Service Corporation International

Raymond James

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Tom Ryan, President & CEO

Eric Tanzberger, SVP, CFO & Treasurer

NYSE: SCI

A leading provider of deathcare products and services

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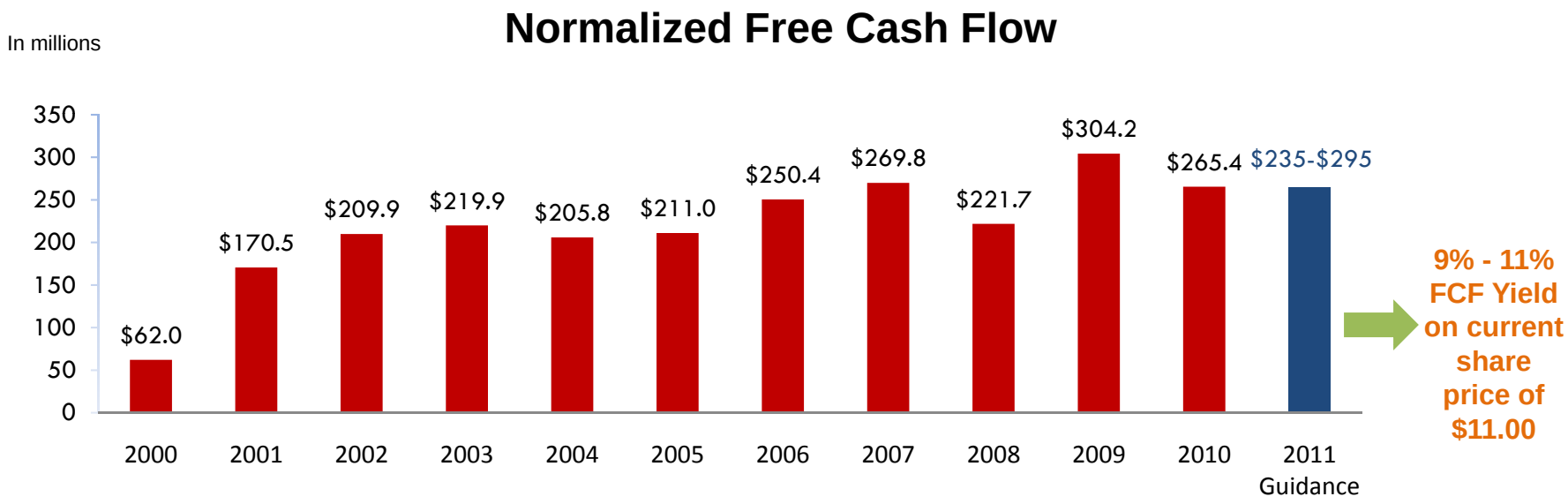
SCI at a glance

- Largest company in North America funeral & cemetery industry
- NYSE: SCI with a market cap of ~$2.7 billion
- 2010 Revenues of $2.2 billion or ~12% share of industry revs
- Attractive free cash flow & strong financial position
- National and local scale
  - 1,417 funeral homes and 381 cemeteries
  - 43 states and 8 Canadian provinces
  - Approximately 21,000 employees
  - Multi-brand portfolio: key brand called Dignity Memorial®
- Approximately $6.8 billion backlog of future revenues as of December 31, 2010
- Poised to benefit from aging of America

Our consistently strong free cash flow is what distinguishes us



Normalized free cash flow is equal to cash flow from operations adjusted for unusual items less recurring capital expenditures. Normalized free cash flow is a non-GAAP financial term. See appendix slides for a reconciliation to appropriate GAAP term and for other disclosures.

2010 successes

- Strategic acquisitions of Keystone and Palm Mortuaries provided significant growth
- Consolidated revenues grew by $137 million or 7%
- Normalized earnings per share grew 16% against an unusually high 2009
- Preneed sales soared despite a challenging economy and consumer sentiment
- We returned $156 million to our shareholders through a combination of share repurchases & dividends and directed $15 million to acquisitions outside of Keystone
- Increased quarterly dividend by 25%
- Improved our near-term debt maturity and risk profile

