including, but not limited to, certificates of occupancy and any licensure required for the operation of cemeteries) and other evidence of authority.

" ***Permitted Encumbrances*** " means (i) liens, encumbrances or restrictions related to taxes not yet due or payable or which are being contested in good faith and for which appropriate reserves have been taken, (ii) any matters shown on the title commitment(s) not objected to by Buyer as provided for in this Agreement or, if objected to by Buyer, later waived by Buyer as provided for in this Agreement and (iii) liens, encumbrances or restrictions that are created by Buyer.

" *Person* " means any individual, firm, corporation, partnership, trust, estate, association or other entity.

" *Proceeding* " means any suit, action, litigation, investigation, notice of violation, audit, arbitration, administrative hearing or any other similar proceeding.

" *Purchase Price* " means the Closing Purchase Price plus any contingent consideration payable pursuant to Section 1.4 plus the assumption of the Assumed Liabilities by Buyer, as adjusted pursuant to and in accordance with the terms and conditions of this Agreement.

"Seller's and SCI's Knowledge", "Knowledge of the Seller and SCI" or any other reference to the "Knowledge" of the Seller or SCI means the knowledge of (i) Michael Lehmann, Margie Stewart-Runnels, Eileen Farrell and Michael Smith, (ii) any other individual who is serving as a director, officer, manager or member of Seller or SCI, and (iii) any manager of the Location, after reasonable inquiry. For purposes of this definition, the persons referenced in the immediately preceding sentence shall be deemed to have knowledge of matters of which any individual assigned by a third-party representative or advisor of Seller or SCI to provide substantial services in connection with the transaction contemplated hereby has actual knowledge.

" *Tax* " means any income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental, windfall profit, customs, vehicle, airplane, boat, vessel or other title or registration, capital stock, franchise, employees' income withholding, foreign or domestic withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer (including, without limitation, realty transfer and burial lot transfer), value added, alternative, add-on minimum and other tax, fee, assessment, levy, tariff, charge or duty of any kind whatsoever and any interest, penalty, addition or additional amount thereon imposed, assessed or collected by or under the authority of any governmental body or payable under any tax-sharing agreement or any other Contract.

" *Taxing Authority* " shall mean any domestic, foreign, federal, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising tax regulatory authority.

" *Tax Return* " means any return (including any information return), report, statement, schedule, notice, form, declaration, claim for refund or other document or information filed with or submitted to, or required to be filed with or submitted to, any governmental body in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any law relating to any Tax, including any amendment thereto.

" *Transferred Endowment Care Trust Amount* " means the amount equal to the aggregate amount transferred to Buyer's Trustee at the Closing as part of the Initial Trust Delivery in respect of the Endowment Care Funds of the cemeteries included in the Business in accordance with Section 5.5(a), plus (ii) the aggregate amount included in the Final Trust Delivery in respect of the Endowment Care Funds of the cemeteries included in the Business.

" *WARN Act* " means the Worker Adjustment and Retraining Notification Act, as the same may be amended from time to time.

Section 10.2 ***Notices*** **.** All notices and other communications required or provided for hereunder shall be in writing and shall be deemed to be given:

(a) When delivered personally to the individual, or to an officer of the company, to which the notice is directed;

(b) Three (3) business days after the same has been deposited in the United States mail, sent Certified or Registered mail with Return Receipt Requested, postage prepaid and addressed as provided in this Section; or

(c) One (1) business day after the same has been deposited with a generally recognized overnight delivery service (including United States Express Mail), with receipt acknowledged and with all charges prepaid by the sender addressed as provided in this Section. Except as specifically provided otherwise herein, notices and other communications relating to this Agreement or the transactions contemplated hereby shall be directed as follows:

(1) if to Seller or SCI, to:

President
SCI Michigan Funeral Services, Inc.
1929 Allen Parkway
Houston, Texas 77019

and to:

President
HAWES, Inc.
G-9506 North Dort Highway
Mt. Morris, MI 48458

with a copy to:

General Counsel
Service Corporation International
1929 Allen Parkway
Houston, Texas 77019

and if before Closing, also with a copy to:

John Burleson
Pakis, Giotes, Page & Burleson, P.C.
P.O. Box 58
Waco, Texas 76703-0058

(2) if to Buyer, to:

S TONE M OR O PERATING LLC
Attention: Lawrence Miller, President & Chief Executive Officer
155 Rittenhouse Circle
Bristol, Pennsylvania 19007

with a copy to:

B LANK R OME LLP
Attention: Lewis J. Hoch
One Logan Square
18 th & Cherry Streets
Philadelphia, Pennsylvania 19103-6998

or at such other place or places or to such other person or persons as shall be designated by like notice by any party hereto.

Section 10.3 ***Expenses .*** Subject to the terms of Section 1.3(a)(i) above, and except as otherwise specifically provided in Sections 5.7 and 5.8 and any other provision of this Agreement, each party hereto shall pay its own expenses, including without limitation, fees and expenses of its agents, representatives, counsel, auditors, and accountants, incidental to the consideration, negotiation, preparation and carrying out of this Agreement and the transactions contemplated hereby.

Section 10.4 ***Attorney's Fees .*** In the event of any controversy, claim or dispute between or among any of the parties hereto arising out of or relating to this Agreement, or any default or breach or alleged default or breach hereof, each party shall pay its own attorney's fees, costs and expenses associated with any such action except as provided in Article VIII. If any party hereto shall be joined as a party in any judicial, administrative, or other legal proceeding arising from or incidental to any obligation, conduct or action of another party hereto, the party so joined shall be entitled to be reimbursed by the other party for its reasonable attorney's fees and costs associated therewith.

Section 10.5 ***Assignment; Parties in Interest .*** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. This Agreement shall not be assigned by any party hereto without the prior written consent of the other parties, except that prior to Closing, Buyer may assign its rights and obligations hereunder to any one or more of its direct or indirect subsidiaries, provided that any such assignment shall not relieve Buyer from its obligations and liabilities hereunder. Except as provided in Article VIII, nothing in this Agreement, expressed or implied, is intended to confer upon any third person any rights or remedies under or by reason of this Agreement.

Section 10.6 ***Entire Agreement; Amendment; Waiver*** **.**

(a) This Agreement together with the Schedules and Exhibits hereto and the other agreements and documents delivered, or to be delivered, pursuant to Section 7.1 and Section 7.2 (all of which are hereby incorporated herein by reference) embody the whole agreement of the parties with respect to the subject matter hereof and thereof, and there are no promises, terms, conditions, or obligations other than those contained herein and therein. All previous negotiations between the parties, either verbal or written, not herein contained are hereby withdrawn and annulled. This Agreement, together with the Schedules and Exhibits hereto, supersedes all previous communications, representations, or agreements, either verbal or written, between the parties hereto with respect to the subject matter hereof.

(b) This Agreement may not be amended except by an instrument in writing signed on behalf of each party hereto.

(c) No provision of this Agreement may be waived unless such waiver is in writing and signed by the party against whom the waiver is to be effective. No waiver by any party of any provision of this Agreement in a particular instance shall be deemed to constitute a waiver of such provision thereafter unless otherwise agreed in writing and signed by the party against whom the waiver is to be effective.

(d) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 10.7 ***Severability*** **.** If one or more provisions of this Agreement shall be held invalid, illegal or unenforceable, such provision shall, to the extent possible, be modified in such manner as to be valid, legal and enforceable but so as to most nearly retain the intent of the parties, and if such modification is not possible, such provision shall be severed from this Agreement. In either case, the balance of this Agreement shall be interpreted as if such provision were so modified or excluded, as the case may be, and shall be enforceable in accordance with its terms.

Section 10.8 ***Certain Interpretive Matters*** **.** The section and subsection headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the context otherwise requires, all references in this Agreement to Sections, Articles, Exhibits or Schedules are to Sections, Articles, Exhibits or Schedules of or to this Agreement. No provision of this Agreement will be interpreted in favor of, or

against, any of the parties to this Agreement by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof. The singular form of any word used herein shall be deemed to include the plural form of such word and vice versa. References herein to feminine, masculine or neuter gender shall be deemed to include all genders. As used herein, the words “and” and “or” shall be deemed to mean “and/or” as the context requires. The word “including” (and with correlative meaning, the word “include”) means including without limiting the generality of any description preceding such word.

Section 10.9 ***Counterparts .*** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 10.10 ***Governing Law .*** This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws.

[Signature Pages Follow]

In Witness Whereof, the undersigned parties hereto have duly executed this Agreement on the date first above written.

BUYERS :

STONEMOR OPERATING LLC , a Delaware limited liability company

By: */s/ Paul Waimberg*
PAUL WAIMBERG, Vice President of Finance and Assistant Secretary

STONEMOR MICHIGAN LLC, a Michigan limited liability company

By: */s/ Paul Waimberg*
PAUL WAIMBERG, Vice President of Finance

STONEMOR MICHIGAN SUBSIDIARY LLC, a Michigan limited liability company

By: */s/ Paul Waimberg*
PAUL WAIMBERG, Vice President of Finance

PARENT :

SCI FUNERAL SERVICES , **INC.** , an Iowa corporation

By: */s/ Michael D. Lehmann*
Michael D. Lehmann , Vice President

{Signatures continued on the following page}

SCI MICHIGAN :

SCI MICHIGAN FUNERAL SERVICES, INC. , a Michigan corporation

By: */s/ Michael D. Lehmann*
Michael D. Lehmann , Vice President

SELLER :

HAWES, INC. , a Michigan corporation

By: */s/ Robert C. Hubble*
Robert C. Hubble , President

Exhibit 10.3

ASSET PURCHASE AND SALE AGREEMENT

This ASSET PURCHASE AND SALE AGREEMENT (" ***Agreement*** ") dated this 28 th day of September, 2006, is made by and among **STONEMOR OPERATING LLC** , a Delaware limited liability company (" ***StoneMor LLC*** "), joined herein by **STONEMOR MICHIGAN LLC** , a Michigan limited liability company (" ***Buyer LLC*** ") and **STONEMOR MICHIGAN SUBSIDIARY LLC** , a Michigan limited liability company (" ***Buyer NQ Sub*** " and individually and collectively with StoneMor LLC and Buyer LLC, " ***Buyer*** "), and **SCI FUNERAL SERVICES, INC.** , an Iowa corporation (" ***Parent*** "), **SCI MICHIGAN FUNERAL SERVICES, INC.** , a Michigan corporation (" ***SCI Michigan*** ", and together with Parent, " ***SCI*** "), and **HILLCREST MEMORIAL COMPANY** , a Delaware corporation (" ***Seller*** ").

W I T N E S S E T H :

W HEREAS , Seller owns and operates the cemetery businesses which are listed on Exhibit A attached hereto (such locations listed on Exhibit A referred to herein as the " ***Locations*** ," and the businesses conducted at the Locations referred to individually and collectively as the " ***Business*** ");

W HEREAS , SCI Michigan provides certain sales, accounting and other administrative services for the Business conducted at the Locations pursuant to a Marketing and Accounting Services Agreement with the Seller, dated July 30, 1993, as amended from time to time (the " ***Management Agreement*** "); and

W HEREAS , the parties desire to provide for the purchase, sale and transfer of the Business, including certain of the personal property located at, used in connection with, or arising out of, such

Business, together with the real estate utilized in the Business, in exchange for cash and other consideration, upon the terms and subject to the conditions herein set forth; and

W HEREAS , this Agreement sets forth the terms and conditions to which the parties have agreed;

W HEREAS , simultaneously herewith Buyer and Hawes, Inc. are entering into a transaction to purchase a cemetery business in Michigan (the ***"Hawes Transaction"***), and affiliates of Buyer and Parent are entering into a transaction to purchase the funeral, cremation and cemetery businesses in other jurisdictions (the ***"Dignity II and III Transactions"***);

N OW , T HEREFORE , in consideration of the premises and the mutual covenants, agreements, representations and warranties herein contained, the parties, intending to be legally bound hereby, agree as follows:

ARTICLE I

Purchase and Sale

Section 1.1 ***Transfer of Acquired Assets .*** Subject to the terms and conditions of this Agreement, and except as provided in Section 1.2, Seller and SCI do hereby agree to (or, if applicable, cause their Affiliates to) sell, transfer, convey, assign and deliver to Buyer, and Buyer does hereby agree to purchase and accept from Seller and SCI (or their Affiliates, if applicable), free and clear of all Liens and Liabilities (other than the Assumed Liabilities (as defined below)), all right, title and interest to the following property and rights located at, used in connection with, arising out of or relating to the Business (collectively, the " ***Acquired Assets*** "):

(a) The real property described in Schedule 1.1(a) to this Agreement, together with all buildings, structures, improvements, fixtures, easements, benefits and rights and appurtenances benefiting, belonging or pertaining thereto, (the " ***Owned Real Property*** ");

(b) All furniture, equipment, tools, supplies and other tangible personal property owned or used by Seller or SCI exclusively or primarily in the operation of the Business as of

the date hereof or acquired between the date hereof and the Effective Time, including, without limitation, those items listed on Schedule 1.1(b) to this Agreement;

(c) All vehicles listed on Schedule 1.1(c) to this Agreement;

(d) All crypts, urns, vaults, monuments, grave spaces, mausoleum spaces, niches, lawn crypts, supplies and other merchandise inventory of the Business (" ***Inventory*** "), including, without limitation, the items stored for customers at the cemeteries included in the Business, plus or minus any changes to such Inventory which result from the ordinary course of operation of the Business, consistent with past practices, subsequent to the date(s) of such listing(s) and until the Effective Time (and specifically limited to the rights permitted by or provided under applicable Laws with regard to merchandise designated as being "stored" for customers under Pre-/At-Need Contracts (as defined below)), and all Services in Progress (as hereinafter defined);

(e) All benefits, rights and entitlements of or relating to the Business under and in all contracts, agreements, leases, licenses and commitments listed on Schedule 1.1(e) to this Agreement (" ***Business Contracts*** ");

(f) All benefits, rights and entitlements under any leases for any real property at the Location or otherwise exclusively or primarily related to the Business (whether Seller is lessee or lessor thereunder) (" ***Real Property Leases*** "), including, without limitation, those listed on Schedule 1.1(f) to this Agreement, together with any security deposits held or paid on account of any of the Real Property Leases (the real property leased by Seller or SCI as a lessee or sublessee under the Real Property Leases being referred to herein as " ***Leased Real Property*** " and, together with the Owned Real Property, the " ***Real Property*** ");

(g) All benefits, rights and entitlements under all of the Contracts, engagements and commitments, written or oral, relating to the provision or sale by the Business of at-need or preneed cemetery or cremation merchandise, properties or services and all deposits, prepaid amounts, insurance policies and trust funds relating to such Contracts, engagements and commitments, including, without limitation, those items listed on Schedule 1.1(g) to this Agreement, plus or minus any similar items entered into or obtained in the ordinary course of the operation of the Business subsequent to the date(s) of the listing(s) on Schedule 1.1(g) until the Effective Time (collectively, the " ***Pre-/At-Need Contracts*** " and, together with the Business Contracts and the Real Property Leases, the " ***Assumed Contracts*** ");

(h) All of the Permits of each of Seller and SCI necessary for the ownership, operation, maintenance or presently planned expansion (by Seller or SCI) of the Business, to the extent transferable;

(i) Intentionally omitted;

(j) All utility and other deposits previously paid to and/or held by third parties in connection with the operation of the Business as of the Effective Time;

(k) All accounts and notes receivable generated in or relating to the operation of the Business (" ***Receivables*** "), including, without limitation, those listed on Schedule 1.1(k) to

this Agreement, plus or minus any changes in such receivables which result from the ordinary course of the operation of the Business, consistent with past practices, subsequent to the date(s) of the listing(s) on Schedule 1.1(k) until the Effective Time, but specifically excluding pending trust claims specified in Section 5.5(b)(ii) and pending insurance claims;

(l) All of the Seller's and SCI's rights and incidents of interest in and to causes of action, suits, proceedings, judgments, claims and demands of any nature, whenever maturing or asserted, relating to or arising directly or indirectly out of any of the Acquired Assets or the Business, but specifically excluding pending trust claims specified in Section 5.5(b)(ii) and pending insurance claims; and

(m) All goodwill associated with the Business, together with all lists of present or former customers of the Business, all business books, documents, records, files, databases and reports relating to the Acquired Assets and reasonably necessary for Buyer to continue the Business (collectively, ***" Seller Records "***) (whether or not the Seller Records are physically located at either of the Locations), the telephone numbers and listings for the Business, and all Intellectual Property owned and/or used by the Seller and/or SCI exclusively or primarily in connection with the Business (" ***Business Intellectual Property*** "), including, without limitation, all right, title and interest in and the right to use the trademarks, service marks and trade names for the Location as listed on Exhibit A hereto. All Seller Records not physically located at the Location shall be copied and, at the election of Buyer, either delivered in person to a representative of Buyer at the location where such Seller Records are held on the Closing Date or shipped to Buyer by Seller and/or SCI at Buyer's expense by such delivery service selected by Buyer. All requests and other communications from Buyer to Seller or SCI regarding Seller Records, either before or after the Closing, shall be directed to Michael Lehmann, Service Corporation International, 1929 Allen Parkway, Houston, Texas 77219, fax: (713) 525-7372.

Except as specifically provided in Section 1.2, it is intended that the assets, properties and rights of the Business to be sold to Buyer pursuant to this Agreement shall include all of the assets, properties and rights reflected in the Schedules relating to the subsections of Section 1.1, other than those assets, properties and rights that may have been disposed of in the ordinary course of business prior to the Effective Time, but including all similar assets, properties and rights of the Business that may have been acquired in the ordinary course of business since the dates of the listings in the Schedules relating to the subsections of Section 1.1 until the Effective Time.

Section 1.2 ***Excluded Assets .*** Neither Seller nor SCI shall transfer, convey or assign to Buyer, and Buyer shall not purchase, the following assets (collectively, the " ***Excluded Assets*** "): (a) non-preneed related cash and cash equivalents, (b) computers, computer software and information

and similar rights (provided, however, that none of the Seller Records shall be deemed to be an Excluded Asset, whether or not contained or stored in or on the hard drive of any computers or on any computer system or server, disk or any other electronic media), (c) corporate records, minutes and records of shareholders' and directors' meetings of Seller or SCI, (d) any pending trust claims specified in Section 5.5(b)(ii) and any pending insurance claims, (e) those items specifically identified in Schedule 1.1(b) as being subject to a corporate lease or otherwise excluded from the sale of the Acquired Assets hereunder; and (f) all other assets of Seller or SCI which are not used exclusively or primarily in the ownership, operation or maintenance of the Business and which are not necessary to the continued operation of the Business in a manner consistent with the Seller's and SCI's past practices, including training, promotional materials, procedure and policy manuals.

