

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (hereinafter, the "Settlement Agreement"), dated as of May __, 2010, is entered into by and between State Street Bank and Trust Company ("State Street") and Thelen LLP f/k/a Thelen Reid & Priest ("Thelen"). State Street and Thelen are herein sometimes referred to individually as a "Party" and collectively as the "Parties."

WHEREAS, State Street, as Defendant/Third-Party Plaintiff, filed a Third-Party Complaint against Thelen and other third-party defendants in the Supreme Court of the State of New York, New York County, which is entitled State Street Bank and Trust Co. v. Salomon Smith Barney Inc., et al., Index No. 591196/02 (the "Third-Party Action"); and

WHEREAS, Thelen served an Answer in the Third-Party Action denying the claims asserted by State Street in the Third-Party Complaint; and

WHEREAS, in order to avoid further costs, expenses and disruption, the Parties now desire to resolve their disputes as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Settlement Payment. Thelen or its attorneys shall cause to be paid to State Street the sum of \$900,000 in immediately available funds (the "Settlement Funds"), by wire transfer, to an account (the "Account") at Sheppard, Mullin, Richter & Hampton LLP, which account information will be provided on the date of the signing of this Settlement Agreement. Thelen hereby acknowledges that State Street will also be receiving settlement monies from the other third-party defendants in the Third-Party Action which, together with the Settlement Funds, are referred to as the "Global Settlement Funds." Within three (3) business days of execution of this Agreement, Thelen shall file a motion in its bankruptcy proceeding, pursuant to Rule 9019 of the

Bankruptcy Rules, seeking approval of the terms of this Settlement Agreement (the “Settlement Motion”), which shall provide that objections thereto, if any, shall be filed and served no later than 20 days after the date of the filing of the Settlement Motion (the “Objection Deadline”), and that any hearing thereon will be held on the first available date after the Objection Deadline and only in the event that a timely objection is filed. Thelen is authorized to provide a copy of this Agreement to any party that requests a copy of such Agreement in connection with the approval of this Agreement by the U.S. Bankruptcy Court for the Southern District of New York (the “Court”). This Settlement Agreement shall become final, binding and effective upon the entry of a final, non-appealable Order of the Court approving or authorizing this Settlement Agreement (the “Effective Date”). The Settlement Funds shall be wire transferred as directed by Thelen or its attorneys to the Account within three (3) business days of the Effective Date. In the event that State Street does not receive all of the Global Settlement Funds, then this Settlement Agreement and all exhibits hereto shall be deemed null and void and State Street shall release the Settlement Funds from escrow and return as directed by Thelen or its attorneys.

2. Stipulation of Discontinuance. Simultaneously with the execution of this Settlement Agreement, counsel for each of the Parties shall execute a Stipulation of Discontinuance with Prejudice in the form attached hereto as Exhibit A, which shall be held in escrow pending State Street’s receipt and the clearance of the Global Settlement Funds. Upon confirmation of State Street’s receipt and the clearance of the Global Settlement Funds, State Street shall release the Stipulation of Discontinuance with Prejudice from escrow and shall file the Stipulation of Discontinuance with Prejudice with the Court.

3. Releases.

(A) Simultaneously with the execution of this Settlement Agreement, each of the Parties shall execute a Mutual Release in the form attached hereto as Exhibit B, which shall be held in escrow pending State Street's receipt and the clearance of the Global Settlement Funds. Upon confirmation of State Street's receipt and the clearance of the Global Settlement Funds, State Street shall release the Mutual Release, fully executed by all signatories thereto, from escrow and the Release shall immediately become effective.

(B) Nothing herein shall release State Street or Thelen from any liability or obligation for any breach of this Settlement Agreement. A breach of any material provision of this Settlement Agreement shall entitle the prevailing party in an action or application to enforce such provision to its reasonable fees, expenses and disbursements including, but not limited to, its attorneys' fees.

(C) This Settlement Agreement, and the Parties' releases herein, are not intended to and shall not, release, discharge, impair or adversely affect in any way any claims by State Street in any other litigation against any person or entity which is not a named party in the Third-Party Action or the action styled UBS Warburg LLC v. Skadden, Arps, Slate, Meagher & Flom LLP, Index No. 590435/03, and all such claims are expressly preserved by State Street to the maximum extent permitted by law.

