

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1993
OR
/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)
FOR THE TRANSITION PERIOD FROM TO
COMMISSION FILE NUMBER 1-6402-1

SERVICE CORPORATION INTERNATIONAL
(Exact name of registrant as specified in its charter)

TEXAS
(State or other jurisdiction of
incorporation or organization)
1929 ALLEN PARKWAY
HOUSTON, TEXAS
(Address of principal executive offices)

74-1488375
(I.R.S. employer
identification No.)
77019
(Zip code)

Registrant's telephone number, including area code: 713/522-5141

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock (\$1 par value)	New York Stock Exchange
Preferred Share Purchase Rights	New York Stock Exchange
6.5% Convertible Subordinated Debentures due 2001	New York Stock Exchange
10% Subordinated Debentures due 2000	American Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: NONE

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item

405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. / /

The aggregate market value of the common stock held by non-affiliates of the registrant is \$2,203,565,274 based upon a closing market price of \$26 5/8 on March 21, 1994 of a share of common stock as reported on the New York Stock Exchange -- Composite Transactions Tape.

The number of shares outstanding of the registrant's common stock as of March 21, 1994 was 85,837,877 (excluding treasury shares).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement in connection with its 1994 Annual Meeting of Shareholders (Part III)

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PART I

ITEM 1. BUSINESS.

Service Corporation International was incorporated in Texas on July 5, 1962. The term "Company" includes the registrant and its subsidiaries, unless the context indicates otherwise.

The Company is the largest publicly-held funeral/cemetery company in North America. At December 31, 1993, the Company operated 792 funeral homes and 192 cemeteries located in 39 states, the District of Columbia, four provinces in Canada and five Australian states, and other funeral and cemetery related businesses. In addition, the Company provides capital financing to independent funeral home and cemetery operators.

In 1993, the Company acquired an Australian funeral/cemetery company. This was the Company's first acquisition of a firm located outside of North America. Including this acquisition, the Company in 1993 acquired 124 funeral homes and 21 cemeteries through acquisitions. The Company has acquired most of its present operations through acquisitions and has from time to time divested itself of certain properties and/or operations previously acquired. The Company continues to review the possible acquisition of various related businesses. For information regarding acquisitions of funeral home and cemetery operations in 1993, see Note 3 to the consolidated financial statements in Item 8 of this Form 10-K.

For financial information about the Company's industry segments, including the identifiable assets of the Company by industry segments, see Note 14 to the consolidated financial statements in Item 8 of this Form 10-K.

FUNERAL SERVICES OPERATION

The Funeral Services Operation consists of the Company's funeral homes, cemeteries and related businesses. The operation is organized into six domestic and two foreign (Australia and Canada) regional groups, each of which is under the direction of a regional president. Canadian operations are carried out by a public company which is approximately 70% owned by the Company. Local funeral home and cemetery managers, under the direction of the regional presidents, receive support and resources from Houston headquarters and have substantial autonomy with respect to the manner in which services are conducted.

To enhance operational efficiency, the majority of the Company's funeral homes and cemeteries within a region are managed in groups called clusters. The clusters, primarily designated in metropolitan areas, allow funeral homes and cemeteries to share operating expenses such as service personnel, vehicles,

preparation services, clerical staff and certain building facility costs.

Funeral Homes. The funeral homes provide all professional services relating to funerals, including the use of funeral facilities and motor vehicles. Funeral homes sell caskets, burial vaults, cremation receptacles, flowers and burial garments and also operate 75 crematories. The Funeral Services Operation owns 84 funeral home/cemetery combinations and operates 50 flower shops engaged principally in the design and sale of funeral floral arrangements. These flower shops provide floral arrangements to some of the Company's funeral homes and cemeteries.

The Company markets prearranged funeral services. Funeral prearrangement is a means through which a customer contractually agrees to the terms of a funeral to be performed in the future. Payments on prearranged funerals currently offered by the Company are deposited into trust funds or are used to purchase life insurance or annuity contracts issued primarily by third party insurers. Funds paid on prearranged funerals may not be withdrawn until death or cancellation by the customer. For additional information concerning prearranged funeral activities, see Notes 4 and 8 to the consolidated financial statements in Item 8 of this Form 10-K.

The Funeral Services Operation has multiple funeral homes and cemeteries in a number of metropolitan areas. Within individual metropolitan areas, the funeral homes and cemeteries operate under various names because most operations were acquired as going businesses and continue to be operated under the same name as before acquisition.

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The death rate tends to be somewhat higher in the winter months and the funeral homes generally experience a higher volume of business during those months.

The funeral home industry is characterized by a large number of independent operations, the vast majority of which are locally owned and operated. The Company believes that there are in excess of 22,000 funeral homes operating in the United States. There are many entities operating multiple branches, but none have as many funeral homes or cover as many geographic areas as the Company. In order to compete successfully, each of the Company's funeral homes must maintain competitive prices, attractive, well-maintained and conveniently located facilities, a good reputation and high professional standards.

In April 1984, the Federal Trade Commission (FTC) comprehensive trade regulation rule for the funeral industry became fully effective. The rule contains minimum guidelines for funeral industry practices, requires extensive price and other affirmative disclosures and imposes mandatory itemization of funeral goods and services. A pre-existing consent order between the Company and the FTC applicable to certain funeral practices of the Company was amended in 1984 to make the consent order consistent with the funeral trade regulation rule. From time to time in connection with acquisitions, the Company has entered into consent orders with the FTC which limit the Company's ability to make acquisitions in specified areas and/or which require the Company to dispose of certain operations. The trade regulation rule and the consent orders have not had a materially adverse effect on the Company's operations.

Cemeteries. The Company's cemeteries sell cemetery interment rights (including mausoleum spaces and lawn crypts) and certain merchandise including stone and bronze memorials and burial vaults. The Company's cemeteries also perform interment services and provide management and maintenance of cemetery grounds. Certain cemeteries also include crematory operations.

Cemetery sales are often made on a pre-need basis pursuant to installment contracts providing for monthly payments. A portion of the proceeds from cemetery sales is generally required by law to be paid into perpetual care trust funds. Earnings of perpetual care trust funds are used to defray the maintenance cost of cemeteries. In addition, a portion of the proceeds from the sale of

pre-need cemetery merchandise and services may be required to be paid into trust funds. For additional information regarding cemetery trust funds, see Note 1 to the consolidated financial statements in Item 8 of this Form 10-K.

The cemetery industry is characterized by a large number of independent operations, the vast majority of which are locally owned and operated. Each of the Company's cemeteries competes with other firms in the same general area. In order to compete successfully, each of the Company's cemeteries must maintain competitive prices, attractive and well kept properties, a good reputation and an effective sales force.

FINANCIAL SERVICES OPERATION

In 1988, the Company formed Provident Services, Inc. ("Provident") to provide capital financing to independent funeral home and cemetery operators. The majority of Provident's loans are made to clients seeking to finance funeral home or cemetery acquisitions. Additionally, Provident provides construction loans for funeral home or cemetery improvement and expansion. Loan packages take traditional forms of secured financing comparable to arrangements offered by leading commercial banks. Provident's loans are generally made at interest rates which fluctuate with the prime lending rate.

Provident had \$250,000,000 in loans outstanding at December 31, 1993 and unfunded loan commitments amounting to \$19,499,000. Such loans outstanding increased from \$187,000,000 in loans outstanding at December 31, 1992. Provident obtains its funds primarily from the Company's bank borrowings.

Provident is in competition with banks and other lending institutions, many of which have substantially greater resources than Provident. However, Provident believes that its knowledge of the death care industry provides it with the ability to make more accurate assessments of funeral home and cemetery industry loans, thereby providing Provident a competitive advantage in the industry.

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EMPLOYEES

At December 31, 1993, the Company employed 8,985 persons on a full time basis and 3,731 persons on a part time basis. Of the full time employees 427 were in corporate services, 8,550 were in the Funeral Services Operation, and eight were in Financial Services. All of the Company's eligible employees who so elect are covered by the Company's group health and life insurance plans, and all eligible employees are participants in retirement plans of the Company or various subsidiaries.

At December 31, 1993, 747 employees were covered by collective bargaining agreements. Although disputes are experienced from time to time, in general, relations with employees are considered satisfactory.

REGULATION

The Company's various operations are subject to regulations, supervision and licensing under various federal, state, local and Canadian and Australian statutes, ordinances and regulations. The Company believes that it is in substantial compliance with the significant provisions of such statutes, ordinances and regulations. See discussion of FTC funeral industry trade regulation and consent orders in "Funeral Homes" above.

ITEM 2. PROPERTIES.

The Company's executive headquarters and the offices of management personnel of the Funeral and Financial Service Operations are located at 1929 Allen Parkway, Houston, Texas 77019, in a 12-story office building. A wholly-owned subsidiary of the Company owns an undivided one-half interest in the underlying fee to the building and its parking garage. The property consists of approximately 1.3 acres, 250,000 square feet of office space in the building

and 160,000 square feet of parking space in the garage. The Company leases all of the office space in the building pursuant to a lease that expires June 30, 1995 providing for monthly rent of \$87,000. The rent is subject to escalation for all operating expenses above base year operating expenses. One half of the rent is paid to the wholly-owned subsidiary and the other half is paid to the owner of the remaining undivided one-half interest. The Company owns and utilizes a three-story building at 1919 Allen Parkway, Houston, Texas 77019 containing 43,000 square feet of office space. The Company owns the facilities of certain closed casket manufacturing operations.

At December 31, 1993, the Company owned the real estate and buildings of 803 of its funeral home and cemetery locations and leased facilities in connection with 181 of such operations. In addition, the Company leased two aircraft pursuant to a cancellable lease. At December 31, 1993, the Company operated 3,831 vehicles, of which 1,805 were owned and 2,026 were leased. For additional information regarding leases, see Note 9 to the consolidated financial statements in Item 8 of this Form 10-K.

The Company's 192 cemeteries contain an aggregate of approximately 14,600 acres of which approximately 58% are developed.

The specialized nature of the Company's businesses requires that its facilities be well maintained and kept in good condition. Management believes that these standards are met.

ITEM 3. LEGAL PROCEEDINGS.

The staff of the Securities and Exchange Commission (the "Commission") is conducting an informal private investigation relating to the change in the Company's principal independent accountants and the Company's Current Report on Form 8-K dated March 31, 1993, as amended, filed with the Commission reporting such change, as well as the Company's current accounting and reporting of pre-need sales. The Commission staff has advised the Company that the investigation should not be construed as an indication by the Commission or its staff that any violations of law have occurred, or as a reflection upon any person, entity or security. The investigation is continuing. Also see Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure in this Form 10-K.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

EXECUTIVE OFFICERS OF THE COMPANY

Pursuant to General Instruction G to Form 10-K, the information regarding executive officers of the Company called for by Item 401 of Regulation S-K is hereby included in Part I of this report.

The following table sets forth as of March 25, 1994 the name and age of each executive officer of the Company, the office held, and the date first elected an officer.

OFFICER NAME -----	AGE ----	POSITION -----	YEAR FIRST BECAME OFFICER(1) -----
R. L. Waltrip.....	(63)	Chairman of the Board and Chief Executive Officer	1962
L. William Heiligbrodt.....	(52)	President and Chief Operating Officer	1988
W. Blair Waltrip.....	(39)	Executive Vice President Operations	1980
Samuel W. Rizzo.....	(58)	Executive Vice President and Chief Financial Officer/Treasurer	1987

John W. Morrow, Jr.....	(58)	Executive Vice President Corporate Development	1989
Glenn G. McMillen.....	(51)	Senior Vice President Australia	1993
Jerald L. Pullins.....	(52)	Senior Vice President Corporate Development	1992
James M. Shelger.....	(44)	Senior Vice President General Counsel and Secretary	1987
Jack L. Stoner.....	(48)	Senior Vice President Administration	1992
T. Craig Benson.....	(32)	Vice President Operations; President -- Investment Capital Corporation, a subsidiary of the Company	1990
George R. Champagne.....	(40)	Vice President and Assistant to Chief Operating Officer	1989
Richard T. Sells.....	(54)	Vice President Prearranged Sales	1987
Vincent L. Visosky.....	(46)	Vice President Finance	1989
Henry M. Nelly, III.....	(49)	President -- Provident Services, Inc., a subsidiary of the Company	1989

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(1) Indicates the year a person was first elected as an officer although there were subsequent periods when certain persons ceased being officers of the Company.

Unless otherwise indicated below, the persons listed above have been executive officers or employees for more than five years.

Mr. Morrow was elected as an executive Vice President in May 1991. From May 1990 to May 1991, Mr. Morrow was President of SCI Funeral Services, Inc., a subsidiary of the Company. From February 1990 to May 1990, Mr. Morrow was President and Chief Operating Officer of the Funeral Service Division of the Company. From August 1989 to February 1990, Mr. Morrow was an officer of the Company serving as Executive Vice President. Prior thereto, Mr. Morrow was President and owner of J. W. Morrow Investment Company, a funeral home business, and also provided consulting services to the Company.

Mr. Pullins joined the Company in September 1991 and was elected to his present position in February 1992. Prior thereto from January 1987 through August 1991, Mr. Pullins was President, Chief Executive Officer and Chief Operating Officer of Sentinel Group, Inc., a funeral service company.

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Mr. Stoner joined the Company in September 1991 and was elected to his present position in August 1992. Prior thereto for more than five years, Mr. Stoner was a general partner and Director of Tax of Ernst & Young (formerly Arthur Young & Company), certified public accountants.

Each officer of the Company is elected by the Board of Directors and holds his office until his successor is elected and qualified or until his earlier death, resignation or removal in the manner prescribed in the Bylaws of the Company. Each officer of a subsidiary of the Company is elected by the subsidiary's board of directors and holds his office until his successor is elected and qualified or until his earlier death, resignation or removal in the manner prescribed in the bylaws of the subsidiary. There is no family relationship between any of the persons in the preceding table except that W. Blair Waltrip is a son of R. L. Waltrip, that T. Craig Benson is a son-in-law to R. L. Waltrip and that T. Craig Benson is a brother-in-law to W. Blair Waltrip.

PART II

ITEM 5. MARKET FOR THE COMPANY'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS.

The Company's common stock has been traded on the New York Stock Exchange since May 14, 1974. On March 21, 1994, there were approximately 8,700 holders of record of the Company's common stock.

The Company has declared 83 consecutive quarterly dividends on its common

stock since it began paying dividends in 1974. The dividend rate is \$.105 per quarter, or an indicated annual rate of \$.42. For the three years ended December 31, 1993, dividends were \$.40, \$.39 and \$.37, respectively.

The table below shows the Company's quarterly high and low common stock prices:

	YEAR ENDED DECEMBER 31,					
	1993		1992		1991	
	HIGH	LOW	HIGH	LOW	HIGH	LOW
First.....	21 5/8	17 7/8	18 3/8	15 5/8	17 3/8	13 1/2
Second.....	22 1/8	18 1/2	18 3/4	16 1/8	18 3/8	14
Third.....	25 1/4	20 3/4	18 1/2	16 3/8	18 1/8	14 1/2
Fourth.....	26 3/8	23 1/2	18 1/2	16 3/4	18	14 7/8

SRV is the New York Stock Exchange ticker symbol for the common stock of Service Corporation International.

ITEM 6. SELECTED FINANCIAL DATA.

	YEARS ENDED DECEMBER 31,*				
	1993	1992	1991	1990	1989
	(THOUSANDS, EXCEPT PER SHARE AND RATIO AMOUNTS)				
Revenues.....	\$ 899,178	\$ 772,477	\$ 643,248	\$ 563,156	\$ 518,809
Income before income taxes and preferred dividend requirement.....	\$ 173,492	\$ 139,336	\$ 108,872	\$ 99,432	\$ 84,618
Income available to common stockholders.....	\$ 101,061	\$ 86,536	\$ 73,372	\$ 60,218	\$ 46,721
Income available to common stockholders per share.....	\$ 1.21	\$ 1.13	\$ 1.03	\$.85	\$.65
Dividends per share.....	\$.40	\$.39	\$.37	\$.37	\$.36
Total assets.....	\$3,683,304	\$2,611,123	\$2,123,452	\$1,653,689	\$1,601,468
Long-term debt.....	\$1,062,222	\$ 980,029	\$ 786,685	\$ 577,378	\$ 485,669
Stockholders' equity.....	\$ 884,513	\$ 683,097	\$ 615,776	\$ 434,323	\$ 557,777
Shares outstanding.....	84,859	76,905	75,981	68,801	72,575
Ratio of earnings to fixed charges**.....	3.19	3.03	2.82	2.62	2.38

(See notes on following page)

* The year ended December 31, 1993 reflects the change in accounting principles adopted January 1, 1993. The four years ended December 31, 1992 reflect results as historically reported.

** For purposes of computing the ratio of earnings to fixed charges, earnings consist of income before income taxes from continuing operations, less undistributed income of equity investees which are less than 50% owned, plus the minority interest of majority-owned subsidiaries with fixed charges, and plus fixed charges (excluding capitalized interest and preferred dividends). Fixed charges consist of interest expense, whether capitalized or expensed, amortization of debt costs, one-third of rental expense which the Company considers representative of the interest factor in the rentals and preferred dividends.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

ORGANIZATION

The majority of the Company's funeral homes and cemeteries are managed in groups called clusters. Clusters are primarily designated in metropolitan areas to take advantage of operational efficiencies, including the sharing of operating expenses such as service personnel, vehicles, preparation services, clerical staff and certain building facility costs. The Company has approximately 165 clusters which range in size from two to 46 operations. There may be more than one cluster in a given metropolitan area, depending upon the level and degree of shared costs.

The cluster management approach recognizes that, as the Company adds operations to a geographic area that contains an existing Company presence, additional economies of scale through cost sharing will be achieved and the Company will also be in a better position to serve the population that resides within the area served by the cluster. Funeral service and cemetery operations primarily depend upon a long-term development of customer relationships and loyalty. Over time, these client families may relocate within a cluster area which may justify the relocation or addition of Company locations. The Company has attempted to satisfy this need for convenient locations by either acquiring existing independent locations within the Company's cluster areas or constructing satellite funeral homes (sometimes on Company-owned cemeteries) while still maintaining the sharing of certain expenses within that cluster of operations.

CHANGE IN ACCOUNTING PRINCIPLES

Effective January 1, 1993, the Company changed its method of accounting for prearranged funeral service contracts and cemetery sales. For a more detailed discussion of these changes, see Note 2 to the consolidated financial statements in Item 8 of this Form 10-K. The cumulative effect of these changes resulted in an after tax charge of \$2,031,000 or \$.03 per share on January 1, 1993. Generally these changes will result in reduced funeral revenues and funeral operating income, at least in the near future, due to the deferral of previously recognized prearranged funeral service trust fund income until performance of the specific funeral. Additionally, these changes will generally result in higher cemetery revenues and cemetery operating income because all cemetery sales and costs are recorded in current income. See Item 3. Legal Proceedings in this Form 10-K for information regarding an informal investigation by the Securities and Exchange Commission.

For purposes of managements's discussion and analysis of results of operations and financial condition, all comparisons to 1992 and 1991 reflect the pro forma effects of applying the new accounting principles as if the changes had occurred on December 31, 1990. The following table presents the pro forma results for the years ended 1992 and 1991:

	YEARS ENDED DECEMBER 31,		
	AS REPORTED 1993	UNAUDITED PRO FORMA	
	1992	1991	
(THOUSANDS, EXCEPT PER SHARE AMOUNTS)			
Revenues:			
Funeral.....	\$ 603,099	\$ 532,914	\$ 430,565
Cemetery.....	280,421	217,100	194,434
Financial services.....	15,658	10,741	14,823
	899,178	760,755	639,822

Total funeral costs increased \$46,785,000 or 12.3% in 1993. Funeral costs were as follows:

	YEAR ENDED DECEMBER 31,		INCREASE (DECREASE)	PERCENTAGE INCREASE
	1993	1992*		
	(THOUSANDS)			
Existing clusters.....	\$357,118	\$324,893	\$ 32,225	9.9%
New clusters**.....	21,571	1,755	19,816	
Total clusters.....	378,689	326,648	52,041	15.9%
Non-cluster and disposed operations.....	18,838	27,654	(8,816)	
Administrative overhead.....	28,481	24,921	3,560	
Total funeral costs.....	\$426,008	\$379,223	\$ 46,785	12.3%

Existing cluster funeral costs, expressed as a percentage of revenues, were 65.1%, which was slightly lower than the 65.4% recorded in 1992. This operating margin improvement was achieved despite the large number of acquisitions which occurred during the two year period. Typically, acquisitions will temporarily exhibit slightly lower operating margins than the Company's existing locations. These acquisitions accounted for \$19,548,000 of the existing cluster cost increase. The improved operating margin reflects, increased revenues, reduced personnel costs (the largest funeral expense item) and facility costs at other funeral homes included in existing clusters. As a percentage of revenues, administrative overhead costs related to funeral operations remained at 4.7% in both years.

Total cemetery revenues increased \$63,321,000 or 29.2% over 1992. Cemetery revenues were as follows:

	YEAR ENDED DECEMBER 31,		INCREASE (DECREASE)	PERCENTAGE INCREASE
	1993	1992*		
	(THOUSANDS)			
Existing clusters.....	\$254,343	\$202,709	\$ 51,634	25.5%
New clusters**.....	14,818	946	13,872	
Total clusters.....	269,161	203,655	65,506	32.2%
Non-cluster and disposed operations.....	11,260	13,445	(2,185)	
Total cemetery revenues.....	\$280,421	\$217,100	\$ 63,321	29.2%

Revenues for the existing clusters increased due to increased at-need and pre-need sales volume, higher average at-need and pre-need contract prices and additional earnings from cemetery perpetual care and merchandise and service trust funds. Included in the existing cluster increase, was \$40,059,000 in increased revenues from cemeteries acquired during the two year period.

* Unaudited pro forma.

** Represents new geographic areas entered into after December 31, 1991 for the period that those businesses were owned by the Company.

1993 in August 1993 which increased corporate tax rates retroactively to January 1, 1993. As a result of the new law, the Company's 1993 tax expense increased

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- * Unaudited pro forma.
- ** Represents new geographic areas entered into after December 31, 1991 for the period that those businesses were owned by the Company.

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\$2,431,000 from increased deferred income taxes and \$1,700,000 from the higher corporate tax rate on 1993 earnings (\$.05 earnings per share).

RESULTS OF OPERATIONS

Year Ended 1992 Compared to 1991

In 1992, total funeral revenues increased \$102,349,000 or 23.8% over 1991. Funeral revenues were as follows:

	YEARS ENDED DECEMBER 31,		INCREASE	PERCENTAGE INCREASE
	1992*	1991*		
	(THOUSANDS)			
Existing clusters.....	\$456,617	\$390,807	\$ 65,810	16.8%
New clusters**.....	43,377	11,190	32,187	
Total clusters.....	499,994	401,997	97,997	24.4%
Non-cluster and disposed operations.....	32,920	28,568	4,352	
Total funeral revenues.....	\$532,914	\$430,565	\$102,349	23.8%

The \$65,810,000 increase in revenues at existing clusters, which included an increase of \$59,598,000 from acquired operations, was the result of 13,857 or 11.4% more funeral services performed and a \$157 or 4.9% higher average sales price.

Total funeral costs increased \$72,133,000 or 23.5% in 1992. Funeral costs were as follows:

	YEARS ENDED DECEMBER 31,		INCREASE	PERCENTAGE INCREASE
	1992*	1991*		
	(THOUSANDS)			
Existing clusters.....	\$292,331	\$254,186	\$ 38,145	15.0%
New clusters**.....	34,972	9,063	25,909	
Total clusters.....	327,303	263,249	64,054	24.3%
Non-cluster and disposed operations.....	26,999	26,032	967	
Administrative overhead.....	24,921	17,809	7,112	
Total funeral costs.....	\$379,223	\$307,090	\$ 72,133	23.5%

All of the increase in costs at existing clusters was the result of funeral homes acquired during the two year period. For other funeral homes included in existing clusters, personnel costs increased primarily as the result of higher

eliminated or transferred to general and administrative expense at the Houston corporate offices.

Financial service revenues and costs have decreased during 1992 as a result of a decrease in the average outstanding loan portfolio and borrowed amounts for Provident in 1992. Operating income remained level for both years. For the year 1992, Provident's outstanding loan portfolio averaged \$143,773,000 with an average interest rate spread of 2.6% compared to \$148,652,000 and 2.4%, respectively, in 1991.

General and administrative expenses increased in 1992 by \$3,245,000 or 9.2%. Personnel costs, including the cost of restricted stock grants and other employee benefit accruals, increased \$2,141,000. The remainder of the increase resulted primarily from higher facility and administrative costs. A portion of the additional costs resulted from the relocation of cemetery administrative offices from San Diego to Houston.

Interest expense, which excludes the amount incurred through financial service operations, increased \$11,473,000 or 27.0% during 1992. In October 1991, the Company issued \$172,500,000 of 6.5% convertible debentures due in 2001. Also contributing to the increase was the interest on debt assumed and not refinanced from various 1991 acquisitions. Lower interest rates in 1992 helped to offset increases in interest expense from increased average amounts borrowed under the Company's credit agreements.

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* Unaudited pro forma.

** Represents new geographic areas entered into after December 31, 1990 for the period that those businesses were owned by the Company.

Other income increased during 1992 due primarily to the recognition of two gains in 1992. One resulted from the collection of a note receivable that had previously been written off, and the other from the sale of an equity investment. Partially offsetting the increase was less income on corporate investments. Both years include pretax gains associated with the disposition of certain excess funeral and cemetery real property.

During the third quarter of 1991, certain Internal Revenue Service audits of the Company were settled and resulted in the recognition of \$4,800,000 or \$.07 per share of income tax benefits.

FINANCIAL CONDITION AT DECEMBER 31, 1993

Cash flows continue to be impacted by the Company's aggressive acquisition of funeral homes and cemeteries. In addition, capital expenditures, including major improvements to existing properties, continue to require a significant amount of cash. Funds generated from the stable earnings of existing funeral and cemetery operations, together with unused lines of credit or other available borrowings, are expected to be sufficient for the Company to continue its current acquisition and operating policies. At December 31, 1993, the Company had available approximately \$250,000,000 of borrowing ability under its various credit lines. The change in accounting principles previously mentioned did not affect the Company's recognition of cash collections and disbursements.

In November 1993, the Company's \$250,000,000 revolving credit agreement was extended for an additional three years. Also in November 1993, the Company entered into a new \$350,000,000 revolving credit/term loan agreement that matures in November 1994 and contains provisions for renewals. At the end of any term, the outstanding balance may be converted into a two-year term loan. Interest rates for each of these agreements are based on a Euro-dollar rate, alternative base loan rate or a rate which is competitively bid by participating banks. Each of these credit facilities is to be used for acquisitions, general corporate purposes and to support the Company's selling of commercial paper.

In addition to the sources of cash, the Company has 13,228,000 shares of common stock, \$93,415,000 of guarantees of promissory notes and \$87,103,000 of convertible debentures registered with the Commission to be used exclusively for future acquisitions.

The Company's debt to capitalization ratio decreased to 54.6% at December 31, 1993 from 59.0% at December 31, 1992, primarily reflecting the net reduction in debt from the February 1993 conversion of \$97,164,000 of debentures into equity and increased net income from operations.

PREARRANGED FUNERAL SERVICES

The Company has a marketing program to sell prearranged funeral contracts and the funds collected are generally held in trust or are used to purchase a life insurance or annuity contract. The principal amount of these prearranged funeral contracts will be received in cash by a Company funeral home at the time the funeral is performed. Earnings on trust funds and increasing benefits under insurance funded contracts also increase the amount of cash to be received and allow the Company to adequately cover the inflationary increase in costs. Marketing costs incurred with the sale of prearranged funeral contracts are a current use of cash which is partially offset with cash retained, pursuant to state laws, from amounts trusted and certain commissions earned by the Company for sales of insurance products. The Company believes prearrangements add stability to the funeral service industry and will stimulate future revenue growth. Prearranged funeral services fulfilled as a percent of the total funerals performed (19% for 1993) is expected to grow, thereby making the total number of funerals performed more predictable.

Of the total prearranged funeral contracts at December 31, 1993, 45% were trust funded and 55% were insurance funded. The Company's cancellation rate for all prearranged funeral contracts approximates 10% for which a reserve has been established.

The Company believes that several factors will continue to cause an increase in the sale of these contracts such as a desire on the part of an aging North American population to preplan their funerals and various industry advertising campaigns. The Company intends to actively sell these prearranged funeral contracts into the foreseeable future.

