



Service Corporation International Announces Third Quarter 2002 GAAP Earnings Of \$.01 Per Diluted Share

November 6, 2002

HOUSTON, Nov. 6 /PRNewswire-FirstCall/ -- Service Corporation International (NYSE: SRV), the world's largest funeral and cemetery company, today announced results for the third quarter of 2002.

GAAP Results

(In millions, except per share amounts)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2002	2001	2002	2001
Total Revenues	\$543.8	\$583.0	\$1,695.9	\$1,879.5
Total Gross Profits	\$75.4	\$67.0	\$285.8	\$264.5
Net Income (Loss)	\$4.1	\$4.3	\$(227.7)	\$(6.0)
Diluted Earnings (Loss) Per Share	\$.01	\$.02	\$(.77)	\$(.02)

Discussion of GAAP Results

- Total revenues for the three and nine months ended September 30, 2002 are below prior year levels primarily due to the Company's active asset disposition and international joint venture programs. Since January 1, 2001, the Company has sold or joint ventured businesses which previously generated approximately \$425 million of total annualized revenues.
- Gross profits increased \$8.4 million and \$21.3 million for the three and nine months ended September 30, 2002, respectively, compared to the corresponding prior year periods primarily as a result of discontinuing goodwill amortization in 2002 in compliance with new accounting standards.
- Included in the Company's GAAP results were \$27.9 million and \$264.5 million of impairment losses and other operating expenses of a non-recurring nature in the three and nine months ended September 30, 2002, respectively. The \$27.9 million charge reported in the third quarter of 2002 consisted of \$19.6 million related to an adjustment to the market value of certain options associated with the Company's senior notes due 2020 (putable in 2003), \$5.2 million related to severance costs of former employees and \$3.1 million primarily related to impairment adjustments to the value of certain funeral and cemetery operations sold in the third quarter of 2002. All options associated with the Company's senior notes due 2020 were fully settled in October 2002. The Company expects to recognize an additional charge of approximately \$22 million in the fourth quarter of 2002 as a result of the final settlement of these derivative financial instruments.
- The Company reported net extraordinary gains on early extinguishments of debt of \$4.9 million and \$2.7 million for the three and nine months ended September 30, 2002, respectively.
- For the nine months ended September 30, 2002, the Company reported a charge related to a cumulative effect of accounting change of \$135.6 million resulting from the adoption of SFAS No. 142, "Goodwill and Other Intangible Assets".

Pro Forma Financial Information and Management's Analysis

The following pro forma financial information is being presented by the Company to enhance the comparability of financial information and results of operations from period to period. To create the pro forma financial information, the Company has excluded certain non-recurring items for all periods presented. The Company has also adjusted the results of operations in 2001 to be consistent with the accounting presentation in 2002. Details and

descriptions of these non-recurring items and pro forma adjustments to 2001 are presented in a separate section at the end of this press release. The Company also reconciles the following pro forma financial information to the financial results presented under GAAP in a separate section at the end of this press release.

Excluding non-recurring items and including pro forma adjustments to 2001, the Company reported \$16.5 million (\$.06 per diluted share) and \$15.2 million (\$.05 per diluted share) of earnings before non-recurring items in the third quarter of 2002 and 2001, respectively. For the nine months ended September 30, 2002, the Company reported earnings before non-recurring items of \$89.1 million (\$.30 per diluted share) compared to \$77.9 million (\$.27 per diluted share) for the same period of 2001.

Commenting on the third quarter 2002 financial results, SCI President and Chief Operating Officer, Thomas L. Ryan, said:

"On a worldwide comparable basis, our funeral businesses produced strong operating results during the quarter with funeral revenues increasing 5.1% (2.5% excluding foreign currency effect) and our funeral gross profits increasing 13.4%, quarter over quarter. Our cemetery businesses produced operating results that were enhanced by a higher rate of completion of cemetery property development projects in North America, offset by substantial negative currency effects from our South America cemetery operations.

"As we look to the future, we remain committed to providing growth in our core funeral and cemetery operations. We believe we have executed our plan very well to improve our capital structure and increase our cash flows over the last several years. In the near term, the focus of this management team will be centered upon delivering growth in gross profits and cash flows from our comparable funeral and cemetery operations. Revenue growth initiatives, such as our atneed and preneed funeral sales of Dignity Memorial(R) packaged funeral plans, are expected to continue to drive operating performance in our funeral segment in the near term. We also have a renewed focus on our operational and sales processes that should result in the continued rationalization of our cost structure. As our cemetery segment revenues in the future contain more normalized levels of completion of cemetery property development projects, we expect to substantially rationalize our cemetery operating and sales structure and processes to ultimately enhance gross profits and cash flows in this segment. We believe these actions will provide future operating performance that, when coupled with our strong cash flows and improved capital structure, will maximize shareholder value."

