



Service Corporation International Announces Fourth Quarter 2008 Financial Results and Comments on Outlook for 2009

February 25, 2009

- Conference call on Thursday, February 26, 2009, at 9:00 a.m. Central Standard Time.

HOUSTON, Feb. 25 /PRNewswire-FirstCall/ -- Service Corporation International (NYSE: SCI), a leading provider of deathcare products and services, today reported results for the fourth quarter and fiscal year 2008 and provided its comments on its outlook for fiscal year 2009. Our consolidated financial statements can be found at the end of this press release. The table below summarizes our key financial results:

(In millions, except for per share amounts)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2008	2007	2008	2007
Revenues	\$517.0	\$572.9	\$2,155.6	\$2,285.3
Operating income	\$60.9	\$89.9	\$292.7	\$346.2
Net income	\$9.5	\$166.8	\$97.1	\$247.7
Diluted earnings per share	\$.04	\$.60	\$.37	\$.85
Earnings from continuing operations excluding special items (1)	\$22.1	\$38.8	\$134.2	\$151.5
Diluted earnings per share from continuing operations excluding special items (1)	\$.09	\$.14	\$.52	\$.52
Diluted weighted average shares outstanding	254.3	276.8	260.4	290.4
Net cash provided by operating activities	\$116.9	\$27.6	\$350.2	\$356.2
Net cash provided by operating activities excluding special items (1)	\$28.7	\$65.7	\$355.3	\$430.4

(1) Earnings from continuing operations excluding special items, diluted earnings per share from continuing operations excluding special items, and net cash provided by operating activities excluding special items are non-GAAP financial measures. A reconciliation to net income, diluted earnings per share, and net cash provided by operating activities computed in accordance with GAAP can be found later in this press release under the heading "Non-GAAP Financial Measures" or "Cash Flow and Capital Spending".

Highlights:

- Diluted earnings per share from continuing operations excluding special items of \$0.09 in the fourth quarter 2008 was at the high end of the Company's recent guidance range of \$0.07-\$0.09, and declined \$.05 from the prior year fourth quarter.
- Funeral operations performed well during the quarter, with comparable gross profit increasing \$3.1 million or 4.3% despite lower funeral volumes and lower trust fund income recognized on matured preneed funeral trust contracts.
- Cemetery operations were more susceptible to economic and financial market conditions, with comparable gross profit decreasing \$28.4 million or 59%, driven by lower preneed sales, lower trust fund income recognized and less cemetery property construction revenue.

-- Net cash provided by operating activities excluding special items of \$28.7 million during the quarter was at the high end of the Company's recent guidance range of \$20 to \$30 million, however decreased \$37.0 million from the prior year quarter due primarily to the decline in operating income as well as a slowdown in preneed cash receipts.

Tom Ryan, the Company's President and Chief Executive Officer, commented on the fourth quarter of 2008:

"The negative consumer sentiment which impacted preneed cemetery sales coupled with the extraordinary decline in the financial markets had a significant negative effect on our cemetery operating results. On the bright side, our funeral operations delivered solid operating results as we would have expected as they are less sensitive to economic conditions and the financial markets."

2009 OUTLOOK

Commenting on the Company's 2009 outlook is Tom Ryan, the Company's President and Chief Executive Officer:

"It is clear 2009 will be a challenging year for both SCI and the entire global economy. Comparable funeral services performed in January and February of 2009 were significantly lower as compared to the prior year. Additionally, we continue to see a difficult economic environment for the consumer and uncertain financial markets which will reduce anticipated earnings in 2009 compared to 2008. However, due to the stability of our core funeral business and our intention to diligently manage our costs and capital spending in 2009 we believe we can still generate a healthy amount of free cash flow. With approximately \$150 million in cash, no significant near term debt maturities, and the predictable nature of our funeral operations, we are confident we have the financial strength, resources and people to address the task of successfully operating in a contracting market and position our Company to benefit from the market's eventual recovery."