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FOREIGN OPERATIONS

The Company has operated in Canada for many years and in 1993 purchased a funeral service operation in Australia with 60 funeral homes and eight cemeteries. Since foreign revenues are less than 10% of consolidated revenues and identifiable foreign assets are less than 10% of total assets, segment information has not been presented in the notes to the consolidated financial statements. Though historically the currencies of these two countries have been stable, the Company has nevertheless entered into a currency swap agreement for the Australian acquisition as more fully discussed in Note 12 to the consolidated financial statements in Item 8 of this Form 10-K to minimize any possible currency risk exposure.

PROSPECTIVE ACCOUNTING CHANGES

In 1994, Statement of Financial Accounting Standards (FAS) 112 "Employer's Accounting for Postemployment Benefits" becomes effective. This FAS requires the Company to accrue for estimated future postemployment benefits during the years employees are working and earning these benefits. Also in 1994, FAS 115 "Accounting for Certain Investments in Debt and Equity Securities" becomes effective. This FAS addresses the accounting for investments in equity and debt securities held by the Company. In 1995, FAS 114 "Accounting by Creditors for Impairment of a Loan" becomes effective. This FAS requires present value computations for impaired loans when determining allowances for loan losses.

Adoption of these three standards is not expected to materially affect the Company's financial position or results of operations.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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All other schedules have been omitted because the required information is not applicable or is not present in amounts sufficient to require submission or because the information required is included in the consolidated financial statements or the related notes thereto.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders and Board of Directors of
Service Corporation International

We have audited the consolidated financial statements and the financial statement schedules of Service Corporation International listed in the index on page 14 of this Form 10-K as of December 31, 1993 and for the year then ended. These financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Service Corporation International as of December 31, 1993, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

As discussed in Notes Two and Six to the consolidated financial statements, effective January 1, 1993, the Company changed its method of accounting for prearranged funeral contracts and cemetery sales and income taxes.

COOPERS & LYBRAND

Houston, Texas
February 8, 1994

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REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors and Shareholders
Service Corporation International

We have audited the accompanying consolidated balance sheet of Service Corporation International as of December 31, 1992 and the related consolidated statements of income, stockholders' equity and cash flows for each of the two years in the period ended December 31, 1992. Our audits also included the financial statement schedules for the years ended December 31, 1992 and 1991 listed in the index at Item 8. These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Service Corporation International at December 31, 1992 and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 1992, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedules for the years ended December 31, 1992 and 1991, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

ERNST & YOUNG

Houston, Texas
February 8, 1993

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SERVICE CORPORATION INTERNATIONAL

CONSOLIDATED STATEMENT OF INCOME

YEARS ENDED DECEMBER 31,		
1993	1992	1991

(THOUSANDS, EXCEPT PER SHARE
INFORMATION)

Revenues.....	\$ 899,178	\$ 772,477	\$ 643,248
Costs and expenses.....	(635,858)	(550,422)	(464,740)
Gross profit.....	263,320	222,055	178,508
General and administrative expenses.....	(43,706)	(38,693)	(35,448)
Income from operations.....	219,614	183,362	143,060
Interest expense.....	(59,631)	(53,902)	(42,429)
Other income.....	13,509	9,876	8,241
	(46,122)	(44,026)	(34,188)
Income before income taxes.....	173,492	139,336	108,872
Provision for income taxes.....	(70,400)	(52,800)	(35,500)
Income before cumulative effect of change in accounting principles.....	103,092	86,536	73,372
Cumulative effect of change in accounting principles (net of income tax).....	(2,031)	--	--
Net income.....	\$ 101,061	\$ 86,536	\$ 73,372
Earnings per share:			
Primary			
Income before cumulative effect of change in accounting principles.....	\$ 1.24	\$ 1.13	\$ 1.03
Cumulative effect of change in accounting principles (net of income tax).....	(.03)	--	--
Net income.....	\$ 1.21	\$ 1.13	\$ 1.03
Fully diluted			
Income before cumulative effect of change in accounting principles.....	\$ 1.19	\$ 1.07	\$ 1.00
Cumulative effect of change in accounting principles (net of income tax).....	(.02)	--	--
Net income.....	\$ 1.17	\$ 1.07	\$ 1.00
Weighted average number of shares and equivalents.....	83,372	76,856	71,426

(See notes)

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SERVICE CORPORATION INTERNATIONAL
CONSOLIDATED BALANCE SHEET

ASSETS

	DECEMBER 31,	
	1993	1992
	(THOUSANDS)	
Current assets:		
Cash and cash equivalents.....	\$ 20,822	\$ 31,253
Receivables, net of allowances.....	236,786	182,272
Inventories.....	45,211	40,577
Other.....	9,640	4,496
Total current assets.....	312,459	258,598
Prearranged funeral contracts.....	1,244,866	--
Long-term receivables.....	500,062	274,793
Investments.....	--	661,788
Cemetery property, at cost.....	417,050	298,247
Property, plant and equipment, at cost (net).....	606,826	504,471
Deferred charges and other assets.....	174,345	202,956
Names and reputations (net).....	427,696	410,270

 \$3,683,304 \$2,611,123

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable and accrued liabilities.....	\$ 96,881	\$ 89,004
Income taxes.....	18,695	3,673
Current maturities of long-term debt.....	24,982	10,602
	-----	-----
Total current liabilities.....	140,558	103,279

Long-term debt.....	1,062,222	980,029
Prearranged funeral and cemetery perpetual care obligations.....	--	477,951
Deferred income taxes.....	146,968	99,207
Other liabilities and deferred cemetery costs.....	185,636	267,560
Deferred prearranged funeral contract revenues.....	1,263,407	--
Commitments and contingencies.....	--	--

Stockholders' equity:

Common stock, \$1 par value, 200,000,000 shares authorized, 84,859,110 and 76,904,954, respectively, issued and outstanding.....	84,859	76,905
Capital in excess of par value.....	517,902	389,238
Retained earnings.....	284,879	220,497
Unrealized depreciation of investments.....	--	(1,254)
Foreign translation adjustment.....	(3,127)	(2,289)
	-----	-----
Total stockholders' equity.....	884,513	683,097
	-----	-----
	\$3,683,304	\$2,611,123
	-----	-----

(See notes)

SERVICE CORPORATION INTERNATIONAL
 CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31,

 1993 1992 1991

(THOUSANDS)

Cash flows from operating activities:

Net income.....	\$ 101,061	\$ 86,536	\$ 73,372
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization.....	58,214	47,369	34,990
Undistributed earnings of trusts.....	--	(17,959)	(15,508)
Provision for deferred income taxes.....	29,235	13,324	6,205
Gains from dispositions (net).....	(7,076)	(3,237)	(2,184)
Cumulative effect of change in accounting principles.....	2,031	--	--
Change in assets and liabilities net of effects from acquisitions:			
(Increase) in receivables.....	(35,520)	(10,962)	(27,435)
(Increase) in prearranged funeral contracts and associated deferred revenues.....	(14,464)	--	--
(Increase) decrease in other assets.....	1,967	528	(15,212)
Increase (decrease) in other liabilities.....	(9,826)	28,514	(2,110)
Other.....	5,332	1,411	2,934
	-----	-----	-----
Net cash provided by operating activities.....	130,954	145,524	55,052

Cash flows from investing activities:

Capital expenditures.....	(59,585)	(66,820)	(38,489)
Proceeds from sales of property and equipment.....	24,006	18,812	12,520
Acquisitions.....	(175,753)	(117,737)	(123,486)
Loans issued by Provident.....	(102,328)	(136,959)	(58,496)
Principal payments received on loans by Provident.....	41,652	44,280	45,132
Change in investments and other.....	(2,367)	(23,000)	(8,235)
	-----	-----	-----
Net cash used in investing activities.....	(274,375)	(281,424)	(171,054)

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE ONE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation: The consolidated financial statements include the accounts of Service Corporation International and all wholly-owned subsidiaries (the Company). Significant intercompany balances and transactions have been eliminated in consolidation. Certain reclassifications of prior years have been made to conform to current period classifications.

Cash equivalents: The Company considers all liquid investments purchased with a maturity of three months or less to be cash equivalents and the carrying amount approximates fair value because of the short maturity.

Inventories: Inventories, consisting of funeral merchandise and cemetery space and merchandise, are stated at cost, which is not in excess of market, determined using average cost.

Depreciation and amortization: Depreciation and amortization of property, plant and equipment is provided using the straight line method over the estimated useful lives of the various classes of assets. Maintenance and repairs are charged to expense whereas renewals and major replacements are capitalized.

Cemetery trust funds: Generally, a portion of the proceeds from the sale of cemetery lots is required by state law to be paid into perpetual care trust funds. Earnings from these trusts are recognized in current cemetery revenues and are intended to defray cemetery maintenance costs. The amount of perpetual care funds trusted at December 31, 1993 and 1992 was \$197,969,000 and \$183,206,000, respectively, and such principal generally cannot be withdrawn by the Company (see Note 2). Additionally, pursuant to state law, a portion of the proceeds from the sale of preneed cemetery merchandise and services may also be required to be paid into trust funds. Merchandise and service trusts, which were previously included in investments on the Consolidated Balance Sheet, are now classified as long-term receivables. The Company recognizes income on these merchandise and service trusts in current cemetery revenues as trust earnings accrue to defray inflation costs recognized related to the unpurchased cemetery merchandise. For the three years ended December 31, 1993, the earnings on trusts recognized for all cemetery trusts was \$23,721,000, \$18,910,000 and \$17,843,000, respectively.

Deferred obtaining costs: Included in "Deferred prearranged funeral contract revenues" on the Consolidated Balance Sheet are obtaining costs, including sales commissions and certain other direct marketing costs, applicable to prearranged funeral contracts which are deferred and will be expensed when the service is performed. The aggregate costs deferred as of December 31, 1993 and 1992 were \$32,518,000 and \$23,934,000, respectively.

Names and reputations: The excess of purchase price over the fair value of identifiable net tangible assets acquired in transactions accounted for as a purchase are included in "Names and reputations" and generally amortized on a straight line basis over 40 years which, in the opinion of management, is not necessarily the maximum period benefited. Many of the Company's acquired funeral homes have been providing high quality service to client families for many decades and such loyalty often forms the basic valuation of a funeral business. The amortization charged against income was \$10,339,000, \$9,601,000 and \$4,785,000 for the three years ended December 31, 1993, respectively. Fair values are determined by management or independent appraisals.

CHANGE IN ACCOUNTING PRINCIPLES

The Company changed the following accounting principles effective January 1, 1993.

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

(A) All price guaranteed prearranged funeral sales contracts are included in the accompanying balance sheet as a long-term asset with a corresponding credit to deferred prearranged funeral contract revenues. Insurance funded contracts were previously disclosed in a note to the financial statements and certain trust funded contracts were previously included under investments and prearranged funeral obligations. This change has no effect on the existing policy of recognizing revenue when the funeral service is performed.

(B) Prearranged funeral trust earnings previously recognized as current income are now deferred until the funeral service is performed. Increasing benefits under insurance funded contracts are now accrued and deferred until the funeral service is performed.

(C) Preneed sales of cemetery interment rights and other related products and services are recorded as revenues when customer contracts are signed with concurrent recognition of related costs. Allowances for customer cancellations and refunds are provided at the date of sale based upon historical experience. Previously, such sales were generally deferred under accounting principles prescribed for sales of real estate. Under the Company's application of this method of accounting for sales of real estate, revenues and costs were deferred until 20% of the contract amount had been collected.

(D) Funds held in perpetual care cemetery trusts were previously included on the Consolidated Balance Sheet in investments and cemetery perpetual care obligations, whereas now such amounts are excluded.

The accounting changes were made principally for the following reasons and are described below in the order referred to above.

(A) The Company believes this accounting is more informative and provides better disclosure of the future economic events because the activity is all reported on the Consolidated Balance Sheet.

(B) Funeral trust earnings and increasing benefits under insurance contracts are intended to cover increases in the future costs of providing price guaranteed funeral services. Accrued trust earnings were previously recognized in current income and a provision was made for the estimated effect of inflation on the costs of merchandise purchased by the Company. Trust earnings are now deferred until performance of the funeral service and increasing benefits under insurance funded contracts will be accounted for similarly. The Company believes this policy will better match revenues and costs because the total funds (principal and accrued earnings) available to satisfy the contract will be included in revenues when the funeral service is performed together with all costs related to performance of the service.

(C) This method of cemetery accounting has been adopted because all significant remaining obligations of the Company have been satisfied in the period the contract is signed. Related costs are provided based on actual costs incurred, firm commitments or reliable estimates. Historical experience is the basis for making appropriate allowances for customer

cancellations and will be adjusted when required.

(D) Cemetery perpetual care trusts are excluded from the Consolidated Balance Sheet because the Company generally does not have the right to withdraw the principal.

The cumulative effect, through December 31, 1992, of changing these accounting principles resulted in a charge to first quarter 1993 net income of \$2,031,000 (net of a \$1,354,000 tax benefit), or \$.03 per share. For the year ended December 31, 1993, the effect of the change in accounting principles resulted in a decrease in

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

net income of \$1,608,000, or \$.02 per share. The following table shows the unaudited pro forma effects of retroactive application using the changed accounting principles for the two years ended December 31, 1992:

	1992 -----	1991 -----
	(THOUSANDS, EXCEPT PER SHARE AMOUNTS)	
Net income.....	\$79,493	\$69,408
	-----	-----
Primary earnings per share.....	\$ 1.03	\$.97
	-----	-----
Fully diluted earnings per share.....	\$.99	\$.95
	-----	-----

Effective January 1, 1993, the Company adopted FAS 109, "Accounting for Income Taxes" (see Note 6).

NOTE THREE

ACQUISITIONS

The following table is a summary of acquisitions made during the years ended December 31, 1993 and 1992 accounted for as purchases:

	1993 -----	1992 -----
	(DOLLARS IN THOUSANDS)	
Number acquired:		
Funeral homes.....	124	54
Cemeteries.....	21	18
Purchase price.....	\$220,532	\$203,708

The purchase price in both years consisted primarily of combinations of cash, Company stock, issued and assumed debt and the retirement of loans receivable issued by the Company's finance subsidiary. The effect of acquisitions on the Consolidated Balance Sheet at December 31, was as follows:

	1993	1992
	-----	-----
	(THOUSANDS)	
Current assets.....	\$ 19,356	\$ 24,046
Prearranged funeral contracts.....	59,932	--
Investments.....	--	87,789
Long-term receivables.....	15,699	1,241
Cemetery property.....	137,563	88,664
Property, plant and equipment.....	80,547	31,982
Deferred charges and other assets.....	(3,109)	8,525
Names and reputations.....	32,090	103,474
Current liabilities.....	(11,895)	(25,828)
Prearranged funeral and cemetery perpetual care obligations.....	--	(77,773)
Long-term debt.....	(28,444)	(29,075)
Deferred liabilities.....	(49,156)	(82,455)
Deferred prearranged funeral contract revenues.....	(59,402)	--
Stockholders' equity.....	(17,428)	(12,853)
	-----	-----
Cash used for acquisitions.....	\$175,753	\$117,737
	-----	-----

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SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The operating results of each acquisition are included in consolidated net income from the date of acquisition. The following represents the unaudited pro forma results of operations as if all of the above noted business combinations had occurred at the beginning of 1992.

	YEARS ENDED DECEMBER 31,	
	1993	1992*
	-----	-----
	(THOUSANDS)	
Revenues.....	\$955,311	\$916,831
	-----	-----
Net income.....	\$108,093	\$100,165
	-----	-----
Primary earnings per common share.....	\$ 1.29	\$ 1.27
	-----	-----

* After change in accounting principles discussed in Note 2.

The pro forma information given above does not purport to be indicative of the results that actually would have been obtained if the acquisitions had been in effect for the entire periods presented, and is not intended to be a projection of future results or trends.

NOTE FOUR

PREARRANGED FUNERAL CONTRACTS

The Company sells prearranged funeral contracts through various programs providing for future funeral services at prices prevailing when the agreement is

signed. Payments under these contracts are generally placed in trust (pursuant to state law) or are used to pay premiums on life insurance policies. Life insurance policies are issued by third party insurers.

At December 31, 1993, trust and insurance funds of \$1,244,866,000 (net of cancellation reserve) included in the Consolidated Balance Sheet as "Prearranged funeral contracts" are available to the Company for previously sold guaranteed price contracts. Of this amount, \$554,879,000 will be funded by trusts and \$689,987,000 will be funded by insurance policies. Accumulated earnings from trust funds and increasing insurance benefits have been included to the extent that they have accrued through December 31, 1993. The cumulative total has been reduced by allowable cash withdrawals for trust earning distributions and amounts retained by the Company pursuant to various state laws. In addition, a reserve, based on historical experience, equivalent to approximately 10% of the total balance has been provided for contract cancellations.

NOTE FIVE

INVESTMENTS

At December 31, 1992, investments include \$363,971,000 and \$297,817,000 of prearranged funeral and cemetery perpetual care and merchandise and service obligations, respectively, held in trust. These investments are carried at the lower of cost or market and include unrealized gains of \$31,496,000 and unrealized losses of \$18,327,000 (see Notes 1 and 2).

NOTE SIX

INCOME TAXES

The Company adopted FAS 109 "Accounting for Income Taxes" effective January 1, 1993. The adoption had no material impact on the Company's results of operations or financial position. FAS 109 is an asset and liability approach requiring recognition of deferred tax assets and liabilities for the expected future tax consequences of events recognized in the Company's financial statements or tax returns. Under FAS 109, all expected future events other than changes in the law or tax rates, are considered in estimating future tax

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

consequences. The Company previously had followed FAS 96, which was superseded by FAS 109, and gave no recognition to future events other than recovery of assets and settlement of liabilities at their carrying amounts.

In August 1993, the Omnibus Budget Reconciliation Act of 1993 (the Act) was enacted and among other changes, the Act increased the top United States corporate income tax rate to 35% from 34% effective January 1, 1993. The provision for income taxes for the year ended December 31, 1993 includes an adjustment to deferred taxes under FAS 109 of \$2,431,000 related to this increase in the corporate tax rate.

The provision for income taxes includes United States income taxes, determined on a consolidated return basis, foreign and state and local income taxes.

YEARS ENDED DECEMBER 31,		
1993	1992	1991
-----	-----	-----

(THOUSANDS)

Income before income taxes:			
United States.....	\$157,004	\$130,971	\$ 99,980
Foreign.....	16,488	8,365	8,892
	-----	-----	-----
	\$173,492	\$139,336	\$108,872
	-----	-----	-----
Provision for income taxes:			
Current:			
United States.....	\$ 29,449	\$ 31,432	\$ 24,157
Foreign.....	6,083	4,257	4,045
State and local.....	5,633	3,787	1,093
	-----	-----	-----
	41,165	39,476	29,295
	-----	-----	-----
Deferred:			
United States.....	26,245	11,119	3,612
Foreign.....	(512)	(120)	(261)
State and local.....	3,502	2,325	2,854
	-----	-----	-----
	29,235	13,324	6,205
	-----	-----	-----
Total provision.....	\$ 70,400	\$ 52,800	\$ 35,500
	-----	-----	-----

During the three years ended December 31, 1993, tax expense resulting from allocating certain tax benefits directly to capital in excess of par totaled \$1,197,000, \$339,000 and \$419,000, respectively.

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The differences between the U.S. federal statutory tax rate and the Company's effective rate was as follows:

	YEARS ENDED DECEMBER 31,		
	1993	1992	1991
	-----	-----	-----
	(THOUSANDS)		
Computed tax provision at the applicable federal statutory income tax rate.....	\$60,722	\$47,375	\$37,016
State and local taxes, net of federal income tax benefits.....	5,930	4,034	2,605
Dividends received deduction and tax exempt interest.....	(1,767)	(2,129)	(2,944)
Amortization of names and reputations.....	3,426	3,226	1,679
Enacted tax rate increase for deferred income taxes...	2,431	--	--
Foreign rate difference.....	(26)	1,308	1,088
Settlement of certain federal tax audits.....	--	--	(4,800)
Other.....	(316)	(1,014)	856
	-----	-----	-----
Provision for income taxes.....	\$70,400	\$52,800	\$35,500
	-----	-----	-----
Total effective tax rate.....	40.6%	37.9%	32.6%
	-----	-----	-----

Deferred tax assets and liabilities as of December 31 was as follows:

	1993	1992
	-----	-----
	(THOUSANDS)	
Receivables, principally due to sales of cemetery interment rights and related products.....	\$ 75,064	\$ 20,344
Inventories and cemetery property, principally due to purchase accounting adjustments.....	79,029	46,310
Property, plant and equipment, principally due to depreciation and to purchase accounting adjustments.....	65,454	50,566
Other.....	1,547	6,791
	-----	-----
Deferred tax liabilities.....	221,094	124,011
	-----	-----
Deferred revenue prearranged funeral service contracts, principally due to earnings from trust funds.....	(45,833)	--
Accrued liabilities.....	(11,644)	(13,238)
Carry-forwards and other, principally related to acquired subsidiaries.....	(5,239)	(11,566)
	-----	-----
Deferred tax assets.....	(62,716)	(24,804)
	-----	-----
Net deferred income taxes.....	\$158,378	\$ 99,207
	-----	-----

Current refundable income taxes and foreign current deferred tax assets are included in other current assets, with current taxes payable and current deferred taxes being reflected as "Income taxes" on the Consolidated Balance Sheet.

United States income taxes have not been provided on \$51,765,000 of undistributed earnings of foreign subsidiaries since it is the Company's intention to reinvest such earnings indefinitely.

As of December 31, 1993, the Company has United States federal net operating loss carry-forwards of \$12,375,000 principally related to acquired subsidiaries which will expire in the years 1998 through 2008.

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SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Various subsidiaries have state operating loss carry-forwards of \$72,375,000 with expiration dates through 2008. Included in "Carry-forwards and other" is a valuation allowance of \$1,748,000 which has been provided primarily for loss carry-forwards not expected to be realized.

Actual cash disbursements for income taxes and other tax assessments during the three years ended December 31, 1993, totaled \$46,557,000, \$33,973,000 and \$25,845,000, respectively.

During the third quarter of 1991, the Company settled certain United States federal tax audits resulting in a \$4,800,000 credit to the provision for income taxes. All of the Company's United States federal tax audits for years ended through April 30, 1988 have now been completed.

NOTE SEVEN

DEBT

Debt at December 31, was as follows:

	1993	1992
	-----	-----
	(THOUSANDS)	
Bank revolving credit agreements, \$215,000 available at December 31, 1993.....	\$ 385,000	\$347,500
Medium term notes, maturity through 2019, fixed average interest rate of 9.7%.....	248,000	250,000
6.5% convertible subordinated debentures, due in 2001, conversion price of \$20.74 per common share, redeemable after August, 1995.....	172,500	172,500
7.875% debentures, due in 2013.....	150,000	--
8% convertible debentures, due in 2006, conversion price is \$18 per common share.....	16,082	16,082
6.5% debentures, converted into common shares at \$17.33 per share in February, 1993.....	--	100,000
5.0% convertible debentures, due in 2003, conversion price ranges from \$22.50-\$32.16.....	12,897	3,000
Mortgage notes payable with maturities through 2013, average interest rate is 8.5%.....	63,769	67,923
Variable-interest rate note payable to a bank, current interest rate of 3.22% maturity date April, 1996.....	10,676	10,776
Other.....	28,280	22,850
	-----	-----
Total debt.....	1,087,204	990,631
Less current maturities.....	(24,982)	(10,602)
	-----	-----
Total long-term debt.....	\$1,062,222	\$980,029
	-----	-----

Under terms of the bank revolving credit agreements, the Company may borrow up to \$600,000,000. One agreement for \$350,000,000 expires on November 8, 1994 and contains provisions for renewals. At the end of any term, the outstanding balance may be converted into a two year term loan. Another agreement for \$250,000,000 expires November 3, 1996. The Company may in November of each year, commencing in 1994, extend the term of the \$250,000,000 agreement for a year with the consent of all the banks. The interest rates are based generally on various indices determined by the Company. In addition, the Company pays a quarterly facility fee ranging from .125% to .1875% on the commitment amount. The terms of the revolving credit agreements include various covenants which provide, among other things, for the maintenance of a certain level of consolidated net worth, the maintenance of certain ratios and restrictions on certain payments. These

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SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

credit agreements are to be used for general corporate purposes, including acquisitions, and support for the Company's selling of commercial paper.

The Company has outstanding \$248,000,000 in medium term notes with maturities from 6 months to 26 years which are not callable prior to maturity. The average remaining maturity for the notes is approximately 13 years.

In October 1991, the Company issued \$172,500,000 of convertible subordinated debentures with a conversion price of \$20.74 and subordinated to certain present and future indebtedness of the Company.

The \$150,000,000 of debt was issued in February 1993 and is considered senior debt and is not redeemable prior to maturity.

In 1988, the Company assumed \$16,082,000 of convertible subordinated debentures from an acquired company, with a conversion price of \$18.

In 1986, the Company issued \$100,000,000 of convertible debentures. In February 1993, \$97,164,000 of these debentures were converted into 5,607,000

common shares at \$17.33 per share pursuant to a redemption call. The remaining \$2,836,000 of debentures were redeemed for cash plus a 2.6% call premium and interest through the redemption date.

The Company also has two bank lines of credit, one for \$75,000,000 and one for \$15,000,000 (both of these lines were available at December 31, 1993) at rates similar to the revolving credit agreement. The \$75,000,000 line may be withdrawn at any time at the option of the bank. The \$15,000,000 line requires the payment of a .25% commitment fee on the unused balance and expires in July, 1995.

Some of the Company's facilities and cemetery properties are pledged as collateral for the mortgage notes. Additionally, at December 31, 1993, the Company had \$34,595,000 letters of credit outstanding primarily to guarantee funding of certain insurance claims.

The aggregate principal payments on debt for the five years subsequent to December 31, 1993, excluding amounts due to banks under revolving credit loan agreements are: 1994 -- \$24,982,000; 1995 -- \$57,731,000; 1996 -- \$18,845,000; 1997 -- \$47,945,000; and 1998 -- \$13,961,000. Cash interest payments for the three years ended December 31, 1993 totaled \$61,062,000, \$60,590,000 and \$47,692,000, respectively.

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE EIGHT

DEFERRED PREARRANGED FUNERAL CONTRACT REVENUES

"Deferred prearranged funeral contract revenues" on the Consolidated Balance Sheet includes the contract amount of all price guaranteed prearranged funeral service contracts as well as the accrued trust earnings and increasing insurance benefits earned through December 31, 1993. The Company will continue to defer additional accruals of trust earnings and insurance benefits as they are earned until the performance of the funeral service. Upon performance of the funeral service, the Company will recognize the fixed contract price as well as total accumulated trust earnings and increasing insurance benefits as funeral service revenues.

The recognition in future funeral revenues is estimated to occur in the following years based on actuarial assumptions as follows:

	(THOUSANDS)

1994.....	\$ 110,990
1995.....	103,690
1996.....	96,546
1997.....	89,602
1998.....	82,908
1999 and through 2003.....	317,878
2004 and thereafter.....	461,793

	\$1,263,407

NOTE NINE

COMMITMENTS AND CONTINGENCIES

The annual payments for operating leases (primarily for funeral home facilities and transportation equipment) are as follows:

	(THOUSANDS)

1994.....	\$23,858
1995.....	19,960
1996.....	16,566
1997.....	13,705
1998.....	9,607
Thereafter.....	30,795

The majority of these leases contain one of the following options: (a) purchase the property at the fair value at date of exercise, (b) purchase the property for a value determined at the inception of the lease or (c) renew for the fair rental value at end of the primary term of the lease. Some of the equipment leases contain residual value exposures. For the three years ended December 31, 1993, rental expense was \$33,590,000, \$25,583,000 and \$22,531,000, respectively.

The Company has entered into management, consultative and noncompetition agreements (generally for five to 10 years) with certain officers of the Company and former owners and key employees of businesses acquired. During the three years ended December 31, 1993, \$31,957,000, \$27,594,000 and \$21,662,000, respectively, were charged to expense. At December 31, 1993, the maximum estimated future expense under all remaining agreements is \$139,887,000 including \$4,693,000 with certain officers of the Company.

In 1990, the Company entered into a five year minimum purchase agreement with a major casket manufacturer. The agreement contains provisions to increase the minimum annual purchases for normal price

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

increases and the maintenance of product quality. The agreement was amended in 1992 to provide for an extension to 1998 with a cumulative minimum purchase commitment of \$228,000,000 required. During the three years ended December 31, 1993, the Company purchased \$41,200,000, \$36,656,000 and \$35,149,000, respectively, under this agreement.