Section 1.3 ***Consideration for Acquired Assets Payable at the Closing .*** On the terms and subject to the conditions of this Agreement, Buyer, in consideration for the transfer and delivery to it of the Acquired Assets as herein provided, will, in addition to the assumption of liabilities set forth in Section 1.5(a) below, pay to Seller at the Closing (as defined below) the sum of Nine Hundred Fourteen Thousand Dollars ($914,000) (the " ***Closing Purchase Price*** ") in cash (" ***Cash Purchase Price*** "), to be delivered by bank wire transfer to such account as Seller and SCI shall designate to Buyer in writing at least three business days prior to the Closing Date.

Section 1.4 ***Intentionally Omitted .***

Section 1.5 ***Liabilities .***

(a) Assumed Liabilities . From and after the Effective Time, Buyer agrees to assume and perform the liabilities and obligations of the Business (" ***Assumed Liabilities*** ") under and pursuant to the terms and conditions of any Assumed Contract, but only to the extent such obligations arise, accrue or first become due after the Effective Time under the terms of the Assumed Contracts; provided , however , that Buyer will not assume or be responsible for any such liabilities or obligations which arise from any breach or default by Seller and/or SCI under any Assumed Contract that occurs prior to the Effective Time or that arises out of or relates to events or circumstances that occur or exist prior to the Effective Time, all of which liabilities and obligations will constitute Retained Liabilities (as defined

herein). Notwithstanding anything to the contrary contained in this Agreement or any document delivered in connection herewith, Buyer's obligations in respect of the Assumed Liabilities will not extend beyond the extent to which Seller and/or SCI were obligated in respect thereof and will be subject to Buyer's right to contest in good faith the nature and extent of any liability or obligation (but such right to contest shall not affect Buyer's indemnification responsibilities under Section 8.4(a)(iii)).

(b) Retained Liabilities . Except as provided in Section 1.5(a) hereof, each of Seller and SCI will retain, and Buyer will not assume or be responsible or liable with respect to, any Liabilities of the Business that precede the Effective Time (except as specifically provided in subclause (vii) of this Section 1.5(b)), whether or not arising out of or relating to the conduct of Seller and/or SCI or associated with or arising from any of the Acquired Assets, whether fixed or contingent or known or unknown (collectively, the " ***Retained Liabilities*** "), including, without limitation, the following:

(i) Liabilities relating to any Excluded Asset;

(ii) Liabilities of Seller and/or SCI that constitute trade payables;

(iii) Liabilities of Seller and/or SCI arising under or relating to any Assumed Contract to the extent such Liabilities relate to periods prior to the Effective Time or arise from any breach or default by Seller and/or SCI (or any of their Affiliates) under any Assumed Contract that occurs prior to the Effective Time or that arises out of or relates to events or circumstances that occur or exist prior to the Effective Time;

(iv) Liabilities of Seller and/or SCI arising under or relating to any Contract other than an Assumed Contract;

(v) Liabilities with respect to (A) any Employee Plan maintained, sponsored, contributed to or participated in by Seller and/or SCI or any of their Affiliates for the benefit of or relating to any current or former employee of the Business (***"Seller Employee Plan"***) and the amendment to or the termination of any Seller Employee Plan, or (B) any person at any time employed by Seller or SCI or any of their Affiliates (including, without limitation, any such person who fails to accept an offer of employment by Buyer or any of its Affiliates), and any such person's spouse, children, other dependents or beneficiaries, with respect to any such person's employment or termination of employment by Seller or SCI or any of their Affiliates including, without limitation, claims arising under health, medical, dental, disability or other benefit plan for products, supplies or services provided or rendered prior to the Effective Time;

(vi) Seller's or SCI's deferred sales commissions;

(vii) Liabilities of Seller or SCI, based in whole or in part on violations of Law or environmental conditions occurring or existing prior to the Closing and arising out of or relating to Environmental Requirements, except to the extent that such Liabilities are identified in the Environmental Reports; provided that the Seller and SCI shall each remain liable for the environmental Liabilities identified on Exhibit B until Seller, SCI or Buyers at

Seller or SCI's expense have remediated, to the extent required by existing governmental standards, such environmental Liabilities as noted on Exhibit B ;

(viii) Except as otherwise specifically provided in this Agreement, all Liabilities of Seller or SCI for any Tax for (A) operations of the Business prior to the Effective Time; (B) the transfer of the Acquired Assets; and (C) income earned by the Pre-Need Trust Funds and the Endowment Care Funds (as each of these terms is defined in Section 5.4) prior to delivery thereof to Buyer's Trustee pursuant to Section 5.5 below to the extent such income (1) is not taxable to the applicable trusts as independent taxpayer entities, and (2) is withdrawn by or for any Seller or SCI or otherwise distributed to any Seller or SCI (whether such withdrawal or distribution is made before or after the Effective Time); and

(ix) Liabilities of Seller or SCI arising out of or relating to any Proceeding to which Seller or SCI is a party on the date of this Agreement and relating to the Business or any of the matters referenced on Schedule 1.5(b)(ix) except for Liabilities for actions/business changes at the Business that may be required after Closing pursuant to or arising from the Michigan monument builder's class action claim which is identified on Schedule 1.5(b)(ix) ; and

(x) Liabilities arising out of the management of Seller or SCI's Business by SCI; and

(xi) Liabilities relating to any claims arising in connection with monument sales by the Seller or SCI prior to the Closing.

Section 1.6 ***Post-Closing Adjustments to Purchase Price*** .

(a) Audit Report . Seller, SCI and Buyer acknowledge that Harper & Pearson Company, P.C. (the " ***Independent Auditor*** ") is currently performing a financial audit and review of the Business and that the report of the Independent Auditor with respect to such audit and review (the " ***Audit Report*** ") is expected to be delivered to Buyer within 30 days after the Closing Date. For purposes of this Agreement, the term " ***Base Gross AR Amount*** " means the aggregate amount of the gross accounts receivable of the Business as of the Closing Date (excluding any trust claims specified in Section 5.5(b)(ii) and any pending insurance claims), as reflected in the Audit Report (without regard to any allowance for doubtful accounts or other reserve in respect of accounts receivable of the Business), and the term " ***Base Net Merchandise Trust Amount*** " means the Net Transferred Merchandise Trust Amount minus the aggregate amount of the Merchandise Liabilities of all of the cemeteries included in the Business, as of the Effective Time. Buyer shall deliver a copy of the Audit Report to Seller and SCI within 15 days after receiving the Audit Report. No later than ten (10) days after the Closing Date, SCI shall deliver to Buyer a detailed statement of Merchandise Liabilities as of the Effective Time of each of the cemeteries included in the Business.

(b) Accounts Receivable Adjustment . If the Base Gross AR Amount is less than $676,900, then, subject to Section 1.6(e), the Purchase Price shall be decreased by, and Seller shall pay to Buyer, an amount equal to the discounted present value of the amount by which the Base Gross AR Amount is less than $712,527, using a discount rate of .065 and a discount

period of three (3) years. If the Base Gross AR Amount is greater than $748,150, then, subject to Section 1.6(e), the Purchase Price shall be increased by, and Buyer shall pay to Seller, an amount equal to the discounted present value of the amount by which the Base Gross AR Amount is greater than $712,527, using a discount rate of .065 and a discount period of three (3) years. If the Base Gross AR Amount is greater than or equal to $676,900, but less than or equal to $748,150, then no adjustment shall be made to the Purchase Price, and no amount shall be due by any party hereto, under this Section 1.6(b).

(c) Merchandise Trust Adjustment . If the Base Net Merchandise Trust Amount is less than $3,092,700, then, subject to Section 1.6 (e), the Purchase Price shall be decreased by, and Seller shall pay to Buyer, the discounted present value of the amount by which the Base Net Merchandise Trust Amount is less than $3,255,483, using a discount rate of .065 and a discount period of ten (10) years. If the Base Net Merchandise Trust Amount is greater than $3,418,250, then, subject to Section 1.6(e), the Purchase Price shall be increased by, and Buyer shall pay to Seller, an amount equal to the discounted present value of the amount by which the Base Net Merchandise Trust Amount is greater than $3,255,483, using a discount rate of .065 and a discount period of ten (10) years. If the Base Net Merchandise Trust Amount is greater than or equal to $3,092,700 but less than or equal to $3,418,250, then no adjustment shall be made to the Purchase Price, and no amount shall be due by any party hereto, under this Section 1.6(c).

(d) Endowment Care Trust Adjustment . If the Transferred Endowment Care Trust Amount is less than $735,546, then, subject to Section 1.6(e), the Purchase Price shall be decreased by, and Seller shall pay to Buyer, the Net Endowment Care Adjustment Amount. If the Transferred Endowment Care Trust Amount is greater than $735,546, then, subject to Section 1.6(e), the Purchase Price shall be increased by, and Buyer shall pay to Seller, the Net Endowment Care Adjustment Amount.

(e) Net Purchase Price Adjustment Amount . The Purchase Price adjustment amounts provided for in Sections 1.6(b), (c) and (d), if any, shall all be aggregated and netted against each other such that either (i) a single amount shall be payable to Buyer by Seller and no amount shall be payable by Buyer to Seller under this Section 1.6, (ii) a single amount shall be payable to Seller and SCI by Buyer, and no amount shall be payable by Seller to Buyer under this Section 1.6, or (iii) no amount shall be payable by any party hereto under either this Section 1.6. By way of example only, if $150,000 is payable by Seller to Buyer pursuant to Section 1.6(b), $50,000 is payable by Seller to Buyer pursuant to Section 1.6(c) and $100,000 is payable by Buyer to Seller and SCI pursuant to Section 1.6(d), then Seller shall pay to Buyer, in accordance with Section 1.6(f), an amount equal to $100,000 (i.e., $150,000 + $50,000 - $100,000).

(f) Payment of Purchase Price Adjustment Amounts . Any payment due under Section 1.6(e) by Seller on the one hand or Buyer on the other hand shall be paid in full, in cash, no later than seventy-five (75) days after the Closing Date, or, if later than such time, twenty (20) days after the date that the Audit Report is delivered to Buyer. Any amounts not paid within such time period shall accrue interest from the Closing Date through the date of payment at the prime rate as reported in *The Wall Street Journal, Eastern Edition* for the date of the Audit Report.

(g) Tax Treatment . Any payments made pursuant to this Section 1.6 shall be treated by Seller and Buyer as adjustments to the Purchase Price for all Tax purposes.

Section 1.7 ***Prorations; Services in Progress; Transaction Taxes .***

(a) Seller and SCI shall be responsible for all Taxes arising as a result of the operation of the Business or ownership of the Acquired Assets prior to the Effective Time. At Closing, all real and personal property Taxes shall be prorated between Seller and SCI on the one hand and Buyer on the other hand on a per diem basis. Seller and SCI shall also be responsible for all Taxes on income earned by the Pre-Need Trust Funds and the Endowment Care Funds (which are to be transferred to Buyer) prior to delivery thereof to Buyer's Trustee pursuant to Section 5.5 below to the extent such income (A) is not taxable to the applicable trusts as independent taxpayer entities, and (B) is withdrawn by or for Seller or SCI or otherwise distributed to Seller or SCI (whether such withdrawal or distribution is made before or after the Effective Time), and Seller and SCI shall make all applicable estimated Tax payments to the relevant Taxing Authorities associated with such income. For purposes of determining the amount of Taxes owed by Seller and SCI with respect to the Pre-Need Trust Funds and the Endowment Care Funds, the amount of such Taxes shall be computed as if the tax year of such funds ended on the date of the Final Trust Delivery (as defined in Section 5.5(e) below).

(b) The parties shall cooperate in transferring from the Seller or SCI, as applicable, to Buyer all water, electrical, gas and other utility services provided to or benefiting the Real Property, and as and to whatever extent billings are received by any party relating to services utilized both before the Effective Time (for which Seller and SCI shall be jointly and severally responsible) and after the Effective Time (for which Buyer shall be responsible), the parties will cooperate to make appropriate adjustments and reimbursements between them to accomplish the proper allocation of such billings.

(c) All revenues from and direct costs for merchandise paid to third parties in the ordinary course of business associated with Services in Progress will be allocated to Buyer. For purposes of this Agreement, " ***Services in Progress*** " means any "at need" cemetery related services for which a Contract has been entered into, but which have not been completed as of the Effective Time. For purposes of this Agreement, such cemetery related services are complete when the body or remains have been cremated or interred.

(d) Except as set forth in Sections 1.7(e) and (f) below, Seller and SCI shall be responsible, jointly and severally, for the timely payment of, and shall indemnify and hold harmless Buyer against, all sales, use, value added, documentary, stamp, gross receipts, registration, transfer (including, without limitation, real estate), conveyance, excise and other similar Taxes and fees (collectively, " ***Transfer Taxes*** ") arising out of or in connection with or attributable to (i) the transfer of the Acquired Assets and (ii) the transactions contemplated by this Agreement. Seller and SCI shall prepare and timely file all Tax Returns required to be filed in respect of such Transfer Taxes. Seller and SCI shall be responsible, jointly and severally, for filing all required notices related to bulk sales laws and shall indemnify and hold harmless Buyer against all Taxes or other Losses that Buyer become liable for as a result of the Seller's and/or SCI's failure to file any applicable bulk sales notices or pay any of its Taxes.

(e) The parties shall share in the payment of any recording and other similar fees arising out of or in connection with or attributable to the transactions contemplated by this Agreement in accordance with the normal practices in the applicable states in which the various Acquired Assets are located; provided , however , that Seller shall pay for the recording of the release of any Lien (other than Permitted Encumbrances) with respect to any Acquired Asset.

(f) Except to the extent that any Transfer Tax amounts are included in the amounts paid by Buyer pursuant to Section 1.3(a)(ii), Buyer shall be responsible for the timely payment of, and shall indemnify and hold harmless Seller and SCI against, all Transfer Taxes arising out of or in connection with or attributable to the transfer of the vehicles listed on Schedule 1.1(c) to this Agreement. Buyer shall prepare and timely file all Tax Returns required to be filed in respect of such Transfer Taxes.

Section 1.8 ***Allocation of Closing Purchase Price .***

(a) On or prior to the Closing Date, Buyer and Seller and SCI shall mutually agree upon a written statement (the " ***Statement of Allocation*** ") setting forth an allocation of the Closing Purchase Price (" ***Purchase Price Allocation*** ") (which for such purpose shall be increased by the amount of the liabilities assumed by Buyer). The Statement of Allocation shall include: (i) the assets to be purchased by each of Buyer LLC and Buyer NQ Sub; (ii) the portion of the Closing Purchase Price that will be paid by or on behalf of Buyer LLC and Buyer NQ Sub to acquire the Acquired Assets, and (iii) an allocation of the portion of the Closing Purchase Price paid by or on behalf of each of Buyer LLC and Buyer NQ Sub (" ***Purchased Acquired Assets Allocation*** ") among each of the respective categories of Acquired Assets that are purchased. Buyer, Seller and SCI agree that each of the allocations required to be prepared pursuant to this Section 1.8 shall be prepared in accordance with the provisions of Section 1060 of the Code, the Treasury Regulations promulgated thereunder and any similar provisions of state, local or foreign law, as applicable.

(b) All federal, state, local and foreign income Tax Returns of Seller, SCI and Buyer shall be filed consistently with the information set forth on the Statement of Allocation. Moreover, Seller, SCI and Buyer further agree to file IRS Form 8594 (and any corresponding form required to be filed by a state or local Taxing Authority) in a manner that is consistent with the Purchased Acquired Assets Allocation. Seller, SCI and Buyer agree to promptly provide each other with any information necessary to complete such Tax Returns and IRS Form 8594 (and any corresponding form required to be filed by a state or local Taxing Authority). Seller, SCI and Buyer shall not take any position on a Tax Return, tax proceeding or audit that is inconsistent with any information set forth on the Statement of Allocation.

Section 1.9 ***Effective Time .*** The Effective Time of the transfer of the Acquired Assets shall be 12:01 a.m. on the Closing Date.

ARTICLE II

Closing

Section 2.1 ***Closing .*** The closing of the transaction provided for in this Agreement (the ***" Closing "***) shall take place at the offices of Buyer's counsel, Blank Rome LLP, One Logan Square, Philadelphia, PA 19103, on September 28, 2006 (the ***" Closing Date "***), or at such other location, time and date as the parties shall mutually agree. In the event of any postponement thereof, all references in this Agreement to the Closing Date shall be deemed to refer to the time and to the date to which the Closing Date shall have been so postponed as herein provided.

Section 2.2 ***Instruments of Conveyance and Transfer .*** At the Closing, each of Seller and SCI, as applicable, shall deliver to Buyer such special warranty deeds, leases, bills of sale, endorsements, assignments, title affidavits and other documents reasonably requested by the Title Company (as defined in Section 5.7), and such other instruments of transfer, conveyance and assignment as may be reasonably requested by Buyer, in forms reasonably satisfactory to Buyer, in order to more fully vest in Buyer good and marketable title to the Acquired Assets. Each of Seller and SCI, as applicable, shall take all such steps as may be reasonably requested by Buyer to put Buyer in actual possession and control of the Acquired Assets and the Business as of the Closing.

ARTICLE III

Representations and Warranties by Seller and SCI

Each of Seller and SCI, jointly and severally, hereby represent and warrant to Buyer, both as of the date hereof and as of the Effective Time, as follows:

Section 3.1 ***Organization; Standing; Authorization; Capacity .*** Each of Seller and SCI is a corporation or limited liability company, as applicable, duly organized, validly existing and in good standing under the laws of its state of formation as designated in the introductory paragraph of this agreement, with all requisite power and authority to own the Acquired Assets and to conduct the

Business as it is now being conducted and is presently proposed (by Seller and SCI) to be conducted. Each of Seller and SCI is duly qualified to conduct business and is in good standing in each jurisdiction in which the nature of its business or location of its properties makes such qualification necessary, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect. The execution, delivery and performance of this Agreement by each of Seller and SCI has been duly and effectively authorized by all necessary action on the part of Seller and SCI, including authorization by the board of directors of each of Seller and SCI, and no further action or Consent is required in connection with such execution, delivery and performance of this Agreement by Seller or SCI. This Agreement has been duly executed and delivered by Seller and SCI, and constitutes the valid and binding obligation of each of Seller and SCI, enforceable against Seller and SCI in accordance with its terms.

