



Service Corporation International Reports Third Quarter 2004 Earnings of \$.04 Per Diluted Share, \$.06 Per Diluted Share Before Special Items

November 8, 2004

- Conference call to be webcast today at 9:00 a.m. central time

HOUSTON, Nov. 8 /PRNewswire-FirstCall/ -- Service Corporation International (NYSE: SCI), the world's largest funeral and cemetery company, today reported net income for the third quarter 2004 of \$12.6 million and earnings per diluted share of \$.04 compared to a net loss of \$4.7 million or \$.02 per diluted share in the same period of 2003. These results included litigation expenses, losses on dispositions, non-recurring other income and discontinued operations.

SCI's third quarter earnings from continuing operations, excluding special items, were \$19.3 million, or \$.06 per diluted share. This compares to earnings of \$12.7 million, or \$.04 per diluted share in the third quarter of 2003. Earnings before special items in 2003 benefited from net income of \$9.0 million or \$.03 per diluted share from our French operations which were divested in March 2004. Improved profitability in North America was the catalyst for earnings growth in 2004 compared to 2003. See a reconciliation of earnings before special items to GAAP measures included in a separate section later in this press release.

Gross profits from comparable North America funeral and cemetery businesses rose 33.2% or \$16.7 million driven by cost reductions. This improvement was achieved despite a 2.6% decrease in revenues which were impacted by declines in other funeral revenues and anticipated decreased revenues associated with cemetery development projects.

At September 30, 2004, total debt was \$1.29 billion and cash on hand was \$318.0 million. Total debt less cash on hand has been reduced by \$485.8 million or 33.2% since December 31, 2003. There were no meaningful debt repayments during the third quarter of 2004. Free cash flow was down \$8.6 million in the third quarter of 2004 compared to the third quarter of 2003 mainly due to a decrease in accounts receivable collections and the replacement of bonding with trust funding as our financial assurance mechanism for new preneed sales in Florida. On a year-to-date basis, free cash flow was \$166.8 million, down \$5.3 million from 2003, and on target to meet management's guidance of \$200 to \$245 million for the year. See our definition and calculation of free cash flow included in a separate section later in this press release.

"I am pleased with our third quarter accomplishments," said Robert L. Waltrip, Chairman and Chief Executive Officer. "Our operating results showed significant gains from the prior period. These improved results reflect the determination of our management team and the efforts of SCI employees throughout the organization. We continue to generate substantial free cash flow and our cash on hand exceeds \$300 million. With less than \$140 million of debt maturing during the remainder of 2004 and 2005, we have significant flexibility to consider investments or capital structure related transactions that will create value for our share owners."

"SCI delivered a solid operating performance in the third quarter," added Tom Ryan, President and Chief Operating Officer. "Both the funeral and cemetery segments showed significant increases in profits and margin expansion. We are especially pleased by the performance in our cemetery segment during the quarter where gross profits nearly doubled those in the year ago period. These improvements in North America are mainly the result of the initiatives undertaken in 2003 to reduce our costs and to improve our efficiency. We intend to maintain our focus on reducing our overall cost structure while also growing profitable revenues as we move ahead."

North America Comparable Operating Results

	Three Months Ended September 30,		Increase (Decrease)	Percentage
	2004	2003 (Restated)		
Funeral				

Revenues	\$262.0	\$265.2	\$(3.2)	(1.2)%
Gross Profits	\$44.3	\$38.6	\$5.7	14.8%
Gross Margin	16.9%	14.6%		
Funeral Services Performed	59,292	60,966	(1,674)	(2.7)%
Average Revenue Per Funeral Service	\$4,289	\$4,174	\$115	2.8%
Preneed funeral sales production	\$89.4	\$90.3	(\$0.9)	(1.0)%
Cemetery				

Revenues	\$127.7	\$135.0	\$(7.3)	(5.4)%
Gross Profits	\$22.7	\$11.7	\$11.0	94.0%
Gross Margin	17.8%	8.7%		
Preneed cemetery sales production	\$66.4	\$78.1	\$(11.7)	(15.0)%

In millions, except funeral services performed and average revenue per funeral service. Comparable financial information excludes operations that have been divested, acquired, or constructed during the period January 1, 2003 to September 30, 2004, and are meant to be reflective of "same store" results of operations.