Our outlook for potential earnings and cash flow in 2009 is as follows:

(In millions, except for per share amounts)

Diluted earnings per share excluding special items(1) (2)	\$.26 to \$.36
Net cash provided by operating activities	\$220 to \$300
Capital improvements at existing facilities and cemetery development expenditures	\$80 to \$90

- (1) Diluted earnings per share excluding special items is a non-GAAP financial measure. We normally reconcile this non-GAAP financial measure to diluted earnings per share; however, diluted earnings per share calculated in accordance with GAAP is not currently accessible on a forward-looking basis. Our outlook for 2009 excludes the following because this information is not currently available: Gains or losses associated with asset dispositions; gains or losses associated with the early extinguishment of debt; potential tax adjustments to reserves, payments, credits or refunds; and potential costs associated with settlements of litigation or the recognition of receivables for insurance recoveries associated with litigation. The foregoing items, especially gains or losses associated with asset dispositions, could materially impact our forward-looking diluted EPS calculated in accordance with GAAP, consistent with the historical disclosures found later in this press release under the heading "Non-GAAP financial measures".
- (2) The guidance range for diluted earnings per share from continuing operations excluding special items in 2009 assumes an effective tax rate of 34%. This estimate assumes the Company achieves certain benefits from tax planning strategies expected to be completed in 2009. The estimate also assumes certain income levels earned within specific taxable jurisdictions. If these expected benefits are not achieved, the expected effective tax rate may be negatively impacted.

This outlook reflects management's current views and estimates regarding future economic and financial market conditions, company performance and financial results, business prospects, the competitive environment and other events. This outlook is subject to a number of risks and uncertainties, many of which are beyond the control of SCI, that could cause actual results to differ materially from the potential results highlighted above. A further list and description of these risks, uncertainties and other matters can be found later in this press release under "Cautionary Statement on Forward-

Looking Statements".

REVIEW OF RESULTS FOR FOURTH QUARTER AND FISCAL YEAR ENDED 2008

Consolidated Segment Results

(In millions, except funeral services performed and average revenue per funeral service)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
Funeral				
Funeral atneed revenue	\$235.0	\$244.0	\$967.5	\$1,012.8
Funeral recognized preneed revenue	108.2	115.1	446.7	455.3
Other revenues(1)	13.2	11.8	61.5	57.2
Total funeral revenues	\$356.4	\$370.9	\$1,475.7	\$1,525.3
Gross profit	\$72.6	\$71.2	\$312.8	\$307.6
Gross margin percentage	20.4%	19.2%	21.2%	20.2%
Funeral services performed	67,683	70,773	278,165	299,801
Average revenue per funeral Service	\$5,071	\$5,074	\$5,084	\$4,897
Cemetery				
Cemetery atneed revenue	\$62.6	\$62.7	\$259.1	\$274.6
Cemetery recognized preneed revenue	84.6	113.7	339.7	380.9
Other revenue (2)	13.3	25.6	81.1	104.5
Total cemetery revenues	\$160.5	\$202.0	\$679.9	\$760.0
Gross profit	\$19.1	\$48.9	\$105.9	\$159.3
Gross margin percentage	11.9%	24.2%	15.6%	21.0%

(1) Included in Other revenues for funeral operations are General Agency (GA) revenues. These are commissions we receive from third-party insurance companies for life insurance policies or annuities sold to preneed customers for the purpose of funding preneed funeral arrangements.

(2) Other cemetery revenue is primarily related to cemetery merchandise and service trust fund income, endowment care trust fund income, and interest and finance charges earned from customer receivables on preneed installments contracts.

Comparable Funeral Results

The table below details comparable funeral results of operations ("same store") for the three months ended December 31, 2008 and 2007. We consider comparable operations as those owned for the entire period beginning January 1, 2007 and ending December 31, 2008.

