



Service Corporation International Announces Second Quarter 2006 Financial Results

August 10, 2006

- Conference call to be webcast on Thursday, August 10, 2006, at

9:00 a.m. central time.

HOUSTON, Aug. 9 /PRNewswire-FirstCall/ -- Service Corporation International (NYSE: SCI), which owns and operates funeral service locations and cemeteries, today reported results for the second quarter and first half of 2006. Our consolidated financial statements (statement of operations, balance sheet and statement of cash flows) can be found at the end of this press release. The table below summarizes our key GAAP financial results:

(In millions, except for per share amounts)	Three Months		Six Months	
	Ended		Ended	
	June 30,		June 30,	
	2006	2005	2006	2005
	-----		-----	
	(Restated)		(Restated)	
Revenues	\$431.3	\$431.8	\$873.1	\$879.3
Operating income	59.3	55.1	120.4	127.4
Net income (loss)	25.5	13.8	52.4	(141.1)
Diluted earnings (loss) per share	.09	.05	.18	(.45)
Net cash provided by operating activities	71.4	63.3	151.6	190.4

2006 Highlights

- Earnings from continuing operations excluding special items were \$28.6 million, or \$.10 per diluted share, in the second quarter of 2006 compared to \$19.1 million, or \$.06 per diluted share in the second quarter of 2005. In the first half of 2006, earnings from continuing operations excluding special items were \$59.3 million, or \$.20 per diluted share compared to \$55.1 million, or \$.18 per diluted share in the first half of 2005. Earnings from continuing operations excluding special items is a non-GAAP financial measure. See a reconciliation of this measure to net income computed in accordance with GAAP included in a separate section later in this press release.
- On April 3, 2006, we announced an agreement to acquire the Alderwoods Group, combining two of the leading providers of funeral and cemetery services in North America.
- North America comparable funeral and cemetery revenues increased 3.5% in the second quarter and 3.2% in the first half of 2006 to \$425.3 million and \$860.6 million, respectively.
- Comparable average revenue per funeral service increased 9.3% to \$4,737 in the second quarter of 2006 and increased 8.0% to \$4,669 in the first half of 2006 compared to the same periods last year, which helped to offset declines of 5.5% in comparable funeral services performed in both the three and six months ended June 30, 2006.
- In the second quarter of 2006, we received and recognized \$7.9 million of cemetery endowment care trust fund income as a result of the resolution of disputes over ownership rights to the funds.
- Cash flow from operating activities in the first half of 2006 was \$151.6 million.
- Cash on hand was just under \$530 million at June 30, 2006.
- In the second quarter of 2006, we repurchased 3.4 million of SCI common shares, totaling \$27.9 million.
- On August 9, 2006, the Company's Board of Directors approved a dividend of \$.025 per common share.

Tom Ryan, the Company's President and Chief Executive Officer, commented on the second quarter of 2006:

"I am pleased with the second quarter performance in both our funeral and cemetery segments, as our combined gross margin percentages improved to 19.3%," said Tom Ryan, President and Chief Executive Officer. "Cash flow from operations continues to be strong, generating \$151.6 million in the first six months of 2006. These improvements were driven by the impact of our strategic pricing initiatives along with our continued focus to control discounts."

"We are excited about the pending merger with Alderwoods Group and look forward to welcoming their employees to our organization. By combining the best practices of the two companies, we will be able to enhance the value and leadership position of SCI," Ryan added.

North America Comparable Results of Operations

We regard comparable results of operations as analogous to our "same store" results of operations. For purposes of the following presentation, we consider comparable operations as those owned for the entire period beginning January 1, 2005 and ending June 30, 2006. Therefore, in the following presentation, we are providing results of operations for the same funeral and cemetery locations in each of the periods presented. We believe this presentation provides greater clarity for comparison purposes of our results of operations for each of the periods presented.