NOTE TEN

STOCKHOLDERS' EQUITY

The Company is authorized to issue 1,000,000 shares of preferred stock, \$1 par value. No shares were issued as of December 31, 1993. At December 31, 1993, 200,000,000 common shares of \$1 par value were authorized, 84,859,110 shares were issued and outstanding (76,904,954 at December 31, 1992), net of 18,830 shares held, at cost, in treasury (521,455 at December 31, 1992).

During the two years ended December 31, 1993, the Company purchased 66,319 and 398,400 shares of its common stock for \$1,637,000 and \$6,569,000, respectively.

The fully diluted earnings per share calculation assumes full conversion into common stock of the Company's various convertible debenture issues.

The Company has a stockholder approved plan whereby shares of the Company's common stock may be issued pursuant to the exercise of stock options granted to

officers and key employees. The plan allows for options to be granted as either non-qualified or incentive stock options. The options are granted with an exercise price equal to the then current market price of the Company's common stock and are generally exercisable at a rate of 33 1/3% each year (generally starting one year from grant date). At December 31, 1993 and 1992, 729,267 and 971,515 shares, respectively, were reserved for future option grants under this existing plan.

On November 10, 1993, the Board of Directors approved the 1993 Long-Term Incentive Stock Option Plan (maximum of 4,650,000 shares) and granted options for 4,000,000 shares of common stock at an exercise price of \$25.75 per share (fair market value at date of grant). This plan is subject to stockholder approval at the annual meeting of stockholders on May 12, 1994. Such shares are excluded in the table below.

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following tabulation sets forth certain stock option information:

	OPTIONS -----	OPTION PRICE PER SHARE -----
Outstanding at December 31, 1990.....	1,813,707	\$ 3.75-23.95
Granted.....	273,936	13.75-17.17
Exercised.....	(293,679)	3.75-23.95
Cancelled.....	(267,919)	9.14-23.95
	-----	-----
Outstanding at December 31, 1991.....	1,526,045	8.00-18.17
Granted.....	58,410	8.75-17.06
Exercised.....	(214,637)	9.25-16.67
Cancelled.....	(104,224)	10.08-18.17
	-----	-----
Outstanding at December 31, 1992.....	1,265,594	8.00-17.17
Granted.....	267,250	14.17-26.00
Exercised.....	(401,387)	9.25-18.81
Cancelled.....	(25,002)	14.17-18.81
	-----	-----
Outstanding at December 31, 1993.....	1,106,455	\$ 8.00-26.00
	-----	-----
Exercisable at December 31, 1993.....	697,452	\$ 8.00-18.81
	-----	-----

At December 31, 1993, the Company has reserved 1,480,731 shares of its common stock under stockholder approved plans for restricted stock grants to be awarded to key employees and non-employee directors. These plans contain a restriction period of not less than six months and not more than five years, during which time the recipient will be prohibited from disposition of the awarded common stock and also a requirement that the employee recipient remain employed by the Company and the non-employee director continue to serve as a director prior to lapse of the restricted period. For the three years ended December 31, 1993, 652,481, 405,925 and 16,500 shares were awarded under these plans, respectively.

In July 1988, the Board of Directors adopted a preferred share purchase rights plan and also declared a dividend of one preferred share purchase right for each share of common stock. The rights become exercisable in the event of certain attempts to acquire 20% or more of the common stock of the Company and entitle the rights holders to purchase certain securities of the Company or the

acquiring company. The rights, which are redeemable by the Company for \$.01 per right, expire in July, 1998 unless extended. Holders of the medium term notes and 6.5% subordinated debentures may accelerate repayment or redemption in certain circumstances involving a change in control.

NOTE ELEVEN

EMPLOYEE RETIREMENT PLANS

The Company has a noncontributory defined benefit pension plan covering substantially all employees, a supplemental retirement plan for certain executives (SERP), a supplemental retirement plan for officers and certain executives (Senior SERP), and a retirement plan for non-employee directors (Directors' Plan).

For the pension plan, retirement benefits are generally based on years of service and compensation for the current year. The Company annually contributes to the pension plan an actuarially determined amount consistent with the funding requirements of the Employee Retirement Income Security Act of 1974. Assets of the pension plan consist primarily of bank money market funds, fixed income investments, marketable equity securities and mortgage notes. The marketable equity securities include shares of Company common stock with a value of \$3,534,000 at December 31, 1993.

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Retirement benefits under the SERP are based on years of service and average monthly compensation, reduced by benefits under the pension plan and Social Security. The Senior SERP provides retirement benefits for officers and certain executives based on their years of service and position. The Directors' Plan will provide an annual benefit to directors following their retirement, based on a vesting schedule. The Company purchased various life insurance policies on the participants in the SERP, Senior SERP and Directors' Plan with the intent to use the proceeds and any cash value buildup from such policies to fund, at least to the extent of such assets, these plans' funding requirements.

The net cost for all plans was as follows:

	YEARS ENDED DECEMBER 31,		
	1993	1992	1991
		(THOUSANDS)	
Service cost-benefits earned during the period.....	\$ 6,719	\$ 5,737	\$ 4,886
Interest cost on projected benefit obligation.....	6,886	5,753	4,674
Return on plan assets.....	(4,311)	(3,945)	(7,885)
Net amortization and deferral of gain.....	1,201	1,315	5,260
	\$10,495	\$ 8,860	\$ 6,935

The plans' funded status at December 31, was as follows:

1993		1992	
FUNDED PLAN	NON-FUNDED PLANS	FUNDED PLAN	NON-FUNDED PLANS

	(THOUSANDS)			
Vested benefit obligation.....	\$58,229	\$ 25,902	\$43,141	\$ 14,611
Accumulated benefit obligation.....	\$63,556	\$ 26,099	\$47,997	\$ 17,267
Projected benefit obligation.....	\$71,223	\$ 26,310	\$59,617	\$ 18,949
Plans' assets at fair value.....	67,993	--	53,225	--
Plans' assets in deficit of projected benefit obligation.....	(3,230)	(26,310)	(6,392)	(18,949)
Unrecognized net loss from past experience and effects of changes in assumptions....	10,271	4,128	6,804	4,903
Prior service cost not yet recognized in net periodic pension cost.....	(2,966)	12,685	2,673	7,448
Unrecognized net asset.....	--	--	(487)	--
Accrued pension cost.....	4,075	(9,497)	2,598	(6,598)
Adjustment for additional minimum liability.....	--	(16,602)	--	(10,669)
Retirement plan asset (liability).....	\$ 4,075	\$ (26,099)	\$ 2,598	\$ (17,267)

The following assumed rates were used in the determination of the plans' funded status:

	1993		1992	
	FUNDED PLAN	NON-FUNDED PLANS	FUNDED PLAN	NON-FUNDED PLANS
Discount rate used to determine obligations.....	7.5%	7.5%	8.5%	8.5%
Assumed rate of compensation increase.....	4.5	4.5	6.0	6.0
Assumed rate of return on plan assets.....	4.5	--	8.0	--

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE TWELVE

FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FAIR VALUE OF FINANCIAL INSTRUMENTS

Swap agreements:

The Company periodically enters into swap agreements to hedge exposure to fluctuations in interest and foreign exchange rates. Such agreements are with major financial institutions and the Company does not anticipate any credit risk from these transactions because of nonperformance. The amounts to be paid or received are accrued in accordance with terms of the agreement and market interest rates.

On August 31, 1993, the Company entered a currency swap agreement with a bank that hedged the borrowings for the Company's initial investment in its Australian subsidiary. As part of this agreement, the Company pays the bank a blended interest rate (6.28% at December 31, 1993) on \$110,000,000 Australian dollars and receives a floating interest rate (3.5% at December 31, 1993) on \$73,590,000 United States dollars. This agreement expires December 29, 2000.

The Company has entered into an interest rate swap agreement with a bank having a notional amount of \$150,000,000 effective February 1, 1994. Under this

agreement, the Company will pay a floating interest rate on \$150,000,000 and will receive a 5.36% fixed interest rate on \$150,000,000. This agreement terminates February 1, 1999 subject to an option, exercisable by the bank, to terminate on August 1, 1994.

Credit risk:

Provident is a party to financial instruments with off-balance sheet risk. The financial instruments result from loans made in the normal course of business to meet the financing needs of borrowers who are principally independent funeral home and cemetery operators. These financial instruments also include loan commitments of \$19,499,000 at December 31, 1993 (\$33,656,000 at December 31, 1992) to extend credit. Provident evaluates each borrower's credit worthiness and the amount loaned and collateral obtained, if any, is determined by this evaluation.

The Company grants customers credit in the normal course of business and the credit risk with respect to these trade receivables are generally considered minimal because of the wide geographic area served. Procedures are in effect to monitor the credit worthiness of customers and bad debts have not been significant in relation to the volume of revenues.

Prearranged funeral contracts generally do not subject the Company to collection risk because customer payments are either placed in state supervised trusts or used to pay premiums on life insurance contracts. Insurance funded contracts are subject to supervision by state insurance departments and are protected in the majority of states by insurance guaranty acts.

Fair Value of Financial Instruments:

The following disclosure of the estimated fair value of financial instruments was made in accordance with the requirements of FAS 107. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies.

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The carrying amounts of cash and cash equivalents, receivables and accounts payable approximate fair values due to the short term maturities of these instruments. The carrying amounts and fair values of the Company's fixed rate long-term borrowings are as follows:

	DECEMBER 31, 1993	
	CARRYING AMOUNT	FAIR VALUE
	(THOUSANDS)	
Medium term notes.....	\$248,000	\$305,215
Debentures.....	\$351,479	\$451,146
Mortgage notes payable.....	\$ 63,769	\$ 63,769

The fair value of the above long-term borrowings was estimated by discounting the future cash flows, including interest payments, using rates

currently available for debt of similar terms and maturity, based on the Company's credit standing and other market factors. The carrying value of the revolving credit agreements approximate fair value because the rates on such agreements are variable, based on current market. Substantially all of the Company's remaining long-term debt and receivables carry variable interest rates and their carrying amount approximates fair value. It is not practicable to estimate the fair value of the installment contracts receivable.

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE THIRTEEN

SUPPLEMENTARY INFORMATION

The detail of certain balance sheet accounts at December 31, was as follows:

	1993	1992
	-----	-----
	(THOUSANDS)	
Cash and cash equivalents:		
Cash.....	\$ 6,393	\$ 13,465
Commercial paper and temporary investments.....	13,481	17,237
Certificates of deposit.....	948	551
	-----	-----
	\$ 20,822	\$ 31,253
	-----	-----
Receivables and allowances:		
Current:		
Trade accounts.....	\$ 85,924	\$ 69,612
Installment contracts.....	101,954	53,259
Notes.....	81,216	74,272
	-----	-----
	269,094	197,143
	-----	-----
Less:		
Allowance for contract cancellations and doubtful accounts.....	14,786	7,778
Unearned finance charges and valuation discounts.....	17,522	7,093
	-----	-----
	32,308	14,871
	-----	-----
	\$236,786	\$182,272
	-----	-----
Long-term:		
Installment contracts.....	\$126,389	\$ 80,401
Loans and other notes.....	277,149	210,507
Trusted cemetery merchandise and service sales.....	133,583	--
	-----	-----
	537,121	290,908
	-----	-----
Less:		
Allowance for contract cancellations and doubtful accounts.....	14,054	5,001
Unearned finance charges and valuation discounts.....	23,005	11,114
	-----	-----
	37,059	16,115
	-----	-----
	\$500,062	\$274,793
	-----	-----

Interest rates on installment contracts and notes receivable range from 3.0% to 12.5% at December 31, 1993. Included in loans and other notes receivable are \$12,479,000 in notes with officers and employees of the Company, the majority of which are collateralized by real estate, and \$25,548,000 in notes with other related parties.

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	DECEMBER 31,	
	----- 1993	1992 -----
	(THOUSANDS)	
Cemetery property:		
Undeveloped land (including capitalized interest and development expenditures).....	\$ 299,520	\$ 202,147
Developed land and lawn crypts.....	88,722	61,489
Mausoleums.....	28,808	34,611
	-----	-----
	\$ 417,050	\$ 298,247
	-----	-----
Property, plant and equipment:		
Land.....	\$ 186,521	\$ 169,189
Buildings and improvements.....	461,539	356,989
Operating equipment.....	104,921	105,022
Leasehold improvements.....	17,715	15,615
	-----	-----
	770,696	646,815
	-----	-----
Less: accumulated depreciation.....	(163,870)	(142,344)
	-----	-----
	\$ 606,826	\$ 504,471
	-----	-----
Accounts payable and accrued liabilities:		
Trade payables.....	\$ 22,220	\$ 13,574
Dividends.....	8,913	7,724
Payroll.....	9,319	14,224
Interest.....	14,903	11,592
Insurance.....	13,115	5,761
Accrued purchase price for December, 1992 acquisition.....	--	12,357
Other.....	28,411	23,772
	-----	-----
	\$ 96,881	\$ 89,004
	-----	-----

NON-CASH TRANSACTIONS

	YEARS ENDED DECEMBER 31,		
	----- 1993	1992 -----	1991 -----
	(THOUSANDS)		
Common stock issued under restricted stock plans.....	\$14,393	\$6,938	\$ 287
Notes receivable exchanged for preferred stock investment.....	\$ 2,520	\$3,830	\$8,868
Common stock issued in lieu of cash contribution to retirement plans.....	\$ --	\$ --	\$2,281
Minimum liability under retirement plans.....	\$12,642	\$ 187	\$ --

Debt conversion.....	\$97,164	\$	--	\$	--
Cumulative effect of change in accounting principles.....	\$ 2,031	\$	--	\$	--

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE FOURTEEN

MAJOR SEGMENTS OF BUSINESS

SCI conducts funeral and cemetery operations in the United States, Canada and Australia and offers financial services in the United States.

	FUNERAL	CEMETERY	FINANCIAL SERVICES	CORPORATE	CONSOLIDATED
	(THOUSANDS, EXCEPT FOR NUMBER OF OPERATING LOCATIONS)				
Revenues:					
1993.....	\$ 603,099	\$280,421	\$ 15,658	\$ --	\$899,178
1992.....	551,940	209,796	10,741	--	772,477
1991.....	445,367	183,058	14,823	--	643,248
Operating expenses:					
1993.....	426,008	200,682	9,168	43,706	679,564
1992.....	379,823	163,967	6,632	38,693	589,115
1991.....	307,690	146,384	10,666	35,448	500,188
Income from operations:					
1993.....	177,091	79,739	6,490	(43,706)	219,614
1992.....	172,117	45,829	4,109	(38,693)	183,362
1991.....	137,677	36,674	4,157	(35,448)	143,060
Identifiable assets:					
1993.....	2,299,177	952,844	253,314	177,969	3,683,304
1992.....	1,351,066	908,012	191,695	160,350	2,611,123
1991.....	1,148,103	692,438	109,420	173,491	2,123,452
Depreciation and amortization:					
1993.....	37,130	8,506	197	12,381	58,214
1992.....	33,214	7,701	429	6,025	47,369
1991.....	25,559	7,414	243	1,774	34,990
Capital expenditures: (1)					
1993.....	107,046	165,408	--	5,241	277,695
1992.....	78,519	101,887	--	7,060	187,466
1991.....	145,765	31,186	--	4,106	181,057
Number of operating locations at year end:					
1993.....	792	192	--	--	984
1992.....	674	176	--	--	850
1991.....	655	163	--	--	818

(1) Includes \$218,110,000, \$120,646,000 and \$142,568,000 for the three years ended December 31, 1993, respectively, for purchases of property, plant and equipment and cemetery property of acquired businesses.

SERVICE CORPORATION INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE FIFTEEN

PROSPECTIVE ACCOUNTING CHANGES

In 1994, FAS 112 "Employer's Accounting for Postemployment Benefits"

becomes effective. This FAS requires the Company to accrue for estimated future postemployment benefits during the years employees are working and earning these benefits. Also in 1994, FAS 115 "Accounting for Certain Investments in Debt and Equity Securities" becomes effective. This FAS addresses the accounting for investments in equity and debt securities held by the Company. In 1995, FAS 114 "Accounting by Creditors for Impairment of a Loan" becomes effective. This FAS requires present value computations for impaired loans when determining allowances for loan losses. Adoption of these three standards is not expected to materially affect the Company's financial position or results of operations.

NOTE SIXTEEN

QUARTERLY FINANCIAL DATA (UNAUDITED)

	FIRST	SECOND	THIRD	FOURTH	YEAR
	-----	-----	-----	-----	-----
	(THOUSANDS, EXCEPT PER SHARE INFORMATION)				
Revenues:					
1993.....	\$224,371	\$217,049	\$211,432	\$246,326	\$899,178
1992.....	200,746	187,099	183,940	200,692	772,477
1991.....	153,479	156,077	152,513	181,179	643,248
Gross profit:					
1993.....	\$ 71,471	\$ 61,920	\$ 56,597	\$ 73,332	\$263,320
1992.....	63,700	50,972	46,426	60,957	222,055
1991.....	45,790	43,655	37,970	51,093	178,508
Net income					
1993(1).....	\$ 27,217	\$ 24,333	\$ 19,807	\$ 29,704	\$101,061
1992.....	25,170	19,872	17,096	24,398	86,536
1991.....	18,739	16,287	18,117	20,229	73,372
Primary earnings per share:					
1993(1).....	\$.34	\$.29	\$.23	\$.35	\$ 1.21
1992.....	.33	.26	.22	.32	1.13
1991.....	.28	.23	.25	.27	1.03

(1) The first quarter of 1993 includes a charge to net income of \$2,031,000 or \$.03 per share for the cumulative effect of the change in accounting principles.

SERVICE CORPORATION INTERNATIONAL

SCHEDULE II -- AMOUNTS RECEIVABLE FROM RELATED PARTIES
THREE YEARS ENDED DECEMBER 31, 1993

	LONG-TERM BALANCE AT BEGINNING OF PERIOD	CURRENT BALANCE AT BEGINNING OF PERIOD	ADDITIONS	COLLECTED DEDUCTIONS	LONG-TERM BALANCE AT END OF PERIOD	CURRENT BALANCE AT END OF PERIOD
	-----	-----	-----	-----	-----	-----
	(THOUSANDS)					
Year ended December 31, 1993:						
R. L. Waltrip(1).....	\$ --	\$ --	\$ 1,700	\$ --	\$ 1,700	\$ --
W. B. Waltrip(1).....	--	--	600	--	600	--
D. J. Anderson(6).....	596	3	--	251	344	4
L. C. Bolton(6).....	--	--	117	1	111	5
J. A. Brandenburg(6).....	133	1	--	1	132	1
A. J. Brown(6).....	151	1	--	1	150	1
G. L. Cauthen(6).....	210	5	--	9	196	10
G. R. Champagne(6)(7).....	270	3	--	168	--	105
R. A. Chesler(6).....	141	1	--	6	130	6
A. L. Coelho(6).....	652	--	220	6	858	8
D. M. Dettling(6).....	118	3	--	5	110	6
L. J. Dyer(6).....	127	1	--	1	126	1
V. M. Evans(6).....	224	2	--	226	--	--
J. D. Garrison(6).....	154	1	10	2	161	2
J. A. Gordon(6).....	160	--	147	1	302	4
R. S. Gregory(6).....	191	1	--	5	182	5
K. R. Griffith(6).....	240	3	--	243	--	--
G. K. Guinn(4).....	382	235	--	235	378	4

W. M. Hamilton(6)	--	--	182	--	--	182
L. W. Heiligbrodt(6)(1)	475	2	1,119	4	1,587	5
S. K. Kennedy(6)	196	2	--	198	--	--
L. A. Kirkpatrick(6)	138	3	325	143	319	4
W. T. McRae(6)	120	2	--	3	116	3
J. W. Morrow(6)(1)	394	20	525	414	525	--
R. E. Morrow(6)	172	1	--	2	157	14
H. M. Nelly(6)(7)	228	5	--	6	117	110
E. K. Payne(3)	--	99	--	--	--	99
E. E. Poynter(6)	--	--	173	1	170	2
G. A. Pullins(8)	--	250	--	--	--	250
S. W. Rizzo(6)(1)	637	6	625	644	620	4
J. D. Rottman(6)	253	2	--	2	251	2
R. T. Sells(6)	268	5	--	11	251	11
M. J. Shipley(6)	146	--	--	1	144	1
J. E. Stieneker(6)	437	3	45	140	341	4
J. L. Stoner(6)	248	1	--	10	229	10
W. H. Truscott(6)	175	1	--	2	172	2
M. R. Webb(6)	220	2	--	2	218	2
M. K. Wick(6)	149	1	--	150	--	--
A. W. Yerty(6)	248	1	--	10	228	11

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SERVICE CORPORATION INTERNATIONAL

SCHEDULE II -- AMOUNTS RECEIVABLE FROM RELATED PARTIES -- (CONTINUED)

	LONG-TERM BALANCE AT BEGINNING OF PERIOD	CURRENT BALANCE AT BEGINNING OF PERIOD	ADDITIONS	COLLECTED DEDUCTIONS	LONG-TERM BALANCE AT END OF PERIOD	CURRENT BALANCE AT END OF PERIOD
	-----	-----	-----	-----	-----	-----
	(THOUSANDS)					
Year ended December 31, 1992:						
R. L. Waltrip(2)	\$ --	\$1,500	\$ --	\$1,500	\$ --	\$ --
E. K. Payne(3)	--	157	--	58	--	99
G. K. Guinn(4)	386	235	--	4	382	235
D. J. Anderson(6)	248	1	353	3	596	3
J. A. Brandenburg(6)	134	1	--	1	133	1
A. J. Brown(6)	152	1	--	1	151	1
G. L. Cauthen(6)	--	--	220	5	210	5
G. R. Champagne(6)(7)	169	3	105	4	270	3
R. A. Chesler(6)	--	--	143	1	141	1
A. L. Coelho(6)	--	--	652	--	652	--
D. M. Dettling(6)	97	1	26	3	118	3
L. J. Dyer(6)	128	1	--	1	127	1
V. M. Evans(6)	227	1	--	2	224	2
J. D. Garrison(6)	139	1	155	140	154	1
J. A. Gordon(6)	--	--	160	--	160	--
R. S. Gregory(6)	--	--	193	1	191	1
K. R. Griffith(6)	244	2	--	3	240	3
L. W. Heiligbrodt(6)	97	1	479	100	475	2
S. K. Kennedy(6)	199	1	--	2	196	2
L. A. Kirkpatrick(6)	143	1	--	3	138	3
B. G. Leo(6)	154	1	--	155	--	--
W. T. McRae(6)	--	--	124	2	120	2
J. W. Morrow(6)	419	15	--	20	394	20
R. E. Morrow(6)	--	--	174	1	172	1
H. M. Nelly(6)(7)	129	5	105	6	228	5
S. W. Rizzo(6)	644	5	--	6	637	6
J. D. Rottman(6)	256	1	--	2	253	2
R. T. Sells(6)	277	1	--	5	268	5
M. J. Shipley(6)	--	--	146	--	146	--
J. E. Stieneker(6)	441	2	--	3	437	3
J. L. Stoner(6)	--	--	250	1	248	1
W. H. Truscott(6)	176	1	--	1	175	1
M. R. Webb(6)	223	1	--	2	220	2
M. K. Wick(6)	150	1	--	1	149	1
A. W. Yerty(6)	--	--	250	1	248	1
G. A. Pullins(8)	--	--	250	--	--	250

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SERVICE CORPORATION INTERNATIONAL

SCHEDULE II -- AMOUNTS RECEIVABLE FROM RELATED PARTIES -- (CONTINUED)

LONG-TERM BALANCE AT	CURRENT BALANCE AT	LONG-TERM BALANCE	CURRENT BALANCE
----------------------------	-----------------------	----------------------	--------------------

	BEGINNING OF PERIOD	BEGINNING OF PERIOD	ADDITIONS	COLLECTED DEDUCTIONS	AT END OF PERIOD	AT END OF PERIOD
	-----	-----	-----	-----	-----	-----
	(THOUSANDS)					
Year ended December 31, 1991:						
B. D. Hunter (9).....	\$ 5,000	\$3,700	\$ --	\$8,700	\$ --	\$ --
R. L. Waltrip (2).....	--	545	1,955	1,000	--	1,500
E. K. Payne (3).....	--	237	20	100	--	157
G. K. Guinn (4).....	--	231	390	--	386	235
W. E. Mercer (5).....	800	200	--	1,000	--	--
D. J. Anderson (6).....	--	--	250	1	248	1
J. A. Brandenburg (6).....	135	1	--	1	134	1
A. J. Brown (6).....	133	1	153	134	152	1
G. R. Champagne (6).....	173	3	--	4	169	3
D. M. Dettling (6).....	98	1	--	1	97	1
L. J. Dyer (6).....	129	1	--	1	128	1
V. M. Evans (6).....	--	--	229	1	227	1
J. D. Garrison (6).....	--	--	140	--	139	1
K. R. Griffith (6).....	246	2	--	2	244	2
L. W. Heiligbrodt (6).....	98	1	--	1	97	1
S. K. Kennedy (6).....	--	--	200	--	199	1
L. A. Kirkpatrick (6).....	145	1	--	2	143	1
B. G. Leo (6).....	156	1	--	2	154	1
W. C. McNamara (6).....	148	2	--	150	--	--
J. W. Morrow (6).....	434	15	--	15	419	15
H. M. Nelly (6).....	134	5	--	5	129	5
S. W. Rizzo (6).....	--	--	650	1	644	5
J. D. Rottman (6).....	258	1	--	2	256	1
R. T. Sells (6).....	--	--	279	1	277	1
J. E. Stieneker (6).....	--	--	445	2	441	2
W. H. Truscott (6).....	--	--	178	1	176	1
M. R. Webb (6).....	--	--	224	--	223	1
M. K. Wick (6).....	151	1	--	1	150	1

- (1) On August 10, 1993, the Company loaned: R. L. Waltrip, Chairman of the Board and Chief Executive Officer of the Company, \$1,700,000; L. W. Heiligbrodt, President and Chief Operating Officer of the Company, \$1,000,000; W. B. Waltrip, Executive Vice President/Operations of the Company, \$600,000; S. W. Rizzo, Executive Vice President, Chief Financial Officer/Treasurer of the Company, \$525,000; and J. W. Morrow, Jr., Executive Vice President/Corporate Development, \$525,000. Such loans were made to enable such officers to pay the estimated federal income taxes resulting from their receipt of Company stock on August 10, 1993 pursuant to a grant of restricted stock under the Company's Amended 1987 Stock Plan. Each of the loans is due August 10, 2003, bears interest at 6.5% per annum and is supported by the restricted stock. In the event that the fair market value of all restricted stock held by an officer is less than his outstanding loan balance as of any loan anniversary date, the officer will be obligated to provide acceptable collateral for the difference between such loan balance and such fair market value.
- (2) Provident had provided a line of credit of \$2,500,000 to R. L. Waltrip for personal use. The line of credit matured, and the outstanding balance was repaid by Waltrip in 1992.

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SERVICE CORPORATION INTERNATIONAL

SCHEDULE II -- AMOUNTS RECEIVABLE FROM RELATED PARTIES -- (CONTINUED)

- (3) Provident has provided secured loans to E. K. Payne, former Senior Vice President of the Company, in connection with the exercise of Company stock options, the purchase of a home and personal use. The loans provide for interest at the prime rate (6% at December 31, 1993) and are collateralized by shares of Company common stock. The stock option loan matures in November 1994. The home and personal use loan was repaid in 1992.
- (4) Provident has provided secured loans to G. K. Guinn, former Senior Vice President and Treasurer of the Company, to finance the exercise of Company stock options and for the purchase of a home. The loans are collateralized by the stock purchased and a deed of trust on the home, and bear interest at the prime rate and 7.55%, respectively. The stock option loan matured and was repaid in 1993 and the home loan matures in 2021.