Pro Forma Financial Results

The following table and segment analysis summarizes the Company's comparable results for the three and nine months ended September 30, 2002 and 2001. Comparable financial information excludes operations that have been acquired or constructed after January 1, 2001 and operations that have been divested by the Company prior to September 30, 2002. Comparable financial results are designed to be reflective of the Company's "same store" results of operations.

(Dollars in millions, except average revenue per funeral service)	Comparable Locations			
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	Pro Forma		Pro Forma	
	2002	2001	2002	2001
North America Funeral Revenues	\$262.8	\$257.7	\$835.1	\$827.9
International Funeral Revenues	\$117.9	\$104.7	\$348.2	\$322.2
Funeral Revenues	\$380.7	\$362.4	\$1,183.3	\$1,150.1
North America Funeral Gross Profits	\$44.0	\$39.3	\$178.6	\$172.5
International Funeral Gross Profits	\$12.3	\$10.3	\$41.3	\$31.2
Funeral Gross Profits	\$56.3	\$49.6	\$219.9	\$203.7
North America Funeral Services Performed	63,999	64,478	205,710	207,269
France Funeral Services Performed	30,302	32,168	100,031	100,969
North America Average Revenue Per Funeral Service	\$4,062	\$3,975	\$4,034	\$3,970
France Average Revenue Per Funeral Service, Excluding Currency Effect	\$2,095	\$2,014	\$1,951	\$1,868
North America Cemetery Revenues	\$155.4	\$145.1	\$456.4	\$435.5
International Cemetery Revenues	\$5.2	\$14.4	\$20.6	\$37.9
Cemetery Revenues	\$160.6	\$159.5	\$477.0	\$473.4
North America Cemetery Gross Profits	\$19.9	\$22.8	\$59.0	\$67.5
International Cemetery Gross Profits	\$(0.3)	\$4.4	\$3.0	\$10.0
Cemetery Gross Profits	\$19.6	\$27.2	\$62.0	\$77.5

EBITDA before non-recurring items is calculated by adding interest, tax, depreciation and amortization expenses back to earnings before non-recurring items and then deducting gains from dispositions.

	Consolidated Locations	
	Three Months Ended	
	September 30,	
	Pro Forma	
	September 30,	September 30,
	Pro Forma	Pro Forma

	2002	2001	2002	2001
North America Consolidated EBITDA				
Before Non-Recurring Items	\$80.2	\$76.7	\$283.0	\$286.0
Total Consolidated EBITDA				
Before Non-Recurring Items	\$97.3	\$102.9	\$340.2	\$371.8

North America EBITDA increased in the third quarter of 2002 compared to the third quarter of 2001 as a result of increases in North America funeral gross profits, increases in consolidated other income and reductions in North America overhead costs that were partially offset by a decrease in North America cemetery gross profits. An analysis of the third quarter 2002 comparable operating results by funeral and cemetery segment follows.

Funeral Segment Analysis -- Third Quarter 2002

- The increase in North America funeral revenues quarter over quarter was a result of a 2.2% increase in the average revenue per funeral service, partially offset by a .7% decrease in funeral services performed. The average revenue per funeral service in North America continues to be positively impacted by the Company's Dignity Memorial(R) packaged funeral plans.
- The North America funeral gross margin was 16.7% versus 15.3% in the prior year's third quarter. The gross margin of 16.7% is below the Company's annual 2002 targeted range of 18% to 23% due to the traditional weakness in the number of deaths in the third quarter of each year.
- North America funeral locations had a cremation rate of 38.5% compared to 37.2% in the prior year quarter. The increase in the cremation rate continues to weigh against the Company's initiatives to grow comparable funeral revenues, as the average revenue for a cremation service is substantially less than the average revenue for a traditional funeral service.
- In North America, 31.8% of funeral services performed were previously prearranged compared to 30.5% in the prior year quarter. Prearranged funeral contracts that have turned atneed had an average revenue per funeral service of approximately 5.4% less than the Company's average revenue per funeral service from atneed walk-in business.
- The increase in international funeral revenues was driven by a 14.2% increase in France's funeral revenues. Excluding the favorable effect of currency, France's funeral revenues increased 3.4% as a result of increases in the average revenue per funeral service and the average revenue for burial monuments delivered.