- Funeral gross profits increased 14.8% to \$44.3 million.
 - Funeral revenues were down \$3.2 million or 1.2% predominantly due to a decrease in other funeral service revenues. Revenues from Kenyon, our disaster assistance subsidiary, declined \$1.8 million, and we also experienced a \$1.2 million decline in general agency revenues associated with insurance funded prearranged funeral sales.
 - Funeral gross profit improvement is primarily the result of reduced overhead and pension expenses, partially offset by the decline in the other funeral revenues described above. Funeral gross margin rose to 16.9% compared to 14.6% in the prior period.
 - Average revenue per funeral service grew 2.8%. We continue to see a strong positive trend in average revenue which is mainly a result of the expanded product and service offerings included in our Dignity Memorial(R) funeral and cremation plans.
 - The rate of selection of Dignity Memorial(R) plans increased to 17.2% compared to 16.6% in 2003.
 - Funeral case volume declined 2.7%, and is down 0.7% on a year-to-date basis which is consistent with management's guidance for the year.
 - Cremation rate increased to 39.8% versus 38.9% in the same period of 2003.
 - Preneed funeral sales production declined 1.0% to \$89.4 million.
- Cemetery gross profits nearly doubled, despite a 5.4% decline in revenues.
 - Cemetery gross profits increased \$11.0 million and benefited from reductions in overhead costs, selling costs, and maintenance expenses. Cemetery gross margins climbed to 17.8% from 8.7%.
 - Cemetery revenue decreased primarily due to lower levels of revenues associated with cemetery development projects.
 - Preneed cemetery sales production was down 15.0% to \$66.4 million, impacted by continued modifications to the sales compensation plan and to a lesser extent the hurricane-related issues that have plagued the Southeast where we have a significant presence.
- Field overhead and home office overhead, which are allocated to funeral and cemetery operations in North America, was reduced by \$10.7 million or 28.3% as a result of initiatives undertaken in 2003 to improve the management structure and to reduce our fixed costs.

Other Income and Expenses

- General and administrative expenses declined \$27.5 million to \$25.3 million due to a decrease in litigation expenses and system amortization costs.
 - In the third quarter of 2004, we recognized legal expenses (net of insurance recoveries) of \$8.3 million compared to \$32.0 million in 2003. Additionally, in 2003 we recognized \$4.6 million of accelerated system amortization expense that is not included in 2004. Excluding these items in both periods, general and

- administrative expenses increased less than \$1 million.
- During the quarter we experienced increased professional fees of \$1.8 million associated with Sarbanes-Oxley compliance and \$1.3 million of increased non-cash long-term compensation expenses; however, these expenses were offset primarily by reductions in information technology and other expenses.
 - Gains and impairment (losses) on dispositions, net was a net pretax loss of \$3.3 million compared to a net pretax loss of \$1.5 million in 2003. These net pretax losses in both periods are primarily associated with various dispositions in North America.
 - Interest expense was \$6.9 million lower in the third quarter of 2004 compared to the third quarter of 2003 primarily due to the debt extinguishments in the second quarter of 2004, including the early retirement of 6% notes due 2005, the repayment of 7.375% notes due 2004, and the conversion and redemption of 6.75 % convertible notes due 2008.
 - Other income declined \$6.6 million in the third quarter of 2004 compared to 2003. Contributing to this decrease was a decline of \$2.8 million in interest income and a decline of \$1.1 million in net foreign currency and other gains. Also, included in 2003 was a \$2.6 million net gain from corporate investments.
 - The effective tax rate in the quarter was 24.9% and was favorably impacted by a \$2.4 million benefit resulting from a change in estimated 2003 federal tax liabilities. Due to this benefit and tax benefits realized from certain international dispositions, we expect the effective tax rate for the year will be 11% to 15%.
 - The diluted weighted average number of shares increased by approximately 40 million shares in the third quarter of 2004 compared to 2003 mainly due to the conversion in June 2004 of our convertible senior notes which resulted in the issuance of approximately 32 million shares. The remaining share increase is related to dilutive outstanding stock options and our contribution of common stock to our 401 (k) retirement plan, partially offset by share repurchases.

Share Repurchase Program

In August 2004, we announced a share repurchase program authorizing the investment of up to \$100 million to repurchase our common stock. As of October 31, 2004, we had repurchased approximately 9.5 million shares at a total cost of approximately \$59.4 million. We plan to make purchases from time to time in the open market or through privately negotiated transactions, subject to acceptable market conditions and normal trading restrictions.