- (5) In December 1989, the Company sold its trust subsidiary, Southwest Guaranty Trust Company and its investment services department to W. E. Mercer for \$1,000,000. Mercer is a former director and Executive Vice President Finance and Administration of the Company. Mercer executed a promissory note in payment of the purchase price of \$1,000,000 with interest at 10% payable quarterly. During 1991, Mercer repaid the balance of the note.
- (6) Provident offers employees and directors of the Company mortgage loans. These loans have been issued at fixed rates ranging from 6.5% to 9.6%, which are comparable to current market rates. These loans mature 15 to 30 years from date of issuance and are collateralized by a deed of trust on the real estate and for one individual, Company stock and other publicly traded securities.
- (7) In addition to mortgage loans discussed in note 6 above, Provident has provided secured loans to finance the exercise of Company stock options to the individuals noted. These loans are collateralized by the stock purchased, bear interest at the prime rate and mature in 1994.
- (8) Provident has provided financing to G. A. Pullins, Senior Vice President / Corporate Development of the Company, to finance the purchase of a home. The loan is collateralized by Company stock, bears interest at the prime rate and matures in 1994.
- (9) B. D. Hunter is a director of the Company and former Chairman of AMEDCO Inc. (AMEDCO) which was acquired by the Company on September 26, 1986. In connection with the Company's purchase of AMEDCO certain operations of AMEDCO were purchased by a company controlled by Hunter immediately before the acquisition of AMEDCO by the Company. Part of the consideration paid by the Hunter controlled company to AMEDCO were promissory notes of \$8,000,000 and \$5,000,000. During 1990, Hunter repaid \$4,300,000 of the \$8,000,000 promissory note. During 1991, Hunter repaid the remaining balances of the two notes.
- (10) In its normal course of business, primarily through Provident, the Company has made loans to certain entities in which the Company has equity investments. These loans had a balance of \$25,548,000 at December 31, 1993. All of these loans carry interest rates ranging from a defined savings rate plus 2% (5.22% at December 31, 1993) up to 12% and mature in 1994 through 2000. These loans are collateralized by combinations of common stock of the debtor entities, deeds of trust on the debtors' real estate and certain other collateral.

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SERVICE CORPORATION INTERNATIONAL

SCHEDULE VIII -- VALUATION AND QUALIFYING ACCOUNTS
THREE YEARS ENDED DECEMBER 31, 1993

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS (2)	DEDUCTIONS (1)	BALANCE AT END OF PERIOD
-----	-----	-----	-----	-----	-----
			(THOUSANDS)		
Current --					
Allowance for contract cancellations and doubtful accounts:					
Year ended December 31, 1993....	\$7,778	\$9,983(3)	\$1,725	\$(4,700)	\$14,786
Year ended December 31, 1992....	5,143	4,456	2,815	(4,636)	7,778
Year ended December 31, 1991....	3,345	3,203	2,344	(3,749)	5,143
Due After One Year --					
Allowance for contract cancellations and doubtful					

accounts:						
Year ended December 31, 1993....	\$5,001	\$6,858(3)	\$3,935	\$(1,740)		\$14,054
Year ended December 31, 1992....	8,764	191	660	(4,614)		5,001
Year ended December 31, 1991....	2,877	79	6,172	(364)		8,764

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- (1) Uncollected receivables written off, net of recoveries
- (2) Primarily acquisitions and dispositions of operations
- (3) Includes the cumulative effect of changing accounting principles effective January 1, 1993.

SERVICE CORPORATION INTERNATIONAL

SCHEDULE X -- SUPPLEMENTARY INCOME STATEMENT INFORMATION
THREE YEARS ENDED DECEMBER 31, 1993

	1993	1992	1991
	-----	-----	-----
	(THOUSANDS)		
Maintenance and repairs.....	\$19,750	\$17,561	\$14,731
	-----	-----	-----
Depreciation and amortization:			
Property, plant and equipment.....	\$26,757	\$24,497	\$21,139
Deferred charges.....	21,118	13,271	9,066
Names and reputations.....	10,339	9,601	4,785
	-----	-----	-----
	\$58,214	\$47,369	\$34,990
	-----	-----	-----
Taxes:			
Property.....	\$12,833	\$12,711	\$10,483
Payroll.....	21,041	17,766	14,808
Other.....	1,703	1,850	2,730
	-----	-----	-----
	\$35,577	\$32,327	\$28,021
	-----	-----	-----
Advertising.....	\$13,044	\$ 9,260	\$ 7,519
	-----	-----	-----

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Ernst & Young, Certified Public Accountants ("E&Y"), served as the independent accountants for the Company for the fiscal year ended December 31, 1992. E&Y was dismissed as the independent accounting firm for the Company effective March 25, 1993, with Coopers & Lybrand, Certified Public Accountants ("Coopers"), having been so engaged as of that date. The decision to change the independent accounting firm for the Company was recommended by management and by the Audit Committee of the Board of Directors of the Company and was approved by the Board of Directors.

The report of E&Y dated February 8, 1993 on the consolidated financial statements of the Company as of December 31, 1992 and 1991 and for the three years in the period ended December 31, 1992 contained no adverse opinion or a disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principle. Similarly, the report of Coopers dated

February 8, 1994 on the consolidated financial statements of the Company as of December 31, 1993 and for the year then ended contained no adverse opinion or a disclaimer of opinion, and was not qualified or modified as to uncertainty, audit scope or accounting principle.

From time to time during the several years preceding January 1, 1993, meetings were held between members of senior management of the Company and local and national office partners of E&Y regarding potential accounting policies for reporting pre-need funeral and cemetery sales. As previously reported by the Company in, among other places, its Form 8-K dated March 31, 1993, the Company and E&Y did not reach agreement on any new method of accounting for such sales. In the Company's opinion, such meetings did not result in a "disagreement" between it and E&Y within the meaning of the rules promulgated by the Securities and Exchange Commission (the "SEC"). Thus, as previously reported by the Company in, among other places, such Form 8-K, while there was a failure to reach agreement, in the Company's opinion, during the two years ended December 31, 1992, there was no reportable "disagreement" between the Company and E&Y regarding any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement, if not resolved to the satisfaction of E&Y, would have caused E&Y to make reference to the subject of the disagreement in connection with its report.

As also previously reported by the Company in, among other places, an amendment, dated April 6, 1993, to the Company's Form 8-K, dated March 31, 1993, E&Y, however, has stated that it believes that a reportable "disagreement" occurred between it and the Company. Accordingly, at the request of E&Y, the Company included the following (references to E&Y and the Company have been conformed to the usage in this Form 10-K) in its proxy statement dated April 12, 1993 for the last annual meeting of stockholders.

"On several occasions over the years, the Company has proposed that its accounting policy for pre-need funeral services be changed to a method whereby revenue would be recognized at the date a pre-need funeral contract is signed, accompanied by appropriate provision for the estimated cost of providing such services. E&Y's consistent position has been that the Company's proposed accounting policy would not be acceptable under generally accepted accounting principles.

"At a meeting on April 1, 1992 held to discuss this issue, a reportable disagreement occurred in that Company management stated that if E&Y would not support the Company's proposed accounting they would find another firm that would. This disagreement was communicated to the Company's Audit Committee at its August 13, 1992 meeting.

"Moreover, on February 19, 1993 (after completion of the 1992 audit), Company management presented the accounting proposal set forth in a December 28, 1992 'Invitation to Comment' prepared by Patrick B. Collins, CPA, and asked E&Y to support this proposed accounting method. That 'Invitation to Comment' advocates recognition of revenue for pre-need funeral services at the time of sale rather than when the services are performed, and solicits comments from interested parties concerning this and other matters. On February 26, 1993 and again on March 2, 1993, E&Y informed Company management that it would be unable to support the proposal presented in the 'Invitation to Comment.'

"On March 16, 1993, management informed E&Y that the Company was no longer pursuing the accounting method advocated in the 'Invitation to Comment' but rather was considering a modified

approach. E&Y informed management that at least one element of the modified approach -- amortization of a portion of deferred revenue that would be associated with the fixed cost of maintaining funeral homes -- was, in E&Y's view, not acceptable under generally accepted accounting principles."

The modified approach referred to above by E&Y is also referred to in the next to last paragraph of this Item 9, except that at the time of its discussion with Coopers the element E&Y noted as being objectionable was no longer being considered.

As indicated above, E&Y's position was also disclosed in an amendment dated April 6, 1993 to a Form 8-K dated March 31, 1993 filed by the Company. Following such disclosure, the Company filed a second amendment to such Form 8-K, in which the Company set forth its belief that the references to "disagreements" by E&Y, as well as other matters, were factually inaccurate. Further, the Company disputes that a reportable "disagreement" was communicated by E&Y to the Audit Committee on August 13, 1992. In response to the second amendment to such Form 8-K, E&Y responded (which response was included in a third amendment) that there was nothing in the second amendment of which E&Y was unaware at the time it stated its position disclosed in the April 6, 1993 amendment.

The staff of the SEC is conducting an informal private investigation relating to the change in the Company's independent accountants, and the Company's Form 8-K dated March 31, 1993, as amended in April 1993, reporting such change, as well as the Company's current accounting and reporting of pre-need sales. The staff has advised the Company that the investigation should not be construed as an indication by the Commission or its staff that any violations of law have occurred, or as a reflection upon any person, entity or security. The investigation is continuing.

On March 25, 1993, the Company's Board of Directors approved the recommendation of management and the Audit Committee that Coopers be engaged as the Company's new independent accountants. During the two fiscal years ended December 31, 1992 and the interim period of 1993, Coopers was not consulted by the Company on the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the financial statements of the Company. During the interim period of 1993, as part of the proposal process, Coopers indicated its general agreement with the Company's desire to modify its accounting policies for pre-need funeral and cemetery sales so that such policies more accurately reflect the economics of these sales. In this connection, the Company expressed to Coopers its desire to improve the financial reporting for pre-need funeral sales by including in the balance sheet, as a long term asset and corresponding deferred revenue, all pre-need funeral contracts whether funded by insurance or trust funds. Revenue from funeral services would be recognized when the services are performed, which is consistent with the Company's then and current policy. The Company also discussed with Coopers deferring funeral trust earnings until the service is performed. Under the Company's prior policy, these trust earnings were recognized in current income. Additionally, the Company expressed its views that accounting for pre-need cemetery sales using the accounting principles prescribed for sales of real estate may not be the most appropriate method of accounting. Coopers orally expressed their general agreement with these concepts but were not asked to and did not express an opinion on any specific transaction or accounting change, either orally or in writing.

The accounting principles adopted by the Company in 1993 for reporting pre-need funeral and cemetery sales are set forth, among other places, in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993 filed with the SEC. Coopers has issued a preferability letter with respect to such principles. A copy of such letter is filed as an Exhibit to the Company's Form 10-Q for the quarter ended March 31, 1993. As indicated above, Coopers has issued an unqualified opinion with respect to the Company's consolidated financial statements as at and for the period ended December 31, 1993.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY.

ITEM 11. EXECUTIVE COMPENSATION.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information called for by PART III (Items 10, 11, 12 and 13) has been omitted as the Company intends to file with the Securities and Exchange Commission not later than 120 days after the close of its fiscal year a definitive Proxy Statement pursuant to Regulation 14A. Such information is set forth in such Proxy Statement (i) with respect to Item 10 under the captions "Election of Directors" and "Compliance with Section 16(a) of the Exchange Act", (ii) with respect to Items 11 and 13 under the captions "Cash Compensation", "Stock Options", "Retirement Plans", "Executive Employment Agreements", "Other Compensation", "Director Compensation", "Compensation Committee Interlocks and Insider Participation" and "Certain Transactions" and (iii) with respect to Item 12 under the caption "Voting Securities and Principal Holders." The information as specified in the preceding sentence is incorporated herein by reference. Notwithstanding anything set forth in this Form 10-K, the information under the caption "Compensation Committee Report on Executive Compensation" and under the captions "Overview of Executive Compensation" and "Performance Graphs" in such Proxy Statement are not incorporated by reference into this Form 10-K.

The Information regarding the Company's executive officers called for by Item 401 of Regulation S-K has been included in PART I of this report.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) (1)-(2) Financial Statements and Schedules:

The financial statements and schedules are listed in the accompanying Index to Financial Statements and Related Schedules at page 14 of this report.

(3) Exhibits:

The exhibits listed on the accompanying Exhibit Index at pages 50-52 are filed as part of this report.

(b) Reports on Form 8-K:

During the quarter ended December 31, 1993, the Company filed a Form 8-K dated December 21, 1993 reporting under "Item 7. Financial Statements and Exhibits" certain exhibits being filed concerning an amendment to the Company's Employee Stock Purchase Plan.

(c) Included in (a) above.

(d) Included in (a) above.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant, Service Corporation International, has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SERVICE CORPORATION INTERNATIONAL

Dated: March 30, 1994

By: JAMES M. SHELGER
(James M. Shelger,
Senior Vice President, General
Counsel and Secretary)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

SIGNATURE	TITLE	DATE
R. L. WALTRIP* (R. L. Waltrip)	Chairman of the Board and Chief Executive Officer	
SAMUEL W. RIZZO (Samuel W. Rizzo)	Executive Vice President and Chief Financial Officer/Treasurer (Principal Financial Officer) and Director	
VINCENT L. VISOSKY (Vincent L. Visosky)	Vice President Finance (Principal Accounting Officer)	
ANTHONY L. COELHO* (Anthony L. Coelho)		
DOUGLAS M. CONWAY* (Douglas M. Conway)		
JACK FINKELSTEIN* (Jack Finkelstein)		
A. J. FOYT, JR.* (A. J. Foyt, Jr.)		
JAMES J. GAVIN, JR.*		
(James J. Gavin, Jr.)		March 30, 1994
JAMES H. GREER* (James H. Greer)		
L. WILLIAM HEILIGBRODT*		
	Directors	
(L. William Heiligbrodt)		
B. D. HUNTER* (B. D. Hunter)		
JOHN W. MECOM, JR.* (John W. Mecom, Jr.)		
CLIFTON H. MORRIS, JR.* (Clifton H. Morris, Jr.)		
E. H. THORNTON, JR.* (E. H. Thornton, Jr.)		
W. BLAIR WALTRIP* (W. Blair Waltrip)		
EDWARD E. WILLIAMS* (Edward E. Williams)		

*By JAMES M. SHELGER
(James M. Shelger, as Attorney-In-Fact
for each of the Persons indicated)

EXHIBIT INDEX

PURSUANT TO ITEM 601 OF REG. S-K

EXHIBIT NO.	DESCRIPTION
3.1	-- Restated Articles of Incorporation, as amended. (Incorporated by reference to Exhibit 3.1 to Registration Statement No. 2-50721 on Form S-1).
3.2	-- Articles of Amendment to Restated Articles of Incorporation. (Incorporated by reference to Exhibit (4)(i)1 to Form 10-Q for the

- 3.3 -- fiscal quarter ended July 31, 1982).
- 3.3 -- Articles of Amendment to Restated Articles of Incorporation. (Incorporated by reference to Exhibit 3.1 to Form 10-Q for the fiscal quarter ended July 31, 1983).
- 3.4 -- Articles of Amendment to Restated Articles of Incorporation. (Incorporated by reference to Exhibit 4.7 to Registration Statement No. 33-8727 on Form S-3).
- 3.5 -- Articles of Amendment to Restated Articles of Incorporation, dated September 11, 1987. (Incorporated by reference to Exhibit 4.1 to Amendment No. 3 to Registration Statement No. 33-16678 on Form S-4).
- 3.6 -- Statement of Resolution Establishing Series of Shares of Series C Junior Participating Preferred Stock, dated August 5, 1988. (Incorporated by reference to Exhibit 3.1 to Form 10-Q for the fiscal quarter ended July 31, 1988).
- 3.7 -- Articles of Amendment to Restated Articles of Incorporation. (Incorporated by reference to Exhibit 3.8 to Registration Statement No. 33-47097 on Form S-4).
- 3.8 -- Bylaws, as amended. (Incorporated by reference to Exhibit 3.7 to Form 10-K for the fiscal year ended December 31, 1991).
- 4.1 -- Rights Agreement dated as of July 18, 1988 between the Company and Texas Commerce Bank National Association. (Incorporated by reference to Exhibit 1 to Form 8-K dated July 18, 1988).
- 4.2 -- Amendment, dated as of May 10, 1990, to the Rights Agreement, dated as of July 18, 1988, between the Company and Texas Commerce Bank National Association. (Incorporated by reference to Exhibit 1 to Form 8-K dated May 10, 1990).
- 4.3 -- Agreement Appointing a Successor Rights Agent under Rights Agreement, dated as of June 1, 1990, by the Company and Ameritrust Company National Association. (Incorporated by reference to Exhibit 4.1 to Form 10-Q for the fiscal quarter ended June 30, 1990).
- 4.4 -- Undertaking to furnish instruments related to long-term debt.
- 10.1 -- Retirement Plan For Non-Employee Directors. (Incorporated by reference to Exhibit 10.1 to Form 10-K for the fiscal year ended December 31, 1991).
- 10.2 -- Supplemental Executive Retirement Plan, and form of Supplemental Executive Retirement Plan Trust. (Incorporated by reference to Exhibit 19.1 to Form 10-Q for the fiscal quarter ended March 31, 1989).
- 10.3 -- First Amendment to the Supplemental Executive Retirement Plan; Second Amendment to the Supplemental Executive Retirement Plan; and Third Amendment to the Supplemental Executive Retirement Plan. (Incorporated by reference to Exhibit 10.3 to Form 10-K for the fiscal year ended December 31, 1991).
- 10.4 -- Agreement dated May 14, 1992 between the Company, R. L. Waltrip and related parties relating to life insurance. (Incorporated by reference to Exhibit 10.4 to Form 10-K for the fiscal year ended December 31, 1992).

EXHIBIT NO. -----	DESCRIPTION -----
10.5	-- Employment Agreement, dated November 11, 1991, as amended and restated as of August 12, 1992, and further amended as of May 12, 1993, between the Company and R. L. Waltrip. (Incorporated by reference to Exhibit 10.1 to Form 10-Q for the fiscal quarter ended September 30, 1993).
10.6	-- Non-Competition Agreement and Amendment to Employment Agreement, dated November 11, 1991, among the Company, R. L. Waltrip and Claire Waltrip. (Incorporated by reference to Exhibit 10.8 to Form 10-K for the fiscal year ended December 31, 1992).
10.7	-- Employment Agreement, dated November 11, 1991, as amended and restated as of August 12, 1992, and further amended as of May 12, 1993, between the Company and L. William Heiligbrodt. (Incorporated by reference to Exhibit 10.2 to Form 10-Q for the fiscal quarter ended September 30, 1993).
10.8	-- Employment Agreement, dated November 11, 1991, as amended and restated as of August 12, 1992, and further amended as of May 12, 1993, between the Company and Samuel W. Rizzo. (Incorporated by reference to Exhibit 10.3 to Form 10-Q for the fiscal quarter ended September 30, 1993).
10.9	-- Employment Agreement, dated November 11, 1991, as amended and

- restated as of August 12, 1992, and further amended as of May 12, 1993, between the Company and W. Blair Waltrip. (Incorporated by reference to Exhibit 10.4 to Form 10-Q for the fiscal quarter ended September 30, 1993).
- 10.10 -- Employment Agreement, dated November 11, 1991, as amended and restated as of August 12, 1992, and further amended as of May 12, 1993, between the Company and John W. Morrow, Jr. (Incorporated by reference to Exhibit 10.5 to Form 10-Q for the fiscal quarter ended September 30, 1993).
 - 10.11 -- Form of Employment Agreement pertaining to officers (other than the officers referenced in the five preceding exhibits). (Incorporated by reference to Exhibit 10.6 to Form 10-Q for the fiscal quarter ended September 30, 1993).
 - 10.12 -- Salary Continuation Agreement dated April 1, 1991 between the Company and Robert L. Waltrip. (Incorporated by reference to Exhibit 10.17 to Form 10-K for the fiscal year ended December 31, 1991).
 - 10.13 -- Forms of two Salary Continuation Agreements applicable to officers of the Company (other than the officer referenced in the preceding exhibit). (Incorporated by reference to Exhibit 10.19 to Form 10-K for the fiscal year ended December 31, 1991).
 - 10.14 -- Executive Liability and Indemnification Policy of insurance. (Incorporated by reference to Exhibit 10.17 to Form 10-K for the fiscal year ended December 31, 1992).
 - 10.15 -- Form of 1986 Stock Option Plan. (Incorporated by reference to Exhibit 10.21 to Form 10-K for the fiscal year ended December 31, 1991).
 - 10.16 -- Amended 1987 Stock Plan. (Incorporated by reference to Appendix A to Proxy Statement dated April 1, 1991).
 - 10.17 -- Service Corporation International (Canada) Limited Stock Option Plan.

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EXHIBIT NO. -----	DESCRIPTION -----
10.18	-- Agreement for Reorganization, dated August 15, 1989 among Morrow Partners, Inc., J. W. Morrow Investment Company, John W. Morrow, Jr., Billy Dee Davis and the Company; Agreement-Not-To-Compete, dated August 15, 1989, between John W. Morrow, Jr., Morrow Partners, Inc. and the Company, and; Lease dated August 15, 1989, by John W. Morrow, Jr. and Crawford-A. Crim Funeral Home, Inc. (Incorporated by reference to Exhibit 10.27 to Form 10-K for the fiscal year ended December 31, 1989).
10.19	-- Stock Sale Agreement, dated November 13, 1992, among IFC-YP, Inc., Huntco Acquisitions Holding, Inc., Huntco Steel, Inc. and B. D. Hunter, and; Promissory Note dated November 30, 1992 from Huntco Acquisitions Holding, Inc. to IFC-YP, Inc. (Incorporated by reference to Exhibit 10.26 to Form 10-K for the fiscal year ended December 31, 1992).
10.20	-- Casket Supply and Requirements Agreement, dated October 31, 1990, between York Acquisition Corp. and SCI Funeral Services, Inc., and; First Amendment to Casket Supply and Requirements Agreement, dated December 30, 1992. (Incorporated by reference to Exhibit 10.27 to Form 10-K for the fiscal year ended December 31, 1992).
10.21	-- Supplemental Executive Retirement Plan for Senior Officers (as Amended and Restated Effective as of December 31, 1993).
10.22	-- ISDA Master Agreement dated February 4, 1993; Amendment to the Master Agreement dated August 12, 1993; Confirmation dated August 13, 1993; Confirmation dated November 1, 1993 and Notice of Exercise; all of which are between Morgan Guaranty Trust Company of New York and the Company.
10.23	-- First Amendment to Amended 1987 Stock Plan
11.1	-- Computation of Earnings Per Share.
12.1	-- Ratio of Earnings to Fixed Charges.
21.1	-- Subsidiaries of the Company.
23.1	-- Consent of Independent Accountants (Coopers & Lybrand).
23.2	-- Consent of Independent Auditors (Ernst & Young).
24.1	-- Directors' Powers of Attorney.

In the above list, the management contracts or compensatory plans or arrangements are set forth in Exhibits 10.1 through 10.13, 10.15 through 10.17, 10.21 and 10.23.

AGREEMENT TO FURNISH INSTRUMENTS
WITH RESPECT TO LONG-TERM DEBT

Pursuant to Item 601(b)(4) of Regulation S-K, there is not filed with this report certain instruments with respect to long-term debt under which the total amount of securities authorized thereunder does not exceed 10 per cent of the total assets of Registrant and its subsidiaries on a consolidated basis. Registrant agrees to furnish a copy of any such instrument to the Commission upon request.

SERVICE CORPORATION INTERNATIONAL

By: /s/ JAMES M. SHELGER
James M. Shelger
Senior Vice President

Date: March 30, 1994

SERVICE CORPORATION INTERNATIONAL (CANADA) LIMITED

STOCK OPTION PLAN

I

Purpose of the Plan

The Service Corporation International (Canada) Limited Stock Option Plan (the "Plan") is intended to provide a means whereby certain employees, senior officers and directors of Service Corporation International (Canada) Limited (the "Corporation") and its subsidiaries and senior officers of the Corporation's affiliates may develop a sense of proprietorship and personal involvement in the development and financial success of the Corporation, and to encourage them to remain with and devote their best efforts to the business of the Corporation, thereby advancing the interests of the Corporation and its stockholders. Accordingly, the Corporation may grant to eligible optionees the option ("Option") to purchase shares of the common stock of the Corporation ("Stock") as hereinafter set forth.

II

Administration

The Plan shall be administered by the Compensation Committee of the Board of Directors (the "Committee") in compliance with all regulatory requirements. The Committee shall have authority to make recommendations to the Board of Directors regarding the following matters:

- (a) the selection of optionees who are to be granted Options from among those eligible hereunder;
- (b) the number of shares which may be issued under each Option;
- (c) the duration of any options;
- (d) the interpretation to be given to the Plan; and
- (e) the enactment of such rules and regulations, consistent with the provisions of the Plan, as are advisable to carry out the Plan.

III

Option Agreements

Each Option shall be evidenced by an Option Agreement and shall contain such terms and conditions, and may be exercisable for such periods (up to ten years from the date of grant), as may be approved by the Board of Directors upon recommendation of the Committee. The terms and conditions of the respective Option Agreements need not be identical. Specifically, an Option Agreement may provide the right ("Right") to surrender the Option to purchase any Stock subject to the Option in return for a payment in cash and/or shares of Stock equal to the excess of the fair market value of the Stock with respect to which the Option is surrendered over the option price therefor, on such terms and conditions as the Board of Directors may prescribe upon recommendation of the Committee. In addition, an Option Agreement may provide for the payment of the option price by the delivery of a number of shares of Stock plus cash, if any, having a fair market value

equal to such option price. Each Option and all Rights granted thereunder shall not be transferable other than by will or the laws of descent and distribution, and shall be exercisable during the optionee's lifetime only by the optionee.

IV

Eligibility of Optionees

Options may be granted to individuals who are employees, senior officers and directors (including those senior officers and directors who are not employees) of the Corporation or any holding body corporate or subsidiary body corporate or senior officers of an affiliated body corporate (as defined in subsections 2(2), 2(4) and 2(5) respectively of the Canada Business Corporations Act, as amended from time to time) of the Corporation at the time the Option is granted. Options may be granted to the same optionee on more than one occasion.

V

Shares Subject to the Plan

The aggregate number of common shares which may be issued under Options or pursuant to Rights granted under the Plan shall not exceed 10% of the outstanding common shares from time to time (on a non-diluted basis) and the aggregate number of shares so reserved for issuance to any one person must not exceed 5% of the outstanding common shares (on a non-diluted basis). Such shares may consist of authorized but unissued shares of Stock or previously issued shares reacquired by the Corporation. Any of such shares which remain unissued and which are not subject to outstanding Options at the termination of the Plan shall cease to be subject to the Plan, but until termination of the Plan, the Corporation shall at all times make available a sufficient number of shares to meet the requirements of the Plan. Should any Option hereunder expire prior to its exercise in full, or should an Option to purchase shares be surrendered in return for the payment of a lesser number of shares, the remaining number of shares theretofore subject to such Option may again be subject to an Option granted under the Plan. The aggregate number of shares which may be issued under the Plan may be adjusted to reflect a change in the capitalization of the Corporation, such as a stock dividend or stock split.

VI

Option Price

The purchase price of Stock issued under each Option shall be determined by the Committee, but shall not be less than the fair market value (as determined by the Committee), if the shares of the Corporation are not listed on The Toronto Stock Exchange and if they are so listed then the purchase price shall be not less than the market price of the Stock on The Toronto Stock Exchange minus any appropriate discount as permitted pursuant to the rules of The Toronto Stock Exchange, at the time of grant.

VII

Term of the Plan

The Plan shall be effective upon the date of its adoption by the Board of Directors, provided that the Plan is approved by the stockholders of the Corporation within 12 months thereafter and provided further that no shares shall be issued under the Plan prior to its approval by the stockholders of the

Corporation. Except with respect to Options then outstanding, if not sooner terminated under the provisions of paragraph IX, the Plan shall terminate upon and no further Options shall be granted after the expiration of ten years from the effective date of the Plan.

VIII

Recapitalization or Reorganization

(a) The existence of the Plan and the Options granted hereunder shall not affect in any way the right or power of the Board of Directors or the stockholders of the Corporation to make or authorize any adjustment, recapitalization, reorganization or other change in the Corporation's capital structure or its business, any merger or consolidation of the Corporation, any issue of bonds, debentures, preferred or prior preference stocks ahead of or affecting Stock or the rights thereof, the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding.

(b) The shares with respect to which Options may be granted are shares of Stock as presently constituted, but if, and whenever, prior to the expiration of an Option theretofore granted, the Corporation shall effect a subdivision or consolidation of shares of Stock or the payment of a stock dividend on Stock without receipt of consideration by the Corporation, the number of shares of Stock with respect to which such Option may thereafter be exercised (i) in the event of an increase in the number of outstanding shares shall be proportionately increased, and the purchase price per share shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding shares shall be proportionately reduced, and the purchase price per share shall be proportionately increased.