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

	Three months ended December 31,			
	2008	2007	Change	Change %
Comparable funeral revenue:				
Atneed revenue	\$229.6	\$237.4	\$ (7.8)	(3.3%)
Recognized preneed revenue	107.0	112.3	(5.3)	(4.7%)
Other revenue (1)	13.0	11.7	1.3	11.1%
<hr/>				
Total comparable funeral revenues	\$349.6	\$361.4	\$(11.8)	(3.3%)
Comparable gross profit	\$75.5	\$72.4	\$ 3.1	4.3%
Comparable gross margin percentage	21.6%	20.0%		
Comparable funeral services performed:				
Preneed	22,920	22,606	314	1.4%
Atneed	43,180	46,117	(2,937)	(6.4%)
<hr/>				
Total	66,100	68,723	(2,623)	(3.8%)
Comparable average revenue per funeral service				
	\$5,092	\$5,088	\$ 4	0.1%
Comparable preneed funeral production:				
Sales	\$93.8	\$98.5	\$ (4.7)	(4.8%)
Total preneed funeral contracts sold	16,292	18,297	(2,005)	(11.0%)
Average revenue per contract sold	\$5,757	\$5,383	\$374	6.9%

(1) Other revenue consists primarily of General Agency (GA) revenues, which are commissions we receive from third-party insurance companies for life insurance policies or annuities sold to preneed customers for the purpose of funding preneed funeral arrangements.

- Comparable funeral services performed decreased 3.8% from the fourth quarter of 2007. We believe this is primarily due to a lower number of deaths in our relevant markets as we experienced a less pronounced impact from influenza.
- The average revenue per funeral service grew 0.1% over the prior year quarter, which was below the Company's expectations. An unfavorable currency impact from businesses in Canada reduced average revenue per funeral service by 250 basis points. This was substantially offset by reductions in Canadian expenses due to currency and had a negligible effect on gross margins. Additionally, declines in trust fund income recognized on matured preneed contracts decreased \$4.8 million resulting in a 130 basis point decline in average revenue per funeral service. Excluding these items, our average revenue per funeral service increased 4.0% for the quarter.
- Despite the decline in revenues, funeral gross profit increased \$3.1 million, or 4.3%, due to declines in variable costs, employee-related costs, and general liability insurance expenses. The gross margin percentage increased to 21.6% compared to 20.0% in 2007.
- Preneed funeral sales production decreased \$4.7 million, or 4.8%.

Total funeral contracts sold were reduced by 11% as discretionary purchases were impacted by the uncertain economic conditions; however, the average revenue per contract sold increased 6.9%. Preneed funeral sales are deferred and recognized in the future when the funeral service is performed.

- The cremation rate increased 70 basis points to 42.1% in the fourth quarter of 2008 compared to 41.4% for the same period of 2007.

Comparable Cemetery Results

The table below details comparable cemetery results of operations ("same store") for the three months ended December 31, 2008 and 2007. We consider comparable operations as those owned for the entire period beginning January 1, 2007 and ending December 31, 2008.

(In millions)	Three months ended December 31,			
	2008	2007	Change	Change %
Comparable cemetery revenue:				
Atneed revenue	\$62.1	\$59.4	\$2.7	4.5%
Recognized preneed revenue	83.4	111.0	(27.6)	(24.9%)
Other revenue (1)	13.2	24.6	(11.4)	(46.3%)
Total comparable cemetery revenues	\$158.7	\$195.0	\$(36.3)	(18.6%)
Comparable gross profit	\$19.7	\$48.1	(28.4)	(59.0%)
Comparable gross margin percentage	12.4%	24.7%		
Comparable preneed and atneed cemetery production:				
Preneed and Atneed Sales	\$130.1	\$159.0	\$(28.9)	(18.2%)
Recognition rate (2)	111.8%	107.2%		

(1) Other cemetery revenue is primarily related to cemetery merchandise and service trust fund income, endowment care trust fund income and interest and finance charges earned from customer receivables on preneed installment contracts.

(2) Represents the ratio of current period revenue recognition stated as a percentage of current period sales production.

- Comparable atneed cemetery revenues grew \$2.7 million or 4.5% during the fourth quarter of 2008 primarily driven by higher merchandise and service revenues, even as we experienced a 230 basis point decline in interments.
- Comparable preneed cemetery revenues decreased \$27.6 million, or 24.9%, primarily due to a \$24 million, or 32.3%, decline in preneed property sales. Approximately \$10 million of the decline was related to two large sales in the fourth quarter of 2007. Excluding these large sales, total property sales production decreased 21.7% for the quarter. Additionally, we experienced a \$5.2 million decline in new cemetery property construction revenue.
- Other revenue decreased by \$11.4 million as trust income was dramatically reduced from the prior year due to negative market returns in the fourth quarter of 2008.
- Cemetery gross profit decreased \$28.4 million, or 59.0%, and the gross margin percentage decreased to 12.4% compared to 24.7% due to the revenue declines described above which were partially offset by lower variable costs.
- Cemetery preneed and atneed sales production decreased \$28.9 million,

or 18.2% due to the challenging consumer environment created by the current economic uncertainty. A portion of total cemetery sales production is recognized in current period revenues and is therefore reflected in the revenue decrease described above, while the remaining portion is deferred and reduces revenues to be recognized in the future.