Section 3.2 ***Financial Information*** **.** The unaudited income and expense statements for the Business for the twelve month periods ending December 31, 2003, 2004 and 2005 (collectively, the ***"Income Statements"***), copies of which are attached hereto as Schedule 3.2 , accurately reflect in all material respects the income and expenses of such Locations for the periods covered.

Section 3.3 ***Tax Matters*** **.**

(a) (i) each of Seller and SCI has properly and timely filed all Tax Returns required to be filed by it; (ii) each of Seller and SCI has paid all Taxes required to be paid by it (whether or not shown on a Tax Return); and (iii) there are no encumbrances for Taxes on the Acquired Assets other than for Taxes not yet due and payable.

(b) Each of Seller and SCI has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder or other person for all periods for which the statutory period of limitations for the assessment of such Tax has not yet expired and all IRS Forms W-2 and 1099 (and other applicable forms required to be filed by a state or local Taxing Authority) required with respect thereto have been properly completed and timely filed.

(c) Neither the Seller nor SCI is a "foreign person" as such term is defined in Section 1445(f)(3) of the Code.

(d) All amounts received by Seller or SCI on sales by the Business which are required under applicable state law to be trusted have been deposited in trust and all Tax Returns required to be filed concerning such trusts and the income from such trusts have been filed through all fiscal years ending prior to the Closing Date.

Section 3.4 ***No Violation .*** Neither the execution and delivery of this Agreement by the Seller or SCI nor the performance of their respective obligations hereunder or thereunder will, subject to receipt of all Required Consents, (a) violate, conflict with or result in a breach of any Law, (b) violate, conflict with or result in a breach or termination of, or otherwise give any contracting party additional rights or compensation under, or the right to terminate or accelerate, or constitute (with notice or lapse of time, or both) a default under the terms of any organizational documents (i.e., charter, bylaws, operating agreement, partnership agreement or similar document), any note, deed, lease, instrument, permit, security agreement, mortgage, commitment, contract, agreement, order, judgment, decree, license or other instrument or agreement, whether written or oral, express or implied, including, without limitation, the Assumed Contracts, to which Seller and/or SCI is a party or by which any of the Acquired Assets or the Business is bound, or (c) result in the creation or imposition of any Liens with respect to the Acquired Assets or the Business.

Section 3.5 ***Status of Acquired Assets .***

(a) Title to Acquired Assets . Seller has fee simple title to the Owned Real Property, a valid leasehold interest in the Leased Real Property and good and marketable title to all of the Acquired Assets, subject to no Liens, except for Permitted Encumbrances and as otherwise disclosed in Schedule 3.5 . At the Closing, Buyer will acquire fee simple title to the Owned Real Property, a valid leasehold interest in the Leased Real Property and good and marketable title to all of the Acquired Assets, in each case free and clear of any and all Liens except Permitted Encumbrances. Other than as disclosed in Schedule 3.5 , neither Seller nor SCI has entered into any Contract granting rights to third parties in any real or personal property of Seller or SCI included in the Acquired Assets, and no Person has any right to possession or occupancy of any of the Acquired Assets.

(b) Condition of Acquired Assets . The Real Property and the tangible Acquired Assets that are reasonably necessary for the operation of the Business are in operating condition and reasonable repair (subject to normal wear and tear) and are sufficient to permit Buyer to conduct the Business as presently conducted.

Section 3.6 ***Improvements .*** To the Knowledge of Seller and SCI, no municipal or other governmental improvements affecting the Real Property are in the course of construction or installation, and no such improvement has been ordered to be made; and any municipal or other governmental improvements affecting the Real Property which have been constructed or installed have been paid for and will not hereafter be assessed (except with respect to any currently recorded assessments which are to become due after the Closing), and all assessments heretofore made have been paid in full, other than any recorded assessments which are to become due after the Closing; and neither Seller nor SCI has entered into any private contractual obligations relating to the installation of or connection to any sanitary sewers, storm sewers or any other improvements.

Section 3.7 ***Real Property Approvals .*** To the Knowledge of Seller and SCI, all permanent certificates of occupancy and all other licenses, permits, authorizations, consents, certificates and approvals required by all Governmental Authorities having jurisdiction and the requisite certificates of the local board of fire underwriters (or other body exercising similar functions), if applicable, have been issued for the Real Property, have been paid for, and are in full force and effect.

Section 3.8 ***Zoning .*** Except as disclosed on the letters delivered by the zoning code enforcement officers for the municipalities where the Real Property is located, neither Seller nor SCI has received notice from any Governmental Authority that: (i) any parcel of the Real Property is not in compliance with current zoning and use classifications under the respective municipal zoning ordinance governing such Real Property; (ii) any cemetery use at or on the Real Property is not a permitted use or an existing non-conforming use thereunder; and (iii) the current construction, operation and use of the buildings and other improvements constituting the Real Property violate any zoning, subdivision, building or similar law, ordinance, order, regulation or recorded plat or any certificate of occupancy issued for the Real Property.

Section 3.9 ***No Violations Relating to Real Property*** **.** No portion of the Real Property, and no current use of the Real Property, is in violation of any applicable Law, except where such violation would not have a Material Adverse Effect. Neither Seller nor SCI has received notice of any presently outstanding and uncured violations of any building, housing, safety or fire ordinances with respect to the Real Property.

Section 3.10 ***Real Estate Taxes*** **.** Neither Seller nor SCI has received notice of any proceeding pending for the adjustment of the assessed valuation of all or any portion of the Real Property. To the Knowledge of Seller and SCI, there is no abatement, reduction or deferral in effect with respect to all or any portion of the real estate Taxes or assessments applicable to the Real Property.

Section 3.11 ***Eminent Domain*** **.** Neither Seller nor SCI has received any notice of any condemnation proceeding or other proceedings in the nature of eminent domain (" ***Taking*** ") in connection with the Real Property and, to the Knowledge of Seller and SCI, no Taking has been threatened.

Section 3.12 ***Inventory*** **.** Seller has good and marketable title to the Inventories free and clear of any and all Liens (other than a customer's rights in items being stored for such customer). The Inventory does not consist of any material amount of items that are obsolete or damaged or items held on consignment. Neither Seller nor SCI has acquired or committed to acquire or produce Inventory for sale which is not of a quality usable in the ordinary course of business within a reasonable period of time and consistent with past practice.

Section 3.13 ***Litigatio*** **n .** No Proceeding before any Governmental Authority, mediator or arbitrator is pending or, to the Knowledge of Seller and SCI, threatened, involving Seller and/or SCI wherein a judgment, decree, order, settlement or other resolution would have a Material Adverse Effect, or which would prevent the carrying out of this Agreement, declare unlawful the transactions

contemplated by this Agreement, cause such transactions to be rescinded, or require Buyer to divest itself of any of the Acquired Assets or the Business. To the Knowledge of Seller and SCI, no facts or circumstances or other events have occurred that can reasonably be expected to give rise to any such Proceeding.

Section 3.14 ***Court Orders and Decrees*** **.** There is not outstanding or, to the Knowledge of Seller and SCI, threatened any order, writ, injunction or decree of any Governmental Authority, mediator or arbitrator against or affecting Seller or SCI, relating to any of the Acquired Assets or the Business.

Section 3.15 ***Trade Names*** **.** The Location name set forth on Exhibit A constitutes the only trade name held for use or used by the Seller and/or SCI in connection with the Business and, other than such trade name, there are no Trademarks that are material to the Business. Seller and/or SCI has the legal right to use the Location name set forth on Exhibit A , as used by Seller and/or SCI in connection with the Business, without the Consent of any other Person.

Section 3.16 ***Preneed and Trust Accounts and Contracts*** **.**

(a) All monies paid to Seller or SCI for the benefit of the Business in respect of the Pre-/At-Need Contracts have been, and as of the Closing will be, set aside and identified as set forth in Schedule 1.1(g) . Each of Seller and SCI has complied with the terms and conditions of the Pre-/At-Need Contracts. Neither Seller nor SCI is in default or breach of any Pre-/At-Need Contract.

(b) The amounts (including interest) held in trust in respect of each of the Pre-/At-Need Contracts, including, without limitation, perpetual care funds, endowment care funds, extended care funds, and merchandise trust funds (collectively, the " ***Trust Funds*** "), are held in conformity with all applicable Laws. All of Seller's and SCI's required contributions to, withdrawals from and investment and other uses of the Trust Funds have been made in accordance with all applicable Laws, and each of Seller and SCI will have paid as of the Closing (or will pay after Closing when due), all commissions due and owing to commissioned sales people in respect of the Pre-/At-Need Contracts. Neither Seller nor SCI has Knowledge of any actual or alleged non-compliance on the part of Seller or SCI (or any Affiliate of Seller or SCI) with respect to the Trust Funds.

(c) For those Pre-/At-Need Contracts that are funded by insurance or performance bonds, Seller or SCI has purchased all such insurance policies and performance bonds

required to legally fund or secure all such Pre-/At-Need Contracts, and no future premiums or other amounts remain to be paid, except for those instances where, pursuant to the terms of such insurance policies or performance bonds and in the ordinary course of business, the policies or performance bonds specify payment of premiums or other amounts over time. All such insurance policies and performance bonds are fully identified on Schedule 1.1(g) .

(d) All of the Trust Funds are interest bearing trust accounts or other investment accounts that are permissible under applicable Laws. All of the Trust Funds are identified and described under Schedule 1.1(g) , which Schedule also attaches copies of any and all trust agreements entered into by either Seller or SCI and a list of the financial institutions described therein.

Section 3.17 ***Contracts*** **.** Except for the Assumed Contracts (copies of which have been delivered to Buyer), neither Seller nor SCI, nor any Affiliate of Seller or SCI, is a party to or bound by any material Contract relating to the Acquired Assets or the Business. Except as disclosed on Schedule 3.17 , all of the Assumed Contracts are in full force and effect, and there exists no default or breach thereunder by Seller or SCI or, to the Knowledge of either Seller or SCI, other than with respect to any Pre-/At-Need Contracts, any other party thereto. Neither Seller nor SCI has received any notice (written or oral) indicating the intention of any party to any Assumed Contract to amend, modify, rescind or terminate such Assumed Contract. All of the Assumed Contracts are in full force and effect and are enforceable against the Seller and/or SCI and any of their Affiliates that is a party thereto and, to the Knowledge of Seller and SCI, against all other parties thereto in accordance with their terms and applicable Laws.

Section 3.18 ***Licenses and Permits*** **.** Except as set forth on Schedule 3.18 , either the Seller or SCI holds all of the Permits required to own, operate and maintain the Business under any applicable Law as currently conducted or proposed (by Seller and/or SCI) to be conducted (" ***Existing Permits*** "), and all Existing Permits are, and as of immediately prior to the Closing will be, in full force and effect. To the Knowledge of Seller and SCI, except as set forth on Schedule 3.18 , there are no material restrictions on Buyer's ability to replace or renew any of the Existing Permits. Each of

Seller and SCI is in compliance with all Existing Permits, except where the failure to be in compliance would not have a Material Adverse Effect.

Section 3.19 ***Consents .*** Each of Seller and SCI has, or will have prior to the Closing, obtained, satisfied or made all Consents (the " ***Required Consents*** ") that are required to be obtained, satisfied or made pursuant to any Laws, Permits, Assumed Contracts or other agreements by which Seller or SCI, or any of their properties or business assets, including, without limitation, the Acquired Assets, are bound in connection with (a) the execution and delivery of this Agreement by Seller or SCI, or (b) the sale and transfer to Buyer of the Acquired Assets, including, without limitation, the Assumed Contracts and, if transferable to Buyer under applicable Law, the Existing Permits.

Section 3.20 ***Compliance with Laws .*** The Business presently is conducted, and the Acquired Assets and their respective uses are, in compliance with all Laws applicable to them, including, without limitation, the funding of or maintaining of all Trust Funds in compliance with applicable Laws or to the posting of performance bonds in lieu thereof, except where the failure to so comply would not have a Material Adverse Effect. Neither Seller nor SCI has received any written notice of any administrative, civil or criminal investigation or audit by any Governmental Authority relating to, or which could result in a Material Adverse Effect. Neither Seller nor SCI have restricted customers from purchasing monuments from outside vendors or restricted vendors from installing monuments at Floral Gardens and Floral Lawn Memorial Gardens.

Section 3.21 ***OSHA or ADA .*** There is no Proceeding pending with respect to Seller or SCI, and, to the Knowledge of Seller and SCI, no charge or claim has been made against Seller or SCI that has not been dismissed, discharged or otherwise fully resolved, under the Occupational Safety and Health Act (" ***OSHA*** ") or the Americans with Disabilities Act (" ***ADA*** ") pertaining to the facilities and operations of the Business.

Section 3.22 ***Labor Relations .*** Neither Seller nor SCI is a party to any collective bargaining or union Contract and neither the Seller nor SCI is aware of any current union organization effort with respect to employees of the Business. There are no pending or unresolved unfair labor practice complaints from or with respect to any employees of the Business. Since December 31, 2005, neither Seller nor SCI has received any written notice of any strikes, slowdowns, work stoppages, lockouts or threats thereof, by or with respect to any employees of the Business. Since December 31, 2005, neither Seller nor SCI has had an "employment loss" within the meaning of the WARN Act or any similar Law.

Section 3.23 ***Employees and Independent Contractors .*** Schedule 3.23 sets forth a list of all employees of the Business, together with (a) their titles or responsibilities, (b) their salaries or wages during the 2005 calendar year, (c) their dates of hire, (d) any employment or severance agreements with them, and (e) any outstanding loans or advances made to them. Except as limited by any employment Contracts listed in Schedule 3.23 and except for any limitations of general application which may be imposed under applicable employment Laws, either Seller or SCI has the right to terminate the employment of each employee of the Business at will and without incurring any penalty or liability other than Retained Liabilities. Each of the Seller and SCI is in compliance with all Laws respecting employment practices, except where the failure to so comply would not have a Material Adverse Effect. To the Knowledge of Seller and SCI, no employee of the Business has provided to Seller or SCI (or any Affiliate of Seller or SCI) written notice of such employee's intent to terminate his or her employment with the Business after the date hereof.

Section 3.24 ***No Brokers .*** Neither Seller nor SCI, nor any Person acting on behalf of Seller or SCI, has agreed to pay to any Person any commission, finder's or investment banking fee, or similar payment in connection with this Agreement or the transactions contemplated thereby, nor has

Seller, SCI or any Person acting on behalf of Seller or SCI, taken any action on which a claim for any such payment could be based.

Section 3.25 ***Accounts Receivable .*** None of the Receivables have been sold and/or factored. All Receivables arising since December 31, 2005, represent bona fide claims of Seller and SCI against debtors of the Business for sales made, services performed or other charges or valid consideration arising on or before the date hereof. All such Receivables are valid and enforceable claims for payment consistent with past practices, without, to the Knowledge of Seller and SCI, setoff or counterclaim.

Section 3.26 ***Operations in Ordinary Course of Business .*** Since December 31, 2005, Seller and SCI have operated and conducted the Business in the ordinary and usual course consistent with past practices. Since December 31, 2005, there has been no material adverse change in the financial condition, assets, liabilities, or operations of the Business, nor have any events occurred, nor to the Knowledge of Seller and SCI do there exist any circumstances, which would constitute, either before or after the Closing, any such change. Without limiting the generality of the foregoing and except as set forth on Schedule 3.26 , since December 31, 2005, neither the Seller nor SCI has:

(a) sold, assigned, leased or transferred any of their assets, which are material to the Business singly or in the aggregate, other than assets sold or disposed of in the ordinary course of business, consistent with past practice;

(b) canceled, terminated, amended, modified or waived any material term of any Contract relating to the Business to which either of them is a party or by which either of them or any of their assets is bound providing for aggregate annual revenues to Seller or SCI in excess of $25,000;

(c) (i) increased the base compensation payable or to become payable to any of its employees or independent contractors, except for normal periodic increases in such base compensation in the ordinary course of business, consistent with past practice, (ii) increased the sales commission rate payable or to become payable to any of its employees or independent contractors except in the ordinary course of business consistent with past practices (including, without limitation, past practices with respect to amounts and timing), (iii) granted, made or accrued any loan, bonus, fee, incentive compensation (excluding sales commissions), service award or other like benefit, contingently or otherwise, to or for the

benefit of any of its employees or independent contractors, except in the ordinary course of business consistent with past practices (including, without limitation, past practices with respect to amounts and timing), or (iv) entered into any new employment, collective bargaining or consulting agreement or caused or suffered any written or oral termination, cancellation or amendment thereof (except for Assumed Contracts or with respect to any employee at will without a written agreement);

(d) executed any lease for real or personal property for the Business or incur any Liability therefor except as otherwise disclosed herein;

(e) suffered any damage, destruction or loss (whether or not covered by insurance) affecting the Business or any assets used in the Business that exceeds $25,000 in any one instance or $100,000 in the aggregate; or

(f) mortgaged or pledged, or otherwise made or suffered any Lien (other than any Permitted Encumbrance) on, any material asset of the Business or group of assets that are material in the aggregate to the Business.

Section 3.27 ***Investment Company Act*** **.** Neither Seller nor SCI is, or has at any time been, an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

Section 3.28 ***Public Utility Holding Company Act*** **.** Neither Seller nor SCI is, or has at any time been, a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 3.29 ***Compliance with Cemetery Laws*** **.** In connection with the ownership and operation of the Business, each of Seller and SCI has complied in all material respects with all applicable Laws governing the operation of cemeteries, the provision of cemetery services and the sale of cemetery merchandise. Furthermore, with respect to the ownership and operation of the Business, there are no pending or, to the Knowledge of Seller and SCI, threatened claims or suspensions against Seller and/or SCI, by any Person related to the operation of cemeteries, the provision of cemetery services and the sale of cemetery merchandise.