(c) If the Corporation recapitalizes or otherwise changes its capital structure, thereafter upon any exercise of an Option theretofore granted the optionee shall be entitled to purchase under such Option, in lieu of the number of shares of Stock as to which such Option shall then be exercisable, the number and class of shares of stock and securities to which the optionee would have been entitled pursuant to the terms of such recapitalization if, immediately prior to such recapitalization, the optionee had been the holder of record of the number of shares of Stock as to which such Option is then exercisable. If the Corporation shall not be the surviving corporation in any merger or consolidation (or survives only as a subsidiary of another corporation), if the Corporation is to sell all or substantially all of its assets, if the ownership of more than 45% of the outstanding shares of stock shall change as a result of a concerted action by one or more persons or corporations, or if an attempt is so made to effect such a change of ownership, or if the Corporation is to be dissolved and liquidated (each such event is referred to as a "Corporate Change"), then the Board of Directors, in order to protect the rights of holders of outstanding Options, may upon recommendation of the Committee (i) accelerate the time at which Options may be exercised in full on or before a date (before or after such Corporate Change) fixed by the Committee, (ii) provide that outstanding Options be exercisable in the manner provided for Rights in Paragraph III (regardless of whether the option otherwise provides for Rights), which provision may be given or withheld on an individual basis, and such outstanding Option remaining unexercised as of a date fixed by the

Committee shall be surrendered by the holder to the Corporation for cancellation, and the holder shall receive a cash payment in an amount equal to the excess of the aggregate fair market value of the shares of Stock subject to such Option (which in the event of a change in the ownership of more than 45% of the outstanding shares of Stock shall not be less per share than the amount of cash and the fair market value of other consideration tendered for such outstanding shares) over the aggregate option price of such shares, and/or (iii) cause Options then outstanding to be assumed, or new options substituted

therefor, by any surviving corporation in such Corporate Change. For purposes of this Paragraph VIII, the Corporation shall not be considered to be the surviving corporation in a merger the result of which is a change in ownership of more than 45% of the outstanding shares of Stock.

(d) Except as hereinbefore expressly provided, the issuance by the Corporation of shares of stock of any class or securities convertible into shares of stock of any class, for cash, property, labour or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Corporation convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of shares of Stock subject to Options theretofore granted or the purchase price per share.

IX

Amendment or Termination of the Plan

The Board of Directors in its discretion may terminate the Plan at any time with respect to any shares for which Options have not theretofore been granted. The Board of Directors shall have the right to alter or amend the Plan or any part thereof from time to time; provided, that no change in any Option theretofore granted may be made which would impair the rights of the optionee without the consent of such optionee; and provided, further, that the Board may not make any alteration or amendment which would materially increase the benefits accruing to participants under the Plan, change the class of employees eligible to receive Options under the Plan, or extend the term of the Plan, without the approval of the stockholders of the Corporation.

SERVICE CORPORATION INTERNATIONAL
 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
 FOR SENIOR OFFICERS
 (AS AMENDED AND RESTATED EFFECTIVE
 AS OF DECEMBER 31, 1993)

SERVICE CORPORATION INTERNATIONAL
 SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
 FOR SENIOR OFFICERS

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SERVICE CORPORATION INTERNATIONAL
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
FOR SENIOR OFFICERS

WHEREAS, Service Corporation International has established an unfunded deferred compensation plan for certain management personnel so as to retain their loyalty and to offer a further incentive to them to maintain and increase their standard of performance, which plan is entitled the Service Corporation International Supplemental Executive Retirement Plan for Senior Officers (the "Prior Plan"); and

WHEREAS, in Section 8.1 of the Prior Plan, Service Corporation International reserves the right to amend the plan from time to time; and

WHEREAS, it has been determined that the Prior Plan should be completely amended, restated and continued in the form of this Plan ("Plan")

without a gap or lapse in coverage, time, or effect, in order to reflect certain amendments to the Plan.

NOW, THEREFORE, Service Corporation International hereby amends, restates and continues the Prior Plan in the form of this Plan, without a gap or lapse in coverage, time, or effect, the terms of which Plan are as follows:

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ARTICLE I

DEFINITIONS

"ACCRUED BENEFIT" means as of any given time the amount of a Participant's unpaid Retirement Benefit as described in Section 3.1. The mortality and interest rate assumptions used to determine the present value of lump sum payments of the Accrued Benefit will be the same assumptions as are then currently being used in computing benefits under the SCI Cash Balance Plan. If there is no SCI Cash Balance Plan or successor qualified defined benefit plan, then the actuarial factors to be used will be those actuarial factors as are selected by the actuarial firm that last serviced the SCI Cash Balance Plan prior to its termination or merger, as being then appropriate had the SCI Cash Balance Plan remained in existence at its last level of benefits and with its last participant census.

"BENEFICIARY" means a person or entity designated by the Participant under the terms of this Plan to receive any amounts distributed under the Plan upon the death of the Participant.

"BOARD OF DIRECTORS" means the Board of Directors of the Company.

"CHANGE OF CONTROL" means an event listed in subparagraph (a), (b), (c) or (d) below.

(a) The acquisition by a Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Securities Act) of 20% or more of either (1) the then outstanding shares of Stock or (2) the combined voting power of the then outstanding Voting Securities.

However, the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from the Company (excluding an acquisition by virtue of the exercise of a conversion privilege), (2) any acquisition by any

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employee benefit plan (or related trust) sponsored or maintained by any corporation controlled by the Company or (3) any acquisition by a corporation pursuant to a reorganization, merger or consolidation, if, following the reorganization, merger or consolidation, the conditions described in clauses (1), (2) and (3) of subsection (c) of this definition are satisfied.

(b) Individuals who, as of January 1, 1992, constitute the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors.

However, any individual becoming a director subsequent to January 1, 1992, whose election, or nomination for election by the shareholders of the Company, was approved by (1) a vote of at least a majority of the directors then constituting the Incumbent Board, or (2) a vote of at least a majority of the directors then composing the Executive Committee of the Board of Directors at a time when that

committee was composed of at least five members and all members of the committee were either members of the Incumbent Board or considered as being members of the Incumbent Board under clause (1) of this subsection (b), shall be considered as though that individual were a member of the Incumbent Board, but excluding, for this purpose, any individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as those terms are used in Rule 14a-11 of Regulation 14A promulgated under the Securities Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

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(c) Approval by the shareholders of the Company of a reorganization, merger or consolidation, in each case, unless, immediately following the reorganization, merger or consolidation (1) more than 60% of, respectively, the then outstanding shares of common stock of the corporation resulting from that reorganization, merger or consolidation and the combined voting power of the then outstanding voting securities of the corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the outstanding Stock and outstanding Voting Securities immediately prior to the reorganization, merger or consolidation in substantially the same proportions as their ownership, immediately prior to the reorganization, merger or consolidation, of the outstanding Stock and outstanding Voting Securities, as the case may be, (2) no Person (excluding any employee benefit plan or related trust) of the corporation resulting from the reorganization, merger or consolidation and any Person beneficially owning, immediately prior to the reorganization, merger or consolidation, directly or indirectly, 20% or more of the outstanding Stock or outstanding Voting Securities, as the case may be, beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from the reorganization, merger or consolidation or the combined voting power of the then outstanding voting securities of the corporation entitled to vote generally in the election of directors and (3) at least a majority of the members of the board of

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directors of the corporation resulting from the reorganization, merger or consolidation were members of the Incumbent Board at the time of the execution of the initial agreement providing for the reorganization, merger or consolidation.

(d) Approval by the shareholders of the Company of (1) a complete liquidation or dissolution of the Company or (2) the sale or other disposition of all or substantially all of the assets of the Company, other than to a corporation, with respect to which immediately following the sale or other disposition, (x) more than 60% of, respectively, the then outstanding shares of common stock of the corporation and the combined voting power of the then outstanding voting securities of the corporation entitled to vote generally in the election of directors is then beneficially owned directly or indirectly, by all or substantially all of the individuals and

entities who were the beneficial owners, respectively of the outstanding Stock and outstanding Voting Securities immediately prior to that sale or other disposition in substantially the same proportion as their ownership, immediately prior to the sale or other disposition, of the outstanding Stock and outstanding Voting Securities, as the case may be, (y) no Person (excluding any employee benefit plan or related trust) of the corporation and any Person beneficially owning, immediately prior to the sale or other disposition, directly or indirectly, 20% or more of the outstanding Stock or outstanding Voting Securities, as the case may be, beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation and the combined voting power of the then outstanding voting

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securities of the corporation entitled to vote generally in the election of directors and (z) at least a majority of the members of the board of directors of the corporation were members of the Incumbent Board at the time of the execution of the initial agreement or action of the Board providing for that sale or other disposition of assets of the Company.

"CODE" means the Internal Revenue Code of 1986, as amended from time to time.

"COMPANY" means Service Corporation International.

"COMMITTEE" means the persons who are from time to time serving as members of the committee administering this Plan.

"CREDITED SERVICE" means service with the Company and its Subsidiaries for which the Participant is awarded credited service under the SCI Cash Balance Plan for benefit accrual purposes.

"EMPLOYEE" means a full time common law employee of the Company who receives salary remuneration from the Company.

"PARTICIPANT" means an Employee or former Employee of the Company who is participating in the Plan or a former Employee of the Company whose Retirement Benefit has not been completely distributed.

"PERSON" means any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Act, excluding the Company and any employee benefit plan or related trust maintained by the Company.

"PLAN" means the Service Corporation International Supplemental Executive Retirement Plan For Senior Officers set forth in this document, as amended from time to time.

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"PLAN YEAR" means a one year period that coincides with the fiscal year of the Company.

"PRIOR PLAN" means the Service Corporation International Supplemental Executive Retirement Plan for Senior Officers as in effect prior to its

amendment, restatement and continuation under the form of this Plan, and/or its predecessor, the Service Corporation International Supplemental Executive Retirement Plan established by the Company effective as of June 6, 1988.

"RETIREMENT" means the Participant's separation from service with the Company.

"RETIREMENT BENEFIT" means the monthly benefit payable to a qualifying Participant at Retirement, as described in Section 3.1 and paid under Section 3.2.

"RETIREMENT DATE" means the later of the date on which the Participant attains age 55 or terminates employment with the Company.

"SCI CASH BALANCE PLAN" means the SCI Cash Balance Plan, a defined benefit plan qualified under Section 401(a) of the Code, as it is amended from time to time.

"SECURITIES ACT" means the Securities Exchange Act of 1934, as amended from time to time.

"SPOUSE" means the person to whom the Participant is married in a marriage that is valid under applicable state law.

"STOCK" means the common stock of the Company.

"SUBSIDIARY" means any subsidiary of the Company that is in the Company's controlled group of corporations as defined in Section 1563(a) of the Code.

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"VOTING SECURITIES" means any security of the Company that ordinarily possesses the power to vote in the election of the Board of Directors without the happening of any precondition or contingency.

ARTICLE II

ELIGIBILITY

Those Employees who are selected by the Committee will be eligible to participate in the Plan. The Committee will select those Employees who it believes are in a select group of officers of the Company in a position to contribute materially to the continued growth and financial success of the Company. The Committee shall notify, in writing, each Employee selected as a Participant. In addition, each selected Employee will be given the opportunity to enter into an individual written agreement with the Company, which agreement will constitute a part of this Plan and will set forth the amount of Retirement Benefits provided to such Employee as a Participant hereunder.

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ARTICLE III

RETIREMENT BENEFIT

3.1 RETIREMENT BENEFITS.

(a) AMOUNT OF RETIREMENT BENEFIT. The monthly amount of Retirement Benefit that is provided hereunder to any Participant shall be such amount as is determined by the Committee in its sole discretion. Such amount will be set forth in an individual participation agreement entered into, in writing, by and between the Company and each Participant hereunder. Such written agreement shall include a provision that the Retirement Benefits provided by this amended and restated Plan are provided in lieu of, and not in addition to, the benefits provided by any Prior Plan. However, in no event shall the amount of monthly Retirement Benefits provided under this Plan be less than the amount of monthly benefits to which a Participant was entitled under the Prior Plan as of December 31, 1993.

(b) POST-1991 COST-OF-LIVING INCREASES FOR CERTAIN PARTICIPANTS. In addition to the Retirement Benefits described in subsection (a) immediately above, certain Participants who are selected by the Committee in its sole discretion shall accrue, as of the last day of 1992 and as of the last day of 1993, cost-of-living increases in such Retirement Benefits. For each such calendar year the increase in the selected Participant's monthly Retirement Benefit shall be an amount equal to (i) such Participant's monthly Retirement Benefit as of his Retirement Date, his date of death, or the date of Change of Control, whichever event triggered the commencement of Retirement Benefits to the Participant, times (ii) the percentage of increase in the

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"Consumer Price Index" (as defined herein) for the twelve-month period ending on the last day of such calendar year (but in no event more than seven percent (7%)). For purposes of this Section 3.1(b), the "Consumer Price Index" shall mean the CPI - All Urban Consumers, U.S. City Average, All Items - Series A (1982 - 1984 = 100). The Committee will advise selected Participants, in writing, of their selection for any cost-of-living increase granted under this Section 3.1(b).

(c) POST-1993 COST-OF-LIVING INCREASES FOR CERTAIN PARTICIPANTS. In addition to the Retirement Benefits described in subsection (a) above, certain Participants in the Plan who are selected by the Committee in its sole discretion shall accrue, as of the last day of 1994 and of each succeeding calendar year, cost-of-living increases in such Retirement Benefits. The amount of such cost-of-living increases will be determined under the method described in subsection (b) immediately above. The Committee will advise selected Participants of their selection for any cost-of-living increase granted under this Section 3.1(c).

3.2 FORM AND TIME OF PAYMENT. Except as provided in Article IV, the monthly Retirement Benefit will begin on the first day of the month coincident with or next following the Participant's Retirement Date. The Participant will receive a Retirement Benefit under this Plan for the lesser of 180 months or his lifetime. If he dies before 180 payments have been made to him, no further Retirement Benefit shall be payable to him; instead his Beneficiary shall receive the death benefit, if any, due under Article V.

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ARTICLE IV

BENEFITS IN THE EVENT OF A CHANGE OF CONTROL

Notwithstanding any other provision of this Plan, within five days after the date of any Change of Control of the Company, the Company shall pay to (i) each Participant who is an Employee of the Company on the date of the Change of Control, a lump sum cash payment equal to the present value, as of the date of such Change in Control, of the Accrued Benefit to which the Participant would have been entitled if he had continued to earn Credited Service from the date of the Change of Control to the date of his 65th birthday; and (ii) each Participant whose Retirement Date occurred before a Change of Control; (or his Beneficiary, if the Participant has died) a lump sum payment equal to the present value, as of the date of the Change of Control, of any remaining Accrued Benefit of such Participant.

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ARTICLE V

DEATH BENEFIT

5.1 BENEFITS IN THE EVENT OF PARTICIPANT'S DEATH. If the Participant dies after Retirement, his Beneficiary shall receive a lump sum cash payment of the present value, as of such Participant's date of death, of the Participant's Accrued Benefit. If the Participant dies before Retirement, his Beneficiary shall receive a lump sum cash payment of the present value, as of such Participant's date of death, of the greater of the Participant's actual Accrued Benefit or the Accrued Benefit to which the Participant would have been entitled if he had continued to earn Credited Service from the date of his death to the date of his 65th birthday.

5.2 BENEFICIARY DESIGNATION. Each Participant upon entering the Plan shall file with the Committee a designation of one or more Beneficiaries to whom the death benefit provided by this Article V shall be paid in the event of the Participant's death. The designation will be effective upon receipt by the Committee of a properly executed form that the Committee has approved for that purpose. The Participant may from time to time revoke or change any designation of Beneficiary by filing another approved Beneficiary designation form with the Committee. If there is no valid designation of Beneficiary on file with the Committee at the time of the Participant's death or if all of the Beneficiaries designated in the last Beneficiary designation have predeceased the Participant (or, in the case of one or more trusts, have ceased to exist) the Beneficiary will be the Participant's spouse if the spouse survives the Participant; or otherwise the Participant's estate. If any Beneficiary survives the Participant but dies (or, in the case of a trust, ceases to exist) before receiving all payments due under this Article V, the balance of the payments that would have been paid to that Beneficiary will, unless the

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Participant's designation provides otherwise, be distributed to the deceased individual Beneficiary's estate or to the Participant's estate in the case of a Beneficiary that is not an individual.

ARTICLE VI

PROVISIONS RELATING TO ALL BENEFITS

6.1 EFFECT OF THIS ARTICLE. The provisions of this Article will control over all other provisions of this Plan.

6.2 BENEFITS UPON RE-EMPLOYMENT. If a former Participant who is receiving benefit payments under this Plan is reemployed by the Company, the payment of the Retirement Benefit hereunder will continue during his period of reemployment. The re-employed former Participant's benefit will not be changed as a result of his reemployment.

6.3 FORFEITURE FOR CAUSE. If the Committee finds, after full consideration of the facts presented on behalf of both the Company and a Participant, that the Participant was discharged by the Company for fraud, embezzlement, theft, commission of a felony, proven dishonesty in the course of his employment by the Company that damaged the Company, or for disclosing trade secrets of the Company, the Participant's entire Accrued Benefit will be forfeited and neither such Participant nor his Beneficiary shall have any further claim to benefits under this Plan. The decision of the Committee as to the cause of a Participant's discharge and the damage done to the Company will be final. No decision of the Committee will affect the finality of the discharge of the Participant by the Company in any manner. Notwithstanding the foregoing, the forfeiture created by this Section will not apply to a Participant discharged during the Plan Year in which a Change of Control occurs, or during the next three succeeding Plan Years following the Plan Year in which a Change of Control occurs, unless an arbitrator selected to review the Committee's findings agrees with the Committee's determination to apply the forfeiture. The arbitrator will be selected by permitting the Company and the Participant each

to strike one name from a panel of three names obtained from the American Arbitration Association. The person whose name is remaining will be the arbitrator.

6.4 CLAIMS PROCEDURE. When a benefit is due, the Member or Beneficiary should submit his claim to the person or office designated by the Committee to receive claims. Under normal circumstances, a final decision will be made as to a claim within 90 days after receipt of the claim. If the Committee notifies the claimant in writing during the initial 90 day period, it may extend the period up to 180 days after the initial receipt of the claim. The written notice must contain the circumstances necessitating the extension and the anticipated date for the final decision. If a claim is denied during the claims period, the Committee must notify the claimant in writing. The denial must include the specific reasons for it, the Plan provisions upon which the denial is based, and the claims review procedure. If no action is taken during the claims period, the claim is treated as if it were denied on the last day of the claims period.

If a Participant's or Beneficiary's claim is denied and he wants a review, he must apply to the Committee in writing. That application may include any comment or argument the claimant wants to make. The claimant may either represent himself or appoint a representative, either of whom has the right to inspect all documents pertaining to the claim and its denial. The Committee may schedule any meeting with the claimant or his representative that it finds necessary or appropriate to complete its review.

The request for review must be filed within 90 days after the denial. If it is not, the denial becomes final. If a timely request for review is made, the Committee must make its decision, under normal circumstances, within 60 days of the receipt of the request for review. However, if the Committee notifies the claimant prior to the expiration of the initial 60 day

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review period, it may extend the period of review up to 120 days following the initial receipt of the request for a review. All decisions of the Committee must be in writing and must include the specific reasons for its action and the Plan provisions on which its decision is based. If a decision is not given to the claimant within the review period, the claim is treated as if it were denied on the last day of the review period.

6.5 PROVISIONS APPLICABLE TO A PARTICIPANT. The provisions of the Plan applicable to any Participant hereunder shall be those provisions that are in effect on the date of the Participant's termination of employment with the Company unless a subsequent amendment of the Plan by its express terms (but subject to Section 3.1(a)) applies to Participants who have previously terminated employment with the Company.

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ARTICLE VII

ADMINISTRATION

7.1 COMMITTEE APPOINTMENT. The Committee will be the compensation committee of the Company unless the Board of Directors appoints other individuals. Each Committee member will serve until his or her resignation or removal. The Board of Directors will have the sole discretion to remove any one or more Committee members and appoint one or more replacement or additional Committee members from time to time.

7.2 COMMITTEE ORGANIZATION AND VOTING. The Committee will select from among its members a chairman who will preside at all of its meetings and will select a secretary without regard to whether that person is a member of the Committee. The secretary will keep all records, documents and data pertaining to the Committee's supervision and administration of this Plan. A majority of the members of the Committee will constitute a quorum for the transaction of business and the vote of a majority of the members present at any meeting will decide any question brought before the meeting. In addition, the Committee may decide any question by vote, taken without a meeting, of a majority of its members. A member of the Committee who is also a Participant will not vote or act on any matter relating solely to himself.

7.3 POWERS OF THE COMMITTEE. The Committee shall have the exclusive responsibility for the general administration of this Plan according to the terms and provisions of this Plan and shall have all powers necessary to accomplish those purposes, including, but not by way of limitation, the complete discretionary right, power and authority:

(a) to make rules and regulations for the administration of this Plan;

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(b) to select all Participants in this Plan (including the eligibility of any Participant to receive cost-of-living adjustments pursuant to Sections 3.1(b) and/or 3.1 (c));

(c) to determine the monthly amount of Retirement Benefits, or any other benefit to which a Participant (or Beneficiary) is entitled under the Plan;

(d) to construe all terms, provisions, conditions and limitations of this Plan;

(e) to correct any defect, supply any omission or reconcile any inconsistency that may appear in this Plan in the manner and to the extent it deems expedient to carry this Plan into effect for the greatest benefit of all parties at interest;

(f) to determine all controversies relating to the administration of this Plan, including but not limited to:

(1) differences of opinion arising between the Company and a Participant except when the difference of opinion relates to the entitlement to, the amount of, or the method or timing of payment of a benefit as a result of a Change of Control; and

(2) any question it deems advisable to determine in order to promote the uniform administration of this Plan for the benefit of all parties at interest; and

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(g) to delegate by written notice those clerical and recordation duties of the Committee, as it deems necessary or advisable for the proper and efficient administration of this Plan.

7.4 COMMITTEE DISCRETION. The Committee in exercising any power or authority granted under this Plan or in making any determination under this Plan shall perform or refrain from performing those acts using its sole discretion and judgment. Any decision made by the Committee or any refraining to act or any act taken by the Committee in good faith shall be final and binding on all parties. The Committee's decision shall never be subject to de novo review. Notwithstanding the foregoing, the Committee's decisions in refraining to act or acting is to be subject to judicial review for benefits resulting from a Change of Control.

7.5 REIMBURSEMENT OF EXPENSES AND INDEMNIFICATION. The members of the Committee will serve without compensation for their services but will be reimbursed by the Company for all expenses properly and actually incurred in the performance of their duties under this Plan. The Company shall indemnify the Committee members against, and hold the Committee members harmless from, any and all loss, damage, penalty, liability, cost and expense (including, without limitation, attorneys' fees and disbursements) that may be incurred by, imposed upon, or asserted against the Committee members by reason of any claim, regulatory proceeding, or litigation arising from any act done or omitted to be done by any member of the Committee with respect to the Plan, excepting only losses, claims, damages, liabilities, costs and expenses arising from the Committee member's bad faith or gross negligence. Each affected member of the

Committee shall promptly notify the Company of any claim, action or proceeding for which he may seek indemnification. The indemnification of

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Committee members provided for in this Section will survive the resignation or removal of the Committee member and the termination of the Plan.

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ARTICLE VIII

AMENDMENT AND/OR TERMINATION

8.1 AMENDMENT OR TERMINATION OF THE PLAN. Subject to Section 8.2, the Board of Directors may amend or terminate this Plan at any time by an instrument in writing.

8.2 NO RETROACTIVE EFFECT ON ACCRUED BENEFITS. No amendment or the termination of this Plan shall affect the rights of any Participant to the Retirement Benefit provided in Article III previously accrued by the Participant, or to the death benefit provided his Beneficiary in Article V, if the Participant completes the requirements for the benefit, and no amendment hereto shall change, without his written consent, a Participant's rights under any provision relating to a Change of Control after a Change of Control has occurred.

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ARTICLE IX

FUNDING

9.1 PAYMENTS UNDER THIS PLAN ARE THE OBLIGATION OF THE COMPANY. The Company will pay the benefits due the Participants under this Plan.

9.2 PLAN MAY BE FUNDED THROUGH A RABBI TRUST. It is specifically recognized by both the Company and the Participants that the Company may, but is not required to, contribute any amount it finds desirable to a trust established to accumulate assets sufficient to fund the obligations of the Company under this Plan. However, under all circumstances, the rights of the Participants to the assets held in the trust will be no greater than the rights expressed in this agreement. Nothing contained in the trust agreement that creates the funding trust will constitute a guarantee by the Company that assets of the Company transferred to the trust will be sufficient to pay any benefits under this Plan or would place the Participant in a secured position ahead of general creditors should the Company become insolvent or bankrupt. Any trust agreement prepared to fund the Company's obligations under this Plan must specifically set out these principles so it is clear in that trust agreement that the Participants in this Plan are only unsecured general creditors of the Company in relation to their benefits under this Plan.

9.3 PARTICIPANTS MUST RELY ONLY ON GENERAL CREDIT OF THE COMPANY.

It is also specifically recognized by both the Company and the Participants that this Plan is only a general corporate commitment and that each Participant must rely upon the general credit of the Company for the fulfillment of its obligations under this Plan. Under all circumstances the rights of Participants to any asset held by the Company will be no greater than the rights expressed in this Plan. Nothing contained in this Plan will constitute a guarantee by the

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Company that the assets of the Company will be sufficient to pay any benefits under this Plan or would place the Participant in a secured position ahead of general unsecured creditors of the Company. Though the Company may establish or become a signatory to a rabbi trust, as indicated in Section 9.2, to accumulate assets to fulfill its obligations, the Plan and that trust will not create any lien, claim, encumbrance, right, title or other interest of any kind in any Participant in any asset held by the Company, contributed to the trust or otherwise designated to be used for payment of any of its obligations created in this Plan. No specific asset of the Company has been or will be set aside, or will in any way be transferred to the trust or will be pledged for the performance of the Company's obligations under this Plan in any way that would remove the asset from being subject to the creditors of the Company.

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ARTICLE X

MISCELLANEOUS

10.1 RESPONSIBILITY FOR DISTRIBUTIONS AND WITHHOLDING OF TAXES.

The Committee will furnish to the Company information concerning the amount and form of distribution to any Participant entitled to a distribution so that the Company may make or cause any rabbi trust established to make the distribution required. It will also calculate the deductions from the amount of the benefit paid under this Plan for any taxes required to be withheld by federal, state or local government and will cause them to be withheld.

10.2 LIMITATION OF RIGHTS. Nothing in this Plan will be construed:

- (a) to give a Participant any right with respect to any benefit except in accordance with the terms of this Plan;
- (b) to limit in any way the right of the Company to terminate a Participant's employment with the Company at any time;
- (c) to evidence any agreement or understanding, expressed or implied, that the Company will employ a Participant in any particular position or for any particular remuneration; or
- (d) to give a Participant or any other person claiming through him any interest or right under this Plan other than that of any unsecured general creditor of the Company.

10.3 DISTRIBUTIONS TO INCOMPETENTS OR MINORS. Should a Participant

become incompetent or should a Participant designate a Beneficiary who is a minor or incompetent, the Committee is authorized to pay the funds due to the parent of the minor or to the guardian of

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the minor or incompetent or to apply those funds for the benefit of the minor or incompetent in any manner the Committee determines in its sole discretion. The application of those funds under this provision will relieve the Company of any further liability to the Participant or his Beneficiary to the extent of the application of those funds.

10.4 NONALIENATION OF BENEFITS. No right or benefit provided in this Plan will be transferable by the Participant except, upon his death, to a named Beneficiary as provided in this Plan. No right or benefit under this Plan will be subject to anticipation, alienation, sale, assignment, pledge, encumbrance or charge, and any attempt to anticipate, alienate, sell, assign, pledge, encumber, or charge the same will be void. No right or benefit under this Plan will in any manner be liable for or subject to any debts, contracts, liabilities or torts of the person entitled to the benefit. If any Participant or any Beneficiary becomes bankrupt or attempts to anticipate, alienate, sell, assign, pledge, encumber or charge any right or benefit under this Plan, that right or benefit will, in the sole discretion of the Committee, cease. In that event, the Committee may have the Company hold or apply the right or benefit or any part of it to the benefit of the Participant or Beneficiary, his or her spouse, children or other dependents or any of them in any manner and in any proportion the Committee believes to be proper in its sole and absolute discretion, but is not required to do so.