(In millions, except funeral services performed, average revenue per funeral service or per contract sold and total preneed funeral contracts)

	Three Months Ended		Six Months Ended	
	June 30, 2006	2005	June 30, 2006	2005
	(Restated)		(Restated)	
	-----	-----	-----	-----
Funeral				
Funeral atneed revenue	\$179.4	\$174.1	\$372.1	\$366.6
Funeral recognized preneed revenue	85.6	82.3	181.0	175.5
General agency revenue	8.6	7.4	16.7	13.8
Kenyon revenue	0.7	5.3	1.9	13.4
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Total funeral revenues	\$274.3	\$269.1	\$571.7	\$569.3
Gross profit	\$52.4	\$49.1	\$117.4	\$126.8
Gross margin percentage	19.1 %	18.2 %	20.6 %	22.3 %
Funeral services performed				
	55,941	59,179	118,457	125,367
Average revenue per funeral service:				
Preneed	\$4,510	\$4,242	\$4,516	\$4,244
Atneed	\$4,853	\$4,378	\$4,748	\$4,363
Total	\$4,737	\$4,333	\$4,669	\$4,324
Preneed Funeral Production:				
Sales	\$80.2	\$89.2	\$161.9	\$167.5
Total preneed funeral contracts sold	16,648	20,288	34,405	39,773
Average revenue per contract	\$4,818	\$4,398	\$4,706	\$4,210
Cemetery				
Cemetery atneed revenue	\$53.4	\$51.9	\$108.6	\$101.1
Cemetery recognized preneed revenue	71.4	72.8	134.6	129.9
Other revenue (1)	26.2	17.2	45.7	34.0
	-----	-----	-----	-----
Total cemetery revenues	\$151.0	\$141.9	\$288.9	\$265.0
Gross profit	\$30.6	\$22.2	\$53.6	\$40.1
Gross margin percentage	20.3 %	15.6 %	18.6 %	15.1 %
Preneed and Atneed Cemetery Production:				
Preneed and Atneed Sales	\$137.0	\$142.3	\$270.2	\$268.8
Recognition rate (2)	91.2 %	87.6 %	90.0 %	85.9 %

- (1) Other cemetery revenue is primarily related to endowment care trust fund income and interest and finance charges earned from customer receivables on preneed installments contracts.
- (2) Represents the ratio of current period revenue recognition stated as a percentage of current period sales production.

For the Three Months Ended June 30, 2006

Funeral Results

North America comparable funeral revenue increased \$5.2 million, or 1.9%, in the second quarter of 2006 compared to the second quarter of 2005 reflecting higher average revenue per funeral service and an increase of floral revenues. General agency revenue increased \$1.2 million, or 16.2%, as we continue to see a favorable shift in the types of insurance contracts we have sold. These improvements were partially offset by a decline in comparable funeral volume, coupled with a decrease in Kenyon's revenue (our subsidiary that specializes in providing disaster management services in mass fatality incidents) of \$4.6 million because Kenyon was not involved in any catastrophic events in the second quarter of 2006.

North America comparable funeral gross profit increased \$3.3 million in the second quarter of 2006 versus the same period of 2005 as we continue to see improvements in our infrastructure due to more centralization and standardization within our organization partially offset by increases in floral and merchandise costs. Also impacting funeral results were the following:

- The average revenue per funeral service increased 9.3%, or \$404 per service, as a result of our initiative to align resources with our customer segmentation strategy and to focus on strategic pricing, which places less emphasis on traditional funeral merchandise and more focus on service offerings.
- The number of comparable funeral services performed declined 3,238, or 5.5%, due to a decline in the number of deaths within our markets. In addition, we attribute a portion of the decline to certain local business decisions to exit unprofitable immediate disposition activities. These decisions were made locally with the understanding of the Company's customer segmentation strategy which will focus resources on market share opportunities within certain customer segments.
- The cremation rate for SCI in the three months ended June 30, 2006 and 2005 was 41.1%.
- The gross margin percentage increased from 18.3% to 19.1% due primarily to higher average revenue per funeral service.
- Kenyon's operations negatively impacted gross profit by \$0.5 million compared to prior year.

Cemetery Results

North America comparable cemetery revenues increased \$9.1 million, or 6.4%, in the second quarter of 2006 compared to the same period of 2005. This increase was primarily attributable to the receipt and recognition of \$7.9 million of endowment care income as a result of the resolution of disputes over ownership rights to the funds. The receipts represent investment income which was not distributed during the dispute period, which began in late 2004. Atneed revenues combined with recognized preneed revenues in the three months ended June 30, 2006 were flat compared to prior year.