Other Financial Results

-- General and administrative expenses decreased \$13.7 million compared to the fourth quarter of 2007. This decrease was primarily due to \$9.5 million of one-time transition and other expenses incurred in 2007 in relation to our Alderwoods acquisition as well as \$6.1 million of costs incurred in 2007 to terminate our pension plan.

Cash Flow and Capital Spending

Set forth below is a reconciliation of net cash provided by operating activities excluding special items to our reported net cash provided by operating activities prepared in accordance with GAAP. We do not intend for this information to be considered in isolation or as a substitute for other measures of performance prepared in accordance with GAAP.

(In millions)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2008	2007	2008	2007
Net cash provided by operating activities, as reported	\$116.9	\$27.6	\$350.2	\$356.2
Redemption of French securities	-	(17.0)	-	(17.0)
Premiums paid on early extinguishment of debt	-	0.3	-	11.7
Net tax refund	(91.2)	-	(1.2)	-
Pension termination contribution	3.0	40.9	3.0	40.9
One-time Alderwoods transition and other costs	-	13.9	3.3	38.6
Net cash provided by operating activities, excluding special items	\$28.7	\$65.7	\$355.3	\$430.4

Net cash provided by operating activities, excluding special items, was \$28.7 million for the fourth quarter of 2008. The decrease of \$37.0 million from the prior year quarter was due primarily to the decline in operating income as well as a slowdown in preneed cash receipts.

Net cash provided by operating activities, excluding special items, decreased approximately \$75 million in 2008 compared to 2007. This decrease reflects the sale of Mayflower Insurance Co., which contributed \$17.3 million of operating cash flows from discontinued operations in 2007 and \$8.6 million in insurance proceeds related to Hurricane Katrina in 2007 that did not recur in 2008. The remaining decrease was driven by a decline in our operating income primarily related to lower preneed cemetery sales and lower trust fund income.

A summary of our capital expenditures is set forth below:

(In millions)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2008	2007	2008	2007
Capital improvements at existing locations	19.5	20.4	78.5	79.7

Development of cemetery property	18.0	13.5	55.2	55.0
Construction of new funeral home facilities and other growth capital	8.3	9.5	20.4	22.3
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Total capital expenditures	\$45.8	\$43.4	\$154.1	\$157.0
	=====	=====	=====	=====

TRUST FUND PERFORMANCE

A summary of our U.S. trust fund performance for the three and twelve months ended December 31, 2008 is set forth below:

	Three Months -----	Twelve Months -----
Preneed Funeral	(13.2)%	(23.5)%
Preneed Cemetery	(15.7)%	(26.9)%
Cemetery Perpetual Care	(8.0)%	(15.4)%
Combined Trust Funds	(12.6)%	(22.4)%

NON-GAAP FINANCIAL MEASURES

Earnings from continuing operations excluding special items, diluted earnings per share from continuing operations excluding special items, and net cash from operating activities excluding special items shown above are all non-GAAP financial measures. We believe these non-GAAP financial measures provide a consistent basis for comparison between quarters and better reflect the performance of our core operations, as they are not influenced by certain income, expense, and cash items not affecting continuing operations. We also believe this measure helps facilitate comparisons to our competitors' operating results.

Set forth below is a reconciliation of earnings from continuing operations excluding special items to our reported net income. We do not intend for this information to be considered in isolation or as a substitute for other measures of performance prepared in accordance with GAAP.