NON-GAAP FINANCIAL MEASURES

Free Cash Flow

Free cash flow is a non-GAAP financial measure. We define free cash flow as cash flows from operating activities (adjusted for certain unusual items described below) less capital improvements deemed reasonably necessary to maintain our existing facilities in a condition consistent with company standards and to extend their useful lives. We believe that free cash flow provides useful information to investors regarding our financial condition and liquidity as well as our ability to generate cash for purposes such as reducing debt, expanding through strategic investments and repurchasing stock or paying dividends. Free cash flow is not reduced by capital expenditures intended to grow revenues and profits such as the acquisition of funeral service locations or cemeteries in large or strategic North America markets, construction of high-end cemetery property inventory or the construction of funeral home facilities on SCI-owned cemeteries. Growth-oriented capital spending was \$20.4 million in the nine months ended September 30, 2004 compared to \$17.7 million in the same period of 2003.

While we believe free cash flow, as defined, is helpful in managing our business and provides useful information to investors, certain events may arise, financial or otherwise, which could require the use of free cash flow so that it would not be available for the purposes described above, as more fully described in our public filings with the Securities and Exchange Commission. Furthermore, free cash flow should be reviewed in addition to, but not as a substitute for, the data provided in our consolidated statement of cash flows attached to this press release.

The following table provides a reconciliation between cash flows from operations and free cash flow, as defined.

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Cash Flows from Operations	\$50.4	\$59.9	\$183.2	\$303.6
Less: Unusual Tax Refund	---	---	---	(94.5)
Add: Settlement of Significant Legal Matters, Net of Insurance Recoveries	(0.7)	21.1	(0.7)	25.1
Add: Repayment of Insurance Policy Loan from Retirement Program	11.4	---	11.4	---
Add: Frozen Cash Balance Pension Plan Contribution	---	---	20.0	---
Adjusted Cash Flows from Operations	\$61.1	\$81.0	\$213.9	\$234.2
Less: Capital Improvements to Maintain Existing Facilities	(14.8)	(26.1)	(47.1)	(62.1)
Free Cash Flow	\$46.3	\$54.9	\$166.8	\$172.1

- Free cash flow in the quarter was down \$8.6 million.
- We did not own our former business in France in the third quarter of 2004. Free cash flow from French operations in the third quarter of 2003 was a use of cash of \$3.5 million, consisting of \$7.9 million in cash flows from operations less \$11.4 million in maintenance capital improvement spending.
 - Free cash flow excluding our French operations was \$46.3 million compared to \$58.4 million. This decline of \$12.1 million was due to a decrease in accounts receivable collections and increased trust deposits in Florida. In February 2004, we began to trust monies associated with new preneed contracts in Florida in lieu of surety bonding. Net deposits to preneed funeral and cemetery trusts for new sales in Florida were \$5.8 million in the third quarter of 2004. No deposits to preneed funeral and cemetery trusts were made in 2003, as we used surety bonding as our financial assurance mechanism in that year.
- Free cash flow in the first nine months was down \$5.3 million.
- We owned our business in France from January 1, 2004 through March 11, 2004. Cash flow from these French operations for the partial period of our ownership in 2004 was \$18.3 million compared to \$26.1 million in the first nine months of 2003. Maintenance capital improvements related to our French business were \$2.8 million in the partial period of 2004 compared to \$19.7 million in 2003.
 - Free cash flow excluding our French businesses was \$151.3 million compared to \$165.7 million. This decline of \$14.4 million is mainly due to net deposits to preneed funeral and cemetery trusts for new sales in Florida of \$11.9 million in 2004 compared to no trust deposits in 2003. Also, maintenance capital spending increased \$1.9 million in 2004. Reductions in interest and tax payments helped to offset other working capital declines primarily associated with a decrease in accounts receivable collections.
 - Based on our year-to-date performance, we believe we are on pace to achieve targeted 2004 free cash flow of \$200 to \$245 million.

Earnings before special items is a non-GAAP financial measure. We believe this non-GAAP measure provides a consistent basis for comparison between quarters and better reflects the performance of our core operations, as it is not influenced by certain non-recurring expenses. We also believe this measure helps facilitate comparisons to competitors' operating results.