North America comparable cemetery gross profit increased \$8.4 million, or 37.8%, in the second quarter of 2006 compared to the second quarter of 2005, as a result of the increase in trust fund income described above and lower sales and commission expense partially offset by higher maintenance and administrative costs within our cemetery operations.

Other Results

- General and administrative expenses declined to \$20.9 million in the second quarter of 2006 compared to \$22.5 million in the second quarter of 2005. Increased costs associated with the expensing of stock options, which totaled \$1.1 million (pretax) were more than offset by decreases in salaries and bonuses. We expect stock option expense in the remaining quarters of 2006 to be approximately \$1.6 million (pretax).
- Interest expense increased to \$26.6 million in the second quarter of 2006, compared to \$26.2 million in the second quarter of 2005. The increases reflect incremental penalty interest expense related to our senior unsecured notes due 2017 and the modification of certain transportation leases in January 2006, which resulted in their

classification as capital leases in the first half of 2006.

- Interest income increased \$2.9 million in the second quarter of 2006 to \$6.8 million primarily as a result of increases in our cash balance and higher interest rates during 2006.
- Other income (expense), net was a \$1.6 million gain in the second quarter of 2006, compared to a gain of \$0.6 million in the second quarter of 2005. The components of other income for the periods presented are as follows:
 - Cash overrides received from a third party insurance provider related to the sale of insurance funded preneed funeral contracts were \$1.5 million in the second quarter of 2006 compared to \$1.6 million in the same period of 2005.
 - Surety bond premium costs were \$1.0 million in the second quarters of 2006 and 2005.
 - The remaining income of \$1.1 million in the second quarter of 2006 is primarily attributable to net gains and losses related to foreign currency transactions.
- The consolidated effective tax rate in the second quarter of 2006 resulted in a provision of 37.7%, compared to 47.1% in the same period of 2005. The 2006 and 2005 tax rates were both negatively impacted by permanent differences between the book and tax bases of North American asset dispositions.

For the Six Months Ended June 30, 2006

Funeral Results

North America comparable funeral revenue increased \$2.4 million, in the first half of 2006 compared to the first half of 2005. These results were favorably impacted by higher average revenue per funeral service and an increase of floral revenues. General agency revenue also increased \$2.9 million, or 21.0%, in the first half of 2006 compared to the same period last year as a result of a mix shift in the types of insurance contracts sold. These improvements were partially offset by a decline in comparable funeral volume coupled with an \$11.5 million decrease in Kenyon's revenue as Kenyon was not involved in any mass fatality incidents in the second quarter of 2006.

North America comparable funeral gross profit decreased \$9.4 million in the first half of 2006 versus the same period of 2005 as revenue increases were more than offset by increases in floral and merchandise costs. Additional details related to the funeral segment are as follows:

- The average revenue per funeral service increased 8.0%, or \$345 per service, as a result of our initiative to align resources with our strategy and to focus on strategic pricing, which places less emphasis on traditional funeral merchandise and more focus on service offerings.
- The number of comparable funeral services performed declined 6,910, or 5.5%, primarily due to a decline in the number of deaths within our markets, particularly in the northeast as they experienced an unusually warm winter during the first quarter of 2006. Also impacting the decline in volume were certain local business decisions to exit unprofitable immediate disposition activities as described above in Funeral Results for the three months ended June 30, 2006.
- The cremation rate for SCI in the first half of 2006 was 41.3% compared to 40.7% in the same period of 2005.
- Kenyon's operations negatively impacted gross profit by \$3.5 million compared to prior year.

Cemetery Results

North America comparable cemetery revenues increased \$23.9 million, or 9.0%, in the first half of 2006 compared to the same period of 2005. The increase primarily resulted from higher atneed revenues and increased recognition of preneed merchandise and service sales in the first half of 2006 compared to the prior year period. Also contributing to the increase was the receipt and recognition of \$7.9 million of endowment care income as a result of the resolution of disputes over ownership rights to the funds as further described above in Cemetery Results for the three months ended June 30, 2006.