Section 3.30 ***Full Disclosure*** **.** None of the representations and warranties made by Seller or SCI in this Agreement (including the Schedules hereto) or in any document delivered to Buyer by or on behalf of Seller or SCI pursuant to Section 7.1, contains any untrue statement of a material fact, or omits any material fact necessary to make any of them, in light of the circumstances in which it was made, not misleading.

Section 3.31 ***No Other Representations or Warranties*** **.** Except as expressly stated in this Agreement, Seller and SCI make no other representation or warranty of any kind whatsoever.

ARTICLE IV

Representations and Warranties of Buyer

Buyer hereby represents and warrants to Seller and SCI, both as of the date hereof and as of the Effective Time, as follows:

Section 4.1 ***Authority*** **.**

(a) Each of StoneMor LLC and Buyer LLC is a limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation. Buyer NQ Sub is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation. The execution, delivery and performance of this Agreement by StoneMor LLC and each Buyer LLC and Buyer NQ Sub, have been duly authorized and consented to by the Board of Managers or the Board of Directors of such Person (as the case may be), and no other or additional consent or authorization on the part of such Person is required in connection therewith. The consummation of the transactions contemplated by this Agreement will not result in a breach, violation or default by StoneMor LLC, Buyer LLC or Buyer NQ Sub of or under any judgment, decree or Contract applicable to any of them except to the extent that any such breach, violation or default would not reasonably be expected to have a material adverse effect on the ability of StoneMor LLC, Buyer LLC and Buyer NQ Sub to perform their obligations hereunder.

(b) Upon execution and delivery hereof, this Agreement shall constitute the valid and binding obligation of StoneMor LLC, Buyer LLC and Buyer NQ Sub, enforceable against each of them in accordance with its terms.

Section 4.2 ***Intentionally Omitted*** **.**

Section 4.3 ***No Brokers*** **.** Neither Buyer, nor any Person acting on behalf of Buyer, has agreed to pay a commission, finder's or investment banking fee, or similar payment in connection with this Agreement or any matter related hereto to any Person, nor has any such Person taken any action on which a claim for any such payment could be based.

Section 4.4 ***Knowledge of Seller Breach*** . None of the Buyer Representatives (as defined below) have actual knowledge of a breach by Seller or SCI of any representation or warranty contained in Article III, or any covenant or agreement to be performed or complied with by Seller or SCI in accordance with this Agreement prior to the Effective Time. For purposes of this Section 4.4, the term "Buyer Representative" means William R. Shane, Paul Waimberg, Frank Milles, Michael Stache, Gregg Strom, Alan Fisher, Ken Lee, Penny Casey and Tim Yost, and such persons shall be deemed to have actual knowledge of any breach referred to in the preceding sentence of which any individual assigned by a third-party representative or advisor of Buyer to provide substantial services in connection with the transaction contemplated hereby has actual knowledge.

Section 4.5 ***No Other Representations or Warranties*** **.** Except as expressly stated in this Agreement, Buyer makes no other representation or warranty of any kind whatsoever.

ARTICLE V

Covenants

Section 5.1 ***Access to Business*** **.** From and after the date of this Agreement, Seller and SCI will give Buyer and its representatives full and free access to all properties, Contracts, books and records of the Business so that Buyer may have full opportunity to make such investigation as it shall desire to make of the affairs of the Business, including, without limitation, the conduct of any environmental investigations or assessments, provided that (i) such investigation or assessment shall not unreasonably interfere with the operations of the Business, and (ii) prior to Buyer or any of its representatives or contractors contacting the Location or Location personnel, Buyer shall first

communicate with and receive approval from **Michael Lehmann** , which approval shall not be unreasonably withheld. Seller and SCI agree to furnish to Buyer and its representatives all data and information concerning the Acquired Assets and the Business that may be reasonably requested by them to conduct a complete and thorough due diligence review of the Acquired Assets, the Business and the employees of the Business.

Section 5.2 ***Conduct of Business Pending Closing*** **.** From and after the date of this Agreement until the Closing, and except as otherwise permitted by this Agreement or as consented to by Buyer in writing, each of Seller and SCI covenant that:

(a) Seller and SCI will conduct the Business only in the ordinary course consistent with past practices, which shall include, without limitation, compliance in all material respects with all applicable Laws and the maintenance in force of all insurance policies;

(b) Seller and SCI shall maintain the Acquired Assets in their current state of repair, excepting normal wear and tear and use their commercially reasonable efforts to protect the goodwill of the Business and to maintain for the Business the current relationships with suppliers and customers of the Business and others having business relations with the Business;

(c) Seller and SCI shall use their commercially reasonable efforts to ensure that key employees and key independent contractors continue their association with the Business through the Closing Date; and

(d) Neither Seller nor SCI shall engage in any practice, take, fail to take, or omit any action, or enter into any transaction, (i) of the kind described in Section 3.26 or (ii) which would make any of the representations and warranties in Article III not true.

Section 5.3 ***Consents and Licenses*** **.** Each of Seller and SCI will use its commercially reasonable efforts to obtain, satisfy or make, prior to the Closing, all Required Consents.

Section 5.4 ***Buyer's Trustee and Endowment Care and Pre-Need Trust Funds*** **.** Buyer shall, prior to Closing, (i) secure all licenses, permits and other governmental authorizations and approvals required by the State of Michigan as a prerequisite to Buyer selling Pre-/At-Need Contracts or accepting funds paid by customers toward Pre-/At-Need Contracts with the Business; and (ii) select and formally designate a trustee or trustees (" ***Buyer's Trustee*** ") that is qualified under

applicable Laws to receive all bank, trust or other funds or accounts, excluding insurance premium payments, containing amounts that have been received by Seller or SCI prior to the Effective Time pursuant to Pre-/At-Need Contracts for pre-need cemetery merchandise and/or services to be provided by the Business (" ***Pre-Need Trust Funds*** "), or which are being held as endowment care, perpetual care, extended care or similar trust funds (" ***Endowment Care Funds*** "), or which are being held as pre-construction trust funds (" ***Pre-construction Trust Funds*** ") (all herein collectively the ***"Trust Funds"***). At or prior to Closing, Buyer shall confirm in writing to Seller its compliance with the above requirements. On the Closing Date, all amounts held in the Trust Funds shall be transferred for safekeeping to Buyer's Trustee, provided that certain amounts shall be transferred to Buyer's Trustee after Closing pursuant to Section 5.5. Buyer agrees that all such amounts will be held, administered and withdrawn in accordance with state and federal law.

Section 5.5 ***Delivery of Trust Funds .***

(a) Within the first five (5) business days following the Closing, Seller and SCI shall cause the trustees that hold the Trust Funds (**"Seller's Trustees"**) to deliver to Buyer's Trustee, by wire transfer in accordance with the instructions from Buyer and/or Buyer's Trustee, amounts from each of the various Trust Funds equal to approximately 90% of the Closing Date balances thereof (the ***" Initial Trust Delivery "***).

(b) For a period of not more than 60 days after the Closing Date, Seller and SCI shall continue to make (i) deposits to the undelivered portion of the Trust Funds (the " ***Retained Trust Funds*** ") as legally and contractually required with respect to payments upon Pre-/At-Need Contracts received by Seller and/or SCI after the Closing, and (ii) withdrawals from the Retained Trust Funds for legally and contractually allowed amounts with respect to Pre-/At-Need Contracts serviced by Seller and/or SCI or other appropriate withdrawals, all in accordance with Seller's and/or SCI's historical practices in those regards and consistent with applicable Laws.

(c) Also during the 60-day period referenced in (b) above, Seller and/or SCI shall cause to be computed and retained/withdrawn from the Retained Trust Funds (for payment to the applicable Taxing Authorities) such Taxes as are due on income earned (and recognized) by the Pre-Need Trust Funds and the Endowment Care Funds prior to their delivery to Buyer's Trustee.

(d) Notwithstanding anything to the contrary, but except as contemplated/allowed in (c) preceding, after the Closing, neither Seller nor SCI shall be entitled to receive any

amounts from, or with respect to, the Endowment Care Funds or the Pre-construction Trust Funds.

(e) On or before the 60 th day following Closing, Seller and/or SCI shall cause to be delivered to Buyer's Trustee, by wire transfer in accordance with instructions from Buyer and/or Buyer's Trustee, the remaining Trust Funds (the " ***Final Trust Delivery*** ", and herein together with the Initial Trust Delivery, the " ***Post-Closing Trust Delivery*** "), and shall contemporaneously provide to StoneMor a written reconciliation of the amounts making up the Post-Closing Trust Delivery, including designation of the specific Pre-/At-Need Contracts to which the various delivered amounts are attributable. From and after the date of delivery of the Final Trust Delivery, neither Seller nor SCI shall be entitled to any further withdrawals from the Trust Funds, and any further deposits made by Seller and/or SCI to the Trust Funds shall not be considered as additions to the Post-Closing Trust Delivery for other purposes thereof.

(f) For a period of no more than 60 days after the Closing Date, Buyer shall permit Seller and SCI reasonable access to the books and records of the Business as shall be reasonably necessary for Seller and SCI to properly make the Post-Closing withdrawals and deposits to the Retained Trust Funds as are contemplated in (b) above.

Section 5.6 ***Cooperation Regarding Publicity .*** Neither Seller, SCI nor Buyer shall make any press release or other public announcement or filing regarding the transactions contemplated herein without prior consultation and coordination with the other party(ies) hereto, so that the business interests of all are properly served. Notwithstanding the foregoing or anything else to the contrary, Seller, SCI and each of their respective Affiliates on the one hand, and Buyer and its Affiliates on the other hand, may make one or more public announcements or filings in connection with the transactions contemplated by this Agreement to the extent that such announcement or filing is reasonably required for the party making such announcement or filing (or any of such party's Affiliates) to avoid Liability under applicable Laws; provided, however , that the party making such announcement or filing shall notify the other party(ies) hereto, if reasonably possible, at least three business days prior to making such filing.

Section 5.7 ***Title to Real Estate*** . Buyer has obtained (and provided copies to Seller and SCI), one-half at Buyer's expense and one-half at Seller's expense, commitments for title insurance in an aggregate amount equal to the portion of the Closing Purchase Price deemed allocated to the

Real Property as reflected on the Statement of Allocation from Fidelity National Title Company (the " ***Title Company*** "), showing title to the Owned Real Property to be held in fee simple and good, marketable and vested in Seller subject to the liens, claims and encumbrances, easements, rights-of-way, reservations, restrictions, outstanding mineral interests and other matters affecting the Real Property or the title thereto identified on Schedule 3.5 as Permitted Encumbrances. At Closing or soon thereafter as practicable, the Title Company shall issue, one-half at Buyer's expense and one-half at Seller's expense, its title insurance policy(ies) consistent with its previous title commitment(s) approved by Buyer.

Section 5.8 ***Inspections .*** Buyer, Seller and SCI acknowledge that Buyer has performed and obtained inspections and surveys of the Real Property at Buyer's expense.

Section 5.9 ***Intentionally omitted .***

Section 5.10 ***Satisfaction of Pre-Closing Covenants .*** Seller, SCI and Buyer shall use their commercially reasonable efforts to satisfy at or prior to Closing all of the covenants and agreements to be performed or complied with by each of them, respectively, pursuant to this Agreement at or prior to Closing.

Section 5.11 ***Post Closing Access .***

(a) For a period of eight (8) years from the Closing Date, Seller and SCI shall retain and make available to Buyer for any lawful purpose, upon reasonable notice and at reasonable times, Seller's and SCI's Tax records, general ledger and other books of original entry, and original payroll records with respect to periods prior to the Effective Time. If either Seller or SCI ceases to conduct operations prior to the end of such eight-year period, Seller or SCI, as applicable, shall give Buyer 60 days' prior written notice and an opportunity to accept (without charge to Buyer) from Seller or SCI, as applicable, a transfer of such books and records, and if Buyer elects not to accept such books and records, the Seller's or SCI's obligations under this paragraph (a) shall cease.

(b) For a period of eight (8) years from the Closing Date, Buyer shall retain and make available to Seller and SCI for any lawful purpose, upon reasonable notice and at reasonable times, the books and records of the Business with respect to periods prior to the Effective Time and to actions and events after the Effective Time, to the extent they relate to periods prior to the Effective Time. If Buyer ceases to conduct operations prior to the end of

such eight-year period, Buyer shall give Seller and SCI 60 days' prior written notice and an opportunity to accept (without charge to Seller or SCI) from Buyer a transfer of such books and records from Buyer, and if Seller and SCI elect not to accept such books and records, Buyer's obligations under this paragraph (b) shall cease.

(c) After the Closing, for a period of 30 days, Buyer shall provide and allow each of Seller and SCI reasonable access, at such times as are mutually agreed upon in advance by Seller and SCI, as applicable, and Buyer, to the facilities in which the Business is conducted as reasonably necessary to collect and remove the Excluded Assets; provided, however , Buyer's employees shall not be obligated to physically assist in the collection and removal of Excluded Assets and in no event shall such collection and removal of Excluded Assets unreasonably disrupt or interfere with the operations of the Business, and provided, further that , Seller and SCI, jointly and severally, shall fully indemnify Buyer for any and all Losses arising from or relating to Seller's or SCI's collection and removal of the Excluded Assets.

Section 5.12 ***Tax Matters*** **.**

(a) Seller and SCI shall be responsible for preparing and filing, at Seller's and SCI's expense, as applicable, within the times and in the manner prescribed by law (subject, however, to filing under any extension) all Tax Returns of Seller and SCI, as applicable, for all Tax periods.

(b) Seller, SCI and Buyer shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with any Tax proceeding relating to: (i) the Acquired Assets; (ii) the Business; or (iii) the transactions contemplated by this Agreement. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any Tax audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Seller and SCI agree to retain all books and records with respect to Tax matters pertinent to Seller relating to any taxable period beginning before the Closing Date until the longer of (x) sixty (60) days after the expiration of the statute of limitations of the respective taxable periods or (y) eight years, and to abide by all record retention agreements entered into with any Taxing Authority.

(c) Seller, SCI and Buyer agree, upon request, to use their commercially reasonable efforts to obtain any ruling, certificate or other document from any Taxing Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed solely with respect to the transactions contemplated by this Agreement.

Section 5.13 ***Employees*** **.**

(a) Buyer may, but shall not be obligated to, offer employment to any employees of the Business on such terms and conditions as Buyer may determine. Seller and SCI shall retain all obligations and liabilities arising on or prior to the Closing in respect of their current and former employees under any and all employee benefit plans, policies or practices of each of Seller or SCI or any of their Affiliates and applicable Laws. Prior to the Closing, Buyer shall notify the Seller and SCI, as applicable, of those employees of the Business to whom Buyer expects to make an offer of employment. Buyer shall not assume or otherwise be

responsible for any obligation or liability of employee benefit plans, policies or practices of the Seller or SCI or any of their Affiliates, or from any employee's employment with or termination of employment by Seller or SCI or any Affiliate of Seller or SCI at or prior to the Closing.

(b) Each of Seller and SCI (or any of their Affiliates), as applicable, shall be responsible for providing health benefit continuation coverage under Section 162(k) and Section 4980B of the Code with respect to (i) any former employee of Seller or SCI (or any of their Affiliates) and any other qualified beneficiary under any group health plan who as of the Closing is receiving or is eligible to receive such continuation coverage, and (ii) any employee of the Seller or SCI (or any of their Affiliates) and any qualified beneficiary with respect to such employee.

(c) Seller and SCI shall be responsible for, and shall comply with, any and all WARN Act obligations relating to periods prior to Closing or associated with, or incurred as a result of, the transactions contemplated by this Agreement.

Section 5.14 ***No Solicitation; Notification*** **.**

(a) No Solicitation . Prior to Closing, neither Seller nor SCI shall, and Seller and SCI each shall cause their representatives (including, without limitation, investment bankers, attorneys and accountants), employees, directors, members, partners and other Affiliates not to, directly or indirectly, enter into, solicit, initiate, conduct or continue any discussions or negotiations with, or encourage or respond to any inquiries or proposals by, or participate in any negotiations with, or provide any information to, or otherwise cooperate in any other way with, any Person other than Buyer and its representatives concerning any sale of all or any portion of the assets of the Business of, or of any shares of capital stock or other units of equity interests in, either Seller or SCI, or any merger, consolidation, recapitalization, liquidation, dissolution or similar transaction involving either Seller or SCI that encompasses any portion of the Business or the Acquired Assets (each such transaction being referred to herein as a " ***Proposed Acquisition Transaction*** "). Each of Seller and SCI hereby represents and warrants that it is not now engaged in discussions or negotiations with any party other than Buyer with respect to any Proposed Acquisition Transaction. Neither Seller nor SCI shall, and each of Seller and SCI shall cause its representatives (including, without limitation, investment bankers, attorneys and accountants), employees, directors, members, partners and other Affiliates not to, agree to release any third party from, or waive any provision of, any confidentiality or standstill agreement that relates in any way to all or a portion of the Business.

(b) Notification . Seller and SCI each shall (i) immediately notify Buyer if any written offer, inquiry or proposal is made or given to Seller or SCI (or any of their Affiliates) with respect to any Proposed Acquisition Transaction, and (ii) promptly provide Buyer with a copy of any such offer, proposal or inquiry; provided , however , that no such notice hereunder shall relieve Seller or SCI of its respective obligations under Section 5.14(a).

Section 5.15 ***Confidentiality*** **.** The parties acknowledge that the transactions described herein are of a confidential nature and shall not be disclosed except to consultants, advisors, lenders

or other financial sources and Affiliates, or as required by Law, until such time as the parties make a public announcement regarding the transaction as provided hereunder. In connection with the negotiation of this Agreement, the preparation for the consummation of the transactions contemplated hereby, and the performance of obligations hereunder, each party acknowledges that it has had, and will continue to have, access to confidential information relating to the other party. Each party shall treat such information as confidential, preserve the confidentiality thereof and not disclose such information, except to its advisors, consultants and other representatives and to Affiliates, or as required by Law, in connection with the transactions contemplated hereby. Notwithstanding the foregoing, Buyer may disclose this Agreement and the information and data in Buyer's possession in connection herewith to its lenders, but shall advise them of the requirement to maintain the confidentiality of such information and data. This Section 5.15 shall not apply to any information that is (a) in the public domain through no fault on the part of the receiving party hereto or any of their Affiliates or the employees, agents or representatives of such party or any of its Affiliates, or (b) learned or discovered through any independent source that is not obligated to maintain such information as confidential. Because of the difficulty of measuring economic loss as a result of a breach of the foregoing covenants in this Section 5.15, and because of the immediate and irreparable damage that would be caused for which there may be no other adequate remedy at law, the parties hereto agree that, in the event of a breach by any of them of the foregoing covenants in this Section 5.15, such covenants may be enforced against them by injunction or restraining order.