4. No Admission of Liability. This Settlement Agreement is a compromise of disputes and claims, and nothing herein shall be deemed or construed to be an admission or concession of any liability whatsoever on the part of any person, firm or corporation. The Parties expressly deny liability as to all such disputes and claims relating to the Third-Party Action and have entered into this Settlement Agreement in order to avoid further litigation. Neither the

Settlement Agreement nor evidence of any negotiations in connection therewith shall be offered or received in evidence or used in any way at any trial or other action or proceeding except to provide or enforce the terms and provisions hereof.

5. Costs. Each Party shall bear its own costs and disbursements, including attorneys' fees, incurred in the Third-Party Action.

6. Binding Effect. The terms of this Settlement Agreement shall inure to the benefit of and be binding upon the Parties and their successors and assigns.

7. Governing Law. This Settlement Agreement shall be governed by, and construed and interpreted in accordance with, the substantive laws of the State of New York, excluding its conflict of laws provisions.

8. Integration. This Settlement Agreement, together with Exhibit A and B hereto, is the entire agreement among the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and/or written agreements and discussions.

9. Severability. If any provision of the Settlement Agreement is held to be unenforceable, the remaining provisions will nevertheless continue to be valid and enforceable to the maximum extent provided by law.

10. Headings. The headings in this Settlement Agreement are solely for the purposes of reference and shall not be given any effect in the construction or interpretation of this Settlement Agreement.

11. Terms Read and Understood. Each Party represents and warrants that it has been represented by counsel in connection with the drafting and execution of this Settlement Agreement, and that each Party has read this Settlement Agreement and understands the contents thereof.

12. Participation in Drafting. Each Party has participated in, or contributed to, the drafting and preparation of this Settlement Agreement. In any construction of this Settlement Agreement, the provisions shall not be construed for, or against, any Party, but shall be construed according to their plain meaning.

13. Authorization. The person who executed this Settlement Agreement by or on behalf of each respective Party, represents and warrants that he/she has been duly authorized and empowered to execute and deliver this Settlement Agreement on behalf of such Party, and that all necessary corporate approvals have been obtained. The agreement of Thelen's Chapter 7 Trustee to be bound hereunder is subject to the Court's approval as set forth in Paragraph 1 of this Settlement Agreement.

14. Signatures. This Settlement Agreement may be executed in counterparts and by facsimile, and when each Party has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with each other signed counterparts, shall constitute one Settlement Agreement, which shall be binding upon and effective as to and the Parties. Facsimile signatures or signatures e-mailed in portable document format (PDF) shall be acceptable and deemed binding on the Parties hereto as if they were originals.

15. Necessary Acts. The Parties agree to perform any and all acts necessary or reasonably required in order to effectuate the purposes of this Settlement Agreement or to comply with its terms.

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IN WITNESS WHEREOF, each of the undersigned has caused this Settlement Agreement to be duly executed and delivered by its proper and duly authorized representative as of the date hereof:

STATE STREET BANK AND TRUST COMPANY

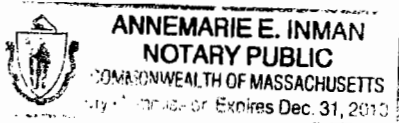
By: [Signature] 5/7/10

Its: Vice President

Sworn to before me this
7th day of May, 2010.

[Signature]

Notary Public



CHAPTER 7 TRUSTEE FOR THELEN LLP f/k/a
THELEN REID & PRIEST

By: _____

Its: Chapter 7 Trustee

Sworn to before me this
___ day of May, 2010.

Notary Public

IN WITNESS WHEREOF, each of the undersigned has caused this Settlement Agreement to be duly executed and delivered by its proper and duly authorized representative as of the date hereof:

STATE STREET BANK AND TRUST COMPANY

By: _____

Its: _____

Sworn to before me this
____ day of May, 2010.

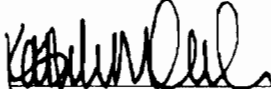
Notary Public

CHAPTER 7 TRUSTEE FOR THELEN LLP f/k/a
THELEN REID & PRIEST

By: _____

Its: Chapter 7 Trustee _____

Sworn to before me this
11 day of May, 2010.


Notary Public



MUTUAL RELEASE

This Mutual Release is entered into among State Street Bank and Trust Company, Citigroup Global Markets Inc. f/k/a Salomon Smith Barney Inc., Thelen LLP f/k/a Thelen Reid & Priest by its Chapter 7 Trustee, UBS Securities LLC f/k/a UBS Warburg LLC, and Skadden, Arps, Slate, Meagher & Flom LLP (collectively, the "Signatories").