10.5 RELIANCE UPON INFORMATION. The Committee will not be liable for any decision or action taken in good faith in connection with the administration of this Plan. Without limiting the generality of the foregoing, any decision or action taken by the Committee when it relies upon information supplied it by any officer of the Company, the Company's legal counsel, the

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Company's actuary, the Company's independent accountants or other advisors in connection with the administration of this Plan will be deemed to have been taken in good faith.

10.6 SEVERABILITY. If any term, provision, covenant or condition of this Plan is held to be invalid, void or otherwise unenforceable, the rest of this Plan will remain in full force and effect and will in no way be affected, impaired or invalidated.

10.7 SURVIVAL OF TERMS. The provisions of this Plan will bind the successors of the Company.

10.8 NOTICE. Any notice or filing required or permitted to be given to the Committee or a Participant will be sufficient if in writing and hand delivered or sent by U.S. mail to the principal office of the Company or to the residential mailing address of the Participant. Notice will be deemed to be given as of the date of hand delivery or if delivery is by mail, as of the date shown on the postmark.

10.9 GENDER AND NUMBER. If the context requires it, words of one gender when used in this Plan will include the other genders, and words used in the singular or plural will include the other.

10.10 GOVERNING LAW. The Plan will be construed, administered and governed in all respects by the laws of the State of Texas.

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IN WITNESS WHEREOF, the Company has executed this amended and restated Plan document as of this ___ day of _____, 1993, effective as of December 31, 1993.

SERVICE CORPORATION INTERNATIONAL

By: _____

(MULTICURRENCY-CROSS BORDER)

ISDA
INTERNATIONAL SWAP DEALERS ASSOCIATIONS, INC.
MASTER AGREEMENT

dated as of February 4, 1993

Morgan Guaranty Trust Company Service Corporation International
of New York ("Morgan") and (the "Counterparty")

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows:

1. INTERPRETATION

(a) Definitions. The terms defined in Section 14 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.

(b) Inconsistency. In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.

(c) Single Agreement. All Transactions are entered in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. OBLIGATIONS

(a) General Conditions.

(i) Each party will make each payment or deliver specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.

(b) Change of Account. Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the scheduled date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) Netting. If on any date amounts would otherwise be payable:

- (i) in the same currency; and
- (ii) in respect of the same Transaction.

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount will be determined in respect of all amounts payable on the same date in the same currency in respect of such Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or a Confirmation by specifying that subparagraph (ii) above will not apply to the Transactions identified as being subject to the election, together with the starting date (in which case subparagraph (ii) above will not, or will cease to, apply to such Transactions from such date). This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) Deduction or Withholding for Tax.

(i) Gross-Up. All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party ("X") will:

- (1) promptly notify the other party ("Y") of such requirement;
- (2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;
- (3) promptly forward to an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and
- (4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:

(A) the failure by Y to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (1) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (II) a Change in Tax Law.

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(ii) Liability, if:

(1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);

(2) X does not so deduct or withhold; and

(3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d)).

(e) Default Interest; Other Amounts. Prior to the occurrence or effective designation of an Early Termination Date in respect to the relevant Transaction, a party that defaults in the performance of any payment obligation will, to the extent permitted by law and subject to Section 6(c), be required to pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as such overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed. If, prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party defaults in the performance of any obligation required to be settled by delivery, it will compensate the other party on demand if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

3. REPRESENTATIONS

Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(f), at all times until the termination of this Agreement) that:

(a) Basic Representations.

(i) Status. It is duly organized and validly existing under

the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;

(ii) Powers. It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;

(iii) No Violation or Conflict. Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iv) Consents. All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) Obligations Binding. Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law.))

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(b) Absence of Certain Events. No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) Absence of Litigation. There is not pending or, to its knowledge, threatened against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) Accuracy of Specified Information. All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

(e) Payer Tax Representation. Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.

(f) Payee Tax Representations. Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.

4. AGREEMENTS

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:

(a) Furnish Specified Information. It will deliver to the other party or, in certain cases under subparagraph (iii) below, to such government or taxing authority as the other party reasonably directs:

(i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation;

(ii) any other documents specified in the Schedule or any Confirmation; and

(iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution, or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification,

in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) Maintain Authorisations. It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) Comply with Laws. It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(d) Tax Agreement. It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.

(e) Payment of Stamp Tax. Subject to Section II, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated,

organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting for the purpose of this Agreement is located ("Stamp Tax Jurisdiction") and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party's execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

5. EVENTS OF DEFAULT AND TERMINATION EVENTS

(a) Events of Default. The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes an event of default (an "Event of Default") with respect to such party:

(i) Failure to Pay or Deliver. Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) required to be made by it if such failure is not remedied on or before the third Local Business Day after notice of such failure is given to the party;

(ii) Breach of Agreement. Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied on or before the thirtieth day after notice of such failure is failure is given to the party;

(iii) Credit Support Default.

(1) Failure by the party of any credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document to be in full force and effect for the purpose of this Agreement (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of such Credit Support Document;

(iv) Misrepresentation. A representation (other than a representation under Section 3(e) or (f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) Default under Specified Transaction. The party, any Credit Support Provider of such party or any applicable Specified Entity of such party (1) defaults under a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction, (2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment on early termination of, a Specified Transaction (or such default continues for at least three Local Business Days if there is no applicable notice requirement or grace period) or (3) disaffirms, disclaims,

repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) Cross Default. If "Cross Default" is specified in the Schedule as applying to the party, the occurrence or existence of (1) a default, event of default or other similar condition or event (however

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described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);

(vii) Bankruptcy. The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:

- (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or

other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) or (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) Merger Without Assumption. The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer:

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) Termination Events. The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes an Illegality if the event is specified in (i) below, a Tax Event if the event is specified in (ii) below or a Tax Event Upon Merger if the event is specified in (iii) below, and, if specified to be applicable, a Credit Event.

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Upon Merger if the event is specified pursuant to (iv) below or an Additional Termination Event if the event is specified pursuant to (v) below:

(i) ILLEGALITY. Due to the adoption of, or any change in any applicable law after the date on which a Transaction is entered into, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful (other than as a result of a breach by the party of Section 4(b)) for such party (which will be the affected Party);

(1) to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Transaction or to comply with

any other material provision of this Agreement relating to such Transaction; or

(2) to preform or for any Credit Support Provider or such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction;

(ii) TAX EVENT. Due to (x) any action taken by a taxing authority, or brought in a court of competent jurisdiction on or after the date on which a Transaction is entered into regardless of whether such action is taken or brought with respect to a party to this Agreement) or (y) a Change in Tax Law, the party (which will be the Affected Party will, or there is a substantial likelihood that it will, on the next succeeding Schedule Payment Date (1) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii) or (2) receive a payment from which an amount is required to be deducted or withheld for or on account of Tax (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B)):

(iii) TAX EVENT UPON MERGER. The party (the "Burdened Party") on the next succeeding Scheduled Payment Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(d), 6(d)(ii) or 6(e)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Indemnifiable Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets to, another entity (which will be the Affected Party) where such action does not constitute an event described in Section 5(a)(viii);

(iv) CREDIT EVENT UPON MERGER. If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, such party ("X"), any Credit Support Provider of X or any applicable Specified Entity of X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such action does not constitute an event described in Section 5(a)(viii) but the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of X, such Credit Support Provider or such Specified Entity, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); or

(v) ADDITIONAL TERMINATION EVENT. If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties shall be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) EVENT OF DEFAULT AND ILLEGALITY. If an event or circumstance which would otherwise constitute or give rise to an Event of Default also constitutes any Illegality, it will be treated as an Illegality and will not constitute any Event of Default.

6. EARLY TERMINATION

(a) RIGHT TO TERMINATE FOLLOWING EVENT OF DEFAULT. If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) RIGHT TO TERMINATE FOLLOWING TERMINATION EVENT.

(i) NOTICE. If a Termination Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction and will also give such other information about that Termination Event as the other party may reasonably require.

(ii) TRANSFER TO AVOID TERMINATION EVENT. If either an illegality under Section 5(b)(i)(1) or a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b)(i).

Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.

(iii) TWO AFFECTED PARTIES. If an illegality under Section 5(b)(i)(1) or a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice thereof is given under Section 6(b)(i) on action to avoid that Termination Event.

(iv) RIGHT TO TERMINATE. IF:

(1) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives under Section 6(b)(i);

(2) an illegality under Section 5(b)(i)(2), a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party.

either party in the case of an illegality, the Burdened Party in the case of the Tax Event Upon Merger, any Affected Party in the case of a

Tax Event or an Additional Termination Event if there is more than one Affected Party, or the party which is not the Affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then

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continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(c) Effect of Designation

(i) If notice designating an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 2(e) in respect to the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Section 6(e).

(d) Calculations.

(i) Statement. On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including all relevant quotations and specifying any amount payable under Section 6(e)) and (2) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation obtained in determining a Market Quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.

(ii) Payment Date. An amount calculated as being due in respect of any Early Termination Date under Section 6(e) will be payable on the day that notice of the amount payable is effective (in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default and on the day which is two Local Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event). Such amount will be paid together with (to the extent permitted under applicable law) interest thereon (before as well as after judgment) in the Termination Currency, from (and including) the relevant Early Termination Date to (but excluding) the date such amount is paid, at the Applicable Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(e) Payments on Early Termination. If any Early Termination Date occurs,

the following provisions shall apply based on the parties election in the Schedule of a payment measure, either "Market Quotation" or "Loss", and a payment method, either the "First Method" or the "Second Method". If the parties fail to designate a payment measure or payment method in the Schedule, it will be deemed that "Market

Quotation" of the "Second Method", as the case may be, shall apply. The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off.

(i) Events of Default. If the Early Termination Date results from an Event of Default:

(1) First Method and Market Quotation. If the First Method and Market Quotation apply, the Defaulting Party will pay to the Non-defaulting Party the excess, if a positive number, of (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party over (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party.

(2) First Method and Loss. If the First Method and Loss apply, the Defaulting Party will pay to the Non-defaulting Party, if a positive number, the Non-defaulting Party's Loss in respect of this Agreement.

(3) Second Method and Market Quotation. If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the

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Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(4) Second Method and Loss. If the Second Method and Loss apply, an amount will be payable equal to the Non-defaulting Party's Loss in respect of this Agreement. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(ii) TERMINATION EVENTS. If the Early Termination Date results from a Termination Event:

(1) One Affected Party. If there is one Affected Party, the amount payable will be determined in accordance with Section 6(e)(i)(3), if Market Quotation applies, or Section 6(e)(i)(4), if Loss applies, except that, in either case, references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and the party which is not the Affected Party, respectively, and, if Loss applies and fewer than all the Transactions are being terminated, Loss shall be calculated in respect of all Terminated Transactions.

(2) Two Affected Parties. If there are two Affected Parties:--

(A) if Market Quotation applies, each party will determine a Settlement Amount in respect of the Terminated Transactions, and an amount will be payable equal to (I) the sum of (a) one-half of the difference between the Settlement Amount of the party with the higher Settlement Amount ("X") and the Settlement Amount of the party with the lower Settlement Amount ("Y") and (b) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (II) the Termination Currency Equivalent of the Unpaid Amounts owing to Y; and

(B) if Loss applies, each party will determine its Loss in respect of this Agreement (or, if fewer than all the Transactions are being terminated, in respect of all Terminated Transactions) and an amount will be payable equal to one-half of the difference between the Loss of the party with the higher Loss ("X") and the Loss of the party with the lower Loss ("Y").

If the amount payable is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of that amount to Y.

(iii) ADJUSTMENT FOR BANKRUPTCY. In circumstances where an Early Termination Date occurs because "Automatic Early Termination" applies in respect of a party, the amount determined under this Section 6(e) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) PRE-ESTIMATE. The parties agree that if Market Quotation applies an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and except as otherwise provided in this Agreement neither party will be entitled to recover any additional damages as a consequence of such losses.

7. TRANSFER

Subject to Section 6(b)(ii), neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e).

Any purported transfer that is not in compliance with this Section will be

void.

8. CONTRACTUAL CURRENCY

(a) Payment in the Contractual Currency. Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the "Contractual Currency"). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in a reasonable manner and in good faith in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) Judgments. To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purposes of such judgment or order and the rate of exchange at which such party is able, acting in a reasonable manner and in good faith in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party. The term "rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

(c) Separate Indemnities. To the extent permitted by applicable law, these indemnities constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) Evidence of Loss. For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

9. MISCELLANEOUS

(a) Entire Agreement. This Agreement constitutes the entire agreement and

understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

(b) Amendments. No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

(c) Survival of Obligations. Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) Remedies Cumulative. Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) Counterparts and Confirmations.

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex or electronic message constitutes a Confirmation.

(f) No Waiver of Rights. A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) Headings. The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

10. OFFICES: MULTIBRANCH PARTIES

(a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to the other party that, notwithstanding the place of booking office or jurisdiction of incorporation or organisation of such party, the obligations of such party are the same as if it had entered into the Transaction through its head or home office. This representation will be deemed to be repeated by such party on each date on which a Transaction is entered into.

(b) Neither party may change the Office through which it makes and receives payments or deliveries for the purpose of a Transaction without the prior written consent of the other party.

(c) If a party is specified as a Multibranch Party in the Schedule, such Multibranch Party may make and receive payments or deliveries under any Transaction through any Office listed in the Schedule, and the Office through which it makes and receives payments or deliveries with respect to a Transaction will be specified in the relevant Confirmation.

11. EXPENSES

A Defaulting Party will, on demand, indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document

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to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

12. NOTICES

(a) Effectiveness. Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see the Schedule) and will be deemed effective as indicated:

(i) if in writing and delivered in person or by courier, on the date it is delivered;

(ii) if sent by telex, on the date the recipient's answerback is received;

(iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or

(v) if sent by electronic messaging system, on the date that electronic message is received.

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.

(b) Change of Addresses. Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

13. GOVERNING LAW AND JURISDICTION

(a) Governing Law. This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) Jurisdiction. With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:

(i) submits to the jurisdiction of the English courts, if this Agreement is expressed to be governed by English law, or to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, if this Agreement is expressed to be governed by the laws of the State of New York; and

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction (outside, if this Agreement is expressed to be governed by English law, the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) Service of Process. Each party irrevocably appoints the Process Agent (if any) specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any

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reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12. Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by law.

(d) Waiver of Immunities. Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suite, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

14. DEFINITIONS

As used in this Agreement:

"Additional Termination Event" has the meaning specified in Section 5(b).

"Affected Party" has the meaning specified in Section 5(b).

"Affected Transactions" means (a) with respect to any Termination Event consisting of an Illegality, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event, all Transactions.

"Affiliate" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"Applicable Rate" means:

(a) in respect of obligations payable or deliverable (or which would have

been but for Section 2(a)(III)) by a Defaulting Party, the Default Rate;

(b) in respect of an obligation to pay an amount under Section 6(e) of either party from and after the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable, the Default Rate;

(c) in respect of all other obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate; and

(d) in all other cases, the Termination Rate.

"Burdened Party" has the meaning specified in Section 5(b).

"Change in Tax Law" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs on or after the date on which the relevant Transaction is entered into.

"consent" includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

"Credit Event Upon Merger" has the meaning specified in Section 5(b).

"Credit Support Document" means any agreement or instrument that is specified as such in this Agreement.

"Credit Support Provider" has the meaning specified in the Schedule.

"Default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

"Defaulting Party" has the meaning specified in Section 6(a).

"Early Termination Date" means the date determined in accordance with Section 6(a) or 6(b)(iv).

"Event of Default" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"Illegality" has the meaning specified in Section 5(b).

"Indemnifiable Tax" means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment of fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

"Law" includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority) and "lawful" and "unlawful" will be construed accordingly.

"Local Business Day" means, subject to the Schedule, a day on which commercial

banks are open for business (including dealings in foreign exchange and foreign currency deposits) (a) in relation to any obligation under Section 2(a)(i), in the place(s) specified in the relevant Confirmation or, if not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) in relation to any other payment, in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment, (c) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), in the city specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (d) in relation to Section 5(a)(v)(2), in the relevant locations for performance with respect to such Specified Transaction.

"Loss" means, with respect to this Agreement or one or more Terminated Transactions, as the case may be, and a party, the Termination Currency Equivalent of an amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made (assuming satisfaction of each applicable condition precedent) on or before the relevant Early Termination Date and not made, except, so as to avoid duplication, if Section 6(e)(i)(I) or (3) or 6(e)(ii)(2)(A) applies. Loss does not include a party's legal fees and out-of-pocket expenses referred to under Section II. A party will determine its Loss as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A party may (but need not) determine its Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets.

"Market Quotation" means, with respect to one or more Terminated Transactions and party making the determination, an amount determined on the basis of quotations from Reference Market-makers. Each quotation will be for an amount, if any, that would be paid to such party (expressed as a negative number) or by such party (expressed as a positive number) in consideration of an agreement between such party (taking into account any existing Credit Support Document with respect to the obligations of such party) and the quoting Reference Market-maker to enter into a transaction (the "Replacement Transaction") that would have the effect of preserving for such party the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under Section 2(a)(i) in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have

been required after that date. For this purpose, Unpaid Amounts in respect of the Terminated Transaction or group of Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included. The Replacement Transaction would be subject to such documentation as such party and the Reference Market-maker may, in good faith, agree. The party making the determination (or its agent) will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day

and time as of which those quotations are to be obtained will be selected in good faith by the party obliged to make a determination under Section 6(e), and, if each party is so obliged, after consultation with the other. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotations having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the Market Quotation in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.

"Non-default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the Non-defaulting Party (as certified by it) if it were to fund the relevant amount.

"Non-defaulting Party" has the meaning specified in Section 6(a).

"Office" means a branch or office of a party, which may be such party's head or home office.

"Potential Event of Default" means any event which, with the giving of notice or the lapse of time or both would constitute an Event of Default.

"Reference Market-makers" means four leading dealers in the relevant market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among such dealers having an office in the same city.

"Relevant Jurisdiction" means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through which such payment is made.

"Scheduled Payment Date" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"Set-off" means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the payer of an amount under Section 6 is entitled or subject (whether arising under this Agreement, another contract, applicable law or otherwise) that is exercised by, or imposed on, such payer.

"Settlement Amount" means, with respect to a party and any Early Termination Date, the sum of:

(a) the Termination Currency Equivalent of the Market Quotations (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation is determined; and

(b) such party's Loss (whether positive or negative and without reference to any Unpaid Amounts) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result.

"Specified Entity" has the meaning specified in the Schedule.

"SPECIFIED INDEBTEDNESS" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"SPECIFIED TRANSACTION" means, subject to the Schedule, (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions). (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"STAMP TAX" means any stamp, registration, documentation or similar tax.

"TAX" means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

"TAX EVENT" has the meaning specified in Section 5(b).

"TAX EVENT UPON MERGER" has the meaning specified in Section 5(b).

"TERMINATED TRANSACTION" means with respect to any Early Termination Date (a) if resulting from a Termination Event, all Affected Transactions and (b) if resulting from an Event of Default, all Transactions (in either case) in effect immediately before the effectiveness of the notice designating that Early Termination Date (or, if "Automatic Early Termination" applies, immediately before that Early Termination Date).

"TERMINATION CURRENCY" has the meaning specified in the Schedule.

"TERMINATION CURRENCY EQUIVALENT" means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Market Quotation or Loss (as the case may be), is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The Foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

"TERMINATION EVENT" means an Illegality, a Tax Event or a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"TERMINATION RATE" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"UNPAID AMOUNTS" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii) to such party under Section 2(a)(i) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market

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value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market value of any obligation referred to in clause (b) above shall be reasonably determined by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it shall be the average of the Termination Currency Equivalents of the fair market values reasonably determined by both parties.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK

SERVICE CORPORATION
INTERNATIONAL

(Name of Party)

(Name of Party)

By: /s/ MICHAEL C. MAUER

By: /s/ SAMUEL W. RIZZO

Name: MICHAEL C MAUER
Title: VICE PRESIDENT

Name: Samuel W. Rizzo
Title: Executive Vice President
and Chief Financial
Officer

Date:

Date: February 4, 1993

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SCHEDULE
to the
Master Agreement

dated as of February 4, 1993

between Morgan Guaranty Trust and Service Corporation
 Company of New York International
 ("Morgan") (the "Counterparty")

Part 1

Termination Provisions

In this Agreement:-

- (1) "Specified Entity" means:
 - (a) in relation to Morgan, any Affiliate of Morgan for purposes of Section 5(a)(v) and shall not apply for purposes of any other provision; and
 - (b) in relation to the Counterparty, any Affiliate of the Counterparty for purposes of Sections 5(a)(v), (vi), (vii) and 5(b)(iv) and shall not apply for purposes of any other provision.
- (2) "Specified Transaction" will have the meaning specified in Section 14.
- (3) The "Cross Default" provisions of Section 5(a)(vi) will not apply to Morgan. The "Cross Default" provisions of Section 5(a)(vi) will apply to the Counterparty and any applicable Specified Entity, and, for such purpose:
 - (a) "Specified Indebtedness" means the Credit Agreement as defined in Paragraph (8) of Part 1 of this Schedule; provided, however, that if the Credit Agreement is terminated for any reason other than the occurrence of an Event of Default (as defined therein), then the term "Specified Indebtedness" shall have the meaning set forth in Section 14 hereof.
 - (b) "Threshold Amount" means U.S.\$1; provided, however, that if the Credit Agreement is terminated for any reason other than the occurrence of an Event of Default (as defined therein), then the term "Threshold Amount" shall be U.S.\$25,000,000 (or its equivalent in any other currency or currencies).
 - (c) If the credit Agreement is terminated for any reason other than the occurrence of an Event of Default (as defined therein), then section 5(a)(vi) will be deemed to be amended to include the following Clause "(3)":

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"or (3) a default or event of default (however described) occurs and is continuing which entitles any person or entity to terminate its commitment under any agreement to lend or advance or make available funds to a party (or any applicable Specified Entity) in respect of an aggregate amount in excess of the Threshold Amount."
- (4) "Termination Currency" means United States Dollars.
- (5) The "Credit Event Upon Merger" provisions of Section 5(b)(iv) will not apply to Morgan, the Counterparty or any applicable Specified Entity.
- (6) The "Automatic Early Termination" provisions of Section 6(a) will not apply to Morgan or the Counterparty.
- (7) For purposes of computing amounts payable on early termination:
 - (a) Market Quotation will apply to this Agreement; and
 - (b) The Second Method will apply to this Agreement.
- (8) Section 5(a) of the Agreement is amended with respect to the Counterparty by adding the following Subsections (ix) and (x) thereto:

"(ix) The Counterparty shall fail to perform or comply with, for the benefit of Morgan, its agreements, covenants and obligations contained in Article V, Section 5.02 of the Credit Agreement. For purposes of Sections 5 and 14 of the Agreement, "Credit Agreement" shall initially mean the Credit Agreement dated as of Competitive Advance and Revolving Credit Facility Agreement dated as of October 16, 1992, among the Counterparty, the banks listed therein, Texas Commerce Bank National Association as Agent, and Chemical Bank as Auction Administration Agent and thereafter shall mean:

- (a) in the event that provisions of the Credit Agreement as in effect on the date of this Agreement are waived or amended pursuant to the terms thereof, the Credit Agreement as in effect on the date of this Agreement, to the extent modified by each such waiver or amendment;
- (b) in the event that the Credit Agreement as in effect on the date hereof is terminated for a reason other than the occurrence of an Event of Default (as defined in the Credit Agreement) and is replaced by a subsequent credit facility to which Morgan is a party (a "Refinanced Morgan

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Facility"), the Refinanced Morgan Credit Facility as and to the extent modified by any waiver or amendment of the Refinanced Morgan Facility pursuant to the terms thereof; and

- (c) in the event that the Credit Agreement as in effect on the date hereof is terminated for a reason other than the occurrence of an Event of Default (as defined in the Credit Agreement) and is not replaced by a Refinanced Morgan Facility, the Credit Agreement, including any waivers or amendments thereof, as in effect immediately prior to its termination.

In the event that the Credit Agreement is replaced by a Refinanced Morgan Facility, the above-specified provisions incorporated herein by reference shall be deemed to refer to those covenants similar to the above-referenced Article V, Section 5.02, however denominated, in the Refinanced Morgan Facility, as and to the extent modified by any waiver or amendment of the Refinanced Morgan Facility pursuant to the terms thereof, with the result that any similar provisions in the Refinanced Morgan Facility will be incorporated herein, as and to the extent modified by any such waiver or amendment. The above-specified provisions of the Credit Agreement together with related definitions and ancillary provisions are hereby incorporated herein by reference, in each case as and to the extent modified by any waiver or amendment of the Credit Agreement pursuant to the terms thereof. Each reference in the provisions of the Credit Agreement incorporated herein by reference to (i) "Majority Banks", "each Bank" and "Bank" shall refer to Morgan and (ii) "Default" and "Event of Default" shall refer to Potential Event of Default and Event of Default respectively, and (iii) the terms "this Agreement", "hereto" and "hereof" when used in the provisions of the Credit Agreement incorporated herein by reference shall refer to this Agreement."

Part 2

Tax Representations

Representations of Morgan

- (1) Payer Tax Representation. For the purpose of Section 3(e), Morgan hereby makes the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e)) to be made by it to the Counterparty under this Agreement. In making this representation, it may rely on:

- (i) the accuracy of any representations made by the Counterparty pursuant to Section 3(f);
- (ii) the satisfaction of the agreement of the Counterparty contained in Section 4(a)(i) or 4(a)(iii) and the accuracy and effectiveness of any document provided by the Counterparty pursuant to Section 4(a)(i) or 4(a)(iii) ; and
- (iii) the satisfaction of the agreement of the Counterparty contained in Section 4(d), provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the Counterparty does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (2) Payee Tax Representation. For the purpose of Section 3(f), Morgan makes the representation specified below:

The following representation will apply with respect to each Transaction between Morgan's London Office and the Counterparty:

It is a Bank organized under the laws of the State of New York and is not a foreign corporation within the meaning of Section 7701(A)(5) of the United States Internal Revenue Code.

Representations of the Counterparty

- (1) Payer Tax Representation. For the purpose of Section 3(e), the Counterparty hereby makes the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of

any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e)) to be made by it to Morgan under this Agreement. In making this representation, it may rely on:

- (i) the accuracy of any representation made by Morgan pursuant to Section 3(f);
- (ii) the satisfaction of the agreement of Morgan contained in Section 4(a)(i) or 4(a)(iii) and the accuracy

and effectiveness of any document provided by Morgan pursuant to Section 4(a)(i) or 4(a)(iii); and

- (iii) the satisfaction of the agreement of Morgan contained in Section 4(d), provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and Morgan does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (2) Payee Tax Representation. For the purpose of Section 3(f), the Counterparty makes the representation specified below:

The following representation will apply with respect to each Transaction between Morgan's London Office and the Counterparty:

It is a corporation organized under the laws of the State of Texas.

Part 3

Agreement to Deliver Documents

For the purpose of Sections 4(a)(i) and (ii), each party agrees to deliver the following documents, as applicable:

- (1) Morgan will, on demand, deliver a certificate (or, if available, the current authorized signature book of Morgan) specifying the names, title and specimen signatures of the persons authorized to execute this Agreement and each Confirmation on its behalf.
- (2) The Counterparty will, on demand, deliver a certificate (or, if available, the current authorized signature book of the Counterparty) specifying the names, title and specimen signatures of the persons authorized to execute this Agreement and each Confirmation on its behalf.

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- (3) The Counterparty will, no later than February 15, 1993, deliver a certified resolution of its Executive Committee authorizing the entering into, execution and delivery of this Agreement and each Transaction subject hereto.

Each of the foregoing documents, other than the legal opinion required pursuant to subsection (3) above, is covered by the representation contained in Section 3(d) of this Agreement.

Part 4

Miscellaneous

- (1) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York without reference to choice of law doctrine.
- (2) Notices.
 - (a) In connection with Section 12(a), all notices to Morgan shall, with respect to any particular Transaction, be sent to the address, telex number or facsimile number specified in the relevant Confirmation and any notice for purposes of Sections

5 or 6 of the Agreement shall be sent to the address, telex number or facsimile number specified below:

Morgan Guaranty Trust Company of New York
60 Wall Street
New York, New York 10260
Attention: Global Swaps Unit
Telex: WUD 649216
Answerback: MGT UI
Telecopy No.: (212) 648-5922

- (b) In connection with Section 12(a), all notices to the Counterparty shall, with respect to any particular Transaction, be sent to the address, telex number or facsimile number specified in the relevant Confirmation and any notice for purposes of Sections 5 or 6 of the Agreement shall be sent to the address, telex number or facsimile number specified below:

Service Corporation International
1929 Allen Parkway
Houston, Texas 77019
Attention: Treasurer
Telecopy No.: (713) 525-9005
With copy to the Secretary
Telecopy No.: (713) 525-9067

- (3) Netting of Payments. Subparagraph (ii) of Section 2(c) will not apply for the purpose of Section 2(c) with respect to

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all Transactions under this Agreement with effect from the date of this Agreement.