Set forth below is a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures. We do not intend for the information to be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

(In Millions)	Three Months Ended					
	September 30, 2004			September 30, 2003 (Restated)		
	Operating Income	Net Income	Diluted EPS	Operating Income	Net Income	Diluted EPS
As Reported	\$39.7	\$12.6	\$.04	\$14.7	\$(4.7)	\$(.02)
Settlement of significant legal matters	8.3	5.2	.02	32.0	19.8	.07
Gains and impairment losses on dispositions	3.3	1.8	.00	1.5	0.9	.00
Other income/expense						
Net gain on corporate investments	---	---	---	---	(2.6)	(.01)
Foreign currency transaction loss	---	---	---	---	---	---
Discontinued operations	---	(0.3)	(.00)	---	(0.7)	(.00)
Pro forma	\$51.3	\$19.3	\$.06	\$48.2	\$12.7	\$.04
Diluted weighted average shares		340,215			300,507	
Interest add back		\$---			\$---	

(In Millions)	Nine Months Ended					
	September 30, 2004			September 30, 2003 (Restated)		
	Operating Income	Net Income	Diluted EPS	Operating Income	Net Income	Diluted EPS
As Reported	\$194.4	\$87.5	\$.27	\$171.8	\$54.7	\$.18
Settlement of significant legal matters	48.3	30.6	.09	47.0	29.1	.09
Gains and impairment losses on dispositions	(33.1)	(58.5)	(.18)	(5.4)	(3.4)	(.01)
Other operating income/expense	(6.9)	(4.7)	(.01)	1.7	1.1	.00
Loss/gain on early extinguishment of debt	---	10.5	.03	---	(1.2)	(.00)
Other income/expense						
Interest income-United Kingdom note receivable	---	(2.7)	(.01)	---	---	---
Net gain on corporate						

investments	---	---	---	---	(2.6)	(.01)
Foreign currency transaction loss	---	2.3	.01	---	---	---
Discontinued operations	---	(35.4)	(.10)	---	(2.0)	(.00)
Cumulative effect of accounting changes	---	48.1	.14	---	---	---
Pro forma	\$202.7	\$77.7	\$.24	\$215.1	\$75.7	\$.25
Diluted weighted average shares		348,894			299,842	
Interest add back		\$6.4			\$---	

Conference Call and Webcast

We will host a conference call on Monday, November 8, 2004, at 9:00 a.m. Central time. A question and answer session will follow a brief presentation made by management. The conference call dial-in number is (719) 457-2683. The conference call will also be broadcast live via the Internet and can be accessed through our website at <http://www.sci-corp.com>. A replay of the conference call will be available through November 22, 2004 and can be accessed at (719) 457-0820 with the confirmation code of 831966. Additionally, a replay of the conference call will be available on our website for approximately ninety days on the Investors page under the subheading "Conference Calls" at <http://www.sci-corp.com/ConfCalls.html>. This earnings release will also be available on our website on the Investor Relations page under the subheading "News" at <http://www.sci-corp.com/InvestorsMenu.html>.

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 we believe are reasonable; however, many important factors could cause our 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 us, or on our behalf. Important factors, which could cause actual results to differ materially from those in forward-looking statements include, among others, the following:

- 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 us, particularly, but not limited to, levels of trust fund income, interest expense, pension expense and negative currency translation effects.
- The outcomes of pending lawsuits and proceedings against us involving alleged violations of securities laws and the possibility that insurance coverage is deemed not to apply to these matters or that an insurance carrier is unable to pay any covered amounts to us.
- Our ability to consummate the previously disclosed proposed settlement of our Consolidated Lawsuit (as defined within our Form 10-Q) involving allegations of violations of federal securities laws, which is subject to court approval.
- Our ability to consummate the settlement of lawsuits in Florida as described in the agreement in principle with respect thereto, and the possibility that insurance coverage is deemed not to apply to these matters or that an insurance carrier is unable to pay any covered amounts to us.
- Amounts payable by us with respect to our outstanding legal matters exceeding our established reserves.
- We maintain accruals for tax liabilities which relate to uncertain tax matters. If these tax matters are unfavorably resolved, we will make any required payments to tax authorities. If these tax matters are favorably resolved, the accruals maintained by us will no longer be required and these amounts will be reversed through the tax provision at the time of resolution.
- Our ability to successfully implement our strategic plan related to producing operating improvements, strong cash flows and further deleveraging.
- Our ability to successfully implement our plan to reduce costs and increase cash flows associated with significant changes being made to