2010 Operating highlights

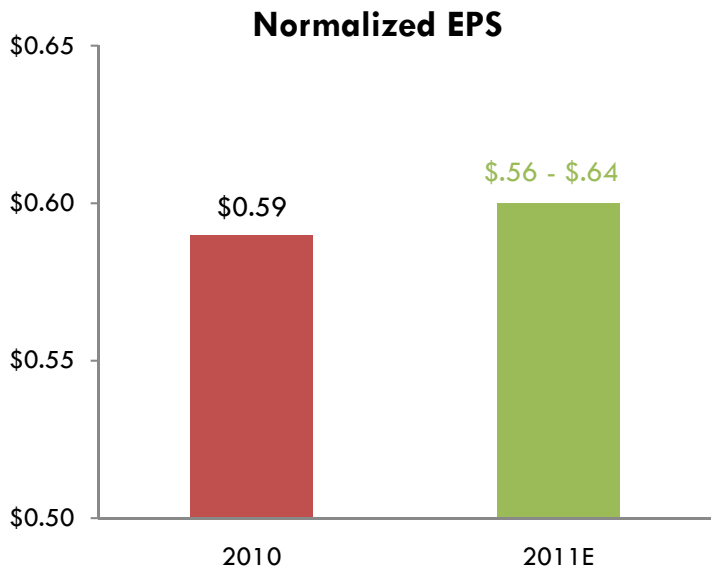
($ in millions)	2009	2010	CHG	%
Revenues	$2,054	$2,191	$137	6.7%
Gross Profit	$421	$449	$28	6.7%
Adjusted EBITDA	$482	$519	$37	7.7%
Normalized E.P.S.	$.51	$.59	$.08	15.7%

December 31, 2010 highlights

- Comparable funeral revenues grew 1.2%
  - Funeral sales average grew 2.5% which helped to offset funeral volume decline of 1.9%
- Comparable preneed funeral production grew 10%
- Comparable cemetery revenues grew 5% led by an increase in cemetery preneed production of 6.4%
- Total trust fund assets increased 13.3% resulting in an 18.6% increase in trust fund income recognized

Adj. EBITDA and Normalized EPS are non-GAAP financial terms. See appendix slides for a reconciliation to appropriate GAAP term and other disclosures.

We anticipate growth in earnings in 2011



KEY ASSUMPTIONS:

- Funeral volumes will continue to be challenging (down low single digits), but sales average will continue to grow in the low single digit % range
- Cemetery preneed production will grow in the low-mid single digit % range
- Margins will be impacted by increasing personnel costs (particularly health insurance costs)
  - Somewhat mitigated by continued expense management and strategic initiatives
- Corporate G&A costs will approximate $100M

Normalized EPS is a non-GAAP financial term. Please see a reconciliation to net income at the end of this presentation and for other disclosures.

Business model summary & outlook

- We believe we can grow earnings and cash flow
- Funeral business revenue growth opportunities limited, but expect continued good expense management and significant/steady cash flows
- Cemetery business has more opportunities to grow by driving preneed sales as well as strategic cost reduction initiatives
- New operating platform (Major-Middle-Main Street) positions us well
- Significant liquidity and strong free cash flow allow us to deploy capital to enhance the company

Significant free cash flow & liquidity allow us financial flexibility

Strategic Acquisitions

- Opportunities available with 80% of industry unconsolidated
- We target customers that favor high levels of service/products and/or ability to scale
- Good track record of execution and integration ability

Share Repurchases Dividends

- We also consider shares repurchases if acquisitions not available at reasonable prices.
- Repurchased $116 million shares in 2010
- Recently increased our quarterly cash dividend from $.04 to $.05 (~22.5% of Normalized Fully Taxed Free Cash Flow); Target Fully Taxed Free Cash Flow ratio is 20% - 30%

Debt Reduction

- We will continue to be opportunistic while focusing on reducing liquidity risk and managing our debt maturity profile
- Target leverage ratio is 3.0x-3.5x (Net Debt/EBITDA); however we intend to target the low end of this range. At 12/31/10 we were at 3.25x
- Repurchased $111 million of bonds in 2010

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2010 Cash flow highlights

($ in millions)	2009	2010	CHG	%
Adj Cash flow from operations	$372.1	$359.5	($12.6)	-3.4%
Recurring Capex	$67.9	$94.1	($26.2)	38.6%
Free Cash Flow	$304.2	$265.4	($38.2)	-12.8%

Recall 2009 was a record year as we managed all of our cash flows through a challenging macro economic environment

- We had very little incentive compensation payments ($25M)
- We received proceeds from the sale of certain life insurance assets ($15M)
- We benefited from temporary cost reductions ($9M-$12M)
- Capex in 2010 returned to normal levels and included the addition of Keystone properties

On a normalized basis, we believe our cash flow from operations grew $36 - $39 million

Adj Cash flow from operations is a non-GAAP financial term. See appendix slides for a reconciliation to appropriate GAAP term and other disclosures.