Section 5.16 ***Cooperation Regarding Financial Information .*** After the Closing, without limiting the generality of any other provision of this Agreement, and without further consideration, Seller and SCI shall, and shall cause their respective Affiliates to, provide reasonable cooperation (including reasonable access to Seller's and SCI's files, records and employees) to Buyer and its agents and representatives (including Buyer's external auditors) in connection with the preparation of

financial statements and financial information and disclosures relating to the Business and the Acquired Assets, including, without limitation, disclosures required under Items 2.01 and 9.01 of Form 8-K adopted by the Securities and Exchange Commission, including all requirements for pro forma financial information.

Section 5.17 ***Further Assurances*** **.** From time to time after the Closing, at the request of Buyer, and without further consideration but at no cost to Seller or SCI, Seller and SCI will execute and deliver such additional documents and will take such other actions as Buyer reasonably may request to more fully and absolutely convey, assign, transfer, deliver and vest in Buyer title to the Acquired Assets and the Business and to otherwise carry out the terms of this Agreement.

Section 5.18 ***Notice of Breaches*** **.** Each of the Seller and SCI shall give prompt notice to Buyer of (a) the occurrence, or failure to occur, of any event, which occurrence or failure causes or would reasonably be expected to cause any representation or warranty of Seller or SCI contained in this Agreement or in any Exhibit or Schedule hereto to be untrue or inaccurate, (b) any Material Adverse Effect, and (c) any failure of Seller or SCI or any of their respective Affiliates, shareholders or representatives to comply with, perform or satisfy any covenant, condition or agreement to be complied with, performed by or satisfied by them under this Agreement or any Exhibit or Schedule hereto; and if after receiving such disclosure Buyer shall elect to proceed with the Closing, such disclosure shall be deemed to cure, and shall relieve Seller and SCI of any Liability with respect to any breach of, or failure to satisfy, any representation, warranty, covenant, condition or agreement hereunder to the extent such breach or failure was fully and accurately described in such disclosure.

ARTICLE VI

Conditions Precedent to Closing

Section 6.1 ***Conditions to Seller and SCI Closing*** **.** The obligations of Seller and SCI to consummate the transactions contemplated by this Agreement are subject to the satisfaction on or

before the Closing of the following conditions, any one or more of which may be waived by Seller and SCI at their option:

(a) the representations and warranties of Buyer contained in this Agreement shall be true and correct, both on the date of this Agreement and at and as of the Closing, except for representations or warranties made as of some other specified date, which as of the Closing shall remain true and correct as of such specified date;

(b) Buyer shall have discharged, performed or complied with, in all material respects, all covenants and agreements contemplated by this Agreement to be performed or complied with by Buyer at or prior to the Closing; and

(c) Buyer shall have delivered, or caused to be delivered, to Seller and SCI each of the documents required by Section 7.2. and

(d) The Dignity II and III Transaction and the Hawes Transaction shall have closed or closing is contemplated in the near term.

Section 6.2 ***Conditions to Buyer Closing*** **.** The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction on or before the Closing of the following conditions, any one or more of which may be waived by Buyer at its option:

(a) the representations and warranties of Seller and SCI contained in this Agreement shall be true and correct, both on the date of this Agreement and at and as of the Closing, except for representations or warranties made as of some other specified date, which as of the Closing shall remain true and correct as of such specified date;

(b) Seller and SCI shall have discharged, performed or complied with, in all material respects, all covenants and agreements contemplated by this Agreement to be performed or complied with by Seller and/or SCI at or prior to the Closing;

(c) Seller and SCI shall have delivered, or caused to be delivered, to Buyer each of the documents required by Section 7.1;

(d) Buyer shall have obtained financing for the cash portion of the Closing Purchase Price on terms satisfactory to Buyer in Buyer's reasonable discretion;

(e) There shall have been no material adverse change in the condition (financial, physical or otherwise), assets, commercial relationships, business or operations of the Business or the Acquired Assets from and after December 31, 2005;

(f) No Law, order or judgment shall have been enacted, entered, issued or promulgated by any Governmental Authority, arbitrator or mediator, which challenges, or seeks to prohibit, restrict or enjoin the consummation of the transactions contemplated hereby, nor shall there be pending or threatened, any action, suit or proceeding by or before any

Governmental Authority, arbitrator or mediator, challenging any of the transactions contemplated by this Agreement, seeking monetary relief by reason of the consummation of such transactions or seeking to effect any material divestiture or to revoke or suspend any material Contract or Permit of the Business by reason of any or all of the transactions contemplated by this Agreement;

(g) Buyer shall have obtained all required Permits for the operation of the Business;

(h) All Required Consents shall have been made, obtained or given, including without limitation, those of Buyer's existing lenders, and such Consents shall be in full force and effect;

(i) Seller and SCI shall have terminated the Management Agreement;

(j) The Dignity II and III Transaction and the Hawes Transaction shall have closed or closing is contemplated in the near term; and

(k) Buyer shall have received written assurance from its auditors that audited financial statements for each of the Seller and SCI Michigan (covering only the portions of the Business owned and operated by each) sufficient, in the opinion of Deloitte & Touche, to permit StoneMor Partners L.P. to satisfy its disclosure obligations under Items 2.01 and 9.01 of Form 8-K adopted by the Securities and Exchange Commission, including all requirements for pro forma financial information, will be received within thirty (30) days after the date of the Closing.

ARTICLE VII

Closing Deliveries

Section 7.1 ***Seller's and SCI's Closing Deliveries*** . At the Closing, Seller and SCI will deliver to Buyer the following documents, duly executed as required, and each in form and substance reasonably acceptable to Buyer and its counsel:

(a) motor vehicle transfer/tax forms transferring the automobiles comprised in the Acquired Assets to Buyer, free and clear of all Liens (one for each automobile) and duly endorsed certificates of title for the automobiles evidencing that title to such vehicles are held in Buyer and are free and clear of all Liens (one for each automobile); provided , however , that as to all such vehicles which are covered by leases from Wheels, Inc., as referenced above, Buyer recognizes that Wheels, Inc. will cause new certificates of title to be issued and delivered to Buyer after Closing according to the standard procedures of the applicable states regarding such matters;

(b) **Intentionally Omitted;**

(c) a bill of sale conveying the applicable Acquired Assets to Buyer, in form and substance reasonably acceptable to Buyer;

(d) an Assignment and Assumption Agreement assigning to Buyer all of the Assumed Contracts;

(e) an assignment agreement assigning to Buyer (and/or to Buyer's Trustee, as appropriate), all Trust Funds, insurance policies and Receivables related to the Pre-/At-Need Contracts (other than those specified in Section 5.5);

(f) a certificate of Seller and SCI, to the effect that the conditions set forth in Sections 6.2(a), (b) and (f) hereof have been satisfied;

(g) a certificate of each of Seller and SCI to the effect that Seller or SCI, as applicable, is not a foreign person within the meaning of Section 1445 of the Code (or any comparable law);

(h) Special Warranty Deeds conveying to Buyer title in fee simple to the Owned Real Property;

(i) fully executed counterparts of any and all required transfer tax forms;

(j) such title affidavits, opinions and indemnities as may be requested by the Title Company to issue the policy to Buyer;

(k) all other bills of sale, deeds, leases, transfers, assignments, acts, things and assurances as may be required in the reasonable opinion of Buyer for more perfectly and absolutely assigning, transferring, conveying, assuring to and vesting in Buyer title to the Acquired Assets free and clear of all Liens;

(l) copies of all Required Consents, duly executed by the Person from whom consent is required to be obtained;

(m) written evidence reasonably satisfactory to Buyer that the Management Agreement and any other related relationship between SCI (including its Affiliates) and Seller related to the Locations has been terminated; and

(n) such other documents as may be reasonably required to consummate the transaction contemplated hereunder.

Section 7.2 ***Buyer's Closing Deliveries*** . At the Closing, Buyer will deliver to Seller and SCI the following:

(a) in the form and manner specified in Section 1.3 hereof, the Closing Purchase Price, as adjusted pursuant to this Agreement;

(b) **Intentionally Omitted** ;

(c) a certificate of Buyer, signed by an executive officer thereof, to the effect that the conditions set forth in Sections 6.1(a) and (b) hereof have been satisfied; and

(d) such other documents as may be reasonably required to consummate the transaction contemplated hereunder.

ARTICLE VIII

Survival of Representations, Warranties and Covenants; Indemnification; Enforcement of Agreement

Section 8.1 ***Nature of Representations*** **.** For purposes of this Agreement, the contents of all Exhibits, certificates, Schedules, and other items incorporated herein by reference shall, in addition to the representations, warranties and covenants made in this Agreement, constitute representations, warranties and covenants made in this Agreement by Seller, SCI or Buyer, as the case may be.

Section 8.2 ***Survival of Representations, Warranties and Covenants*** **.** The representations, warranties and covenants of the parties made in this Agreement shall survive the Closing, without regard to any investigation by the parties with respect thereto, as follows:

(a) The representations and warranties set out in Sections 3.1 (Organization, Standing; Authorization; Capacity)), 3.3 (Tax Matters), 3.5(a) (Title to Acquired Assets), 3.10 (Real Estate Taxes), 3.16(b) (Preneed and Trust Accounts and Contracts), 3.24 (No Brokers) and 4.1 (Authority) (claims with respect to any of the foregoing representations and warranties referred to herein as " ***Special Claims*** "), and the indemnification obligations of the parties with respect to breaches of such representations and warranties, shall survive for a period equal to the statute of limitations pertaining thereto;

(b) All other representations and warranties made in this Agreement, and the indemnification obligations of the parties with respect to breaches of such representations and warranties, shall survive for a period of two (2) years after the Closing;

(c) Any claims, actions or suits that either the Seller and/or SCI, on the one hand, or the Buyer, on the other hand, may have against the other that arise from any actual fraud on the part of such other party in connection with this Agreement or the transactions contemplated hereunder, shall continue in full force and effect without limitation;

(d) All covenants and agreements made in this Agreement, and the indemnification obligations of the parties with respect to breaches of such covenants and agreements, shall survive for a period equal to the statute of limitations or the period of time specified herein for a particular covenant or agreement; provided, however that the covenants

contained in Section 5.17 (Further Assurances) and the indemnification obligations of the parties with respect to breaches thereof, shall survive the Closing indefinitely; and

(e) Notwithstanding the foregoing or anything else to the contrary, if any claim or proceeding is to be made or brought by an Indemnitee (as defined in Section 8.8) within the applicable time period set forth above in this Section 8.2, such claim, and the representation, warranty and/or covenant alleged to have been breached in such claim or proceeding, and all indemnification obligations of the parties with respect thereto, shall survive until the final resolution of such claim by settlement, arbitration, litigation or otherwise.

Section 8.3 ***Indemnification by Seller and SCI .***

(a) Seller and SCI, jointly and severally, agree to indemnify and hold each Indemnitee (as defined in Section 8.8), harmless from all Losses incurred, suffered or paid, directly or indirectly, as a result of or arising out of:

(i) any breach or default in the performance by Seller or SCI of any covenant or agreement of Seller or SCI contained in this Agreement or any related document executed pursuant hereto;

(ii) any breach of warranty or inaccurate or erroneous representation made by Seller or SCI herein (except to the extent that a Buyer Representative had actual knowledge thereof in breach of Section 4.4);

(iii) any Retained Liabilities;

(iv) any Taxes of Seller or SCI, including, without limitation, (A) Transfer Taxes; (B) the portion of real and personal property Taxes for which Seller or SCI is liable for pursuant to Section 1.7.; (C) Taxes on income earned (and recognized) by the Pre-Need Trust Funds and the Endowment Care Funds prior to delivery thereof to Buyer's Trustee; and (D) Taxes payable by any trust (as an independent taxpayer entity) of or relating to any Seller or SCI or any Affiliate of any Seller or SCI and to any or all of the Business, including, without limitation, Taxes relating to or arising from income earned (and recognized) by the Pre-Need Trust Funds and the Endowment Care Funds prior to the delivery thereof to Buyer's Trustee; and

(v) any unpaid Taxes of any Person including under United States Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law) as a transferee or successor, by Contract or otherwise.

(b) Notwithstanding anything herein to the contrary, Buyer shall have no claim for indemnification hereunder until the total amount of all Losses incurred which would otherwise be subject to indemnification hereunder exceeds $20,000, and then only to the extent of such excess, but in no event shall the aggregate amount of all Losses subject to indemnification under this Section 8.3 exceed the Closing Purchase Price; provided, however , that the amounts set forth in this Section 8.3(b) shall not apply to any Losses resulting from or arising out of, directly or indirectly, (i) any Special Claims, (ii) claims under Sections 8.3(a)(i), 8.3(a)(iii) (other than the Retained Liabilities identified in Section 1.5(b)(vii)),

8.3(a)(iv) or 8.3(a)(v) or (iii) claims arising from any actual fraud on the part of Seller and/or SCI, as to each of which Seller and SCI shall have liability for the entire amount of such Loss without any limitation; and

(c) Except as provided in Section 8.7, the indemnification obligations of Seller and SCI hereunder shall be exclusive remedy of Buyer with respect to any matter subject to indemnification hereunder.

(d) Seller and SCI will be entitled to receive as a credit against any indemnification amount owing to Buyer hereunder an amount equal to the net proceeds of any insurance policy actually received by Buyer for any Loss for which Seller and/or SCI agreed to indemnify Buyer under this Section 8.3.

Section 8.4 ***Indemnification by Buyer*** **.**

(a) Buyer agrees to indemnify and hold each Indemnitee (as defined in Section 8.8) harmless from all Losses incurred, suffered or paid, directly or indirectly, as a result of or arising out of:

(i) any breach or default in the performance by Buyer of any covenant or agreement of Buyer contained in this Agreement or any related document executed pursuant hereto;

(ii) any breach of warranty or inaccurate or erroneous representation made by Buyer herein (except to the extent that Seller or SCI had actual knowledge thereof prior to the Closing); and

(iii) the failure of Buyer to fully pay and discharge as and when same are due the Assumed Liabilities or any of the obligations, liabilities and/or duties relating to or arising from the Business from and after the Effective Time.

(b) Except as provided in Section 8.7, the indemnification obligations of Buyer hereunder shall be exclusive remedy of Seller and SCI with respect to any matter subject to indemnification hereunder.

(c) Buyer will be entitled to receive as a credit against any indemnification amount owed to Seller or SCI hereunder an amount equal to the net proceeds of any insurance policy actually received by Seller or SCI for a Loss for which the Buyer agreed to indemnify Seller or SCI under this Section 8.4.

Section 8.5 ***Defense of Claims; Payment*** **.**

(a) Any Indemnitee seeking indemnification with respect to any actual or alleged Loss shall give notice to the applicable Indemnitor within the applicable survival period set forth in Section 8.2. If any claim, suit, demand or action is asserted or threatened by a third party (" ***Claim*** ") after the Closing Date for which an Indemnitor may be liable under the terms of Article VIII, then the Indemnitee shall notify the Indemnitor within thirty (30) days after such Claim is known to the Indemnitee (provided , however , that failure to provide such notice

will not affect the Indemnitee's rights to indemnity hereunder from Indemnitor, unless the Indemnitee can show actual material prejudice resulting from such failure and then only to the extent of such actual material prejudice) and shall give the Indemnitor a reasonable opportunity: (i) to take part in any examination of any books and records; (ii) to conduct any proceedings or negotiations in connection therewith and necessary or appropriate to defend the Indemnitee; (iii) to take all other required steps or proceedings to settle or defend any such Claim; and (iv) to employ counsel to contest any such Claim in the name of the Indemnitee or otherwise (except as set forth below in Section 8.5(b)).

(b) If the Indemnitor intends to assume the defense of such Claim, it shall give written notice of such intention to the Indemnitee within 15 days after Indemnitor first receives written notice of such Claim, whereupon Indemnitee shall permit, and Indemnitor shall assume, the defense of any such Claim, through counsel reasonably satisfactory to the Indemnitee. Notwithstanding the foregoing, the Indemnitee may participate in such defense of such Claim (with one or more counsel of its own choice) at its own expense, provided , however , that if the parties to any such Claim (including any impleaded parties) include both the Indemnitor and the Indemnitee, and the Indemnitor shall have been advised in writing by counsel for the Indemnitee that there may be one or more defenses available to the Indemnitee that are not available to the Indemnitor or legal conflicts of interest pursuant to applicable rules of professional conduct between the Indemnitor and the Indemnitee, the Indemnitor shall not have the right to assume the defense of such Claim on behalf of the Indemnitee and the fees and expenses of one such separate counsel employed by the Indemnitee shall be at the expense of the Indemnitor.

(c) If the Indemnitor fails to assume the defense of any Claim within 15 days after Indemnitor first receives written notice of such Claim, the Indemnitee may defend against such Claim in such manner as it may deem appropriate (provided that the Indemnitor may participate in such defense at its own expense) and a recovery against the Indemnitee in such Claim for damages suffered by it in good faith, shall be conclusive in its favor against the Indemnitor.

(d) The Indemnitor shall not, without the written consent of the Indemnitee, settle or compromise any Claim or consent to the entry of any judgment with respect thereto which does not include, as an unconditional term thereof, the giving to the Indemnitee a release by all other participants from all liability in respect of such Claim. Unless the Indemnitor shall have elected not to assume the defense of any claim subject to Article VIII or, after reasonable written notice of any Claim that is subject to the indemnification provisions of this Article VIII shall have failed to assume or participate in the defense thereof, the Indemnitee may not settle or compromise such Claim without the written consent of the Indemnitor, such consent not to be unreasonably withheld.