- our organization structure, process and quality of our sales efforts.
- Changes to net income as a result of our ongoing reconciliation processes regarding our trust assets and preneed backlogs.
- Changes in consumer demand and/or pricing for our products and services due to several factors, such as changes in numbers of deaths, cremation rates, competitive pressures and local economic conditions.
- Changes in domestic and international political and/or regulatory environments in which we operate, including potential changes in tax, accounting and trusting policies.
- Changes in credit relationships impacting the availability of credit and the general availability of credit in the marketplace.
- Our ability to successfully complete our ongoing process improvement and system implementation projects, including our replacement of our North America point-of-sale information technology systems.
- Our ability to successfully access surety and insurance markets at a reasonable cost.
- Our ability to successfully exploit our substantial purchasing power with certain of our vendors.
- The outcome of a pending Internal Revenue Service audit and future tax deductions resulting from potential asset sales.
- The effectiveness of our internal controls over financial reporting, and our ability to certify the effectiveness of the internal controls and to obtain a favorable attestation report of our auditors regarding our assessment of our internal controls.

For further information on these and other risks and uncertainties, see our Securities and Exchange Commission filings, including our 2003 Annual Report on Form 10-K. Copies of this document as well as other SEC filings can be obtained from our website at <http://www.sci-corp.com>. We assume no obligation to publicly update or revise any forward-looking statements made herein or any other forward-looking statements made by us, whether as a result of new information, future events or otherwise.

Service Corporation International, headquartered in Houston, Texas, is the leading provider of funeral and cemetery services in the world. We have an extensive network of businesses including 1,218 funeral service locations and 402 cemeteries in North America as of September 30, 2004. For more information about Service Corporation International, please visit our website at <http://www.sci-corp.com>.

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SERVICE CORPORATION INTERNATIONAL
CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)
(In thousands, except per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Revenues	\$403,352	\$566,461	\$1,421,526	\$1,729,337
Costs and expenses	335,083	497,515	1,166,776	1,450,801
Gross profit	68,269	68,946	254,750	278,536
General and administrative expenses	(25,298)	(52,775)	(100,347)	(110,454)
Gains and impairment (losses) on dispositions, net	(3,281)	(1,452)	33,018	5,413
Other operating income (expense)	---	---	6,932	(1,724)

Operating income	39,690	14,719	194,353	171,771
Interest expense	(27,888)	(34,835)	(94,668)	(107,968)
Gain (loss) on early extinguishment of debt	---	176	(16,770)	2,079
Other income, net	4,569	11,218	12,758	16,590
	(23,319)	(23,441)	(98,680)	(89,299)
Income (loss) from continuing operations before income taxes and cumulative effects of accounting changes	16,371	(8,722)	95,673	82,472
Provision (benefit) for income taxes	4,079	(3,331)	(4,468)	29,815
Income (loss) from continuing operations before cumulative effects of accounting changes	\$12,292	\$(5,391)	\$100,141	\$52,657
Income from discontinued operations (net of income tax expense (benefit) of \$141, \$112, (\$48,815) and \$336, respectively)	284	659	35,375	2,005
Cumulative effects of accounting changes (net of income tax benefit of \$21,274)	---	---	(48,061)	---
Net income (loss)	\$12,576	\$(4,732)	\$87,455	\$54,662
Basic earnings (loss) per share:				
Income (loss) from continuing operations before cumulative effects of accounting changes	\$.04	\$(.02)	\$.32	\$.18
Income from discontinued operations, net of tax	---	---	.11	---
Cumulative effects of accounting changes, net of tax	---	---	(.15)	---
Net income (loss)	\$.04	\$(.02)	\$.28	\$.18
Diluted earnings (loss) per share:				
Income (loss) from continuing operations before cumulative effects of accounting changes	\$.04	\$(.02)	\$.31	\$.18
Income from discontinued operations, net of tax	---	---	.10	---
Cumulative effects of accounting changes, net of tax	---	---	(.14)	---
Net income (loss)	\$.04	\$(.02)	\$.27	\$.18
Basic weighted average number of shares	336,590	300,507	315,656	299,221

Diluted weighted average				
number of shares	340,215	300,507	348,894	299,842
	=====	=====	=====	=====

SERVICE CORPORATION INTERNATIONAL
CONSOLIDATED BALANCE SHEET (UNAUDITED)
(In thousands, except share amounts)

