



## Service Corporation International Announces a Proposed Business Combination with The Loewen Group Inc.

September 17, 1996

HOUSTON, Sept. 17 /PRNewswire/ -- Service Corporation International (NYSE: SRV) (SCI) announced today that it sent the attached letter to Raymond L. Loewen, Chairman of the Board and Chief Executive Officer of The Loewen Group Inc. (Nasdaq-NNM: LWNGF) proposing a business combination between the two companies.

In explaining the transaction, Robert L. Waltrip, Chairman of the Board and Chief Executive Officer of SCI said, "This proposal will create a combined company with unparalleled resources and management depth, benefiting the client families, employees and shareholders of both institutions." If completed, the transaction would result in an entity comprised of approximately 3,750 funeral homes, and 600 cemeteries worldwide. L. William Heiligbrodt, President and Chief Operating Officer of SCI noted, "The addition of Loewen's properties will open SCI to new markets and further enhance the company's long term growth potential. Due to significant strategic opportunities, the combination represents an exciting opportunity for both companies' shareholders to benefit." The proposed business combination is planned as a pooling of interests and is anticipated to be accretive to earnings.

Service Corporation International is the largest funeral home and cemetery organization in the world, with 2,832 funeral service locations, 331 cemeteries and 146 crematoria as of June 30, 1996. SCI provides funeral and cemetery services in North America, Europe and the Pacific Rim. SCI's stock is traded on the New York Stock Exchange. The company's ticker symbol is SRV.

September 17, 1996

Mr. Raymond L. Loewen  
Chairman of the Board and Chief Executive Officer  
The Loewen Group Inc.  
4126 Norland Avenue  
Burnaby, British Columbia, Canada

Dear Mr. Loewen:

As you know, I have tried to reach you several times since September 11. While your office has assured me that you received my messages, my calls have not been returned. In view of that, and in view of the importance of this matter, I am sending this letter.

I would like to discuss with you a combination of our two companies. The combination would involve a stock-for-stock exchange accounted for as a pooling which values Loewen Group at US\$43 per share. We believe that this transaction can be structured in a manner that is tax-free to both companies and (except for a relatively nominal amount in the case of U.S. stockholders) to the U.S. and Canadian stockholders of Loewen Group.

I think you and your Board and stockholders would agree that our proposal is a generous one, resulting in the following premiums for Loewen Group stockholders:

- 48.9% above the price at which Loewen Group stock traded 30 days ago;
- 39.3% above the price at which Loewen Group stock traded one week ago;
- and
- 27.4% above the price at which Loewen Group stock is currently trading.

This represents an opportunity for your stockholders to realize excellent value, by any measure, for their shares. In addition, and importantly, since your stockholders would be receiving stock, they would continue to participate in Loewen Group's business as well as share in the upside of our business.

Thus, in essence, your stockholders would:

- continue their investment in our industry;
- get an immediate, and very significant, increase in the market value of their investment;
- get that immediate and substantial increase on an essentially tax free basis; and
- diversify their risk by participating in a much larger number of properties.

This is a "win-win" situation for you and your stockholders.

Finally, with respect to consideration, I would note also that our proposal is based on public information. After a due diligence review, we may be in a position to increase the consideration that your stockholders would receive.

We, of course, recognize that our businesses overlap in various locations. We have carefully reviewed this matter and are convinced that competition issues can be cured by selected divestitures without impairment of the values that a combination would achieve for the stockholders of our two companies.

I would very much like to discuss any and all aspects of our proposal directly with you and your Board of Directors. We believe you and they will recognize the tremendous benefit to your stockholders of our proposal. Our proposal is conditioned upon approval of our Board and upon negotiation of mutually satisfactory agreements providing for a combination on a pooling basis.

We hope that after you meet with us, you will similarly determine that the transaction should be pursued. We look forward to hearing from you.

In view of the importance of this matter, we are simultaneously releasing this letter to the press.

Sincerely,

William Heiligbrodt

cc: Board of Directors of The Loewen Group Inc.

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CONTACT: Todd Matherne, Vice President Investor Relations of Service Corporation International, 713-525-5243, or 102121.2653@compuserve.com

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