North America comparable cemetery gross profit increased \$13.5 million, or 33.7%, in the first half of 2006 compared to the first half of 2005, as a result of the increase in trust fund income described above and lower sales and commission expense partially offset by higher maintenance and administrative costs within our cemetery operations.

Other Results

- General and administrative expenses were \$42.9 million in the first half of 2006 compared to \$42.2 million in the first half of 2005. Increased costs associated with the expensing of stock options, which totaled \$2.5 million (pretax) were offset by a decrease in salaries and bonuses. We expect stock option expense to be approximately \$1.6 million (pretax) in the last six months of 2006.
- Interest expense increased to \$53.3 million in the first half of 2006, compared to \$51.2 million in the first half of 2005. The increase reflects incremental penalty interest expense related to our senior unsecured notes due 2017 and the modification of certain transportation leases in January 2006, which resulted in their classification as capital leases in the first half of 2006.
- Interest income increased \$4.8 million in the first half of 2006 to \$12.8 million primarily as a result of increases in our cash balance and higher interest rates during 2006.
- Other income (expense), net was a \$4.0 million gain in the first half of 2006, compared to an expense of \$0.6 million in the first half of 2005. The components of other income for the periods presented are as follows:
 - Cash overrides received from a third party insurance provider related to the sale of insurance funded preneed funeral contracts were \$3.1 million in the first half of 2006 compared to \$3.1 million in the same period of 2005.
 - Surety bond premium costs were \$2.0 million in the first half of 2006 and 2005.
 - Favorable adjustments to our allowance on notes receivable were \$1.9 million in the first half of 2006.
 - The remaining income of \$1.0 million in the first half of 2006 and expense of \$1.7 million in the same period of 2005 are primarily attributable to net gains and losses related to foreign currency transactions.
- The consolidated effective tax rate in the first half of 2006 resulted in a provision of 37.3%, compared to 39.1% in the same period of 2005. The 2006 and 2005 tax rates were both negatively impacted by permanent differences between the book and tax bases of North American asset dispositions.

Cash Flow

(In millions)	Six Months Ended June 30,		
	2006	2005	Decrease
Net cash provided by operating activities	\$151.6	\$190.4	\$(38.8)

Net cash provided by operating activities in the first half of 2006 were \$151.6 million, a decrease of \$38.8 million compared to the first half of 2005. The first half of 2005 included a federal income tax refund of \$29.0 million. The first half of 2006 included \$16.5 million of long-term incentive cash compensation payments related to a 2003 award program as previously disclosed in our 2006 annual guidance. Excluding these items, cash flow from continuing operations increased \$6.7 million compared to the first half of 2005 primarily as a result of the receipt of \$7.9 million of trust fund income described in Cemetery Results and improvements in the Company's DSO for the first half of 2006.

A summary of our capital expenditures is set forth below:

(In millions)	Capital Expenditures	
	Six Months Ended	
	June 30, 2006	June 30, 2005

operations	0.2	-	(3.1)	(.01)	0.2	-	(4.3)	(.01)
Cumulative effect of accounting change	-	-	-	-	-	-	187.5	.60

Earnings from continuing operations excluding special items	\$28.6	\$.10	\$19.1	\$.06	\$59.3	\$.20	\$55.1	\$.18
=====								
Diluted weighted average shares outstanding (in thousands)	297,501		306,404		297,784		311,986	

Conference Call and Webcast

We will host a conference call on Thursday, August 10, 2006, 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) 785-9442. 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 August 24, 2006 and can be accessed at (719) 457-0820 with the confirmation code of 7638264. 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 outcome of the acquisition of Alderwoods and the possibility that certain closing conditions may not be satisfied that will result in the acquisition not being completed.
- Our ability to successfully integrate Alderwoods or that the anticipated benefits of the acquisition are not fully realized.
- The outcomes of pending lawsuits and proceedings against us 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.
- The amounts payable by us with respect to our outstanding legal matters exceed our established reserves.
- The outcome of a pending Internal Revenue Service audit. We maintain accruals for tax liabilities which relate to uncertain tax matters. If these tax matters are unfavorably resolved, we will be required to 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 primarily be reversed through the tax provision at the time of resolution.
- Our ability to manage 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 access surety and insurance markets at a reasonable cost.
- Our ability to successfully exploit our substantial purchasing power with certain of our vendors.