(e) Upon determination of the amount due to an Indemnitee (" ***Indemnification Amount*** ") in connection with any matter for which indemnification is sought under this Article VIII (" ***Indemnification Matter*** ") (whether by agreement between the Indemnitor and the Indemnitee or after a settlement agreement is executed or a final judgment or order is rendered by an arbitrator or court of competent jurisdiction with respect to the Indemnification Matter), the Indemnitor shall promptly (and in any event, not later than 10 days after such determination) pay the Indemnification Amount, in cash, to the Indemnitee.

Any Indemnification Amount that is not paid in full within 10 days after final determination of the Indemnification Amount as set forth above, such unpaid amount shall thereafter accrue interest through the date of payment at the prime rate as reported in *The Wall Street Journal, Eastern Edition* for the date of such final determination.

Section 8.6 ***Dispute Resolution*** .

(a) Except as provided in Section 8.6(g), any and all disputes among the parties to this Agreement (defined for the purpose of this provision to include their respective officers, directors, managers, members, partners, shareholders, agents and/or other Affiliates) arising out of or in connection with the negotiation, execution, interpretation, performance or nonperformance of this Agreement and the transactions contemplated herein shall be solely and finally settled by arbitration, which shall be conducted in such city in Michigan as the parties shall mutually agree, or if they are unable to agree, in Wilmington, Delaware, by a single arbitrator selected by the parties. The arbitrator shall be a lawyer familiar with business transactions of the type contemplated in this Agreement who shall not have been previously employed by or affiliated with any of the parties hereto. If the parties fail to agree on the arbitrator within thirty (30) days of the date one of them invokes this arbitration provision, either party may apply to the American Arbitration Association to make the appointment.

(b) The parties hereby renounce all recourse to litigation and agree that the award of the arbitrator shall be final and subject to no judicial review. The arbitrator shall conduct the proceedings pursuant to the Commercial Arbitration Rules of the American Arbitration Association, as now or hereafter amended (the " ***Rules*** ").

(c) The arbitrator shall decide the issues submitted (i) in accordance with the provisions and commercial purposes of this Agreement, and (ii) with all substantive questions of Law determined under the Laws of the State of Delaware (without regard to its principles of conflicts of laws). The arbitrator shall promptly hear and determine (after giving the parties due notice and a reasonable opportunity to be heard) the issues submitted and shall render a decision in writing within six (6) months after the appointment of the arbitrator. No fees shall be paid to the arbitrator with respect to services rendered by the arbitrator after the elapse of six (6) months after the appointment of the arbitrator.

(d) The parties agree to facilitate the arbitration by (i) conducting arbitration hearings to the greatest extent possible on successive days, and (ii) observing strictly the time periods established by the Rules or by the arbitrator for submission of evidence or briefs.

(e) The parties shall share equally the fees and expenses of the arbitrator.

(f) Judgment on the award of the arbitrator may be entered in any court having jurisdiction over the party against which enforcement of the award is being sought and the parties hereby irrevocably consent to the jurisdiction of any such court for the purpose of enforcing any such award.

(g) The parties hereto agree that the provisions of this Section 8.6 shall not be construed to prohibit any party from obtaining, in the proper case, specific performance or

injunctive relief in any court of competent jurisdiction with respect to the enforcement of any covenant or agreement of another party to this Agreement as provided herein.

Section 8.7 ***Enforcement of Agreement*** **.** Each party hereto acknowledges that irreparable damage would result if this Agreement is not specifically enforced. Therefore, the covenants, agreements, rights and obligations of the parties under the Agreement, including, without limitation, their respective rights and obligations to sell and purchase the Acquired Assets and the Business and the rights and obligations of the parties under Articles V, VIII and X, shall be enforceable by a decree of specific performance issued by any court of competent jurisdiction, and appropriate injunctive relief may be applied for and granted in connection therewith. Each party hereto agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Agreement and hereby agrees to waive the defense that a remedy at law may be adequate in any action for specific performance hereunder.

Section 8.8 ***Definitions*** .

(a) In the case of a claim of indemnification brought pursuant to Section 8.3, " ***Indemnitee*** " shall mean Buyer and Buyer's Affiliates and the directors, officers, partners, members, managers, employees, successors and assigns of Buyer or any of its Affiliates, and in the case of a claim of indemnification brought pursuant to 8.4, it shall mean each of Seller and SCI and their respective Affiliates and the directors, officers, partners, members, managers, employees, successors and assigns of Seller or SCI or any of their respective Affiliates.

(b) In the case of a claim of indemnification brought pursuant to Section 8.3, " ***Indemnitor*** " shall mean Seller and SCI, and in the case of a claim of indemnification brought pursuant to Section 8.4, it shall mean Buyer.

Section 8.9 ***Cooperation*** **.** If Buyer or Seller or SCI submits to an insurance carrier for any of their respective insurance policies, a claim arising from or relating to a claim or action by a third party which may otherwise be subject to indemnification pursuant to Section 8.3 or Section 8.4, as the case may be, and if such insurance carrier agrees to defend such claim, then the defense of such claim shall be tendered to such insurance carrier and the rights of the parties between themselves

regarding the assumption and control of such defense shall be subject to the reasonable requirements of such insurance carrier.

ARTICLE IX

Termination of Agreement

Section 9.1 ***Termination .*** Except where a right to terminate this Agreement is otherwise specifically provided for herein, this Agreement may be terminated by written notice of termination at any time before the Closing Date only as follows:

(a) by mutual consent of Seller, SCI and Buyer;

(b) by Buyer, upon written notice to Seller and SCI given at any time after December 31, 2006 if any or all of the conditions precedent to Buyer's obligations hereunder set forth in Section 6.2 hereof have not been met, without fault of Buyer; or

(c) by SCI and Seller, upon written notice to Buyer given at any time after December 31, 2006 if any or all of the conditions precedent to Seller's and SCI's obligations hereunder set forth in Section 6.1 hereof have not been met, without fault of Seller or SCI.

Section 9.2 ***Effect of Termination*** . In the event of the termination of this Agreement pursuant to the provisions of Section 9.1: (a) this Agreement shall become void and have no effect, without any liability on the part of any of the parties except for the provisions of Section 5.15 and except as provided below in this Section 9.2; (b) each party shall return all documents, work papers and other material of any other party relating to the transactions contemplated hereby, whether obtained before or after the execution hereof, to the party furnishing the same; and (c) no confidential information received by any party with respect to the business of any other party or its Affiliates shall be disclosed to any third party, unless required by Law. Notwithstanding the foregoing or anything else to the contrary, neither Seller nor SCI nor Buyer shall be relieved of liability under, and as provided in, this Agreement for a breach of this Agreement occurring prior to such termination, or for a breach of any provision of this Agreement which specifically survives termination hereunder.

ARTICLE X

Miscellaneous

Section 10.1 ***Certain Defined Terms*** **.** The following terms shall have the following meanings for purposes of this Agreement, which meanings shall be equally applicable to both the singular and plural forms of such terms:

" ***Affiliate*** **"** means, with respect to any Person, one who at such time controls, is controlled by, or is under common control with, such Person.

" ***Code*** **"** means the Internal Revenue Code of 1986, as amended, and all rules and regulations promulgated thereunder.

" ***Consent*** **"** means any consent, waiver, approval, order or authorization of, or registration, declaration or filing with or notice to, any Governmental Authority or other Person.

" ***Contract*** **"** means and includes all contracts, agreements, indentures, leases, franchises, licenses, commitments or legally binding arrangements, express or implied, written or oral.

" ***Employee Plans*** **"** means all employee benefit plans as defined in Section 3(3) of ERISA and all severance, bonus, retirement, pension, profit sharing and deferred compensation plans and other similar material, fringe or employee benefit plans, programs or arrangements, and all material employment or compensation agreements, written or otherwise.

" ***Endowment Care Adjustment Amount*** **"** means the product of (i) the absolute value of the difference between the Transferred Endowment Care Trust Amount and $735,546, multiplied by (ii) .05.

" ***Environmental Reports*** **"** means the Phase I and/or Phase II Environmental Assessment Reports specifically identified on Exhibit C .

" ***Environmental Requirements*** **"** means all applicable Laws, Permits and similar items of any Governmental Authority relating to the protection of the environment, including all requirements pertaining to reporting, licensing, permitting, investigation, and remediation of emissions, discharges, releases, or threatened releases of Hazardous Materials.

" ***ERISA*** **"** means the Employee Retirement Income Security Act of 1974, as amended.

" ***Governmental Authority*** **"** means any federal, state, local or foreign government or any subdivision, authority, department, commission, board, bureau, agency, court or other instrumentality thereof.

" ***Hazardous Materials*** **"** means any substance: (A) the presence of which requires investigation or remediation under any Law; (B) which is or has been identified as a potential hazardous waste, hazardous substance, pollutant or contaminant under any applicable Law, or (C)

which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic, reactive, or otherwise hazardous and has been identified as regulated by any Governmental Authority.

" *Intellectual Property* " means all intellectual property and all intellectual property and industrial property rights owned, held or used, including but not limited to (i) inventions, designs, algorithms and discoveries, know-how, methods, and processes, and all enhancements and improvements thereto, whether patentable or unpatentable, and whether or not reduced to practice, and all patents therefor or in connection therewith, whether U.S. or foreign, and all patent applications, patent disclosures, and all divisions, continuations, continuations-in-part, reissues, re-examinations and extensions thereof; (ii) trademarks, trade names and service marks, trade dress, logos, fictitious names, internet domain names, slogans, and symbols (collectively, " ***Trademarks*** "), and all goodwill and similar value associated with any of the foregoing, and all applications, registrations, and renewals therefor or in connection therewith (collectively, " ***Trademark Applications*** "); (iii) mask works, written works (excluding computer software programs and applications and documentation of or for such software programs), audio works, multimedia works, works of authorship, lists, databases and copyrights (whether or not registered) and all registrations and applications for registration and renewals thereof, as well as moral, paternity, and integrity rights; (iv) trade secrets (as such are determined under applicable law), and other confidential business information, including trade secret or confidential technical information, marketing plans, research, designs, plans, methods, techniques, and processes, any and all technology, supplier lists, statistical models, e-mail lists, inventions, databases, and data, whether in tangible or intangible form and whether or not stored, compiled or memorialized physically, electronically, graphically, photographically or in writing; (v) any and all other rights to existing and future registrations and applications for any of the foregoing and any and all rights in or under, or relating to, any of the foregoing, including, without limitation, remedies against and rights to sue for past infringements, and rights to damages and profits due or accrued in or relating to any of the foregoing; and (vi) any and all other intangible proprietary property, information and materials and rights therein and thereto.

" *IRS* " means the United States Internal Revenue Service.

" *Laws* " means any laws, statutes, rules, regulations, ordinances, orders, codes, common laws, arbitration awards, judgments, decrees, orders or other legal requirements of any Governmental Authority.

" *Liability* " means any direct or indirect indebtedness, liability, assessment, expense, obligation or responsibility (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether disputed or undisputed, whether choate or inchoate, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes.

" *Liens* " means any and all liens, mortgages, security interests or other encumbrances.

" *Losses* " means any and all demands, claims, assessments, judgments, losses, liabilities, damages, costs and expenses (including interest, penalties, reasonable attorney's fees and expenses, reasonable accounting fees and investigation costs).

" *Material Adverse Effect* " means any effect, change or circumstance that, individually or in the aggregate with any other like effect, change or circumstance, is materially adverse to the Business

(including with respect to any one particular Location), including, without limitation, the financial condition and the results of operations of the Business.

" *Merchandise Liabilities* " means Seller's and SCI's current cost of products and services that have been sold, but have not yet been delivered to the customer.

" *Net Endowment Care Adjustment Amount* " means the amount equal to the present value of the future stream of ten annual payments (as though payable on the Closing Date and each of the first nine anniversaries of the Closing Date), each equal to the Endowment Care Adjustment Amount, calculated using a discount rate of .065.

" *Net Transferred Merchandise Trust Amount* " means the amount equal to (i) the aggregate amount transferred to Buyer's Trustee at the Closing as part of the Initial Trust Delivery in respect of the Pre-Need Trust Funds of the cemeteries included in the Business in accordance with Section 5.5(a), plus (ii) the aggregate amount transferred to Buyer's Trustee as part of the Final Trust Delivery in respect of pre-need merchandise and/or services relating to the Pre-/At-Need Contracts of the cemeteries included in the Business.

" *Permits* " means any licenses, permits, approvals, registrations, certificates (including, but not limited to, certificates of occupancy and any licensure required for the operation of cemeteries) and other evidence of authority.

" ***Permitted Encumbrances*** " means (i) liens, encumbrances or restrictions related to taxes not yet due or payable or which are being contested in good faith and for which appropriate reserves have been taken, (ii) any matters shown on the title commitment(s) not objected to by Buyer as provided for in this Agreement or, if objected to by Buyer, later waived by Buyer as provided for in this Agreement and (iii) liens, encumbrances or restrictions that are created by Buyer.

" *Person* " means any individual, firm, corporation, partnership, trust, estate, association or other entity.

" *Proceeding* " means any suit, action, litigation, investigation, notice of violation, audit, arbitration, administrative hearing or any other similar proceeding.

" *Purchase Price* " means the Closing Purchase Price plus any contingent consideration payable pursuant to Section 1.4 plus the assumption of the Assumed Liabilities by Buyer, as adjusted pursuant to and in accordance with the terms and conditions of this Agreement.

"Seller's and SCI's Knowledge", "Knowledge of the Seller and SCI" or any other reference to the "Knowledge" of the Seller or SCI means the knowledge of (i) Michael Lehmann, Margie Stewart-Runnels, Eileen Farrell and Michael Smith, (ii) any other individual who is serving as a director, officer, manager or member of Seller or SCI, and (iii) any manager of any of the Locations, in each case, after reasonable inquiry. For purposes of this definition, the persons referenced in the immediately preceding sentence shall be deemed to have knowledge of matters of which any individual assigned by a third-party representative or advisor of Seller or SCI to provide substantial services in connection with the transaction contemplated hereby has actual knowledge.

" *Tax* " means any income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental, windfall profit, customs, vehicle, airplane, boat, vessel or other title or registration, capital stock, franchise, employees' income withholding, foreign or domestic withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer (including, without limitation, realty transfer and burial lot transfer), value added, alternative, add-on minimum and other tax, fee, assessment, levy, tariff, charge or duty of any kind whatsoever and any interest, penalty, addition or additional amount thereon imposed, assessed or collected by or under the authority of any governmental body or payable under any tax-sharing agreement or any other Contract.

" *Taxing Authority* " shall mean any domestic, foreign, federal, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising tax regulatory authority.

" *Tax Return* " means any return (including any information return), report, statement, schedule, notice, form, declaration, claim for refund or other document or information filed with or submitted to, or required to be filed with or submitted to, any governmental body in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any law relating to any Tax, including any amendment thereto.

" *Transferred Endowment Care Trust Amount* " means the amount equal to the aggregate amount transferred to Buyer's Trustee at the Closing as part of the Initial Trust Delivery in respect of the Endowment Care Funds of the cemeteries included in the Business in accordance with Section 5.5(a), plus (ii) the aggregate amount included in the Final Trust Delivery in respect of the Endowment Care Funds of the cemeteries included in the Business.

" *WARN Act* " means the Worker Adjustment and Retraining Notification Act, as the same may be amended from time to time.

Section 10.2 ***Notices*** **.** All notices and other communications required or provided for hereunder shall be in writing and shall be deemed to be given:

(a) When delivered personally to the individual, or to an officer of the company, to which the notice is directed;

(b) Three (3) business days after the same has been deposited in the United States mail, sent Certified or Registered mail with Return Receipt Requested, postage prepaid and addressed as provided in this Section; or

(c) One (1) business day after the same has been deposited with a generally recognized overnight delivery service (including United States Express Mail), with receipt acknowledged and with all charges prepaid by the sender addressed as provided in this Section. Except as specifically provided otherwise herein, notices and other communications relating to this Agreement or the transactions contemplated hereby shall be directed as follows:

(1) if to Seller or SCI, to:

President
SCI Michigan Funeral Services, Inc.
1929 Allen Parkway
Houston, Texas 77019

and to:

President
Hillcrest Memorial Company
G 9506 North Dort Highway
Mt. Morris, MI 48458

with a copy to:

General Counsel
Service Corporation International
1929 Allen Parkway
Houston, Texas 77019

and if before Closing, also with a copy to:

John Burleson
Pakis, Giotes, Page & Burleson, P.C.
P.O. Box 58
Waco, Texas 76703-0058

(2) if to Buyer, to:

S TONE M OR O PERATING LLC
Attention: Lawrence Miller, President & Chief Executive Officer
155 Rittenhouse Circle
Bristol, Pennsylvania 19007

with a copy to:

B LANK R OME LLP
Attention: Lewis J. Hoch
One Logan Square
18 th & Cherry Streets
Philadelphia, Pennsylvania 19103-6998

or at such other place or places or to such other person or persons as shall be designated by like notice by any party hereto.

Section 10.3 ***Expenses .*** Subject to the terms of Section 1.3(a)(i) above, and except as otherwise specifically provided in Sections 5.7 and 5.8 and any other provision of this Agreement, each party hereto shall pay its own expenses, including without limitation, fees and expenses of its agents, representatives, counsel, auditors, and accountants, incidental to the consideration, negotiation, preparation and carrying out of this Agreement and the transactions contemplated hereby.

Section 10.4 ***Attorney's Fees .*** In the event of any controversy, claim or dispute between or among any of the parties hereto arising out of or relating to this Agreement, or any default or breach or alleged default or breach hereof, each party shall pay its own attorney's fees, costs and expenses associated with any such action except as provided in Article VIII. If any party hereto shall be joined as a party in any judicial, administrative, or other legal proceeding arising from or incidental to any obligation, conduct or action of another party hereto, the party so joined shall be entitled to be reimbursed by the other party for its reasonable attorney's fees and costs associated therewith.

Section 10.5 ***Assignment; Parties in Interest .*** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. This Agreement shall not be assigned by any party hereto without the prior written consent of the other parties, except that prior to Closing, Buyer may assign its rights and obligations hereunder to any one or more of its direct or indirect subsidiaries, provided that any such assignment shall not relieve Buyer from its obligations and liabilities hereunder. Except as provided in Article VIII, nothing in this Agreement, expressed or implied, is intended to confer upon any third person any rights or remedies under or by reason of this Agreement.