(In millions, except diluted EPS)	Three Months Ended			
	December 31, 2008		December 31, 2007	
	Net Income	Diluted EPS	Net Income	Diluted EPS
	-----	-----	-----	-----
Net income reported	\$9.5	\$.04	\$166.8	\$.60
After-tax reconciling items:				
Losses (gains) on dispositions and impairment charges, net	12.6	.05	(19.4)	(.07)
Loss on early extinguishment of debt	-	-	0.3	-
Alderwoods transition and other costs	-	-	4.9	.02
Pension termination costs	-	-	3.5	.01
Income from French equity investment	-	-	(117.3)	(.42)
Discontinued operations	-	-	-	-
	-----	-----	-----	-----
Earnings from continuing operations excluding special items	\$22.1	\$.09	\$38.8	\$.14
	=====	=====	=====	=====
Diluted weighted average shares outstanding				

(in thousands) 254,266 276,798

(In millions, except diluted EPS)	Twelve Months Ended			
	December 31, 2008		December 31, 2007	
	Net Income	Diluted EPS	Net Income	Diluted EPS
Net income reported	\$97.1	\$.37	\$247.7	\$.85
After-tax reconciling items:				
Losses (gains) on dispositions and impairment charges, net	36.0	.15	(6.0)	(.02)
Loss on early extinguishment of debt	-	-	8.7	.03
Alderwoods transition and other costs	0.7	-	16.4	.06
Pension termination costs	-	-	6.5	.02
Income from French equity investment	-	-	(117.4)	(.40)
Discontinued operations	0.4	-	(4.4)	(.02)
Earnings from continuing operations excluding special items	\$134.2	\$.52	\$151.5	\$.52
Diluted weighted average shares outstanding (in thousands)	260,446		290,444	

Conference Call and Webcast

We will host a conference call on Thursday, February 26, 2009, at 9:00 a.m. Central Standard Time. A question and answer session will follow a brief presentation made by management. The conference call dial-in number is (617) 597-4027 with the passcode of 51975612. The conference call will also be broadcast live via the Internet and can be accessed through our website at www.sci-corp.com. A replay of the conference call will be available through March 5, 2009 and can be accessed at (617) 801-6888 with the confirmation code of 35651582. Additionally, a replay of the conference call will be available on our website for approximately ninety days.

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, access to capital markets, 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, and negative currency translation effects.
- Changes in operating conditions such as supply disruptions and labor disputes.
- Our inability to achieve the level of cost savings, productivity improvements or earnings growth anticipated by management, whether due to significant increases in energy costs (e.g., electricity, natural gas and fuel oil), costs of other materials, employee-related costs or other factors.
- Inability to complete acquisitions, divestitures or strategic alliances as planned or to realize expected synergies and strategic

benefits.

- The outcomes of pending lawsuits, proceedings, and claims 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.
- Allegations regarding compliance with laws, regulations, industry standards, and customs regarding burial procedures and practices.
- The amounts payable by us with respect to our outstanding legal matters exceed our established reserves.
- Amounts that we may be required to replenish into our affiliated funeral and cemetery trust funds in order to meet minimal funding requirements.
- The outcome of pending Internal Revenue Service audits. 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 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 leverage our substantial purchasing power with certain of our vendors.
- The effectiveness of our internal control over financial reporting, and our ability to certify the effectiveness of the internal controls and to obtain an unqualified attestation report of our auditors regarding the effectiveness of our internal control over financial reporting.
- The possibility that our credit agreement and privately placed debt securities may prevent us from engaging in certain transactions.
- Our ability to buy our common stock under our share repurchase programs which could be impacted by, among others, restrictive covenants in our bank agreements, unfavorable market conditions, the market price of our common stock, the nature of other investment opportunities presented to us from time to time, and the availability of funds necessary to continue purchasing common stock.
- The financial conditions of third-party insurance companies that fund our preneed funeral contracts may impact our future revenues.
- Continued economic crisis and financial and stock market declines could reduce future potential earnings and cash flows and could result in future goodwill impairments.

For further information on these and other risks and uncertainties, see our Securities and Exchange Commission filings, including our 2008 Annual Report on Form 10-K, which we anticipate filing by February 27, 2008. 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.