Each of the Signatories, for itself and its current and former parents, controlling shareholders, subsidiaries, divisions, affiliates and representatives, predecessor entities and successors and assigns, and their respective current and former directors, officers, partners, members, shareholders, employees, agents, insurers, reinsurers, trustees and administrators hereby forever release, discharge, and forgive each and every one of the other Signatories, and their respective current and former parents, controlling shareholders, subsidiaries, divisions, affiliates and representatives, predecessor entities and successors and assigns, and their respective current and former directors, officers, partners, members, shareholders, employees, agents, attorneys, insurers, reinsurers, trustees and administrators for and from any and all claims, demands, actions, suits, causes of action, damages whenever incurred, liabilities of any nature whatsoever, including, costs expenses, penalties and attorneys' fees, whether known or unknown, whether suspected or unsuspected, whether contingent, liquidated, or otherwise, whether accrued or unaccrued, whether asserted by way of claim, counterclaim, cross-claim, third-party action, action for indemnity, contribution, or otherwise, in law or in equity, that the Signatories hereto or any of them, whether directly or in any other capacity, ever had, now have or hereafter can, shall or may have against the other Signatories, arising out of, relating to or based upon any claims, or factual or legal assertions, regarding securities issued by Loewen Group International, Inc. or The Loewen Group Inc. that were raised, or could have been raised,

in the actions styled State Street Bank and Trust Co. v. Salomon Smith Barney Inc., et al., Index No. 591196/02, and UBS Warburg LLC v. Skadden, Arps, Slate, Meagher & Flom LLP, Index No. 590435/03.

Each Signatory represents and warrants to the other Signatories that it is the sole and lawful owner of all right, title, and interest in and to every claim and other matter that the party purports to release herein, and that such Signatory has not heretofore assigned or transferred, or purported to assign or transfer to any person or entity who is not a Signatory any claim or other matters herein released. Each Signatory shall indemnify the other Signatories, defend, and hold them harmless from and against any claims based upon or arising in connection with any such prior assignment or transfer, or any such purported assignment or transfer, by such indemnifying Signatory of any claims or other matters released or assigned herein.

Nothing herein shall release any of the Signatories from any liability or obligation for any breach of this Mutual Release. A breach of any material provision of this Mutual Release shall entitle the prevailing party in an action or application to enforce such provision to its reasonable fees, expenses and disbursements including, but not limited to, its attorneys' fees.

This Mutual Release shall be governed by, and construed and interpreted in accordance with, the substantive law of the State of New York, excluding its conflict of laws provisions.

This Mutual Release may be executed in counterparts and by facsimile, and when each Signatory has signed and delivered at least one such counterpart, each counterpart shall be deemed an original, and, when taken together with each other signed counterparts, shall constitute one Mutual Release, which shall be binding upon and effective as to the Signatories. Facsimile signatures or signatures emailed in portable document format (PDF) shall be

acceptable and deemed binding on the parties hereto as if they were originals. This Mutual Release shall not be binding and effective until executed by all the Signatories and released from escrow in accordance with the terms of any settlement agreements.

STATE STREET BANK AND TRUST COMPANY

By: _____

Its: _____

Sworn to before me this
___ day of May, 2010.

Notary Public

CITIGROUP GLOBAL MARKETS INC.

By: _____

Its: _____

Sworn to before me this
___ day of May, 2010.

Notary Public

CHAPTER 7 TRUSTEE FOR THELEN LLP f/k/a
THELEN REID & PRIEST

By: _____

Its: Chapter 7 Trustee

Sworn to before me this
___ day of May, 2010.

Notary Public

UBS SECURITIES LLC

By: _____

Its: _____

Sworn to before me this
___ day of May, 2010.

Notary Public

UBS SECURITIES LLC

By: _____

Its: _____

Sworn to before me this
___ day of May, 2010.

Notary Public

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

By: _____

Its: _____

Sworn to before me this
___ day of May, 2010.

Notary Public

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK: 1AS PART 39

AG CAPITAL FUNDING PARTNERS, L.P., et
al.,

Plaintiff,

-against-

STATE STREET BANK AND TRUST
COMPANY,

Defendant.

Index No. 601134/02

STATE STREET BANK AND TRUST
COMPANY,

Third-Party Plaintiff,

-against-

SALOMON SMITH BARNEY INC., THELEN
REID & PRIEST, UBS WARBURG LLC,

Third-Party Defendants.