Section 10.6 ***Entire Agreement; Amendment; Waiver*** .

(a) This Agreement together with the Schedules and Exhibits hereto and the other agreements and documents delivered, or to be delivered, pursuant to Section 7.1 and Section 7.2 (all of which are hereby incorporated herein by reference) embody the whole agreement of the parties with respect to the subject matter hereof and thereof, and there are no promises, terms, conditions, or obligations other than those contained herein and therein. All previous negotiations between the parties, either verbal or written, not herein contained are hereby withdrawn and annulled. This Agreement, together with the Schedules and Exhibits hereto, supersedes all previous communications, representations, or agreements, either verbal or written, between the parties hereto with respect to the subject matter hereof.

(b) This Agreement may not be amended except by an instrument in writing signed on behalf of each party hereto.

(c) No provision of this Agreement may be waived unless such waiver is in writing and signed by the party against whom the waiver is to be effective. No waiver by any party of any provision of this Agreement in a particular instance shall be deemed to constitute a waiver of such provision thereafter unless otherwise agreed in writing and signed by the party against whom the waiver is to be effective.

(d) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 10.7 ***Severability*** **.** If one or more provisions of this Agreement shall be held invalid, illegal or unenforceable, such provision shall, to the extent possible, be modified in such manner as to be valid, legal and enforceable but so as to most nearly retain the intent of the parties, and if such modification is not possible, such provision shall be severed from this Agreement. In either case, the balance of this Agreement shall be interpreted as if such provision were so modified or excluded, as the case may be, and shall be enforceable in accordance with its terms.

Section 10.8 ***Certain Interpretive Matters*** **.** The section and subsection headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the context otherwise requires, all references in this Agreement to Sections, Articles, Exhibits or Schedules are to Sections, Articles, Exhibits or Schedules of or to this Agreement. No provision of this Agreement will be interpreted in favor of, or

against, any of the parties to this Agreement by reason of the extent to which any such party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft hereof or thereof. The singular form of any word used herein shall be deemed to include the plural form of such word and vice versa. References herein to feminine, masculine or neuter gender shall be deemed to include all genders. As used herein, the words “and” and “or” shall be deemed to mean “and/or” as the context requires. The word “including” (and with correlative meaning, the word “include”) means including without limiting the generality of any description preceding such word.

Section 10.9 ***Counterparts .*** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 10.10 ***Governing Law .*** This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws.

[Signature Pages Follow]

In Witness Whereof, the undersigned parties hereto have duly executed this Agreement on the date first above written.

BUYERS :

STONEMOR OPERATING LLC, a Delaware limited liability company

By: */s/ Paul Waimberg*
PAUL WAIMBERG, Vice President of Finance and Assistant Secretary

STONEMOR MICHIGAN LLC, a Michigan limited liability company

By: */s/ Paul Waimberg*
PAUL WAIMBERG, Vice President of Finance

STONEMOR MICHIGAN SUBSIDIARY LLC, a Michigan limited liability company

By: */s/ Paul Waimberg*
PAUL WAIMBERG, Vice President of Finance

PARENT :

SCI FUNERAL SERVICES , **INC.** , an Iowa corporation

By: */s/ Michael D. Lehmann*
Michael D. Lehmann , Vice President

{Signatures continued on the following page}

SCI MICHIGAN :

SCI MICHIGAN FUNERAL SERVICES, INC. , a Michigan corporation

By: */s/ Michael D. Lehmann*
Michael D. Lehmann , Vice President

SELLER :

HILLCREST MEMORIAL COMPANY , a Delaware corporation

By: */s/ Robert C. Hubble*
Robert C. Hubble , President

Exhibit 10.4

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (" ***Agreement*** ") dated as of September 28, 2006, is entered into by and between **STONEMOR PARTNERS L.P.** , a Delaware limited partnership (the " ***Company*** "), acting by its General Partner, **STONEMOR GP LLC** (a Delaware limited liability company), and **SCI NEW MEXICO FUNERAL SERVICES, INC.** , an New Mexico corporation (" ***SCI*** ").

BACKGROUND

This Agreement is executed pursuant to that certain Asset Purchase and Sale Agreement dated as of September 28, 2006 (" ***Asset Purchase Agreement*** ") to which StoneMor Operating LLC, a subsidiary of the Company, and affiliates of SCI are party. SCI will receive, among other consideration, 275,046 common units of the Company plus $17.00 in lieu of the issuance of fractional Units pursuant to the Asset Purchase Agreement and wishes to provide registration rights under applicable securities laws with respect to such common units. This Agreement shall be of no force or effect unless there is a closing pursuant to the Asset Purchase Agreement.

N OW , T HEREFORE , in consideration of the foregoing and the mutual promises contained herein, and intending to be legally bound hereby, the parties agree as follows:

1. *Definitions* . For purposes of this Agreement:

(a) The term " ***90-Day Period*** " refers to the ninety (90) consecutive trading days after the effective date of the registration statement with respect to the Registrable Securities.

(b) The term " ***Applicable Ratio*** " refers to the percentage of the Registrable Securities that are sold during the 90-Day Period.

(c) The term " ***register*** ," and " ***registration*** " refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the " ***Act*** "), and the declaration or ordering of effectiveness of such registration statement or document.

(d) The term " ***Registrable Securities*** " means (1) the 275,046 common units (" ***Common Units*** ") of the Company received by SCI pursuant to the Asset Purchase Agreement and (2) any Common Units of the Company issued as a stock dividend or other distribution with respect to, or in exchange for or in replacement of, such Common Units.

(e) The term " ***Holder*** " means SCI and its direct and indirect parent and subsidiary entities and successors by operation of law.

(f) The term " ***Form S-3*** " means the Form S-3 registration statement under the Act as in effect on the date hereof or any registration form under the Act subsequently adopted by the Securities and Exchange Commission (" ***SEC*** ") which replaces such form and permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the Securities and Exchange Commission (" ***SEC*** ").

(g) The term " ***trading day*** " means a day on which The NASDAQ Stock Market is open for business.

(h) Any definitions set forth in the Asset Purchase Agreement shall continue to apply to this Agreement (except as otherwise provided in this Agreement).

2. *Registration* .

(a) On July 1, 2007 (the " ***Proposed Filing Date*** ") and provided the Company is eligible to file a Form S-3 on the date of filing, the Company will file a Form S-3 with the SEC with respect to the resale of the Registrable Securities received by the Holder pursuant to the Asset Purchase Agreement and will use reasonable efforts to have the SEC declare such Form S-3 effective. If on the Proposed Filing Date the Company is not eligible to file a Form S-3, the Company will, as soon as practicable thereafter, file a registration statement on such other form that is then available to the Company with respect to the Registrable Securities and will use reasonable efforts to have the SEC declare such registration statement effective. The Company's obligation under Section 2(a) is conditioned upon the Holder providing to the Company all of the information with respect to the Holder required by the SEC in a registration statement filed pursuant to the Act.

(b) Notwithstanding the foregoing, the Company shall have the right to delay the filing of a registration statement required to be filed under this Section 2, if the Company shall furnish the Holder a certificate signed by an executive officer of the Company (which certificate shall be held in confidence by the Holder) (i) stating that in the good faith judgment of the management of the Company an undisclosed material event has occurred and is continuing or is likely to occur within ninety (90) days the public disclosure of which would have a material adverse effect on the Company or on a proposed material transaction involving the Company or a substantial amount of its assets and (ii) describing in reasonable detail the undisclosed material event. The filing of the registration statement may be delayed by the Company pursuant to this Section 2(b) until such time as the undisclosed material event referred to in the certificate shall have been publicly disclosed or shall have ceased to be material, but in no event more than ninety (90) days after receipt of the demand registration request from the Holder; provided, however, that the Company may not utilize this right more than once in any twelve month period.

3. *Distribution Adjustment* . Commencing as of January 1, 2007, the Company shall guarantee a minimum cash distribution return on the Registrable Securities of 9% per annum (based upon the $5,875,000 valuation set forth in the Asset Purchase Agreement) until such Registrable Securities may first be publicly sold without restriction other than those restrictions customarily set forth in the form of registration statement on which the Registrable Securities are registered or pursuant to Rule 144(k) of the Act. The minimum payment guaranteed pursuant to paragraph (i) above shall be paid by the Company to the Holder monthly beginning thirty (30) days after January 1, 2007 and shall continue to be paid monthly until the registration statement is declared effective (with any portion of a monthly payment being paid by the Company on a pro rata basis on the date that such registration statement is declared effective). Any cash dividend or other distribution of cash or any security or other property that may be readily converted into or liquidated for cash that is received by the Holder with respect to the Registrable Securities during the period beginning on the

Projected Effective Date and ending on the date that the registration statement with respect to the Registrable Securities is declared effective shall be credited against the guaranteed minimum 9% per annum yield that is required to be paid to the Company hereunder.

4. *Market Price Adjustment .*

(a) Provided the Holder complies with its obligations under this Agreement (including, but not limited to, Section 6 hereof), the Company shall pay to the Holder in cash, as additional purchase price for the assets acquired pursuant to the Asset Purchase Agreement, any excess of the product of the Applicable Ratio multiplied by $5,875,000, over the sum of the following:

(i) if the offering of the Registrable Securities is not underwritten, the actual aggregate gross sale proceeds (before brokerage commissions or other sale expenses) received for the Registrable Securities which are sold during the 90-Day Period; or

(ii) if the offering of the Registrable Securities is underwritten, the price paid to the Holder for the Registrable Securities by the underwriter;

(iii) plus, whether clause (i) or clause (ii) applies, all cash dividends or other distributions received by the Holder with respect to the Registrable Securities which are sold during the 90-Day Period, including any guaranteed minimum payments made pursuant to Section 3 hereof.

(b) Notwithstanding the foregoing, the liability of the Company under this Section 4 shall only apply to Registrable Securities actually sold by the Holder during the 90-Day Period.

5. *Delayed Registration* . If, despite the Company's reasonable efforts, the SEC does not declare a registration statement with respect to the Registrable Securities effective within twelve (12) months of the Closing Date under the Asset Purchase Agreement (whether on a Form S-3 or otherwise), the Company shall make available to the Holder Rule 144 under the Act to permit sales to occur pursuant to that rule starting one year after closing under the Asset Purchase Agreement.

6. *Sale or Other Disposition of Registrable Securities by Holder* . The Holder agrees to sell or otherwise dispose of the Registrable Securities in a reasonable and business-like manner so as to avoid materially affecting the public trading price of the Common Units and will take no action which might create a short position with respect to the Common Units (whether before or after the effective date of the Registration Statement), either directly or indirectly (such as through a collar or other guaranty agreement with a brokerage firm or investment banker or an equity line agreement which might cause a third party to create a short position). Holder also agrees that Holder will not sell more than 5,000 Common Units on any given trading day without permission of the Company, and will not use more than one broker to sell the Common Units on any given trading day. Notwithstanding the foregoing, the 5,000 Common Unit limitation on sales on any given trading day shall not apply if the Holder elects to sell the Registrable Securities through a broker recommended by the Company. If the Company elects to have the Registrable Securities sold or otherwise distributed by the means of an underwritten public offering, the Holder will enter into an underwriting agreement in customary form and perform its obligations under such an agreement, provided the Holder shall not be obligated to deal with any underwriter other than the following:

Lehman Brothers Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, UBS Securities LLC and Raymond James & Associates, Inc. or other underwriters reasonably acceptable to the Holder.

7. *After Registration* .

(a) After registration of the Registrable Securities, the Company shall:

(i) subject to Section 7(b) hereof, keep the registration statement continuously effective in order to permit the prospectus forming part thereof to be usable by the Holder for a period of one year from the date the registration statement is declared effective by the SEC, or for such shorter period that will terminate when (A) the Registrable Securities are first eligible to be sold pursuant to Rule 144(k) under the Act, or (B) all of the Registrable Securities covered by the registration statement have been sold pursuant to the registration statement or cease to be outstanding or otherwise Registrable Securities (the " ***Effectiveness Period*** ");

(ii) furnish to the Holder such numbers of copies of a prospectus as the Holder may reasonably request in order to facilitate the disposition of Registrable Securities owned by such Holder;

(iii) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering;

(iv) notify the Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing; and

(v) notify the Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto can no longer be used by virtue of the provisions of Section 10(a)(3) of the Act.

(b) After registration of the Registrable Securities, the Holder shall sell the Registrable Securities in compliance with applicable law. If the Holder receives a notice pursuant to Section 7(a)(iv) or Section 7(a)(v), the Holder shall immediately cease offering or selling the Registrable Securities until the Company advises the Holder that the prospectus and, if necessary, the registration statement with respect to the Registrable Securities, has been amended or supplemented. In the event of such notice, the Effectiveness Period shall be extended for the period that the Holder was unable to offer or sell the Registrable Securities. The Holder shall notify the Company when all of the Registrable Securities have been sold so that the Company can terminate any registration statement relating thereto then in effect.

8. *Holder Furnished Information* . It shall be a condition precedent to all of the obligations of the Company to take any action pursuant to this Agreement that such Holder shall furnish to the Company such written information regarding itself, the Registrable Securities held by it, and the

intended method of disposition of such securities as shall be required to effect the registration of such Holder's Registrable Securities.

9. *Expenses* . All expenses (other than underwriting discounts and commissions) incurred in connection with registrations, filings or qualifications pursuant to this Agreement, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company, shall be borne by the Company. Notwithstanding the foregoing, all underwriting discounts and commissions, brokerage commissions, transfer taxes, other similar selling expenses, and any legal fees and expenses of attorneys or other advisors or agents of the Holder, shall be borne by the Holder. Nothing contained in this Section 9 shall affect the Company's obligations (if any) under Section 4 entitled " *Market Price Adjustment* ."

10. *Indemnification* . In the event any Registrable Securities are included in a registration statement under this Agreement:

(a) To the extent permitted by law, the Company will indemnify and hold harmless the Holder, any underwriter (as defined in the Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Act or the Securities Exchange Act of 1934, as amended (the " ***1934 Act*** ") (collectively the " ***Indemnified Persons*** "), against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Act, the 1934 Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a " ***Violation*** ") (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus (but only if such is not corrected in the final prospectus) contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading (but only if such is not corrected in the final prospectus), or (iii) any violation or alleged violation by the Company in connection with the registration of Registrable Securities of the Act, the 1934 Act, any state securities law or any rule or regulation promulgated under the Act. Notwithstanding the foregoing, the Company shall not be liable to any Indemnified Person to the extent that any such loss, claim, damage, liability (or action in respect thereof) or arises out of or is based upon (i) any untrue statement or alleged untrue statement or omission or alleged omission made in reliance upon and in conformity with written information furnished to Company by or on behalf of the Holder, for use in the preparation of the registration statement or (ii) the failure of the Holder to comply with any legal requirement applicable to the Holder to deliver a copy of a prospectus or any supplements or amendments thereto after Company has made such documents available, and it is established that delivery of such prospectus, supplement or amendment would have cured the defect giving rise to such loss, claim, damage or liability.

(b) To the extent permitted by law, the Holder will indemnify and hold harmless the Company, StoneMor GP LLC, and each of its directors and officers, each person, if any, who controls the Company or StoneMor GP LLC within the meaning of the Act, any underwriter, and any controlling person of any such underwriter, against any losses, claims, damages, or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Act, the 1934 Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereto) arise out of or are based upon any Violation in each

case to the extent (and only to the extent) that (i) such Violation occurs in reliance upon and in conformity with written information furnished by the Holder for use in connection with such registration; or (ii) the failure of the Holder to comply with any legal requirement applicable to the Holder to deliver a copy of a prospectus or any supplements or amendments thereto after Company has made such documents available, and it is established that delivery of such prospectus, supplement or amendment would have cured the defect giving rise to such loss, claim, damage, liability or expense.

(c) Promptly after receipt by an Indemnified Person of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 10, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, to assume the defense thereof. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, shall relieve such indemnifying person of any liability to the indemnified party under this Section 10. Upon assuming the defense of any action, the indemnifying party shall thereafter have no liability for any attorney's fees or other defense costs or expenses incurred by the Indemnified Person.

(d) The obligations of the Company and Holder under this Section 10 shall survive the completion of any offering of Registrable Securities in a registration statement under this Agreement or otherwise.

11. *General* .

(a) *Notices.* All notices and other communications provided for or permitted hereunder shall be made in writing and delivered in the manner set forth in the Asset Purchase Agreement.

(b) *Parties in Interest.* The Holder may not assign this Agreement or any rights or obligations under this Agreement without the prior written consent of the Company. This Agreement shall bind, benefit, and be enforceable by and against the entities which are parties hereto, and their respective successors at law.

(c) *Severability.* If any provision of this Agreement is construed to be invalid, illegal or unenforceable, then the remaining provisions hereof shall not be affected thereby and shall be enforceable without regard thereto.

(d) *Counterparts.* This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original hereof, and it shall not be necessary in making proof of this Agreement to produce or account for more than one counterpart hereof.

(e) *Section Headings.* The section and subsection headings in this Agreement are used solely for convenience of reference, do not constitute a part of this Agreement, and shall not affect its interpretation.

(f) *References.* All words used in this Agreement shall be construed to be of such number and gender as the context requires or permits.

(g) *Controlling Law*. THIS AGREEMENT IS MADE UNDER, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED SOLELY THEREIN, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAW. IN VIEW OF THE FACT THAT EACH OF THE PARTIES HERETO HAVE BEEN REPRESENTED BY THEIR OWN COUNSEL AND THIS AGREEMENT HAS BEEN FULLY NEGOTIATED BY ALL PARTIES, THE LEGAL PRINCIPLE THAT AMBIGUITIES IN A DOCUMENT ARE CONSTRUED AGAINST THE DRAFTSPERSON OF THAT DOCUMENT SHALL NOT APPLY TO THIS AGREEMENT.

(h) *Entire Agreement; Amendment, Supplement, Waiver or Termination* . This Agreement along with the Asset Purchase Agreement (and all other documents executed in connection therewith) constitute the entire understanding of the parties with respect to the subject manner thereof, and supersede all prior oral and written communications and agreements, and all contemporaneous oral communications and agreements with respect of the subject matter contained therein. No amendment, supplement, waiver, or termination of this Agreement, in whole or in part, shall be effective unless in writing and signed by the party against whom enforcement is sought and no written waiver by any party shall be used as a precedent for future waivers.