About Service Corporation International

Service Corporation International (NYSE: SCI), headquartered in Houston, Texas, is North America's leading provider of deathcare products and services. At December 31, 2008, we owned and operated more than 1,300 funeral homes and 350 cemeteries (of which over 200 are combination locations) in 43 states, eight Canadian provinces, the District of Columbia and Puerto Rico. Through our businesses, we market the Dignity Memorial(R) brand which offers assurance of quality, value, caring service, and exceptional customer satisfaction. For more information about Service Corporation International, please visit our website at www.sci-corp.com. For more information about Dignity Memorial(R), please visit www.dignitymemorial.com.

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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2008	2007	2008	2007
Revenues	\$516,950	\$572,922	\$2,155,622	\$2,285,303
Costs and expenses	(425,205)	(452,812)	(1,736,851)	(1,818,456)
Gross profit	91,745	120,110	418,771	466,847
General and administrative expenses	(24,607)	(38,297)	(87,447)	(135,753)
Losses (gains) on dispositions and impairment charges, net	(7,401)	9,971	(36,124)	16,920
Other operating income (expense)	1,200	(1,848)	(2,528)	(1,848)
Operating income	60,937	89,936	292,672	346,166
Interest expense	(33,672)	(35,002)	(134,274)	(146,854)
Interest income	1,024	3,401	5,393	11,725
Loss on early extinguishment of debt	-	(507)	-	(14,986)
Equity in earnings of unconsolidated subsidiaries	-	27,877	-	36,607
Income from French equity investment	-	158,133	-	158,133
Other income (expense), net	432	178	(629)	(3,804)
	(32,216)	154,080	(129,510)	40,821
Income from continuing operations before income taxes	28,721	244,016	163,162	386,987
Provision for income taxes	(19,193)	(77,170)	(65,717)	(143,670)
Income from continuing operations	9,528	166,846	97,445	243,317
(Loss) income from discontinued operations (net of income Tax benefit (provision) of \$0, \$635, \$195, and \$(4,818), respectively)	-	(47)	(362)	4,412
Net income	\$9,528	\$166,799	\$97,083	\$247,729

Basic earnings per share:

Income from continuing operations	\$.04	\$.61	\$.38	\$.85
Income from discontinued operations, net of tax	-	-	-	.02
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Net income	\$.04	\$.61	\$.38	\$.87
	=====	=====	=====	=====
Diluted earnings per share:				
Income from continuing operations	\$.04	\$.60	\$.37	\$.83
Income from discontinued operations, net of tax	-	-	-	.02
	----	----	----	----
Net income	\$.04	\$.60	\$.37	\$.85
	=====	=====	=====	=====
Basic weighted average number of shares	253,332	271,698	257,477	284,966
	=====	=====	=====	=====
Diluted weighted average number of shares	254,266	276,798	260,446	290,444
	=====	=====	=====	=====
Dividends declared per share	\$.04	\$.04	\$.16	\$.13
	=====	=====	=====	=====

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

	December 31, 2008	December 31, 2007
	-----	-----
Assets		
Current assets:		
Cash and cash equivalents	\$128,397	\$168,594
Receivables, net	96,145	113,793
Deferred tax asset	79,571	73,182
Inventories	31,603	36,203
Current assets held for sale	1,279	2,294
Other	18,515	27,261
	-----	-----
Total current assets	355,510	421,327
	-----	-----
Preneed funeral receivables and trust investments	1,191,692	1,434,403
Preneed cemetery receivables and trust investments	1,062,952	1,428,057
Cemetery property, at cost	1,458,981	1,451,666
Property and equipment, at cost, net	1,567,875	1,569,534
Non-current assets held for sale	97,512	122,626
Goodwill	1,178,969	1,198,153
Deferred charges and other assets	452,634	400,734
Cemetery perpetual care trust investments	744,758	905,744
	-----	-----
	\$8,110,883	\$8,932,244
	=====	=====
Liabilities & Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$294,859	\$343,392
Current maturities of long-term debt	27,104	36,594
Current liabilities held for sale	465	149
Income taxes	4,354	46,305