Third-Party Index No. 591196/02

**STIPULATION OF
DISCONTINUANCE WITH PREJUDICE**

UBS WARBURG LLC,

Fourth-Party Plaintiff,

-against-

SKADDEN, ARPS, SLATE, MEAGHER &
FLOM LLP,

Fourth-Party Defendant.

Fourth-Party Index No. 590435/03

IT IS HEREBY STIPULATED AND AGREED, by and between the undersigned,
attorneys of record for Third-Party Plaintiff State Street Bank and Trust Company (“State

Street”), Third-Party Defendant Citigroup Global Markets Inc. f/k/a Salomon Smith Barney Inc. (“Citigroup”), Third-Party Defendant Thelen LLP f/k/a Thelen Reid & Priest (“Thelen”), Third-Party Defendant and Fourth-Party Plaintiff UBS Securities LLC f/k/a Warburg LLC (“UBS”), and Fourth-Party Defendant Skadden, Arps, Slate, Meagher & Flom LLP (“Skadden” and, together with State Street, Citigroup, Thelen and UBS, the “Parties”), that, no party being an infant or incompetent person for whom a committee or conservatee has been appointed and no person not a party hereto having an interest in this action, (i) all claims asserted by State Street in the third-party action styled State Street Bank and Trust Co. v. Salomon Smith Barney Inc., et al., Index No. 591196/02 (the “Third-Party Action”) against Citigroup, Thelen and UBS and any counterclaims or cross-claims asserted by Citigroup, Thelen, UBS or Skadden in the Third-Party Action be discontinued with prejudice and (ii) all claims asserted by UBS in the fourth-party action styled UBS Warburg LLC v. Skadden, Arps, Slate, Meagher & Flom LLP, Index No. 590435/03 (the “Fourth-Party Action”), and any counterclaims asserted by Skadden be discontinued with prejudice, and (iii) the Third-Party Action and the Fourth-Party Action be dismissed with prejudice. Each of Parties shall bear its own costs, disbursements, attorneys’ fees and expenses.

This Stipulation may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document. Facsimile signatures or signatures emailed in portable document format (PDF) shall be acceptable and deemed binding on the parties as if they were originals.

Dated: New York, New York
May __, 2010

SHEPPARD, MULLIN, RICHTER &
HAMPTON LLP

COVINGTON & BURLING LLP

By: _____
Robert S. Friedman, Esq.

By: _____
C. William Phillips, Esq.
Jonathan M. Sperling, Esq.

30 Rockefeller Plaza
Ste. 2400
New York, New York 10112
Tel: (212) 653-8700

The New York Times Building
620 Eighth Avenue
New York, NY 10018-1405
Tel: (212) 841-1000

*Attorneys for Third-Party Plaintiff State
Street Bank and Trust Company as
against UBS Warburg LLC and Thelen
Reid & Priest LLP only*

*Attorneys for Third-Party Defendant and
Fourth-Party Plaintiff UBS Securities
LLC f/k/a UBS Warburg LLC*

OLSHAN GRUNDMAN FROME
ROSENWEIG & WOLOSKY LLP

ALLEN & OVERY LLP

By: _____
Thomas J. Fleming, Esq.

By: _____
Michael Feldberg, Esq.

Park Avenue Tower
65 East 55th Street
New York, New York 10022
Tel: (212) 451-2300

1221 Avenue of the Americas
New York, New York 10020
Tel: (212) 610-6300

*Attorneys for Third-Party Plaintiff State
Street Bank and Trust Company as
against Salomon Smith Barney Inc. only*

*Attorneys for Third-Party Defendant
Thelen LLP f/k/a Thelen Reid & Priest*

CLEARY GOTTLIEB STEEN &
HAMILTON LLP

By: _____

Mitchell A. Lowenthal, Esq.

One Liberty Plaza
New York, New York 10006
Tel: (212) 225-2000

*Attorneys for Third-Party Defendant
Citigroup Global Markets Inc. f/k/a
Salomon Smith Barney Inc.*

SHAPIRO FORMAN ALLEN & SAVA LLP

By: _____

Michael I. Allen, Esq.

380 Madison Avenue, 25th Floor.
New York, New York 10017
Tel: (212) 972-4900

*Attorneys for Fourth-Party Defendant
Skadden, Arps, Slate, Meagher & Flom
LLP*