Cemetery Segment Analysis -- Third Quarter 2002

- The increase in North America cemetery revenues quarter over quarter was primarily a result of an increase in the completion of cemetery property development projects and an increase in the mix of developed versus undeveloped cemetery property sold on a preneed basis during the quarter, partially offset by a decrease in cemetery merchandise revenues. Preneed cemetery property revenues are recognized upon completion of the development of the property coupled with customer payment of at least ten percent of the total contract amount.
- The North America cemetery gross margin was 12.8% versus 15.7% in the prior year's third quarter. The gross margin of 12.8% is within the Company's annual 2002 targeted range of 11% to 16%. The gross margin of 12.8% is below the third quarter of 2001 due to reduced levels of revenues recognized related to changes in estimates of deferred preneed cemetery contract revenues. As a result of ongoing reviews of the Company's deferred preneed cemetery contract revenues, changes in estimates recognized in revenues and gross profits were \$9.4 and \$8.8 million, respectively, in the third quarter of 2002 compared to \$27.6 and \$23.1 million in the third quarter of 2001, respectively.
- International cemetery revenues decreased as a result of the economic instability in South America and a \$5.8 million unfavorable currency effect during the third quarter of 2002. International cemetery gross profits were also negatively impacted by an increase of \$1.5 million in the allowance for doubtful accounts in South America cemetery operations.

Other Costs and Expenses

The Company has three components of overhead costs in North America: general and administrative expenses, home office overhead and field overhead. Home office and field overhead costs are allocated to funeral and cemetery operations in North America while general and administrative expenses are disclosed in a separate line item of the income statement. In the third quarter of 2002, general and administrative expenses included \$4.4 million of accelerated non-cash amortization expense for existing capitalized system costs as a result of the Company's decision to implement new information systems. Excluding this \$4.4 million, general and administrative expenses increased \$1.0 million primarily related to costs associated with the Company's efforts to redevelop operating processes and implement new information systems. Also excluding this \$4.4 million, the sum of all three overhead components decreased \$1.5 million or 3.1 % in the third quarter of 2002 as a result of the Company's ongoing process improvement and cost rationalization programs.

Debt Reduction and Cash Flows

At September 30, 2002, the Company had \$141.0 million of cash and cash equivalents on hand. The Company's net debt (total debt less cash and cash equivalent on hand) was reduced during the third quarter by \$145.9 million to \$1.86 billion. The Company's net debt is now within its targeted range of \$1.8 to \$1.9 billion by December 31, 2002. The third quarter 2002 net debt reduction of \$145.9 million was primarily a result of operating free cash flow produced during the quarter, proceeds from asset sales and tax refunds and the substitution of letters of credit for cash collateral on deposit related to Company obligations. The Company also completed in the third quarter of 2002 an exchange of \$172.2 million of the Company's 6% Senior Notes due 2005 for 7.7% Senior Notes due 2009.

For the three months ended September 30, 2002, the Company produced recurring operating free cash flow of \$44.7 million compared to \$45.9 million for the same period of 2001. For the nine months ended September 30, 2002 and 2001, the Company produced recurring operating free cash flow of \$154.9 and \$164.4 million, respectively. As defined in our Form 10-K, recurring operating free cash flow is calculated by adjusting cash flows provided by operating activities to exclude (i) cash payments associated with the Company's restructuring and non-recurring charges and (ii) other cash receipts or payments (included in cash flows provided by operating activities) which are of a non-recurring operational nature, and then subtracting maintenance capital expenditures.

The decrease in recurring operating free cash flow of \$1.2 million and \$9.5 million for the three and nine months ended September 30, 2002, respectively, compared to the same periods of 2001 are a result of the following financial results:

(In millions)	Positive (Negative) Effect on Cash Flow	
	Three Months Ended September 30, 2002	Nine Months Ended September 30, 2002
Decrease in EBITDA before non-recurring items	\$(5.6)	\$(31.6)
Decrease in Cash Interest and Cash Taxes Paid	15.4	58.9
Increase in the Use of Cash for Working Capital Purposes	(8.2)	(38.9)
(Increase) Decrease in Maintenance Capital Expenditures	(2.8)	2.1
	\$(1.2)	\$(9.5)

The \$8.2 million increase in the third quarter in the use of cash for working capital purposes is primarily a result of the timing of cash receipts related to prearranged funeral contracts that were performed during the third quarter of 2002. The \$38.9 million increase in the nine months ended September 30, 2002 in the use of cash for working capital purposes is primarily a result of significant decreases in cash receipts of distributable earnings from prearranged funeral trust funds, increases in the negative cash flow effect to working capital from prearranged funeral contracts turning atneed and the \$8.2 million negative cash flow effect in the third quarter discussed above.

