



Service Corporation International Announces Joint Venture Transaction With Its United Kingdom Operations Resulting in \$273 Million of Net Pretax Cash Proceeds

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HOUSTON, Feb. 11 /PRNewswire-FirstCall/ -- Service Corporation International (NYSE: SRV), the world's largest funeral and cemetery company, announced today the completion of a joint venture transaction related to its funeral, cemetery and crematoria operations in the United Kingdom. The joint venture transaction was consummated with a total valuation of the United Kingdom operations of \$307.8 million (217.2 million British pounds). In addition to receiving net pretax cash proceeds of \$273.0 million (192.7 million British pounds), the Company will maintain a 20 percent equity interest in the joint venture with a face value of \$21.6 million (15.2 million British pounds). The new entity also assumed lease obligations and other indebtedness from the Company of \$13.2 million (9.3 million British pounds).

The Company's existing management team in the United Kingdom will also have an equity participation in the new entity and will continue to manage the funeral, cemetery and crematoria operations. The new entity's majority shareholder is HSBC Private Equity, a part of the HSBC Group and one of the largest financial institutions in the world.

Commenting on the joint venture transaction, SCI Chairman and Chief Executive Officer, Robert L. Waltrip, said:

"We have been very pleased with the tremendous financial progress and added value our United Kingdom operations generated in 2001. We believe this strategic structure, which includes both management participation and the addition of one of the United Kingdom's largest financial institutions with its numerous strategic alliances, will provide these operations the potential to further improve on its financial performance."

During 2001, the United Kingdom operations had total revenues of approximately \$165 million (114 million British pounds), adjusted EBITDA of approximately \$39.2 million (27.2 million British pounds) and performed approximately 71,000 funeral and cremation services. The Company's sale of its interest in its United Kingdom operations was executed at a multiple of 8.0 times adjusted EBITDA, calculated using local currency.

The above EBITDA for the United Kingdom operations was calculated by adding interest and tax expense back to net income and then adding back depreciation and amortization expense. A \$338,000 (234,000 British pounds) non-recurring charge recognized in 2001 was excluded from the above EBITDA calculation. The non-recurring charge was an adjustment to a restructuring charge recorded in December 2000.

Cautionary Statement on Forward-Looking Statements

The statements in this press release that are not historical facts are forward-looking statements made in reliance on the "safe harbor" protections provided under 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. For further information on these risks and uncertainties, see the Company's Securities and Exchange Commission filings, including the Company's 2000 Annual Report on Form 10-K. 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, whether as a result of new information, future events or otherwise.

As of September 30, 2001, the Company and its affiliates operated 3,188 funeral service locations, 485 cemeteries and 178 crematoria and provide funeral and cemetery services in 12 countries on four continents.

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Other Service Corporation International information and news releases are available through SCI's corporate website at: <http://www.sci-corp.com> .

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