- (4) Multibranch Party. For the purpose of Section 10:

Morgan is a Multibranch Party and may act through its London and New York Offices.

The Counterparty is not a Multibranch Party.

- (5) Credit Support Documents. None.
(6) Credit Support Provider. None.

Part 5

Other Provisions

- (1) ISDA Definitions. Reference is hereby made to the 1991 ISDA Definitions (the "1991 Definitions") and the 1992 ISDA FX and Currency Option Definitions (the "FX Definitions"), each as published by the International Swap Dealers Association, Inc., which are hereby incorporated by reference herein. Any terms used and not otherwise defined herein which are contained in the 1991 Definitions or the FX Definitions shall have the meaning set forth therein.
- (2) Scope of Agreement. Notwithstanding anything contained in the Agreement to the contrary, if the parties enter into any Specified Transaction, such Specified Transaction shall be subject to, governed by and construed in accordance with the terms of this Agreement unless the Confirmation relating thereto shall specifically state to the contrary. Each such Specified Transaction shall be a Transaction for the purposes of this Agreement.
- (3) Inconsistency. In the event of any inconsistency between any of the

following documents, the relevant document first listed below shall govern: (i) a Confirmation; (ii) the Schedule; (iii) the 1991 Definitions or the FX Definitions; and (iv) the printed form of ISDA Master Agreement.

(4) Right of Setoff. Without affecting the provisions of this Agreement requiring the calculation of certain net payment amounts, all payments under this Agreement shall be made without setoff or counterclaim and will not be subject to any conditions except as provided in Section 2 of this Agreement and except as provided in the following clauses (i) through (iv):

(i) if there is a Defaulting Party, the Non-Defaulting Party will have the right to setoff, counterclaim or withhold payment in respect of any default by the

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Defaulting Party or any Affiliate of the Defaulting Party under this Agreement or any other agreement, whether matured or unmatured, between the parties or their Affiliates, regardless in each case of the office or branch through which a party is acting, and the Non-Defaulting Party's obligations hereunder to the Defaulting Party shall be deemed to be satisfied and discharged to the extent of such setoff, counterclaim or withholding;

(ii) upon the occurrence and during the continuance of an Event of Default or Potential Event of Default with respect to the Defaulting Party (a) the Defaulting Party hereby guarantees, and shall be deemed to have guaranteed and be the guarantor of, any obligation of any Affiliate of the Defaulting Party to the Non-Defaulting Party or any Affiliate of the Non-Defaulting Party, and (b) to the extent of any obligation of the Non-Defaulting Party to make a payment to the Defaulting Party hereunder, the obligation of any Affiliate of the Defaulting Party to make a payment to the Non-Defaulting Party or an Affiliate of the Non-Defaulting Party shall be deemed to be satisfied and discharged to the extent of such guaranty, and it is further agreed that the obligations of the Defaulting Party under this Clause (ii) shall be deemed a guaranty of payment and not merely a guaranty of collection of the obligations of the Defaulting Party's Affiliates to the Non-Defaulting Party or the Non-Defaulting Party's Affiliates;

(iii) upon the occurrence and during the continuance of an Event of Default or a Potential Event of Default, the right of an Affiliate of the Non-Defaulting Party to receive payment from the Defaulting Party or any Affiliate of the Defaulting Party may be assigned to the Non-Defaulting Party and the Non-Defaulting Party's obligations hereunder shall be deemed to be satisfied and discharged to the extent of such assignment; and

(iv) any obligation of a Non-Defaulting Party to make a payment to a Defaulting Party hereunder shall in any event be conditioned upon and subject to the condition precedent that and shall arise only upon the date that all indebtedness and obligations, whether matured or unmatured, of the Defaulting Party or any Affiliate of the Defaulting Party to the Non-Defaulting Party or any Affiliate of the Non-Defaulting Party shall have been paid in full.

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(5) Affiliate. "Affiliate" will have the meaning specified in Section 14

except that such term shall not be deemed to include any direct or indirect subsidiary of J.P. Morgan & Co. Incorporated, other than Morgan and its direct and indirect subsidiaries.

- (6) Calculation Agent. The Calculation Agent will be Morgan.
- (7) Waiver of Right to Trial by Jury. The Counterparty and Morgan hereby irrevocably waive any and all right to trial by jury with respect to any legal proceeding arising out of or relating to this Agreement or any transaction contemplated hereby.
- (8) Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal, or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor, in good faith negotiations, to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Please confirm your agreement to the terms of the foregoing Schedule by signing below.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By: /s/ MICHAEL C. MAUER
Name: Michael C. Mauer
Title: Vice President

SERVICE CORPORATION INTERNATIONAL

By: /s/ SAMUEL W. RIZZO
Name: Samuel W. Rizzo
Title: Executive Vice President
and Chief Financial Officer

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AMENDMENT TO THE MASTER AGREEMENT

Dated as of August 12, 1993

Morgan Guaranty Trust Company of New York ("Morgan") and Service Corporation International (the "Counterparty")

Morgan and the Counterparty are parties to an Master Agreement dated February 4, 1993 (the "Agreement") and the Schedule to the Master Agreement dated February 4, 1993 (the "Schedule"). Morgan and the Counterparty wish to amend the Agreement and accordingly agree as follows:

- (1) Cross Default. Part 1(3) of the Schedule is deleted and replaced in its entirety by the following:
 - "(3) The "Cross Default" provisions of Section 5(a)(vi) will apply to Morgan, the Counterparty and any applicable Specified Entity, and, for such purpose:
 - (a) "Specified Indebtedness" shall have the meaning set forth in Section 14 hereof.

- (b) "Threshold Amount" means U.S.\$25,000,000 (or its equivalent in any other currency or currencies).
- (c) Section 5(a)(vi) will be deemed to be amended to include the following Clause "(3)":

"or (3) a default or event of default (however described) occurs and is continuing which entitles any person or entity to terminate its commitment under any agreement to lend or advance or make available funds to a party (or any applicable Specified Entity) in respect of an aggregate amount in excess of the Threshold Amount."

- (2) Part 1 clause (8) of the Schedule is deleted.
- (3) Section 5(a) of the Agreement is amended with respect to the Counterparty (such that the Counterparty shall be a Defaulting Party upon the occurrence of any such event) by adding the following Subsections (ix) through (xi) thereto:

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"(ix) Net Worth. The Counterparty's Net Worth shall at any time be less than the Required Minimum Net Worth. As used herein, Required Minimum Net Worth means

- (a) From the date of this Amendment until December 31, 1993, U.S.\$650,000,000;
- (b) From January 1, 1994 until December 31, 1994, U.S.\$650,000,000 plus 25% of Consolidated Net Income for the immediately preceding fiscal year; provided, however, if Consolidated Net Income in the preceding fiscal year is less than zero, the amount to be added for the fiscal year shall be zero; and
- (c) From January 1, 1995 onward, the amount under paragraph (b) immediately above plus 50% of Consolidated Net Income for such immediately preceding fiscal year; provided, however, if Consolidated Net Income in any such preceding fiscal year is less than zero, the amount to be added for such fiscal year shall be zero.

(x) Debt. The ratio of Consolidated Debt to Total Capitalization shall at any time be greater than .65 to 1.0 at any time.

(xi) Cash Flow. The ratio of Consolidated Cash Flow to consolidated Fixed Charges shall be less than 1.5 to 1.0 at the end of any fiscal quarter of the Counterparty."

- (4) Documents to be delivered. Part 3 clause (3) of the Schedule is deleted and replaced in its entirety by the following:

"(3) The Counterparty will, within 30 days of written request, deliver a certified resolution of its Executive Committee authorizing the entering into, execution and delivery of this Agreement or each Transaction subject hereto."

Each of the foregoing documents is covered by the representation contained in Section 3 (d) of this Agreement."

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- (5) Offices; Multibranch Party. Part 4 clause (4) of the Schedule is deleted and replaced in its entirety by the following:

"Offices; Multibranch Party. For purposes of Section 10:

(a) Section 10(a) shall apply to Morgan; and

(b) For the purpose of Section 10(c):

(i) Morgan is a Multibranch Party and may act through its London and New York Offices.

(ii) The Counterparty is not a Multibranch Party."

- (6) Definitions. Section 14 of the Agreement is amended to include the following:

"Credit Agreement" means, the Competitive Advance and Revolving Credit Facility Agreement dated as of October 16, 1992, among the Counterparty, the banks listed herein, Texas Commerce Bank National Association as Agent, and Chemical Bank, as Auction Administration Agent a copy of which is attached as Exhibit A hereto.

"Consolidated Fixed Charges" means, for any period, without duplication, the sum of (i) the aggregate amount of principal that was paid or required to be paid by the Counterparty or any of its Consolidated Subsidiaries during such period with respect to any Funded Debt of the Counterparty and its Consolidated Subsidiaries (including the principal portion of rentals under Capital Leases but excluding the principal amount of any loan outstanding under the Credit Agreement or under the Provident Credit Agreement, as either or both of such agreements are amended or modified from time to time, or under their respective successor or replacement credit agreements) or with respect to any other indebtedness or obligation payable more than one year from the date of the creation thereof, plus (ii) the aggregate amount of interest that was paid or required to be paid by the Counterparty or any of its Consolidated Subsidiaries during such period with respect to any Debt (including the interest portion of rentals under Capital Leases) plus (iii) the aggregate amount of all Operating Lease Obligations paid or that was required to be paid by the Counterparty or any of its Consolidated Subsidiaries during such period. The principal payable with respect

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to any Funded Debt of the Counterparty and its Consolidated Subsidiaries shall include the amount payable on account of

any sinking, purchase or other analogous fund relating to such Debt, the amount payable on account of principal of such Debt which matures serially and the amount payable at the final maturity date of such Debt. If the amount payable on account of any contingent sinking, purchase or other analogous fund or any contingent portion of the amount payable to any such fund for such period shall be based upon the operating results of the Counterparty and its Consolidated Subsidiaries during such period, the contingent amount (or contingent portion) payable to such fund shall, for purposes of this definition, be computed on the basis of the operating results of the Counterparty and its Consolidated Subsidiaries for its last fiscal year (or comparable portion thereof) ended prior to the date of any determination of Consolidated Fixed Charges. If the amount payable for interest or on account of any sinking, purchase or other analogous fund shall be subject to variation on the basis of circumstances that exist at some future date, the amount payable for interest or to such fund for such period shall, for purposes of this definition, be computed on the basis of circumstances as they exist at the date of any determination of Consolidated Fixed Charges.

"Consolidated Net Income" means consolidated net income (after taxes) of the Counterparty and its Consolidated Subsidiaries determined in accordance with generally accepted accounting principles consistently applied from the date hereof (except for changes in accounting principles which do not have a material effect on financial results or position of the Counterparty).

"Consolidated Subsidiary" means, with respect to any Person, each Subsidiary of such Person the accounts of which are or should be consolidated with the accounts of such Person in reporting the consolidated financial statements of such Person in accordance with generally accepted accounting principles consistently applied from the date hereof (except for changes in accounting principles which do not have a material effect on financial results or position of the Counterparty).

"Net Worth" means, in relation to the Counterparty and its Subsidiaries, Consolidated Assets of the Counterparty less total consolidated liabilities of the Counterparty and its Consolidated Subsidiaries, as

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determined in accordance with generally accepted accounting principals consistently applied from the date hereof (except for changes in accounting principles which do not have a material effect on financial results or position of the Counterparty) excluding the effect of the foreign translation adjustment up to U.S.\$25,000,000.

- (5) Defined Terms. Any terms used herein and not defined herein or in the Agreement have the meaning set forth in the Credit Agreement as it exists as of the date hereof and without regard to any future amendments or changes to the Credit Agreement.
- (6) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York without reference to choice of law doctrine.

Please confirm your agreement to the terms of the foregoing Amendment by signing below.

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By: /s/ LAURA E. REIM
Name: Laura E. Reim
Title: Vice President

SERVICE CORPORATION
INTERNATIONAL

By: /s/ SAMUEL W. RIZZO
Name: Samuel W. Rizzo
Title: Executive Vice President
Chief Financial Officer/
Treasurer

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JP Morgan

Telecopier No (713)-525-5475

Attn: Sam Rizzo
SERVICE CORPORATION INTERNATIONAL, INC.
Houston, Texas

August 13, 1993

We hereby confirm the terms and conditions of the Swap Transaction entered into between us on the Trade Date referred to below.

The terms of this Swap Transaction between:

Morgan Guaranty Trust Company of New York
('Morgan' or 'MGT')
acting through its MGT LONDON Office

and

Service Corporation International, Inc.
(the 'Company', 'Counterparty' or 'SCI')
acting through its Houston Office

are as follows

SWAP AGREEMENT: This Swap Transaction supplements and is subject to the
ISDA-MASTER AGREEMENT
(MGT Master# NYO-5136)
dated as of February 4, 1993
between Morgan and the Counterparty.

This document constitutes a Confirmation/Rate Swap Agreement to the Swap Agreement (as defined herein) and supplements forms a part of and is subject to the Swap Agreement. All provisions set forth in the Swap Agreement (or contained in any document incorporated by reference in the Swap Agreement) shall govern this Swap Transaction unless expressly modified below. The Swap Transaction evidenced by this Confirmation is subject to the 1991 ISDA Definitions (the '1991 Definitions') published by the International Swap Dealers Association, Inc. ('ISDA'). It is our intention to have this confirmation serve as final documentation for this trade and accordingly, no other confirmation will follow.

MGT, together with other U.K. listed institutions, is subject to the Bank of England's Code of Conduct. Therefore, this and certain future wholesale money market transactions will be outside the Financial Services Act but you will have the benefit of the Code.

MGT DEAL NUMBER : LON-084975 (MGT Version# 001)
TRADE DATE : August 13, 1993
SWAP EFFECTIVE DATE : August 31, 1993
TERMINATION DATE : December 29, 2000
TERM : 7 Years, 4 Months

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Payments by Morgan to the Company. Morgan will make payments to the Company on the basis of the following:

CURRENCY AMOUNT : 73,590,000.00 DOLLAR-U.S.
PAYMENT DATES : Jun 30, Dec 31
RATE TYPE : FLOATING
FLOATING RATE OPTION : USD-LIBOR-BBA
TELERATE PAGE '3750'

DESIGNATED MATURITY : 6 MONTH
INITIAL RATE : TO BE DETERMINED
SPREAD (+/-) : NONE
DAY COUNT FRACTION : ACTUAL/360
RESET DATES : Jun 30, Dec 31
COMPOUNDING : INAPPLICABLE
METHOD OF ROUNDING : Rounding OFF to 5 Decimal Places

INITIAL STUB PERIOD : From Aug 31, 1993 to Dec 31, 1993
rate: 4 month libor rate set
on Aug 26, 1993

FINAL STUB PERIOD : From Jun 30, 2000 to Dec 29, 2000
rate: to be determined

INITIAL EXCHANGE
AMOUNT AND DATE : 110,000,000.00 AUD August 30, 1993

FINAL EXCHANGE
AMOUNT AND DATE : 73,590,000.00 USD December 29, 2000

Payments by the Company to Morgan. The Company will make payments to Morgan on the basis of the following:

CURRENCY AMOUNT : 66,000,000.00 DOLLAR-AUSTRALIA
PAYMENT DATES : June 30, Dec 31
RATE TYPE : FIXED
FIXED RATE : 7.2350%
DAY COUNT FRACTION : ACTUAL/365 FXD

INITIAL STUB PERIOD : From Aug 31, 1993 to Dec 31, 1993
rate: 7.2350%

FINAL STUB PERIOD : From Jun 30, 1993 to Dec 29, 2000
rate: 7.2350%

CURRENCY AMOUNT : 44,000,000.00 DOLLAR-AUSTRALIA
PAYMENT DATES : Jun 30, Dec 31
RATE TYPE : FLOATING
FLOATING RATE OPTION : AUD-BBR-BBSW
REUTER'S 'BBSW' SCREEN

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DESIGNATED MATURITY : 6 MONTH
 INITIAL RATE : 4.7000%
 SPREAD (+/-) : NONE
 DAY COUNT FRACTION : ACTUAL/360
 RESET DATES : Jun 30, Dec 31
 COMPOUNDING DATES : INAPPLICABLE
 METHOD OF ROUNDING : Rounding UP to 4 Decimal Places

RATE COMMENTS : FOR THE PERIOD DEC 31, 1993 TO JUN 30, 1994 THE
 FLOATING IS 4.8500%

INITIAL STUB PERIOD : From Aug 31, 1993 to Dec 31, 1993
 rate: 4.7000%

FINAL STUB PERIOD : From Jun 30, 2000 to Dec 29, 2000
 rate: to be determined

INITIAL EXCHANGE
 AMOUNT AND DATE : 73,590,000.00 USD August 30, 1993

FINAL EXCHANGE
 AMOUNT AND DATE : 110,000,000.00 AUD December 29, 2000

Miscellaneous Provisions

MORGAN PAYMENT
 CONVENTION : If a Specified Payment Date Date, Reset Date is
 not a Banking/Business Day in NEW YORK, LONDON
 and SYDNEY such date will be adjusted in
 accordance with the MODIFIED FOLLOWING Banking/
 Business Day Convention and there will be an
 adjustment to the calculation period.

COMPANY PAYMENT
 CONVENTION : If a Specified Payment Date is not a Banking/
 Business Day in NEW YORK, LONDON AND SYDNEY
 such date will be adjusted in accordance with
 the MODIFIED FOLLOWING Banking/Business Day
 Convention and there will be an adjustment to
 the calculation period.

PAYMENTS WILL BE : Gross

CALCULATION AGENT : Morgan

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Instructions

All confirmations/Inquiries regarding
PAYMENTS AND/OR RATE RESETTINGS ONLY
should be sent to:

Morgan Guaranty Trust Company of New York
LONDON OFFICE
60 Victoria Embankment
London EC4Y OJP
Attention: Michaela Ludbrook
Telephone No: (071)325-4282
Telefax No: (071)325-8201
Telefax No: 896631 Cable Morganbank
quoting the MGT deal number indicated above.

MGT AUD ACCOUNT

Australia & New Zealand Banking Corporation
Martin Place and George Street
Sydney, Australia
Favour: Morgan Guaranty Trust Company of
New York-London Office
Account No. 218172/001

MGT USD ACCOUNT

Morgan Guaranty Trust Company of New York
ABA 021000238
New York, New York
Account: Morgan Guaranty Trust Company of
New York-London Office

Account No. 670-07-054
Reference Interest Rate Swap Lon-084975

COUNTERPARTY PAYMENT INSTRUCTIONS

USD ACCOUNT

TEXAS COMMERCE BANK N.A.

Houston, Texas
ABA #113000609
Account: Service Corporation International, Inc.
Account No. 00101266337
Reference:

AUD ACCOUNT

Please Provide

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EACH PARTY HEREBY AGREES TO MAKE PAYMENTS TO THE OTHER IN ACCORDANCE WITH THIS
CONFIRMATION AND THE SWAP AGREEMENT. PLEASE CONFIRM YOUR AGREEMENT BY SIGNING
AND RETURNING ONE OF THE TWO EXECUTED COUNTER-PARTS OF THIS CONFIRMATION WHICH
WILL BE SENT TO YOU WHEN REFERRING TO THIS CONFIRMATION. PLEASE INDICATE:
MGT DEAL NUMBER: LON-084975. VERSION NUMBER: 001

J.P. Morgan Securities, Inc.
As Agent For Morgan Guaranty
Trust Company of New York

SERVICE CORPORATION
INTERNATIONAL, INC.

/s/ RAJAN SEKARAN
Rajan Sekaran
Vice President

/s/ SAMUEL W. RIZZO
Samuel W. Rizzo
Executive Vice
President
Chief Financial
Officer/Treasurer

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JP MORGAN

60 Wall Street
New York, NY 10260

CLIENT: Service Coporation International
 ADDRESS: Houston, Texas
 FAX#: (713)525-5475

CONTACT: Sam Rizzo
 PHONE: (713)525-5266

SUBJECT: INTEREST RATE SWAP OPTION (MGT REFERENCE #480)

DATE: November 1, 1993

The purpose of this letter agreement is to confirm the terms and conditions of The Swap Transaction entered into between us on the Trade Date specified below (the "Swap Transaction"). This letter agreement constitutes a "Confirmation" as referred to in the Interest Rate and Currency Exchange Agreement specified below.

The definitions and provisions contained in the 1991 ISDA Definitions (the "Definitions") as published by the International Swap Dealers Association, Inc. ("ISDA") are incorporated into this Confirmation. In the event of any inconsistency between the definitions and provisions and this Confirmation, this Confirmation will govern.

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement (MGT #5136) dated as of February 4, 1993 as the same may be amended, modified or supplemented from time to time, (the "Agreement"), between Service Corporation International ("Counterparty") and Morgan Guaranty Trust Company of New York ("MGT"). All provisions contained in the Agreement govern except as expressly modified below.

The particular Swap Transaction to which this Confirmation relates is an Option, the terms of which are as follows:

TYPE OF TRANSACTION:	PUT-Buyer has the right to pay fixed rate and receive floating rate, as referred to in the contingent swap section
TRADE DATE:	November 1, 1993
OPTION START DATE:	November 3, 1993
OPTION MATURITY DATE:	December 31, 1993
BUYER:	MGT
SELLER:	Service Corporation International

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PREMIUM:	A Premium of 77.3 bps or US \$1,160,000 will be paid by MGT if, and only if, the Swap is not exercised.
PREMIUM PAYMENT DATE:	December 31, 1993
PHYSICAL SETTLEMENT:	Applicable
PROCEDURES FOR EXERCISE:	
EXERCISE TERMS:	MGT has the right to exercise this option by notifying Service Corporation

International by phone (followed by fax notification-see attached appendix I) on the date and during the time of day specified below.

OPTION STYLE: European
EXERCISE PERIOD: Notice of exercise must be given between the hours of 9:00 am and 3:00 pm New York time on December 31, 1993.

The particular terms of the Underlying Swap Transaction to which the Option relates are as follows:

NOTIONAL AMOUNT: US \$150,000,000.00
EFFECTIVE DATE: February 1, 1994
TERMINATION DATE: February 1, 1999
FIXED AMOUNTS:
FIXED RATE PAYER: MGT
FIXED RATE: 5.360%
FIXED RATE PAYER PAYMENT DATES: Each February 1, and August 1, from August 1, 1994 to and including the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.
FIXED RATE DAY COUNT FRACTION: 30/360
FLOATING AMOUNTS:
FLOATING RATE PAYER: Service Corporation International

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FLOATING RATE PAYER PAYMENT DATES: Each February 1, and August 1, 1994 to the Termination Date, subject to adjustment in accordance with the Modified Following Business Day Convention.

FLOATING RATE OPTION: USD-LIBOR/BBA
Telerate pg. 3750

DESIGNATED MATURITY: 6 Months

SPREAD: None

FLOATING RATE DAY COUNT FRACTION: Actual/360

RESET DATES: Two London business days prior to the commencement of each period. The first repricing shall take place on 2 London business days prior to February 1, 1994. The final repricing shall take place on 2 London business days prior to August 1, 1998.

COMPOUNDING: Inapplicable

COMPOUNDING DATES: Inapplicable

BUSINESS DAY CONVENTION: Modified Following

CALCULATION AGENT: MGT

MORGAN PAYMENT INSTRUCTIONS:

MGT, NY
A/C Treasury Operations
A/C #999-97-979
Attn: Sandra Petri

SERVICE CORPORATION INTERNATIONAL
PAYMENT INSTRUCTIONS:

PLEASE ADVISE

Page 3 of 5

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Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to the attention of Mr. Bob Dillon, Facsimile #212-648-5106 (Phone # 212-648-4148), or by sending to us a letter or telex substantially similar to this letter, which letter or telex sets forth the material terms of the Swap Transaction to which this Confirmation relates and indicates agreement to those terms. When referencing this Confirmation, please indicate: MGT Reference #480.

We are very pleased to have executed this transaction with Service Corporation International.

Regards,

JP Morgan Securities as an Agent for
Morgan Guaranty Trust Company of New York

/s/ RAJARAN SEKARAN
Name: Rajaran Sekaran
Title: Vice President

Morgan Guaranty Trust Company of New York

/s/ JEFF KLEALMAN
Name: Jeff Klealman
Title: Vice President

Confirmed and agreed upon
this the 18th day of Nov., 1993

Service Corporation International

/s/ SAMUEL W. RIZZO
Name: Samuel W. Rizzo
Title: Executive Vice President
Chief Financial
Officer/Treasurer

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APPENDIX I
NOTICE OF EXERCISE

Service Corporation International
Houston, Texas
Attn:

The undersigned, the holder of the option granted in the confirmation dated November 1, 1993 (MGT Reference #480) a copy of which is enclosed herewith hereby elects to exercise its option on the swap transaction described in the confirmation.

Very truly yours,

Name:
Title:

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NOTICE OF EXERCISE

Service Corporation International
Houston, Texas
Attn: Samuel W. Rizzo -- Chief Financial Officer

The undersigned, the holder of the option granted in the Confirmation dated November 1, 1993 (MGT Reference #480, hereinafter the "Confirmation") hereby elects to exercise its option on the swap transaction described in the Confirmation, subject to the modifications described in the following three sentences which are hereby incorporated into the Confirmation. In exchange for US\$714,000.00 to be paid by MGT to Service Corporation International ("SCI") for value January 5, 1994, SCI hereby sells to MGT and MGT hereby purchases from SCI the option to cancel the swap described in the Original Confirmation as of either February 1, 1994, or August 1, 1994 (each a "Cancellation Date"). MGT can only exercise its option by notifying SCI by phone (followed by facsimile notification) between the hours of 9:00 AM and 3:00 PM, EST, on the day that is 2 New York Business Days prior to a Cancellation Date.

If MGT exercised the option on either Cancellation Date, the swap will be terminated as of that Cancellation Date and, other than payment of accrued amounts, neither party will have any further obligation pursuant to the swap.

Very truly yours,

Morgan Guaranty Trust Company of New York

/s/ RAJARAN SEKARAN
Name: Rajaran Sekaran
Title: V.P.

Agreed by,

Service Corporation International

/s/ SAMUEL W. RIZZO
Name: Samuel W. Rizzo
Title: Chief Financial Officer

FIRST AMENDMENT TO AMENDED 1987 STOCK PLAN

WHEREAS, on March 13, 1991, the Board of Directors of Service Corporation International (the "Company") adopted, and, and May 9, 1991, the shareholders of the Company approved, the Service Corporation International 1987 Stock Plan (the "Plan"); and

WHEREAS, the Company desires to amend certain provision of the Plan relating to the expiration of Forfeiture Restriction Periods (as defined therein);

W I T N E S E T H

Effective as of August 12, 1993, Section 7(a) of the Plan is amended to read as follows in its entirety:

"(a) Restriction Period to be Established by the Committee. At the time an Award is made, the Committee shall establish the Forefeiture Restriction Period and the Forfeiture Restrictions applicable to such Award. The Forfeiture Restriction Period with respect to any Award shall be not more than ten years and not less than six months from the date of the Award. In the discretion of the Committee each Award may have different Forfeiture Restrictions and Forfeiture Restriction Periods and parts of an Award may have different Forfeiture Restrictions and Forfeiture Restriction Periods. Without limiting the generality of the foregoing, at the time of the grant of an Award, the Forfeiture Restriction Period with respect to all or part of an Award may be subject to reduction (but not less than six months from the date of the grant of the Award) in the event financial targets for the Company specified in the Award are achieved. After the grant of an Award, the Forfeiture Restriction Period applicable to such Award shall not be changed except as permitted by Paragraph 8, unless a Change of Control occurs. If a Change of Control occurs, the Forfeiture Rstriction Period for all Awards shall expire and the Forfeiture Restrictions imposed with respect to all awards shall lapse immediately upon occurrence of the Change of Control."