Conference Call

The Company will host a conference call tomorrow morning (Thursday, November 7, 2002) at 8:00 a.m. Central time. A question and answer session will follow a brief presentation made by the Company. The conference call dial-in number is (913) 981-4900. The conference call will also be broadcast live via the Internet at <http://www.firstcallevnts.com/service/ajwz367327930gf12.html>. After the completion of the live conference call, a replay can be accessed at (719) 457-0820 with the confirmation code of 792654 through November 21, 2002.

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. Important factors which could cause actual results of the Company 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, levels of interest expense and negative currency translation effects.

- 2) Changes in credit relationships impacting the availability of credit and the general availability of credit in the marketplace.
- 3) The Company's ability to successfully implement its strategic plan as defined in the Company's Form 10-K for the year ended December 31, 2001, including:
 - the interest of third parties to enter into and consummate alliances and joint ventures with the Company, including with respect to its operations in France,
 - the continuation of cost reduction initiatives,
 - the continuation of actions to improve operating free cash flow,
 - the continuation of debt reduction initiatives, including the sale of certain funeral and cemetery operations,
 - the implementation of strategic revenue and marketing initiatives resulting in increased volume through its existing facilities, and
 - the continuation of operating improvements in France.
- 4) Changes in consumer demand and/or pricing for the Company's products and services caused by several factors, such as changes in local number of deaths, cremation rates, competitive pressures and local economic conditions.
- 5) Changes in domestic and international political and/or regulatory environments in which the Company operates, including potential changes in tax and accounting policies.
- 6) The Company's ability to successfully access at a reasonable cost surety and insurance markets.
- 7) The Company's ability to successfully exploit its substantial purchasing power with certain of the Company's vendors.
- 8) The outcomes of pending lawsuits against the Company involving alleged violations of securities laws.
- 9) The outcomes of pending lawsuits in Florida involving certain cemetery locations, including the possibility of criminal charges or other civil claims being filed against the Company, its subsidiaries or its employees.

For further information on these and other risks and uncertainties, see the Company's Securities and Exchange Commission filings, including the Company's 2001 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, 2002, the Company and its affiliates operated 2,444 funeral service locations, 456 cemeteries and 155 crematoria and provides funeral and cemetery services in 8 countries.

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Other Service Corporation International news and investor information can be found at: <http://www.sci-corp.com>.

SERVICE CORPORATION INTERNATIONAL
CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2002	2001*	2002	2001*
Revenues:				
Funeral	\$382,670	\$414,183	\$1,212,700	\$1,369,253
Cemetery	161,138	168,796	483,194	510,213
	543,808	582,979	1,695,894	1,879,466
Gross Profit:				

Funeral	55,406	43,265	221,953	194,290
Cemetery	20,003	23,754	63,893	70,187
	75,409	67,019	285,846	264,477
General and administrative expenses	(22,492)	(17,049)	(57,815)	(53,451)
Impairment losses and other operating expenses	(27,942)	(6,185)	(264,510)	(57,431)
Operating income (loss)	24,975	43,785	(36,479)	153,595
Interest expense	(38,221)	(49,432)	(123,013)	(164,390)
Other income	9,548	4,967	19,171	12,648
Gains from dispositions	2,729	5,543	7,869	11,543
(Loss) income before income taxes, extraordinary items and cumulative effects of accounting changes	(969)	4,863	(132,452)	13,396
Income tax benefit (expense)	125	(681)	37,616	(16,551)
(Loss) income before extraordinary items and cumulative effects of accounting changes	(844)	4,182	(94,836)	(3,155)
Extraordinary gains on early extinguishments of debt (net of income tax expense of \$2,819, \$63, \$1,570 and \$3,015, respectively)	4,905	99	2,731	4,717
Cumulative effects of accounting changes (net of income tax benefit of \$11,234 and \$5,318, respectively)	---	---	(135,560)	(7,601)
Net income (loss)	\$4,061	\$4,281	\$(227,665)	\$(6,039)
Basic income (loss) per share:				
(Loss) income before extraordinary items and cumulative effects of accounting changes	\$(.00)	\$.02	\$(.32)	\$(.01)
Extraordinary gains on early extinguishments of debt	.01	.00	.01	.02
Cumulative effects of accounting changes	---	---	(.46)	(.03)
Net income (loss)	\$.01	\$.02	\$(.77)	\$(.02)
Diluted income (loss) per share:				
(Loss) income before extraordinary items and cumulative effects of accounting changes	\$(.00)	\$.02	\$(.32)	\$(.01)
Extraordinary gains on early extinguishments of debt	.01	.00	.01	.02
Cumulative effects of accounting changes	---	---	(.46)	(.03)
Net income (loss)	\$.01	\$.02	\$(.77)	\$(.02)
Basic weighted average number of shares	295,151	290,258	293,892	282,916
Diluted weighted average number of shares	295,151	293,763	293,892	282,916