2011 Cash flow outlook

($ in millions)	2010	2011 Guidance
Adj Cash flow from operations	$359.5	$330 - $360
Recurring Capex	$94.1	$85 - $95
Free Cash Flow	$265.4	$235 - $295

Key Assumptions regarding 2011 Guidance

- Expected growth in EBITDA will be somewhat offset by lower working capital
- Cash taxes will be $20-$30 million compared to $21M in 2010
- Cash interest payments will be flat to slightly higher than $128 million in 2010
- Recurring capex is expected to be slightly `lower than 2010 levels

Adj Cash flow from operations is a non-GAAP financial term. See appendix slides for a reconciliation to appropriate GAAP term and other disclosures.

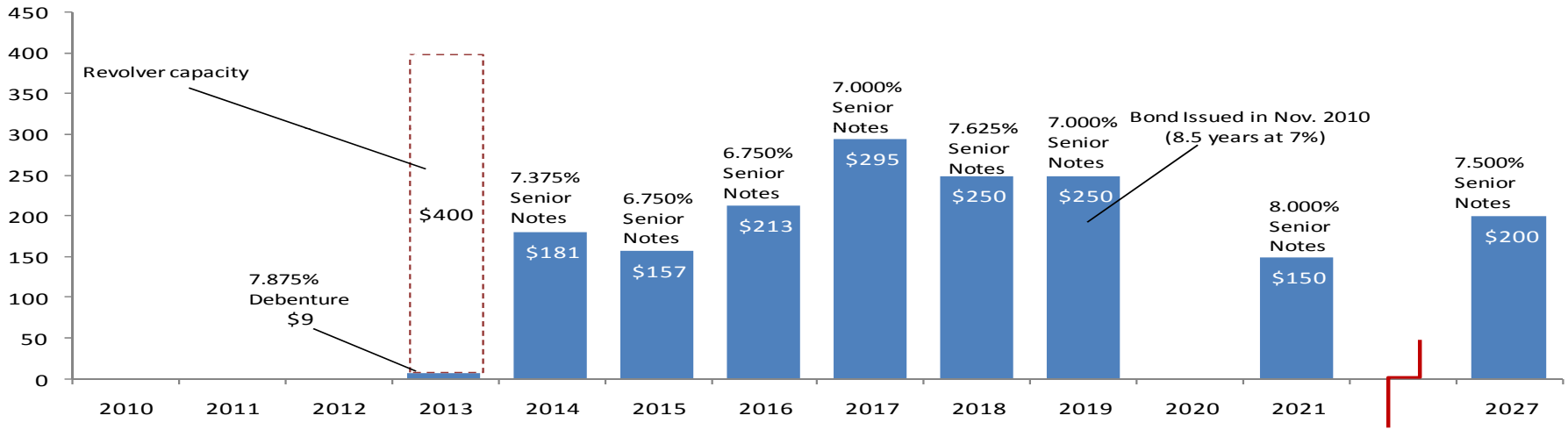
Strong financial position and liquidity

- Cash balance of approximately $171 million at 12/31/10
- Free cash flow continues to be strong
- We will continue to manage our debt maturities and risk profile
  - Bought back $111million of bonds in the open market during 2010 using approximately $50 million cash and $60 million from the revolver, which was refinanced with our $250 million bond issued in November 2010
- Total debt at 12/31/10 of $1.86 billion
- Favorable debt maturity profile with no meaningful maturities until Oct 2014
- During 2010, even with the $289 million Keystone acquisition, $111 million of bonds repurchased and $116 million of shares repurchased, our leverage ended in the mid-point of our targeted range of 3.0x to 3.5x

Managing to favorable debt and risk profile

(In millions)

As of December 31, 2010



Debt balances exclude capital lease obligations, mortgage notes and other debt with maturities through 2047 (approx $150M in 2010). The revolver excludes letters of credit of $42M in 2010.

SCI: A solid long-term investment

Business fundamentals and financial position remain strong

- Largest player in stable funeral & cemetery industry
- Significant and consistent cash flows
- Attractive free cash flow and dividend yields
- Strong liquidity, financial flexibility, favorable debt maturity profile
- Disciplined and focused capital allocation strategy
- Differential growth strategies that are not capital intensive
- Attractive demographic trends

Q & A

Appendix

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Forward-Looking Statements

The statements in this presentation that are not historical facts are forward-looking statements made in reference on the "safe harbor" protections provided under the Private Securities Litigation Reform Act of 1995. Therese statements are based on assumptions that the Company believes are reasonable; however, many important factors could cause the Company's actual results in the future to differ materially from the forward-looking statements made herein and in any other documents or oral presentations made by, or on behalf of, the Company.