SERVICE CORPORATION INTERNATIONAL

August 12, 1993

SERVICE CORPORATION INTERNATIONAL
COMPUTATION OF EARNINGS PER SHARE
(Thousands, except per share amounts)

	YEARS ENDED DECEMBER 31,		
	1993	1992	1991

PRIMARY:			
Income before cumulative effect of change in accounting principles	\$103,092	\$86,536	\$73,372
Cumulative effect of change in accounting principles (net of tax)	(2,031)	--	--
	\$101,061	\$86,536	\$73,372
	=====	=====	=====
Average number of common shares outstanding	82,992	76,592	71,177
Common stock equivalents applicable to options outstanding resulting from application of the "treasury stock method" using average stock price	380	264	249
	-----	-----	-----
Average common and common equivalent shares used in earnings per share	83,372	76,856	71,426
	=====	=====	=====
Primary Earnings Per Common Share:			
Income before cumulative effect of change in accounting principles	\$ 1.24	\$ 1.13	\$ 1.03
Cumulative effect of change in accounting principles (net of tax)	(.03)	--	--
	-----	-----	-----
Net income	\$ 1.21	\$ 1.13	\$ 1.03
	=====	=====	=====
FULLY DILUTED:			
Income before cumulative effect of change in accounting principles	\$103,092	\$86,536	\$73,372
Add after tax interest expense applicable to convertible debentures	8,412	11,935	6,451
	-----	-----	-----
Income as adjusted	111,504	98,471	79,823
Cumulative effect of change in accounting principles (net of tax)	(2,031)	--	--
	-----	-----	-----
	\$109,473	\$98,471	\$79,823
	=====	=====	=====
Average number of common shares outstanding	82,992	76,592	71,177
Common stock equivalents applicable to options outstanding resulting from application of the "treasury stock method" using end of period stock price (if greater than average stock price for period)	401	293	282
Assuming conversion of convertible debentures	10,485	15,179	8,484
	-----	-----	-----
Average shares used in fully diluted earnings per share	93,878	92,064	79,943
	=====	=====	=====
FULLY DILUTED EARNINGS PER COMMON SHARE:			
Income before cumulative effect of change in accounting principles	\$ 1.19	\$ 1.07	\$ 1.00
Cumulative effect of change in accounting principles (net of tax)	(.02)	--	--
	-----	-----	-----
Net income	\$ 1.17	\$ 1.07	\$ 1.00
	=====	=====	=====

SERVICE CORPORATION INTERNATIONAL
RATIO OF EARNINGS TO FIXED CHARGES
(Thousands, except ratio amounts)

	YEARS ENDED DECEMBER 31,				
	1993	1992	1991	1990	1989
Pretax income	\$173,492	\$139,336	\$108,872	\$99,432	\$ 84,618
Undistributed income of less than 50% owned equity investees	(325)	(718)	(252)	(146)	--
Minority interest in income of majority owned subsidiaries with fixed charges	1,938	1,798	1,752	1,334	886
Add fixed charges as adjusted (from below)	78,841	68,584	59,508	52,845	42,437
	<u>\$253,946</u>	<u>\$209,000</u>	<u>\$169,880</u>	<u>\$153,465</u>	<u>\$127,941</u>
Fixed charges:					
Interest expense:					
Corporate	\$ 59,631	\$ 53,902	\$ 42,429	\$ 36,095	\$ 32,514
Financial services	7,725	5,826	9,453	10,171	3,982
Capitalized	705	481	701	467	445
Amortization of debt costs	288	328	116	126	138
1/3 of rental expense	11,197	8,528	7,510	6,453	5,803
Preferred dividends (pretax)	--	--	--	5,186	10,879
Fixed charges	<u>79,546</u>	<u>69,065</u>	<u>60,209</u>	<u>58,498</u>	<u>53,761</u>
Fixed charges as adjusted:					
Less: Capitalized interest	(705)	(481)	(701)	(467)	(445)
Preferred dividend (pretax)	--	--	--	(5,186)	(10,879)
Fixed charges as adjusted	<u>\$ 78,841</u>	<u>\$ 68,584</u>	<u>\$ 59,508</u>	<u>\$52,845</u>	<u>\$ 42,437</u>
Ratio (earnings divided by fixed charges)	<u>3.19</u>	<u>3.03</u>	<u>2.82</u>	<u>2.62</u>	<u>2.38</u>

March 22, 1994

ALABAMA

SCI Funeral Services, Inc. (Iowa Corp) Alabama subsidiary	
SCI Alabama Funeral Services, Inc.....	100%
EC Land Company, Inc.....	100%
Mobile Memorial Gardens Funeral Home, Inc.....	100%

ALASKA

SCI Funeral Services, Inc. (Iowa Corp.) Alaska subsidiary	
Alaskan Memorial Parks, Inc.....	100%
Alaska Memorial Services, Inc.....	100%
Moll Enterprises, Inc.....	100%
SCI Alaska Funeral Services, Inc.....	100%

ARIZONA

SCI Funeral Services, Inc. (Iowa Corp.)	
National Cremation Society, Inc.....	100%
Resthaven Park Cemetery, Inc.....	100%
SCI Arizona Funeral Services, Inc.....	100%

ARKANSAS

SCI Funeral Services, Inc. (Iowa Corp)	
SCI Arkansas Funeral Services, Inc.....	100%
The East Funeral Benefit Assurance Company.....	100%

CALIFORNIA

*EVMP Corporation.....	-0-
SCI Funeral Services, Inc. (Iowa Corp.) California subsidiaries	
Biby and Belyea.....	100%
Cemetery Management Company.....	100%
Chapel of The Chimes Virgin Mortuary.....	100%
Chung Wah Funeral Directors, Inc.....	100%
EKP, Inc.....	100%
Emmerson Mortuaries.....	100%
Eternal Hills Cemetery Association.....	100%
Eternal Valley Memorial Park.....	100%
Eternal Valley Memorial Park - Endowment Care Fund....	100%
FCA Acquisition Corporation.....	100%
Financial Capital of America.....	100%
CFR Corporation.....	100%
Mount Vernon Memorial Park.....	50%
DD & H Corporation.....	100%
Mount Vernon Memorial Park.....	50%
MB Line.....	100%
RVL Properties.....	100%
Fremont Cemetery Corporation.....	100%
Fresno Memorial Gardens.....	100%
Greenwood Memorial Park, Inc.....	100%
Hillcrest Memorial Park	100%
Hillcrest Mortuary.....	100%
Joshua Memorial Park.....	100%
World Funeral Home.....	100%
Hong Kong Funeral Homes.....	100%
Lake Elsinore Mortuary.....	100%
Libo, Inc.....	100%
Lima-Salmon-Erickson, Inc.....	100%
Lisle Funeral Home.....	100%
International Funeral Parlours.....	100%
Maridon, Inc.....	100%
Memorial Guardian Plans, Inc.....	100%
Mish Acquisition Corporation.....	100%
Mission Casket Co.....	100%
Mt. View Cemetery of San Bernardino.....	100%
Green Acres Memorial Park and Mortuary.....	100%
National Floral Service, Inc.....	100%
Oak Hill Improvement Company.....	100%

Ocean View Cemetery.....100%
 Chapel of The Ferns, Inc.....100%
 Pierce Brothers.....100%
 *Eternal Life Properties, Inc..... -0-
 Pierce Brothers Crematorium.....100%
 Pierce Holdings (California), Inc.....100%
 Aftercorp, Inc.....100%
 Cremcorp, Inc.....100%
 Ted M. Mayr Funeral Home, Inc.100%
 Redding Memorial Park.....100%
 SCI California Funeral Services, Inc.....100%
 Backs-Kaulbars Mortuary.....100%
 John A. Mies, Inc.....100%
 Mirabal Mortuary, Inc.....100%

Noble Chapel Funeral Directors100%
 RC/SC Funeral Chapels, Inc.....100%
 Service Corporation International of California.....100%
 Sierra View Mausoleum Association.....100%
 *Sierra View Memorial Park..... -0-
 Sun City Mortuary.....100%
 Acheson & Graham Mortuary, Inc.....100%
 *Eden Memorial Park Association..... -0-
 Malinow & Silverman, Inc.....100%
 Turner & Stevens Company.....100%
 C. Lewis Edwards Incorporated.....100%
 Live Oak Cemetery Association Endowment Care Fund.....100%

COLORADO

 SCI Funeral Services, Inc. (Iowa Corp.) Colorado subsidiary
 SCI Colorado Funeral Services, Inc.....100%

CONNECTICUT

 SCI Funeral Services, Inc. (Iowa Corp.) Connecticut subsidiary
 SCI Connecticut Funeral Services, Inc.....100%

DELAWARE

 *Hillcrest Memorial Company..... -0-
 Provident Services, Inc.....100%
 Franklin Funeral Services, Inc.....100%
 Provident Credit Corp.....100%
 SCI Funeral Services, Inc. (Iowa Corp.) Delaware subsidiaries
 First Memorial Funeral Services, Inc.....100%
 IFC-Boyertown, Inc.....100%
 Memorial Guardian Plans, Inc.....100%
 SCI Funeral Services, Inc.....100%
 SCI Georgia Funeral Services, Inc.....100%
 SCIT Holdings, Inc.....100%
 SCI Missouri Funeral Services, Inc. (Missouri Corp.)
 Delaware subsidiary
 IFC-York, Inc.....100%
 SCI International Limited.....100%
 SCI Special, Inc.....100%
 SCI Capital Corporation.....100%
 Investment Capital Corporation (Texas Corp.) Delaware
 subsidiary
 Equity Corporation International.....68%
 IFC-YP, Inc.....100%
 SCI Management Corporation.....100%
 International Funeral Services, Inc.....100%

DISTRICT OF COLUMBIA

 SCI Funeral Services, Inc. (Iowa Corp.) DC subsidiary
 SCI District of Columbia Funeral Services, Inc.....100%

FLORIDA

 SCI Capital Corporation (Delaware corp)

Investment Capital Corporation (Texas Corp) Florida Subsidiary
 Abigail Investment Capital Corporation
 of Florida, Inc.....100%
 SCI Funeral Services, Inc. (Iowa Corp) Florida Subsidiary
 SCI Funeral Services of Florida, Inc.....100%
 Dorsey Funeral Home, Inc.....100%
 Eastern Gate Memorial Gardens Funeral Home, Inc.....100%
 Eastern Gate Memorial Gardens, Inc.....100%
 Zak of Jacksonville, Inc.....100%

GEORGIA

 SCI Funeral Services, Inc. (Iowa corp.) Georgia subsidiaries
 SCI Georgia Funeral Services, Inc. (Delaware Corp.) Georgia
 subsidiary
 H.M. Patterson & Son, Inc.....100%
 SCI Georgia Land, Inc.....100%

HAWAII

 SCI Funeral Services, Inc. (Iowa Corp.) Hawaii subsidiaries
 Memorial Guardian Plans, Inc.....100%
 SCI Hawaii Funeral Services, Inc.....100%
 Garden Life Plan, Ltd.....50%
 Hawaiian Memorial Life Plan, Ltd.....100%
 Big Island Memorial Life Plan, Inc.....100%
 Hawaii Funeral Home, Ltd.....79%
 Hawaii Mortuaries, Ltd.....100%
 Kauai Mortuary, Inc.....66%
 Kauai Mortuary Funeral Plan, Inc.....100%
 *Hawaiian Memorial Park Cemetery.....100%

IDAHO

 SCI Funeral Services, Inc. (Iowa Corp.) Idaho subsidiary
 Memorial Guardian Plans, Inc.....100%

ILLINOIS

 SCI Funeral Services, Inc. (Iowa Corp.) Illinois subsidiaries
 Rosehill Memorials, Inc.....100%
 SCI Illinois Services, Inc.....100%
 Fortuna Bros. Funeral Home, Ltd.....100%
 IFS Illinois, Inc.....100%
 M&SFH, Inc.....100%
 Vault Company of Illinois, Inc.....100%

INDIANA

 SCI Funeral Services, Inc. (Iowa Corp.) Indiana subsidiary
 SCI Indiana Funeral Services, Inc.....100%

IOWA

 SCI Funeral Services, Inc.....100%
 Bunker's Eden Vale, Inc.....100%
 Glen Abbey, Inc.....100%
 SCI Funeral Services of Iowa, Inc.....100%

KANSAS

 SCI Funeral Services, Inc. (Iowa Corp.) Kansas subsidiaries
 SCI Kansas Funeral Services, Inc.....100%
 Services of Kansas, Inc.....100%

KENTUCKY

 SCI Funeral Services, Inc. (Iowa Corp) Kentucky subsidiary
 SCI Kentucky Funeral Services, Inc.....100%
 Resthaven Memorial Cemetery, Inc.....100%
 Resthaven Funeral Home, Inc.....100%
 *Resthaven Memorial Park and Cemetery Association..... -0-

LOUISIANA

	SCI Funeral Services, Inc. (Iowa Corp) Louisiana subsidiary	
	SCI Louisiana Funeral Services, Inc.....	100%
	Banner, Inc.....	100%
MAINE		
- - - - -		
	SCI Funeral Services, Inc. (Iowa Corp) Maine subsidiary	
	SCI Maine Funeral Services, Inc.....	100%
MARYLAND		
- - - - -		
	SCI Funeral Services, Inc. (Iowa Corp.) Maryland subsidiaries	
	Hubbard Funeral Home, Inc.....	100%
	Danzansky-Goldberg Memorial Chapels, Inc.....	100%
	George L. Schwab, Inc.....	100%
	Rest Haven Funeral Chapel, Inc.....	100%
	Tyson Wheeler Funeral Home, Inc.....	100%
MASSACHUSETTS		
- - - - -		
	SCI Funeral Services, Inc. (Iowa Corp.) Massachusetts subsidiary	
	Stanetsky Holding Company, Inc.....	100%
	Stanetsky Memorial Chapels, Inc.....	40%
MICHIGAN		
- - - - -		
	SCI Funeral Services, Inc. (Iowa Corp) Michigan subsidiaries	
	Michigan Cemeteries, Inc.....	100%
	SCI Michigan Funeral Services, Inc.....	100%
MINNESOTA		
- - - - -		
	SCI Funeral Services, Inc. (Iowa Corp.) Minnesota subsidiary	
	SCI Minnesota Funeral Services, Inc.....	100%
	Scott Mueller Service Corp.....	100%
MISSISSIPPI		
- - - - -		
	SCI Funeral Services, Inc. (Iowa Corp.) Mississippi subsidiary	
	SCI Mississippi Funeral Services, Inc.....	100%
MISSOURI		
- - - - -		
	SCI Funeral Services, Inc. (Iowa Corp) Missouri subsidiary	
	SCI Missouri Funeral Services, Inc.....	100%
	Memorial Guardian Plans, Inc.....	100%
MONTANA		
- - - - -		
	NO SUBSIDIARIES	
NEBRASKA		
- - - - -		
	SCI Funeral Services, Inc. (Iowa Corp) Nebraska subsidiary	
	SCI Funeral Services of Nebraska, Inc.....	100%
NEVADA		
- - - - -		
	SCI Funeral Services, Inc. (Iowa Corp) Nevada subsidiary	
	Ross, Burke & Knobel Mortuary.....	100%
NEW HAMPSHIRE		
- - - - -		
	NO SUBSIDIARIES	
NEW JERSEY		
- - - - -		
	SCI Funeral Services, Inc. (Iowa Corp) New Jersey subsidiary	
	SCI Funeral Services of New Jersey, Inc.....	100%
	Garden State Crematory, Inc.....	100%
	Leber Funeral Home, Inc.....	100%

NEW MEXICO		
- - - - -		
	SCI Funeral Services, Inc. (Iowa Corp) New Mexico subsidiaries	
	Memorial Guardian Plans, Inc. (Delaware Corp) New Mexico subsidiary	
	Ensure Agency of New Mexico, Inc.....	100%
	SCI New Mexico Funeral Services, Inc.....	100%

Basin Mortuary, Inc.....100%
 Southwest Funeral Plans, Inc.....100%
 Vista Verde Memorial Park, Inc.....100%
 Vista Verde, Inc.....100%
 Vista Verde Memorial Association, Inc.....100%

NEW YORK

 SCI Funeral Services, Inc. (Iowa Corp) New York subsidiary
 SCI Funeral Services of New York, Inc.....100%
 Chas. Peter Nagel Inc.....100%
 Edward F. Becker Undertaking Co. Inc.....100%
 Thomas M. Quinn & Sons, Inc.....100%
 George Werst, Inc.....100%
 Werst Realty Co. Inc.....100%
 352 East 87th Street Company.....100%
 Walter B. Cooke, Inc.....100%
 E. C. Waldeck Home for Funerals, Inc.....100%
 Fred Herbst Sons, Inc.....100%
 Hellman Memorial Chapels, Inc.....100%
 Joseph T. Kennedy Funeral Chapel, Inc.....100%

NORTH CAROLINA

 SCI Funeral Services, Inc. (Iowa Corp) North Carolina subsidiary
 E. F. Drum's Funeral Home, Inc.....100%
 SCI North Carolina Funeral Services, Inc.....100%
 Adams Funeral Home, Inc.....100%
 Drum Funeral Home, Inc.....100%
 Traditional Memorials, Inc.....100%
 Moody's Incorporated.....100%
 The P.E. Moody Funeral Home, Inc.....100%
 Swain Memorial Park, Inc.....100%
 Willis-Reynolds Funeral Home, Inc.....100%

NORTH DAKOTA

 SCI Funeral Services, Inc. (Iowa Corp) North Dakota subsidiary
 Memorial Guardian Plans, Inc.....100%

OHIO

 SCI Funeral Services, Inc. (Iowa Corp.) Ohio subsidiaries
 Memorial Guardian Plans, Inc. (Delaware Corp.) Ohio subsidiary
 Ensure Agency of Ohio, Inc.....100%
 SCI Ohio Funeral Services, Inc.....100%
 *Miami Valley Memory Gardens Association, Inc..... -0-
 *Sunset Hills Burial Park Association -0-

OKLAHOMA

 SCI Funeral Services, Inc. (Iowa Corp.) Oklahoma subsidiaries
 AED, Inc.....100%
 Memorial Gardens Association.....100%
 RMG Trust.....100%
 Resthaven Memory Gardens of Oklahoma
 City Trust.....100%
 Rose Hill Burial Park, a Trust.....100%
 IFC-YP, Inc. (Delaware Corp) Oklahoma subsidiary
 IFC-Amedco, Inc.100%
 SCI Oklahoma Funeral Services, Inc.....100%
 Memory Gardens, Inc.....100%
 Primrose Funeral Home, Inc.....100%
 SSP Limited Liability Company.....50%
 SSP Insurance Agency, Inc.....100%
 Sunset Memorial Park Cemetery, Inc.....100%
 Woodland Memorial Company.....100%
 Sentinel Security Plans, Inc. (Virginia Corp.) Oklahoma
 Subsidiary
 SSP Limited Liability Company.....50%

OREGON

 SCI Funeral Services, Inc. (Iowa Corp) Oregon subsidiaries
 Lincoln Memorial Park, Inc.....100%
 Service Corporation Oregon.....100%
 Colonial Mortuary, Inc.....100%
 Pearson-Allen Funeral Homes, Inc.....100%

PENNSYLVANIA

 SCI Funeral Services, Inc. (Iowa Corp) Pennsylvania subsidiaries
 Grandview Cemetery Associates (a Pennsylvania Limited
 Partnership).....70%
 Memorial Guardian Plans, Inc. (Delaware Corp) Pennsylvania
 subsidiary

	Ensure Agency of Pennsylvania, Inc.....	100%
SCI	Pennsylvania Funeral Services, Inc.....	100%
	Ed Melenzyer Co.....	100%
	Frederick & Snowdon, Inc.....	100%
	Theo. C. Auman, Inc.....	100%
	Auman's, Inc.....	100%
	Forest Hills Memorial Park, Inc.....	100%
	Francis F. Seidel, Inc.....	100%
	Memorial Services Planning Corporation.....	100%
	Westminster Cemetery Company.....	100%
PUERTO RICO		

	SCI Funeral Services, Inc. (Iowa corp.) Puerto Rico subsidiary	
	Memorial Guardian Plans, Inc.....	100%
RHODE ISLAND		

NO SUBSIDIARIES		
SOUTH CAROLINA		

	SCI Funeral Services, Inc. (Iowa corp.) South Carolina subsidiary	
	SCI South Carolina Funeral Services, Inc.....	100%
	C. M. Gaffney Sales Agency.....	100%
	Woodlawn Memorial Park.....	36.76%
	Woodlawn Memorial Park.....	63.24%
	Greenville Vault Co., Inc.....	100%
SOUTH DAKOTA		

NO SUBSIDIARIES		
TENNESSEE		

	SCI Funeral Services, Inc. (Iowa Corp) Tennessee subsidiaries	
	*New Gray Cemetery.....	-0-
	SCI Tennessee Funeral Services, Inc.....	100%
	East Lawn Funeral Home and Memorial Park, Inc.....	100%
	Forest Lawn Funeral Home of Nashville, Inc.....	100%
	George A. Smith and Sons, Inc.....	100%
	George E. Crone Monument Company, Inc.....	100%
	Legram, Inc.....	100%
	Lily of the Valley, Inc.....	100%
	Lynnhurst Cemetery, Inc.....	100%
	Memorial Guardian Plans, Inc.....	100%
	Memphis Memory Gardens, Inc.....	100%
	Woodlawn Funeral Home, Inc.....	100%
	Woodlawn Memorial Park, Inc.....	100%
TEXAS		

	*American Funeral Service Museum.....	-0-
	*Commonwealth Institute of Funeral Service.....	-0-
	SCI Funeral Services, Inc. (Iowa Corp) Texas subsidiaries	
	Memorial Guardian Plans, Inc. (Delaware Corp.) Texas subsidiary	
	Assured Security Life Insurance Company, Inc.....	100%
	SCI Michigan Funeral Services, Inc. (Michigan Corp. Texas subsidiary)	
	Butts/Karpus, L.C.....	99.8%
SCIT	Holdings, Inc. (Delaware Corp.) Texas owned subsidiaries	
	Moore & Sons Funeral Home and Cemetery, Inc.....	100%
	SCI Texas Funeral Services, Inc.....	100%
	EFH, Inc.....	100%
	Ellis Funeral Home of Midland, Inc.....	100%
	Hillcrest Memorial Park of Dallas, Inc.....	100%
	H. Wade Sheffield Funeral Homes, Inc.....	100%
	McDonald Acquisition Corp.....	100%
	Resthaven of Lubbock, Inc.....	100%
	Ted Dickey, Inc.....	100%
	Temple Sheffield Funeral Chapels, Inc.....	100%
	Shannon Funeral Chapels, Inc.....	100%

The New Rose Hill Memorial Park, Inc.....100%
 Stillbrooke Corporation of Tennessee.....100%
 SCI Special, Inc. (Delaware Corp.)
 SCI Capital Corporation (Delaware Corp.) Texas subsidiaries
 Great Lakes, Inc.....100%
 Inscorp Special Risks, Inc.....100%
 Investment Capital Corporation.....100%

UTAH
 - - - - -

NO SUBSIDIARIES

VERMONT
 - - - - -

NO SUBSIDIARIES

VIRGINIA
 - - - - -

*Forest Lawn Cemetery Company..... -0-
 SCI Funeral Services, Inc. (Iowa Corp.) Virginia subsidiaries
 Memorial Guardian Plans, Inc. (Delaware Corp)
 Sentinel Security Plans, Inc.....100%

SCI Virginia Funeral Services, Inc.....100%
 Demaine Funeral Homes, Incorporated.....100%
 National Mausoleum Corporation.....100%
 Whitten Funeral Home, Incorporated.....100%

WASHINGTON
 - - - - -

SCI Funeral Services, Inc. (Iowa Corp.) Washington subsidiary
 SCI Washington Funeral Services, Inc.....100%

WEST VIRGINIA
 - - - - -

SCI Funeral Services, Inc. (Iowa Corp.) West Virginia subsidiaries
 Arlington Management Co. (West Virginia), Inc.....100%
 Long and Fisher Funeral Home, Inc.....100%
 Memorial Guardian Plans, Inc.....100%

WISCONSIN
 - - - - -

**Appleton Highland Memorial Park, Inc..... **
 SCI Funeral Services, Inc. (Iowa Corp.) Wisconsin subsidiary
 Cemetery Services, Inc.....100%
 West Lawn Memorial Park.....100%
 SCI Wisconsin Funeral Services, Inc.....100%

WYOMING
 - - - - -

SCI Funeral Services, Inc. (Iowa Corp.) Wyoming subsidiary
 Memorial Guardian Plans, Inc.....100%

AUSTRALIA
 - - - - -

SCI International Limited (Delaware Corp.) Australia subsidiary
 Service Corporation International Australia Pty., Ltd.....100%
 New South Wales Cremation Company Pty., Ltd.....100%

CANADA
 - - - - -

S.C.I.C. Holdings Ltd.-(Federal).....100%
 Glacier National Life Assurance Company-(Federal).....100%
 Service Corporation International (Canada) Limited-(Federal)....70%
 Award Limousine Services, Inc. - (Ontario).....100%
 Can Ensure Group, Inc.-(Federal).....100%
 Hong Kong Funeral Homes B.C. Ltd-(British Columbia)....100%
 International Funeral Parlours B.C. Ltd-(B.C.).....100%
 Kaye Funeral Home Limited-(Ontario).....100%
 Maison Funeraire Beauchamp Ltee-(Quebec).....100%
 Funeraire Beauchamp Ltee-(Quebec).....100%
 Les Services Thanatologiques D.
 Beauchamp Inc.-(Q).....100%
 Markey Investments, Inc.-(Ontario).....100%
 Nault & Caron Inc.-(Quebec).....100%

Rose Garden Ventures, Ltd.-(Alberta).....100%
S.C.I.C. (B.C.) Holdings Limited-(British Columbia)....100%
Shadow Mountain Development Corporation-(B.C).....100%
Sycamore Properties Limited (British Columbia).....100%
The Markey Family Funeral Homes Limited-(Ontario).....100%
The Thorpe Brothers Funeral Home Co. Limited-(Ontario).100%
World Funeral Home B.C. Ltd.-(British Columbia).....100%

* State Law Not-For-Profit-Corporation - No stock issued

** State Law Not-For-Profit-Corporation - See Legal Database

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Service Corporation International on Form S-4 (File No. 33-54996) and Form S-8 (File Nos. 33-9790, 33-17982, 33-53564 and 33-50987) of our report dated February 8, 1994, on our audit of the consolidated financial statements and financial statement schedules of Service Corporation International as of December 31, 1993, and for the year then ended, which report is included in this Annual Report on Form 10-K.

Coopers & Lybrand

Houston, Texas
March 30, 1994

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements on Form S-4 (Registration Number 33-54996), and Form S-8 (Registration Numbers 33-9790, 33-17982, 33-53564 and 33-50987) of Service Corporation International and in the related Prospectuses of our report dated February 8, 1993, with respect to the consolidated financial statements and schedules of Service Corporation International for the years ended December 31, 1992 and 1991 included in this Annual Report (Form 10-K) for the year ended December 31, 1993.

Ernst & Young

Houston, Texas
March 30, 1994

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, an officer or director or both, of Service Corporation International, a Texas corporation (the "Company"), does hereby constitute and appoint Samuel W. Rizzo and James M. Shelger their true and lawful attorneys and agents (each with authority to act alone), with power and authority to sign for and on behalf of the undersigned the name of the undersigned as officer or director, or both, of the Company to the Company's Annual Report to the Securities and Exchange Commission on Form 10-K for the fiscal year of the Company ending December 31, 1993 or to any amendments thereto filed with the Securities and Exchange Commission, and to any instrument or document filed as a part of, as an exhibit to or in connection with said Report or amendments; and the undersigned does hereby ratify and confirm as his own act and deed all that said attorney and agent shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has subscribed these presents this 17th day of February, 1994.

/s/ Anthony L. Coelho

POWER OF ATTORNEY

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/s/ Douglas M. Conway

POWER OF ATTORNEY

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/s/ Jack Finkelstein

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/s/ A. J. Foyt, Jr.

5

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/s/ James J. Gavin, Jr.

6

POWER OF ATTORNEY

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/s/ James H. Greer

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POWER OF ATTORNEY

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/s/ L. William Heiligbrodt

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POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has subscribed these presents this 17th day of February, 1994.

/s/ B. D. Hunter

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POWER OF ATTORNEY

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/s/ John W. Mecom, Jr.

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POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has subscribed these

presents this 17th day of February, 1994.

/s/ Clifton H. Morris, Jr.

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POWER OF ATTORNEY

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/s/ E. H. Thornton, Jr.

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POWER OF ATTORNEY

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/s/ W. Blair Waltrip

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POWER OF ATTORNEY

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/s/ R. L. Waltrip

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POWER OF ATTORNEY

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/s/ Edward E. Williams