For further information on these and other risks and uncertainties, see our Securities and Exchange Commission filings, including our 2005 Annual Report on Form 10-K. Copies of this document as well as other SEC filings can be obtained from our website at 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 (NYSE: SCI), headquartered in Houston, Texas, owns and operates funeral service locations and cemeteries. We have an extensive network of businesses including 1,026 funeral service locations and 351 cemeteries in North America as of June 30, 2006. For more information about Service Corporation International, please visit our website at www.sci-corp.com.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
	-----	-----	-----	-----
		(Restated)		(Restated)
Revenues	\$431,345	\$431,842	\$873,143	\$879,284
Costs and expenses	(348,208)	(358,798)	(702,399)	(708,440)
Gross profit	83,137	73,044	170,744	170,844
General and administrative expenses	(20,922)	(22,485)	(42,929)	(42,192)
Gains (losses) on dispositions and impairment charges, net	(2,881)	4,528	(7,391)	(1,213)
Operating income	59,334	55,087	120,424	127,439
Interest expense	(26,609)	(26,224)	(53,337)	(51,229)
Loss on early extinguishment of debt	-	(13,051)	-	(14,258)
Interest income	6,782	3,894	12,763	7,950
Other income (expense), net	1,632	571	4,046	(637)
	-----	-----	-----	-----
	(18,195)	(34,810)	(36,528)	(58,174)
	-----	-----	-----	-----
Income from continuing operations before income taxes and cumulative effect of accounting change	41,139	20,277	83,896	69,265
Provision for income taxes	(15,506)	(9,553)	(31,282)	(27,073)
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Income from continuing operations before cumulative effect of accounting change	25,633	10,724	52,614	42,192
(Loss) income from discontinued				

operations (net of income tax benefit (provision) of \$115, \$(826), \$150, and \$(1,981), respectively)	(183)	3,113	(238)	4,288
Cumulative effect of accounting change (net of income tax benefit of \$117,428)	-	-	-	(187,538)
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Net income (loss)	\$25,450	\$13,837	\$52,376	\$(141,058)
	=====	=====	=====	=====
Basic earnings (loss) per share:				
Income from continuing operations before cumulative effect of accounting change	\$.09	\$.04	\$.18	\$.14
Income from discontinued operations, net of tax	-	.01	-	.01
Cumulative effect of accounting change, net of tax	-	-	-	(.61)
	-----	-----	-----	-----
Net income (loss)	\$.09	\$.05	\$.18	\$(.46)
	=====	=====	=====	=====
Diluted earnings (loss) per share:				
Income from continuing operations before cumulative effect of accounting change	\$.09	\$.04	\$.18	\$.14
Income from discontinued operations, net of tax	-	.01	-	.01
Cumulative effect of accounting change, net of tax	-	-	-	(.60)
	-----	-----	-----	-----
Net income (loss)	\$.09	\$.05	\$.18	\$(.45)
	=====	=====	=====	=====
Basic weighted average number of shares	293,409	302,363	293,580	307,896
	=====	=====	=====	=====
Diluted weighted average number of shares	297,501	306,404	297,784	311,986
	=====	=====	=====	=====
Dividends declared per share	\$.025	\$.025	\$.050	\$.050
	=====	=====	=====	=====

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

	June 30, 2006	December 31, 2005
	----- (Unaudited)	----- (Restated)
Assets		
Current assets:		
Cash and cash equivalents	\$529,171	\$446,782
Receivables, net	62,439	97,747
Inventories	64,938	68,327
Other	30,847	37,527
	-----	-----
Total current assets	687,395	650,383
	-----	-----
Preneed funeral receivables and trust investments	1,227,144	1,226,192
Preneed cemetery receivables and trust		