For further information on these and other risks and uncertainties, see our Securities and Exchange Commission filings, including our 2010 Annual Report on Form 10-K. Copies of this document as well as other SEC filings can be obtained from our website at www.sci-corp.com. We assume no obligation to publicly update or revise any forward-looking statements made herein or any other forward-looking statements made by us, whether as a result of new information, future events, or otherwise.

EBITDA reconciliation

($ in millions)	2009	2010
Income from continuing operations	$123	$127
Provision for Income Taxes	76	92
Interest Expense	129	128
Depreciation & Amortization	164	174
EBITDA	**$492**	**$521**
Loss (gain) on divestitures & impairment charges, net	(4)	(9)
Other operating income, net	(3)	(2)
(Gain) loss on early extinguishment of debt	(3)	9
Adjusted EBITDA	**$482**	**$519**

Normalized EPS, historical

	Fiscal 2009		Fiscal 2010	
	Net Income	Diluted EPS	Net Income	Diluted EPS
Net income, as reported	$ 123.1	$ .49	$ 126.4	$ .50
Losses on divestitures and impairment charges, net	1.8	.01	2.3	.01
Acquisition & transition costs	8.2	.03	9.4	.04
Losses (Gain) on early extinguishment of debt	(2.1)	(.01)	5.9	.02
Change in certain tax reserves & tax accounting method changes	(2.0)	(.01)	5.0	.02
Earnings from continuing operations excluding special items	$ 129.0	$ .51	$ 149.0	$ .59

- Normalized EPS is a non-GAAP financial measure. We believe this non-GAAP financial measure provides a consistent basis for comparison between quarters and better reflects the performance of our core operations, as it is not influenced by certain income and expense items not affecting continuing operations. We also believe this measure helps facilitate comparisons to competitors' operating results.
- Diluted earnings per share calculated in accordance with GAAP is not currently accessible on a forward-looking basis. Our outlook for fiscal 2011 excludes the following because this information is not currently available: Gains or losses associated with asset dispositions; Gains or losses associated with the early extinguishment of debt or foreign currency transactions; Potential tax adjustments to reserves, payments, credits or refunds; acquisition costs; Potential costs associated with settlements of litigation or the recognition of receivables for insurance recoveries associated with litigation.

Adj. Cash Flow from Ops & Free cash flow

(in millions)

	2000	2001	2002	2003	2004	2005	2006	2007 *	2008	2009	2010
Cash flow from ops, as reported	223.6	383.3	352.2	374.1	94.0	312.7	324.2	330.3	350.3	372.1	354.4
Termination of pension plans/Other	(157.7)	(79.8)	-	-	31.4	-	-	23.9	3.0	-	-
Settlement of litigation, net	79.5	57.4	-	27.1	131.1	-	-	-	-	-	-
Premiums paid on extinguishment of debt	-	-	-	-	13.8	12.2	15.7	11.7	-	-	-
Net tax refund/payment	-	(116.3)	(67.2)	(94.5)	-	(29.0)	-	-	(1.2)	-	-
Acquisition & transition costs	-	-	-	-	-	-	3.2	38.6	3.3	-	5.1
Adj. Cash flow from ops	145.4	244.6	285.0	306.7	270.3	295.9	343.1	404.5	355.4	372.1	359.5
Certain capital expenditures	(83.4)	(74.1)	(73.0)	(86.7)	(64.5)	(84.9)	(92.7)	(134.7)	(133.7)	(67.9)	(94.1)
Free cash flow	62.0	170.5	212.0	220.0	205.8	211.0	250.4	269.8	221.7	304.2	265.4

* SCI's FCF in 2007 excludes $26M from Mayflower (discontinued) & Katrina insurance proceeds.
Certain capex = maintenance expenditures in years 2002-2004 and maintenance & cemetery development expenditures in 2005 forward

- Free cash flow and adj. cash flow from ops are non-GAAP financial measures. These are not measures of performance or liquidity under GAAP and should not be used in isolation or as a substitute for cash flows from operating activities or other income or cash flow statement data prepared in accordance with GAAP or as a measure of profitability or liquidity.
- Free cash flow and adjusted cash flow from operations calculated in accordance with GAAP are not currently accessible on a forward-looking basis. Our outlook for fiscal 2011 excludes the following because this information is not currently available: Potential tax adjustments to reserves, payments, credits or refunds; Potential costs associated with settlements of litigation or the recognition of receivables for insurance recoveries associated with litigation.