* Operating results for 2001 have been reclassified to recognize, as part of funeral operations instead of cemetery operations, those revenues associated with delivered caskets previously prearranged on cemetery contracts.

SERVICE CORPORATION INTERNATIONAL
CONSOLIDATED BALANCE SHEET

(In thousands, except share and per share amounts)	September 30, 2002	December 31, 2001
Assets		
Current assets:		
Cash and cash equivalents	\$141,045	\$29,292
Receivables, net of allowances	323,889	386,479
Inventories	151,232	168,975
Other	27,849	245,207
Total current assets	644,015	829,953
Prearranged funeral contracts	4,113,255	4,109,195
Long-term receivables, net of allowances	1,205,165	1,249,492
Cemetery property, at cost	1,570,624	1,924,773
Property, plant and equipment, at cost (net)	1,140,964	1,357,410
Deferred charges and other assets	754,403	699,805
Goodwill (net)	1,187,876	1,409,309
	\$10,616,302	\$11,579,937
Liabilities & Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$407,954	\$484,150
Current maturities of long-term debt	103,143	220,640
Income taxes	2,671	5,812
Total current liabilities	513,768	710,602
Long-term debt	1,899,510	2,313,973
Deferred prearranged funeral contract revenues	4,528,133	4,596,116
Deferred preneed cemetery contract revenues	1,695,280	1,756,041
Deferred income taxes	481,574	546,747
Other liabilities	213,193	223,597
Stockholders' equity:		
Common stock, \$1 per share par value, 500,000,000 shares authorized, 295,717,551 and 292,153,765, issued and outstanding (net of 2,516,075 and 2,502,190 treasury shares, at par)	295,718	292,154
Capital in excess of par value	2,257,066	2,246,055
Accumulated deficit	(1,041,814)	(814,149)
Accumulated other comprehensive loss	(226,126)	(291,199)
Total stockholders' equity	1,284,844	1,432,861
	\$10,616,302	\$11,579,937

Pro Forma Financial Information And Non-Recurring Items

Pro forma financial information is being presented by the Company in this press release to enhance the comparability of financial information and results of operations from period to period. To create the pro forma financial information, the Company has excluded certain non-recurring items for all periods presented. The Company has also adjusted the results of operations in 2001 to be consistent with the accounting presentation in 2002.

In 2002 and 2001, non-recurring items excluded to create pro forma financial information consists of charges included in the line item, Impairment losses and other operating expenses, related to sales of businesses or joint venture transactions, severance costs, market adjustments to certain derivative financial instruments and the termination of certain contractual agreements; gains from dispositions; extraordinary gains and losses on early extinguishments of debt; and cumulative effects of accounting changes. The cumulative effects of accounting changes primarily relate to the adoption in 2002 of SFAS No. 142, "Goodwill and Other Intangible Assets". This standard requires goodwill to no longer be amortized but instead tested for impairment annually. As a result of the adoption of SFAS No. 142, the Company recognized a charge in the first quarter of 2002 reflected as a cumulative effect of accounting change of \$146.8 million on a pretax basis and \$135.6 million on an after tax basis.

The results for the three and nine months ended September 30, 2001 are also presented in this press release in a pro forma format as if certain changes were implemented on January 1, 2001 to provide a more relevant comparison to the 2002 results. Such changes include (1) discontinuing amortization of goodwill pursuant to new accounting standards, (2) changing the amortization period related to deferred prearranged funeral obtaining costs from 20 to 12 years, (3) revising its estimated allocation of overhead costs between the funeral and cemetery segments, (4) recognizing as part

of funeral operations instead of cemetery operations, those revenues associated with delivered caskets previously prearranged on cemetery contracts, and (5) discontinuing the depreciation of certain operating assets held for sale in 2002.

