BACKGROUND TO THE SECURITISATION

On 8 April 2003, Dignity Finance PLC, an indirect, wholly owned subsidiary of Dignity plc, issued a total of £210 million of investment rated securitised debt. The debt was issued in two tranches at fixed rates of interest and listed on the Irish Stock Exchange:

- £110 million Class A Secured 6.310% Notes due 2023; and
- £100 million Class B 8.151% Notes due 2031.

On 20 February 2006 the Group issued a further £45.55 million Class A Secured 6.310% Notes due 2023 and £32.50 million Class B Secured 8.151% Notes due 2031. To ensure that the new Class A Notes issued were identical with those already in issue, Notes with a nominal value of £45.55 million were issued. This, however, after deemed repayments equates to a nominal value outstanding at the date of issue of £42.5 million. The Notes were issued at a premium and raised a total of £86 million after fees and expenses.

The Class A Notes are rated A and the Class B Notes BBB by two independent rating agencies, Standard and Poors and Fitch Ratings.

Principal and interest are payable on the Notes at the end of June and December of each year. The principal on the A Notes is repaid progressively each year and is fully repaid by 2023. The principal on the B Notes is repaid progressively from 2023 to 2031.

The debt is secured on the business and assets of a sub-group of Dignity plc headed by Dignity (2002) Limited, an indirect wholly owned subsidiary of Dignity plc.

Security is principally of the form of fixed and floating charges in the assets and undertakings of each member of the Dignity (2002) Limited group, together with fixed and floating charges over the shares in all the subsidiaries between Dignity plc and Dignity (2002) Limited.

There are mechanisms in place to ensure interest and capital repayments due to the holders of the Notes are paid before any funds become available to holders of equity in Dignity plc.