(i) *Jurisdiction and Process* . In any action between any of the parties, whether arising out of this Agreement or otherwise, (a) each of the parties irrevocably consents to the exclusive jurisdiction and venue of the federal and state courts located in the State of Delaware; (b) if any such action is commenced in a state court other than the State of Delaware, then, subject to applicable law, no party shall object to the removal of such action to any federal court located in the State of Delaware; (c) each of the parties irrevocably waives the right to trial by jury; and (d) each of the parties irrevocably consents to service of process by first class certified mail, return receipt requested, postage prepaid, to the address at which such party is to receive notice in accordance with the Asset Purchase Agreement.

(j) *No Third-Party Beneficiaries* . No provision of this Agreement shall be construed to confer any right to enforce this Agreement, or any remedy for breach of this Agreement, to or upon any individual or entity other than the parties hereto, and there are no third party beneficiaries of this Agreement.

(k) *Agreement Void If No Closing Under Asset Purchase Agreement* . This Agreement shall be null and void and have no force or effect if there is no closing under the Asset Purchase Agreement.

In Witness Whereof, the parties hereto have executed this Registration Rights Agreement as of the date first above written.

STONEMOR PARTNERS L.P. , a Delaware limited partnership,

By: **STONEMOR GP LLC** , its General Partner

/s/ Paul Waimberg
By: Paul Waimberg
Title: Vice President

SCI NEW MEXICO FUNERAL SERVICES, INC. , a New Mexico corporation

/s/ Michael D. Lehmann
By: Michael D. Lehmann
Title: Vice President

Exhibit 10.5

SECOND AMENDMENT TO CREDIT AGREEMENT

This SECOND AMENDMENT TO CREDIT AGREEMENT (the "Second Amendment") dated September 28, 2006, is by and among StoneMor GP LLC, a Delaware limited liability company (the "General Partner"), StoneMor Partners L.P., a Delaware limited partnership (the "Partnership"), StoneMor Operating LLC, a Delaware limited liability company (the "Operating Company"), the Subsidiaries of the Operating Company set forth on the signature page hereto (together with the Operating Company, each individually a "Borrower" and collectively, the "Borrowers" and together with the General Partner and the Partnership, each individually a "Credit Party" and collectively, the "Credit Parties"), the lenders party hereto (the "Lenders"), and Bank of America, N.A., successor by merger to Fleet National Bank, a national banking association organized and existing under the laws of the United States of America, as Administrative Agent for the benefit of the Lenders (in such capacity, the "Administrative Agent"), as Collateral Agent for the benefit of the Lenders and other Secured Creditors, as Swingline Lender and as Letter of Credit Issuer.

BACKGROUND

A. Pursuant to that certain Credit Agreement entered into on September 20, 2004, by and among the parties hereto, as amended by a First Amendment dated November 12, 2004 (as amended, modified or otherwise supplemented from time to time, the "Credit Agreement"), the Lenders agreed, *inter alia* , to extend to the Borrowers (i) a revolving credit facility in the maximum aggregate principal amount of Twelve Million Five Hundred Thousand Dollars ($12,500,000), and (ii) an acquisition line in the maximum aggregate principal amount of Twenty Two Million Five Hundred Thousand Dollars ($22,500,000).

B. Borrowers have requested that the Lenders extend the maturity date of the facilities under the Credit Agreement, to which the Lenders are willing to agree to on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Definitions .

(a) General Rule . Except as expressly set forth herein, all capitalized terms used and not defined herein shall have the respective meanings ascribed thereto in the Credit Agreement.

(b) Additional Definition . The following additional definition is hereby added to Section 1 of the Credit Agreement to read in its entirety as follows:

" Second Amendment " means the Second Amendment to this Agreement dated September 28, 2006.

(c) Amended Definitions . The following definitions in Section 1 of the Credit Agreement are hereby amended and restated in their entirety as follows:

"Acquisition Loan Maturity Date" means September 20, 2009.

"Revolving Loan Maturity Date" means September 20, 2009.

2. Representations and Warranties . Each Credit Party hereby represents and warrants to the Agent and the Lenders that, as to such Credit Party:

(a) Representations . Each of the representations and warranties of or as to such Credit Party contained in the Credit Agreement and the other Credit Documents are true and correct in all material respects on and as of the date hereof as if made on and as of the date hereof, except (i) to the extent such representation or warranty was made as of a specific date and (ii) the non-compliance with the representation required in connection with the good standing of StoneMor Alabama LLC and StoneMor Alabama Subsidiary, Inc., in Alabama;

(b) Power and Authority . (i) Such Credit Party has the power and authority under the laws of its jurisdiction of organization and under its organizational documents to enter into and perform this Second Amendment and any other documents which the Agent requires such Credit Party to deliver hereunder (this Second Amendment and any such additional documents delivered in connection with the Second Amendment are herein referred to as the "Second Amendment Documents"); and (ii) all actions, corporate or otherwise, necessary or appropriate for the due execution and full performance by such Credit Party of the Second Amendment Documents have been adopted and taken and, upon their execution, the Credit Agreement, as amended by this Second Amendment and the other Second Amendment Documents will constitute the valid and binding obligations of such Credit Party enforceable in accordance with their respective terms, except as such enforcement may be limited by any Debtor Relief Law from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies;

(c) No Violation . The making and performance of the Second Amendment Documents will not (i) contravene, conflict with or result in a breach or default under any material applicable law, statute, rule or regulation, or any order, writ, injunction, judgment, ruling or decree of any court, arbitrator or governmental instrumentality, (ii) contravene, constitute a default under, conflict or be inconsistent with or result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of any Credit Party pursuant to the terms of any material indenture, mortgage, deed of trust, loan agreement, credit agreement or any other agreement or instrument to which any Credit Party is a party or by which it or any of its property or assets are bound or to which it may be subject or (iii) contravene or violate any provision of the certificate of incorporation, by-laws, certificate of partnership, partnership agreement, certificate of limited liability company,

limited liability company agreement or equivalent organizational document, as the case may be, any Credit Party;

(d) No Default . No Default or Event of Default has occurred and is continuing, or will exist immediately after giving effect to this Second Amendment; and

(e) No Material Adverse Effect . No Material Adverse Effect has occurred since December 31, 2005.

3. Conditions to Effectiveness of Amendment . This Second Amendment shall be effective upon the Agent's receipt of the following, each in form and substance reasonably satisfactory to the Agent:

(a) Second Amendment. This Second Amendment, duly executed by the Credit Parties;

(b) Other Fees and Expenses. Payment to the Agent and the Lenders, in immediately available funds, of all amounts necessary to reimburse the Agent and the Lenders for the reasonable out-of-pocket fees and costs incurred by the Agent, including, without limitation, all such fees and costs incurred by the Agent's attorneys, in connection with the preparation and execution of this Second Amendment and any other Credit Document;

(c) Consent and Waivers. Copies of any consents or waivers necessary in order for the Credit Parties to comply with or perform any of its covenants, agreements or obligations contained in any agreement which are required as a result of any Credit Party's execution of this Second Amendment, if any; and

(d) Other Documents and Actions. Such additional agreements, instruments, documents, writings and actions as the Agent may reasonably request.

4. No Waiver; Ratification . The execution, delivery and performance of this Second Amendment shall not (a) operate as a waiver of any right, power or remedy of the Lenders under the Credit Agreement, any Credit Document or any Second Amendment Document and the agreements and documents executed in connection therewith or (b) constitute a waiver of any provision thereof. Except as expressly modified hereby, all terms, conditions and provisions of the Credit Agreement and the other Credit Documents shall remain in full force and effect and are hereby ratified and confirmed by the Credit Parties. Nothing contained herein constitutes an agreement or obligation by the Agent or the Lenders to grant any further amendments to any of the Credit Documents.

5. Acknowledgments . To induce the Agent and the Lenders to enter into this Second Amendment, the Credit Parties acknowledge, agree, warrant, and represent that:

(a) Acknowledgment of Obligations; Collateral; Waiver of Claims . (1) the Credit Documents are valid and enforceable against, and all of the terms and conditions of the Credit Documents are binding on, the Credit Parties, except as such enforcement may be limited

by any Debtor Relief Law from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies; (2) the liens and security interests granted to the Agent, on behalf of the Lenders, by the Credit Parties pursuant to the Credit Documents are valid, legal and binding, properly recorded or filed and first priority perfected liens and security interests subject only to Permitted Encumbrances; and (3) the Credit Parties hereby waive any and all defenses, set-offs and counterclaims which they, whether jointly or severally, may have or claim to have against the Agent and the Lenders as of the date hereof.

(b) No Waiver of Existing Defaults . Nothing in this Second Amendment nor any communication between the Agent, any Lender, any Credit Party or any of their respective officers, agents, employees or representatives shall be deemed to constitute a waiver of (i) any Default or Event of Default arising as a result of the foregoing representation proving to be false or incorrect in any material respect; or (ii) any rights or remedies which the Agent or the Lenders have against any Credit Party under the Credit Agreement or any other Credit Document and/or applicable law, with respect to any such Default or Event of Default arising as a result of the foregoing representation proving to be false or incorrect in any material respect.

6. Binding Effect . This Second Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

7. Governing Law . This Second Amendment shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without reference to the choice of law doctrine of the Commonwealth of Pennsylvania.

8. Headings . The headings of the sections of this Second Amendment are inserted for convenience only and shall not be deemed to constitute a part of this Second Amendment.

9. Counterparts . This Second Amendment may be executed in any number of counterparts with the same affect as if all of the signatures on such counterparts appeared on one document and each counterpart shall be deemed an original.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto, by their respective duly authorized officers, have executed this Second Amendment to Credit Agreement as of the date first above written.

BANK OF AMERICA, N.A., successor by merger to Fleet National Bank, in its various capacities as set forth above

By: */s/ Kenneth G. Wood*
Kenneth G. Wood, Senior Vice President

SOVEREIGN BANK, as a Lender

By: */s/ Karl F. Schultz*
Karl F. Schultz, Vice President

COMMERCE BANK, N.A., as a Lender

By: */s/Peter L. Davis*
Peter L. Davis, Senior Vice President

Credit Parties

STONEMOR GP LLC

By: */s/ Paul Waimberg*
Paul Waimberg, Vice President of Finance

STONEMOR PARTNERS L.P.
By: STONEMOR GP LLC
its General Partner

By: */s/ Paul Waimberg*
Paul Waimberg, Vice President of Finance

STONEMOR OPERATING LLC

By: */s/ Paul Waimberg*
Paul Waimberg, Vice President of Finance

Alleghany Memorial Park LLC

Alleghany Memorial Park Subsidiary, Inc.

Altavista Memorial Park LLC

Altavista Memorial Park Subsidiary, Inc.

Arlington Development Company

Augusta Memorial Park Perpetual Care Company

Bedford County Memorial Park LLC

Bedford County Memorial Park Subsidiary LLC

Bethel Cemetery Association

Beth Israel Cemetery Association of Woodbridge, New Jersey

Birchlawn Burial Park LLC

Birchlawn Burial Park Subsidiary, Inc.

Blue Ridge Memorial Gardens LLC

Blue Ridge Memorial Gardens Subsidiary LLC

Butler County Memorial Park LLC

Butler County Memorial Park Subsidiary, Inc.

Cedar Hill Funeral Home, Inc.

Cemetery Investments LLC

Cemetery Investments Subsidiary, Inc.

Cemetery Management Services, L.L.C.

Cemetery Management Services of Mid-Atlantic States, L.L.C.

Cemetery Management Services of Ohio, L.L.C.

Cemetery Management Services of Pennsylvania, L.L.C.

Chartiers Cemetery LLC

Chartiers Cemetery Subsidiary LLC

Clover Leaf Park Cemetery Association

CMS West LLC

Green Lawn Memorial Park LLC

Green Lawn Memorial Park Subsidiary LLC

Henlopen Memorial Park LLC

Henlopen Memorial Park Subsidiary, Inc.

Henry Memorial Park LLC

Henry Memorial Park Subsidiary, Inc.

J.V. Walker LLC

J.V. Walker Subsidiary LLC

Juniata Memorial Park LLC

Juniata Memorial Park Subsidiary LLC

KIRIS LLC

KIRIS Subsidiary, Inc.

Lakewood/Hamilton Cemetery LLC

Lakewood/Hamilton Cemetery Subsidiary, Inc.

Lakewood Memory Gardens South LLC

Lakewood Memory Gardens South Subsidiary, Inc.

Laurel Hill Memorial Park LLC

Laurel Hill Memorial Park Subsidiary, Inc.

Laurelwood Cemetery LLC

Laurelwood Cemetery Subsidiary LLC

Laurelwood Holding Company

Legacy Estates, Inc.

Locustwood Cemetery Association

Loewen [Virginia] LLC

Loewen [Virginia] Subsidiary, Inc.

Lorraine Park Cemetery LLC

Lorraine Park Cemetery Subsidiary, Inc.

Osiris Holding of Rhode Island LLC

Osiris Holding of Rhode Island Subsidiary, Inc.

Osiris Management, Inc.

Osiris Telemarketing Corp.

Perpetual Gardens.Com, Inc.

The Prospect Cemetery LLC

The Prospect Cemetery Subsidiary LLC

Prospect Hill Cemetery LLC

Prospect Hill Cemetery Subsidiary LLC

PVD Acquisitions LLC

PVD Acquisitions Subsidiary, Inc.

Riverside Cemetery LLC

Riverside Cemetery Subsidiary LLC

Riverview Memorial Gardens LLC

Riverview Memorial Gardens Subsidiary LLC

Rockbridge Memorial Gardens LLC

Rockbridge Memorial Gardens Subsidiary Company

Rolling Green Memorial Park LLC

Rolling Green Memorial Park Subsidiary LLC

Rose Lawn Cemeteries LLC

Rose Lawn Cemeteries Subsidiary, Incorporated

Roselawn Development LLC

Roselawn Development Subsidiary Corporation

Russell Memorial Cemetery LLC

Russell Memorial Cemetery Subsidiary, Inc.

Shenandoah Memorial Park LLC

Shenandoah Memorial Park Subsidiary, Inc.

StoneMor Kansas LLC

StoneMor Kansas Subsidiary LLC

StoneMor Kentucky LLC

StoneMor Kentucky Subsidiary LLC

StoneMor Michigan LLC

StoneMor Michigan Subsidiary LLC

StoneMor Missouri LLC

StoneMor Missouri Subsidiary LLC

StoneMor North Carolina LLC

StoneMor North Carolina Funeral Services, Inc.

StoneMor North Carolina Subsidiary LLC

StoneMor Oregon LLC

StoneMor Oregon Subsidiary LLC

StoneMor Pennsylvania LLC

StoneMor Pennsylvania Subsidiary LLC

StoneMor Washington, Inc.

StoneMor Washington Subsidiary LLC

Sunset Memorial Gardens LLC

Sunset Memorial Gardens Subsidiary, Inc.

Sunset Memorial Park LLC

Sunset Memorial Park Subsidiary, Inc.

Temple Hill LLC

Temple Hill Subsidiary Corporation

Tioga County Memorial Gardens LLC

Tioga County Memorial Gardens Subsidiary LLC

Tri-County Memorial Gardens LLC

Tri-County Memorial Gardens Subsidiary LLC

CMS West Subsidiary LLC	Melrose Land LLC	Southern Memorial Sales LLC	Twin Hills Memorial Park and Mausoleum LLC
Columbia Memorial Park LLC	Melrose Land Subsidiary LLC	Southern Memorial Sales Subsidiary, Inc.	Twin Hills Memorial Park and Mausoleum Subsidiary LLC
Columbia Memorial Park Subsidiary, Inc.	Modern Park Development LLC	Springhill Memory Gardens LLC	The Valhalla Cemetery Company LLC
The Coraopolis Cemetery LLC	Modern Park Development Subsidiary, Inc.	Springhill Memory Gardens Subsidiary, Inc.	The Valhalla Cemetery Subsidiary Corporation
The Coraopolis Cemetery Subsidiary LLC	Morris Cemetery Perpetual Care Company	Star City Memorial Sales LLC	Virginia Memorial Service LLC
Cornerstone Family Insurance Services, Inc.	Mount Lebanon Cemetery LLC	Star City Memorial Sales Subsidiary, Inc.	Virginia Memorial Service Subsidiary Corporation
Cornerstone Family Services of New Jersey, Inc.	Mount Lebanon Cemetery Subsidiary LLC	Stephen R. Haky Funeral Home, Inc.	WNCI LLC
Cornerstone Family Services of West Virginia LLC	Mt. Airy Cemetery LLC	Stitham LLC	W N C Subsidiary, Inc.
Cornerstone Family Services of West Virginia Subsidiary, Inc.	Mt. Airy Cemetery Subsidiary LLC	Stitham Subsidiary, Incorporated	Westminster Cemetery LLC
Cornerstone Funeral and Cremation Services LLC	Oak Hill Cemetery LLC	StoneMor Alabama LLC	Westminster Cemetery Subsidiary LLC
Covenant Acquisition LLC	Oak Hill Cemetery Subsidiary, Inc.	StoneMor Alabama Subsidiary, Inc.	Wicomico Memorial Parks LLC
Covenant Acquisition Subsidiary, Inc.	Osiris Holding Finance Company	StoneMor Colorado LLC	Wicomico Memorial Parks Subsidiary, Inc.
Crown Hill Cemetery Association	Osiris Holding of Maryland LLC	StoneMor Colorado Subsidiary LLC	Willowbrook Management Corp.
Eloise B. Kyper Funeral Home, Inc.	Osiris Holding of Maryland Subsidiary, Inc.	StoneMor Georgia LLC	Woodlawn Memorial Gardens LLC
Glen Haven Memorial Park LLC	Osiris Holding of Pennsylvania LLC	StoneMor Georgia Subsidiary, Inc.	Woodlawn Memorial Gardens Subsidiary LLC
Glen Haven Memorial Park Subsidiary, Inc.	Osiris Holding of Pennsylvania Subsidiary LLC	StoneMor Illinois LLC	Woodlawn Memorial Park LLC
		StoneMor Illinois Subsidiary LLC	Woodlawn Memorial Park Subsidiary LLC

By: */s/ Paul Waimberg*
Paul Waimberg, as Vice President of Finance for each of the above-named Credit Parties