Pro Forma Reconciliations

The following two tables reconcile net income (loss) and diluted earnings (loss) per share under GAAP to earnings before non-recurring items and diluted EPS before non-recurring items.

(In millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2002	2001	2002	2001
Net income (loss)	\$4.1	\$4.3	\$(227.7)	\$(6.0)
Adjust for non-recurring items (after tax):				
Gains from dispositions, impairment losses and other operating expenses	17.3	(0.6)	183.9	37.5
Extraordinary gains on early extinguishments of debt	(4.9)	(0.1)	(2.7)	(4.7)
Cumulative effects of accounting changes	---	---	135.6	7.6
Adjust for pro forma items (after tax):				
Goodwill amortization	---	10.5	---	33.5
Amortization of deferred prearranged funeral obtaining costs	---	(0.9)	---	(2.6)
Depreciation expense related to operations held for sale in 2002	---	2.0	---	12.6
Earnings before non-recurring items	\$16.5	\$15.2	\$89.1	\$77.9

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2002	2001	2002	2001
Diluted earnings (loss) per share	\$.01	\$.02	\$(.77)	\$(.02)
Adjust for non-recurring items:				
Gains from dispositions, impairment losses and other operating Expenses	.06	(.01)	.63	.13
Extraordinary gains on early extinguishments of debt	(.01)	(.00)	(.01)	(.02)
Cumulative effects of accounting changes	---	---	.46	.03
Effect of dilution on pro forma income from continuing operations	---	---	(.01)	---
Adjust for pro forma items:				
Goodwill amortization	---	.03	---	.12
Amortization of deferred prearranged funeral obtaining costs	---	(.00)	---	(.01)
Depreciation expense related to operations held for sale in 2002	---	.01	---	.04
Diluted EPS before non-recurring items	\$.06	\$.05	\$.30	\$.27

Comparable Revenues

Comparable revenues for 2002 and 2001 represent revenues excluding operations that have been acquired or constructed after January 1, 2001 and operations that have been divested by the Company prior to September 30, 2002.

(In millions)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2002	2001	2002	2001
Total revenues	\$543.8	\$583.0	\$1,695.9	\$1,879.5
Less: Revenues from operations acquired/constructed after 01/01/01 or divested prior				

to 09/30/02	(2.5)	(61.1)	(35.6)	(256.0)
Comparable revenues	\$541.3	\$521.9	\$1,660.3	\$1,623.5

2001 Pro Forma Revenues and Gross Profits

The following tables reconcile funeral and cemetery revenues and gross profits previously reported in 2001 to pro forma 2001 amounts used in this release for comparison purposes.

Revenues

(In millions)	Three Months Ended September 30, 2001		Nine Months Ended September 30, 2001	
	Funeral Revenues	Cemetery Revenues	Funeral Revenues	Cemetery Revenues
2001 revenues as previously reported	\$409.9	\$173.1	\$1,357.2	\$522.3
Reclassification of casket revenues	4.3	(4.3)	12.1	(12.1)
Total 2001 revenues as reclassified	414.2	168.8	1,369.3	510.2
Less: Revenues from operations acquired/constructed after 01/01/01 or divested prior to 09/30/02	(51.8)	(9.3)	(219.2)	(36.8)
Less: Comparable revenues outside of North America Pro forma comparable North America revenues	(104.7)	(14.4)	(322.2)	(37.9)
	\$257.7	\$145.1	\$827.9	\$435.5

Gross Profits

(In millions)	Three Months Ended September 30, 2001		Nine Months Ended September 30, 2001	
	Funeral Gross Profits	Cemetery Gross Profits	Funeral Gross Profits	Cemetery Gross Profits
2001 gross profits as previously reported	\$40.9	\$26.1	\$187.7	\$76.8
Reclassification of casket gross profits	2.3	(2.3)	6.6	(6.6)
Total 2001 gross profits as reclassified	43.2	23.8	194.3	70.2
Less: Gross (profits) losses from operations acquired/constructed after 01/01/01 or divested prior to 09/30/02	1.0	(2.1)	(14.5)	(9.5)
Less: Comparable gross profits outside of North America Comparable North America gross profits	(8.9)	(2.9)	(19.7)	(5.3)
Goodwill amortization	8.4	1.0	25.6	3.1
Amortization of deferred prearranged funeral obtaining costs	(1.4)	---	(4.2)	---
Allocation of overhead costs Pro forma comparable North America gross profits	(3.0)	3.0	(9.0)	9.0
	\$39.3	\$22.8	\$172.5	\$67.5

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