



## **Service Corporation International Announces Definitive Agreement for Merger With Equity Corporation International**

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HOUSTON, Aug. 6 /PRNewswire/ -- Service Corporation International (NYSE: SRV)("SCI"), the world's largest funeral and cemetery company, announced today that it has reached a definitive agreement with Equity Corporation International (NYSE: EQU)("ECI") to form a business combination between the two companies.

ECI, the nation's fourth largest publicly traded death care company, based in Lufkin, Texas, currently owns and operates 326 funeral homes and 81 cemeteries in 35 states and one Canadian province. The combination would occur through a stock-for-stock transaction that would result in ECI shareholders receiving \$27 per share in SCI stock. The actual number of shares of SCI stock to be issued to the ECI shareholders will be determined based on the average SCI stock price for the ten (10) consecutive trading days ending on the third trading day prior to the closing of the merger. The average price of SCI stock used in computing the exchange will not be less than \$34.00 and no more than \$41.50 per share.

The combined company will have operations throughout metropolitan and rural North America and will consist of approximately 3,600 funeral homes, 500 cemeteries and 175 crematoria worldwide, with annualized revenues approaching \$3 billion.

In explaining the transaction, Robert L. Waltrip, Chairman of the Board and Chief Executive Officer of SCI said, "The merger will create a combined North American operation with unparalleled resources servicing both the metropolitan and rural markets throughout the country. The addition of ECI and its exceptional revenue growth rate should further enhance SCI's leading domestic market position."

Mr. Waltrip further commented, "I am also extremely pleased to welcome James P. Hunter, III to our senior management team. He will become a key element in the continued expansion and growth of SCI's domestic operations." James P. Hunter, III, Chairman and Chief Executive Officer of ECI commented on the transaction, "We are very excited about the tremendous value this transaction will bring to both ECI and SCI shareholders. I look forward to becoming a part of SCI and sharing in this strategic opportunity to enhance our combined long-term growth potential."

L. William Heiligbrodt, President and Chief Operating Officer of SCI noted, "The addition of ECI's properties opens SCI and its newly formed financial services division to the North American rural market, providing an expanded network and infrastructure through which we can better service both our prearranged and at-need families. Additional synergies should result from consolidating our operations and through further leveraging our cost structure."

The business combination is planned as a pooling-of-interests and is expected to be accretive to earnings. Completion of the transaction, anticipated in the fourth quarter of 1998, is subject to a vote by shareholders of ECI and regulatory approvals required under the provisions of the Hart-Scott-Rodino Antitrust Improvements Act.

As of June 30, 1998, SCI affiliates operated 3,292 funeral service locations, 422 cemeteries and 174 crematoria. SCI provides funeral and cemetery services in 18 countries on five continents.

Certain matters discussed in this release are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, but are not limited to, the following: The company maintaining its high level of acquisition activity and achieving expected performance from these acquired businesses, and the ability to manage internal growth of existing operations; the economy, competition and death rates in the company's geographic areas of operations; and sufficient availability of capital resources to fund future acquisitions and planned levels of capital expenditures which will depend on prevailing market conditions, interest rates, and the financial condition of the company.

Other Service Corporation International information and press releases are available through Company News On-Call by fax, (800) 758-5804, extension 104532, or at <http://www.prnewswire.com> or SCI's homepage: <http://www.sci-corp.com>

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