Total current liabilities	326,782	426,440
Long-term debt	1,821,404	1,820,106
Deferred preneed funeral revenues	588,198	526,668
Deferred preneed cemetery revenues	771,117	753,876
Deferred income taxes	288,677	140,623
Non-current liabilities held for sale	75,537	91,928
Other liabilities	356,090	383,642
Deferred preneed funeral and cemetery receipts held in trusts	1,817,665	2,390,288
Care trusts' corpus	772,234	906,590
Stockholders' equity:		
Common stock, \$1 per share par value, 500,000,000 shares authorized, 249,472,075 and 262,858,169, issued and outstanding (net of 481,000 and 1,961,300 treasury shares, at par, respectively)	249,472	262,858
Capital in excess of par value	1,733,814	1,874,600
Accumulated deficit	(726,756)	(797,965)
Accumulated other comprehensive income	36,649	152,590
Total stockholders' equity	1,293,179	1,492,083
	\$8,110,883	\$8,932,244

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

	Year Ended December 31,	
	2008	2007
Cash flows from operating activities:		
Net income	\$97,083	\$247,729
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss (income) from discontinued operations, net of tax	362	(4,412)
Equity in earnings of unconsolidated subsidiaries, net of cash received	-	(19,566)
Loss on early extinguishment of debt	-	14,986
Premiums paid on early extinguishment of debt	-	(11,650)
Depreciation and amortization	114,157	115,682
Amortization of intangible assets	23,636	27,550
Amortization of cemetery property	32,690	35,824
Amortization of loan costs	3,573	6,261
Provision for doubtful accounts	9,243	10,754
Provision for deferred income taxes	109,118	34,652
Losses (gains) on divestitures and impairment charges, net	36,124	(16,920)
Gains on redemption of securities	-	(158,133)
Share-based compensation	9,970	8,787
Excess tax benefits from share based awards	-	(10,469)
Change in assets and liabilities,		

net of effects from acquisitions and dispositions:		
Increase in receivables	(409)	(24,650)
Decrease (increase) in other assets	26,100	(4,374)
(Decrease) increase in payables and other liabilities	(143,956)	51,407
Net effect of preneed funeral production and maturities:		
Decrease in preneed funeral receivables and trust investments	7,271	102,080
Increase in deferred preneed funeral revenue	23,785	17,746
Decrease in deferred preneed funeral receipts held in trust	(23,334)	(95,581)
Net effect of cemetery production and deliveries:		
Decrease in preneed cemetery receivables and trust investments	36,333	83,689
Increase in deferred preneed cemetery revenue	11,408	5,142
Decrease in deferred preneed cemetery receipts held in trust	(22,388)	(77,640)
Other	(585)	9
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Net cash provided by operating activities from continuing operations	350,181	338,903
Net cash provided by operating activities from discontinued operations	-	17,279
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Net cash provided by operating activities	350,181	356,182
Cash flows from investing activities:		
Capital expenditures	(154,101)	(157,011)
Acquisitions, net of cash acquired	(8,828)	(8,355)
Proceeds from divestitures and sales of property and equipment	27,226	410,689
Proceeds from redemption of securities	5,317	158,691
Net deposits of restricted funds and other	(21,741)	(17,347)
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Net cash (used in) provided by investing activities from continuing operations	(152,127)	386,667
Net cash provided by (used in) investing activities from discontinued operations	858	(8,546)
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Net cash (used in) provided by investing activities	(151,269)	378,121
Cash flows from financing activities:		
Payments of debt	(112,302)	(29,234)
Principal payments on capital leases	(25,851)	(27,057)
Proceeds from issuance of long-term debt	82,133	398,996
Debt issuance costs	-	(6,443)
Early extinguishment of debt	-	(472,545)
Proceeds from exercise of stock options	14,812	52,938
Excess tax benefits from share-based awards	-	10,469
Purchase of Company common stock	(142,155)	(505,121)
Payments of dividends	(41,501)	(34,629)

Bank overdrafts and other	(5,646)	7,209
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Net cash used in financing activities from continuing operations	(230,510)	(605,417)
Net cash used in financing activities from discontinued operations	-	(2,113)
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Net cash used in financing activities from continuing operations	(230,510)	(607,530)
Effect of foreign currency	(8,599)	1,941
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Net (decrease) increase in cash and cash equivalents	(40,197)	128,714
Cash and cash equivalents at beginning of period	168,594	39,880
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Cash and cash equivalents at end of period	\$128,397	\$168,594
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