investments	1,285,832	1,288,515
Cemetery property, at cost	1,365,712	1,355,654
Property and equipment, at cost, net	1,038,990	950,174
Goodwill	1,118,119	1,123,888
Deferred charges and other assets	253,727	249,581
Cemetery perpetual care trust investments	693,781	700,382
	-----	-----
	\$7,670,700	\$7,544,769
	=====	=====
Liabilities & Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$196,977	\$231,693
Current maturities of long-term debt	30,414	20,716
Income taxes	21,014	20,359
	-----	-----
Total current liabilities	248,405	272,768
	-----	-----
Long-term debt	1,265,263	1,186,485
Deferred preneed funeral revenues	539,178	535,384
Deferred preneed cemetery revenues	777,717	792,485
Deferred income taxes	168,925	138,677
Other liabilities	315,403	326,985
Non-controlling interest in funeral and cemetery trusts	2,055,566	2,015,811
Non-controlling interest in cemetery perpetual care trusts	691,385	694,619
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$1 per share par value, 500,000,000 shares authorized, 292,411,418 and 294,808,872, issued and outstanding (net of 51,956,842 and 48,962,063 treasury shares, at par)	292,411	294,809
Capital in excess of par value	2,145,516	2,182,745
Unearned compensation	-	(3,593)
Accumulated deficit	(910,529)	(962,905)
Accumulated other comprehensive income	81,460	70,499
	-----	-----
Total stockholders' equity	1,608,858	1,581,555
	-----	-----
	\$7,670,700	\$7,544,769
	=====	=====

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

	Six Months Ended June 30,	
	2006	2005
	-----	-----
		(Restated)
Cash flows from operating activities:		
Net income (loss)	\$ 52,376	\$(141,058)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Net loss (income) from discontinued operations, net of tax	238	(4,288)
Loss on early extinguishment of debt	-	14,258
Premiums paid on early extinguishment of debt	-	(12,186)
Cumulative effect of accounting change,		

net of tax	-	187,538
Depreciation and amortization	45,670	36,525
Provision for doubtful accounts	4,718	4,494
Provision for deferred income taxes	25,063	25,573
Losses on dispositions and impairment charges, net	7,391	1,213
Share-based compensation	3,856	996
Loan cost amortization	5,070	5,052
Change in assets and liabilities, net of effects from acquisitions and dispositions:		
Decrease in receivables	17,976	11,135
(Increase) decrease in other assets	(3,639)	27,956
Decrease in payables and other liabilities	(39,139)	(12,091)
Net effect of preneed funeral production and maturities	4,421	(3,054)
Net effect of cemetery production and deliveries	27,866	45,967
Other	(264)	4,086
	-----	-----
Net cash provided by operating activities from continuing operations	151,603	192,116
Net cash used in operating activities from discontinued operations	-	(1,688)
	-----	-----
Net cash provided by operating activities	151,603	190,428
Cash flows from investing activities:		
Capital expenditures	(40,547)	(43,752)
Proceeds from divestitures, net of cash retained and sales of property and equipment	26,955	56,060
Proceeds from equity investments	-	32,070
Indemnity payments related to the sale of former funeral operations in France	(412)	(1,602)
Acquisitions, net of cash acquired	(14,677)	-
Net withdrawals (deposits) of restricted funds and other	11,025	(9,026)
	-----	-----
Net cash (used in) provided by investing activities from continuing operations	(17,656)	33,750
Net cash provided by (used in) investing activities from discontinued operations	10,958	(155)
	-----	-----
Net cash (used in) provided by investing activities	(6,698)	33,595
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	-	291,472
Payments of debt	(13,713)	(2,988)
Principal payments on capital leases	(10,701)	(156)
Early extinguishment of debt	-	(286,215)
Proceeds from exercise of stock options	2,402	4,556
Purchase of Company common stock	(27,870)	(189,809)
Payments of dividends	(14,719)	(7,729)
Purchase of subsidiary stock	-	(844)
	-----	-----
Net cash used in financing activities	(64,601)	(191,713)
Effect of foreign currency	2,085	(140)
	-----	-----
Net increase in cash and cash equivalents	82,389	32,170
Cash and cash equivalents at beginning of period	446,782	287,785
	-----	-----
Cash and cash equivalents at end of period	\$529,171	\$319,955
	=====	=====

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08/09/2006

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