



## Service Corporation International Announces Restructuring and Other Non-Recurring Charges of Approximately \$312 Million and Anticipated Future Annualized Savings of \$60 to \$65 Million

January 12, 2000

HOUSTON, Jan. 12 /PRNewswire/ -- Service Corporation International (NYSE: SRV), the world's largest funeral and cemetery company, announced the results to date of its cost reduction, cash flow enhancement and debt reduction initiatives expedited by the previously announced Special Committee of the Board. In the fourth quarter of 1999, the Company will record a restructuring charge of approximately \$273 million and other non-recurring charges of approximately \$39 million. As a result of the restructuring charge and other related cost initiatives, the Company anticipates savings on a pretax basis of \$45 to \$50 million in the year 2000 and future annualized savings of \$60 to \$65 million.

Of the \$273 million restructuring charge, approximately \$137 million represents cash charges which will predominantly be paid out over the next six years. The anticipated pretax savings of \$45 to \$50 million in 2000 includes \$35 to \$40 million of cash savings. The anticipated future annualized pretax savings of \$60 to \$65 million includes \$50 to \$55 million of cash savings. The Company expects to have an approximate two year cash payback on the cash portion of the restructuring charge. The other non-recurring charges of \$39 million are non-cash charges.

The \$273 million restructuring charge consists of (1) \$151 million of severance costs; (2) \$74 million associated with assets held for sale being reduced to their estimated fair values; (3) \$18 million associated with loans made by the Company's lending subsidiary currently held for sale being reduced to their estimated fair values; (4) \$13 million of information technology costs associated with projects that will no longer be pursued by the Company; (5) \$7 million of costs to terminate certain lease obligations related to facility closures; and (6) \$10 million of various other items.

The \$151 million of severance costs is related to the involuntary termination of 1,141 employees of the Company. Included in this total are 715 employees in the Company's international operations, 385 employees in North America, 33 employees in the Company's corporate home office and 8 executive officers of the Company. Of the 715 employees in the Company's international operations, 290 are additional involuntary terminations pursuant to the Company's March 1999 cost rationalization program in France. In the North America total, 316 individuals were former owners of independent funeral homes and cemeteries that were purchased by the Company and represent approximately \$92 million of the \$151 million of severance costs. These individuals were under employment, consultant and/or covenant-not-to-compete contractual agreements and have been relieved from their obligations or restrictions under their agreements, but will be paid by the Company pursuant to such contractual terms.

The \$74 million of charges related to assets held for sale consist of approximately \$60 million in the Company's North American operations, approximately \$12 million in the Company's international operations and approximately \$2 million of corporate assets. The \$60 million of charges in North America include approximately 50 funeral homes or cemeteries and approximately 45 individual parcels of undeveloped cemetery property or excess land that are held for sale and being reduced to their estimated fair values. The Company believes it is a prudent strategy to hold these underperforming assets for sale and redeploy the proceeds from such sales to reduce debt.

The other non-recurring charges of \$39 million consist of reserves established on loans not being held for sale by the Company's lending subsidiary. These non-recurring charges will be reported through cost of operations in the fourth quarter of 1999. As a result of the \$39 million in charges and other non-recurring costs, the Company will not meet its fourth quarter earnings per share estimate of \$.14 - \$.18 previously reported by the Company. A more comprehensive analysis of the Company's fourth quarter and annual results, as well as guidance for the year 2000, will be discussed in the year-end earnings release and teleconference call to be held the week of February 7, 2000.

### Conference Call

The Company will conduct a conference call Thursday, January 13, 2000, at 2:00 p.m. Eastern time to discuss items associated with this announcement. The teleconference call-in number is (800) 810-0924. Please call fifteen minutes prior to the start time in order to participate. If you are calling from outside the United States, the dial-in number is (913) 981-4900. Interested parties will also have the opportunity to listen to the live conference call via the Internet through PRNewswire at <http://www.videonewswire.com/SERVICE/011300/>.

### Cautionary Statement on Forward-Looking Statements

The statements contained in this press release that are not historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be accompanied by words such as "believe," "estimate," "project," "expect," "anticipate," or "predict," that convey the uncertainty of future events or outcomes. These statements are based on assumptions that the Company believes are reasonable; however, many important factors could cause the Company's actual results in the future to differ materially from the forward-looking statements made herein and in any other documents or oral presentations made by, or on behalf of, the Company. Important factors, which could cause actual results to differ materially from those in forward-looking statements, include, among others, the following:

- 1) Changes in general economic conditions, both domestically and internationally, impacting financial markets (e.g. marketable security values, as well as currency and interest rate fluctuations) that could negatively affect the Company, particularly but not limited to the Company's cemetery trust revenues.
- 2) Changes in domestic and international political and/or regulatory environments in which the Company operates, including tax and accounting policies. Changes in regulations may impact the Company's ability to enter or expand new markets.
- 3) Changes in consumer demand and/or pricing for the Company's products

and services caused by several factors, such as changes in local death rates, cremation rates, competitive pressures and local economic conditions.

- 4) The Company's ability to sell preneed heritage cemetery property which is usually associated with new customers of the Company's cemeteries.
- 5) The Company's ability to successfully integrate acquisitions into the Company's business and to realize expected cost savings in connection with such acquisitions.
- 6) The Company's ability to successfully implement certain cost reduction initiatives, as well as changes in domestic and international political and/or regulatory environments which could negatively effect the implementation of the Company's cost reduction initiatives.
- 7) The Company's ability to successfully realize the estimated cash and non-cash savings and the estimated cash payback period associated with the Company's cost reduction initiatives.
- 8) The Company's ability to successfully implement certain strategic revenue and marketing initiatives resulting in increased volume through its existing facilities and the Company's ability to successfully implement certain strategic cash flow initiatives, including but not limited to the previously announced funeral and cemetery consumer financing program, which could improve or generate cash flow for the Company.
- 9) The Company's ability to successfully exploit its substantial purchasing power with certain of the Company's vendors.

The Company assumes no obligation to publicly update or revise any forward-looking statements made herein or any other forward-looking statements made by the Company.

As of September 30, 1999, SCI affiliates operated 3,823 funeral service locations, 524 cemeteries and 198 crematoria. SCI provides funeral and cemetery services in 20 countries on five continents.

Other Service Corporation International 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>.

COMPONENTS OF RESTRUCTURING CHARGE AND ESTIMATED EFFECT ON CASH FLOW IN

2000 AND 2001

	Total	Non-Cash	Cash	Estimated Effect on Cash Flow	
				2000	2001
Severance:					
North America	\$96,000	\$21,000	\$75,000	\$18,000	\$13,000
International	40,000	---	40,000	33,000	7,000
Corporate	15,000	---	15,000	10,000	2,000
Subtotal	\$151,000	\$21,000	\$130,000	\$61,000	\$22,000
Assets Held for Sale:					
North America	60,000	60,000	---	---	---
International	12,000	11,000	1,000	1,000	---
Corporate	2,000	2,000	---	---	---
Subtotal	74,000	73,000	1,000	1,000	---
Loans					
Receivable	18,000	18,000	---	---	---
Information Technology					
Cost	13,000	13,000	---	---	---
Lease					
Obligations	7,000	3,000	4,000	4,000	---
Other	10,000	8,000	2,000	2,000	---
Total	\$273,000	\$136,000	\$137,000	\$68,000	\$22,000

Estimated

Cash Savings	38,000 (A)	53,000 (A)
Net Cash		
Savings (Loss)	\$(30,000)	\$31,000

(A) Midpoint of the estimated savings range.

SOURCE Service Corporation International

Web site: <http://www.sci-corp.com>

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