	September 30, 2004	December 31, 2003

Assets		
Current assets:		
Cash and cash equivalents	\$318,045	\$239,431
Receivables, net	118,414	229,839
Inventories	86,951	136,807
Current assets of discontinued operations	5,808	6,101
Other	171,957	61,146
	-----	-----
Total current assets	701,175	673,324
	-----	-----
Preneed funeral receivables and trust investments	1,192,619	1,229,765
Preneed cemetery receivables and trust investments	1,370,412	1,083,035
Cemetery property, at cost	1,534,642	1,524,847
Property, plant and equipment, at cost, net	969,849	1,277,583
Non-current assets of discontinued operations	4,340	3,217
Deferred charges and other assets	668,151	738,011
Goodwill	1,167,092	1,195,422
Cemetery perpetual care trust investments	699,888	---
	-----	-----
	\$8,308,168	\$7,725,204
	=====	=====
Liabilities & Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$369,608	\$449,497
Current maturities of long-term debt	59,025	182,682
Current liabilities of discontinued operations	9,187	7,600
Income taxes	7,466	29,576
	-----	-----
Total current liabilities	445,286	669,355
	-----	-----
Long-term debt	1,235,691	1,519,189
Deferred preneed funeral revenues	480,514	1,612,347
Deferred preneed cemetery revenues	874,298	1,575,352
Deferred income taxes	311,583	418,375
Non-current liabilities of discontinued operations	69,647	53,930
Other liabilities	361,360	349,698
Non-controlling interest in funeral and cemetery trusts	1,977,856	---
Non-controlling interest in perpetual care trusts	675,140	---
Stockholders' equity:		
Common stock, \$1 per share par value, 500,000,000 shares authorized, 332,658,017 and 302,039,871, issued		

and outstanding (net of 7,970,268 and 2,469,445 treasury shares, at par)	332,658	302,040
Capital in excess of par value	2,451,512	2,274,664
Unearned compensation	(2,264)	---
Accumulated deficit	(850,608)	(938,063)
Accumulated other comprehensive loss	(54,505)	(111,683)
	-----	-----
Total stockholders' equity	1,876,793	1,526,958
	-----	-----
	\$8,308,168	\$7,725,204
	=====	=====

SERVICE CORPORATION INTERNATIONAL
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
(In thousands)

	Nine months ended September 30,	
	----- 2004 -----	----- 2003 -----
Cash flows from operating activities:		
Net income	\$87,455	\$54,662
Adjustments to reconcile net income to net cash provided by operating activities:		
Net income from discontinued operations	(35,375)	(2,005)
Loss (gains) on early extinguishments of debt	16,770	(2,079)
Cumulative effects of accounting changes, net of tax	48,061	---
Depreciation and amortization	103,607	122,120
(Benefit) provision for deferred income taxes	(6,507)	7,635
(Gains) and impairment losses on dispositions, net	(33,018)	(5,413)
Other operating (income) expense	(6,932)	1,724
Change in assets and liabilities, net of effects from acquisitions and dispositions:		
Decrease in receivables	20,213	52,291
Decrease in other assets	964	32,617
Increase in payables and other liabilities	19,757	33,080
Net effect of preneed funeral production and maturities	(30,461)	1,289
Net effect of cemetery production and deliveries	(4,159)	(1,876)
Other	348	10,468
	-----	-----
Net cash provided by operating activities from continuing operations	180,723	304,513
Net cash provided by (used in) operating activities from discontinued operations	2,503	(925)
	-----	-----
Net cash provided by operating activities	183,226	303,588
Cash flows from investing activities:		
Capital expenditures	(67,495)	(79,864)
Proceeds from divestitures and sales of property and equipment	30,326	52,186
Proceeds and distributions from joint ventures and equity investments, net of cash retained	330,789	30,802

Acquisitions, net of cash acquired	(1,818)	---
Payment of purchase obligations to former owners of acquired business	(51,749)	---
Net deposits of restricted funds and other	(119,085)	(56,230)
	-----	-----
Net cash provided by (used in) investing activities from continuing operations	120,968	(53,106)
Net cash used in investing activities from discontinued operations	(132)	(373)
	-----	-----
Net cash provided by (used in) investing activities	120,836	(53,479)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	241,237	---
Payments of debt	(124,752)	(86,604)
Early extinguishments of debt	(313,778)	(194,019)
Proceeds from exercise of stock options	6,040	---
Purchase of Company common stock	(34,812)	---
Bank overdrafts and other	---	(10,349)
	-----	-----
Net cash used in financing activities	(226,065)	(290,972)
Effect of foreign currency	617	4,158
	-----	-----
Net increase (decrease) in cash and cash equivalents	78,614	(36,705)
Cash and cash equivalents at beginning of period	239,431	200,625
	-----	-----
Cash and cash equivalents at end of period	\$318,045	\$163,920
	=====	=====

SOURCE Service Corporation International

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