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Service Corporation International Q4 2007 Earnings Call Transcript

Question-and-Answer Session

[Operator Instructions]. Your first question comes from the line of John Ransom with Raymond James & Associates. Please proceed.

John Ransom - Raymond James & Associates

Well that is a lot of pressure, this is what... have you factored into your calculations all the stock and mortgage brokers jumping out of the windows this year that might help you?

Thomas L. Ryan - President and Chief Executive Officer

Yeah, John we are going to get that number from you not from Bob.

John Ransom - Raymond James & Associates

I was just thinking about that... my question is Eric, what are the cash taxes, if you go back '06, '07, '08 what are the cash taxes in your assumption from, not from the asset sales but from GAAP earnings?

Eric D. Tanzberger - Senior Vice President, Chief Financial Officer, and Treasurer

For your tax I mean, on the cash taxes in '06, I'll guess it's around \$15 million if I recall correctly. From an '07 perspective, it is about \$45 million.

John Ransom - Raymond James & Associates

Okay.

Eric D. Tanzberger - Senior Vice President, Chief Financial Officer, and Treasurer

We are expecting about \$30 million increase in that in cash taxes related to... as I have said before, becoming a federal cash tax payer for the most part this year, even though we still have some utilization of the Alderwoods net operating loss carry forward is available to us.

John Ransom - Raymond James & Associates

Got you, so, if we were to look at the true operations kind of apples-to-apples, you are taking this capital and reducing your share so if we looked at it on the reduced share count and net of taxes that gives us a pretty good picture of the business?

Eric D. Tanzberger - Senior Vice President, Chief Financial Officer, and Treasurer

I think it does and we tried to really kind of steer you to taking the pretax book income in your model. I think it is about a 28% to 30% cash tax rate, I think that's pretty reasonable.

John Ransom - Raymond James & Associates

Okay. My second question, can you remind us what the land amortization add back would be '06 to '07?

Thomas L. Ryan - President and Chief Executive Officer

Well the current state is that... let me tell you what it is theoretically first and then we will give you the numbers. What happens is as we invest the ... we obviously spend the money to buy the cemetery which buys the land at the time of acquisition. So, when we sell the property, the cost of sales associated with that property is actually a non-cash cost and the amortization... so it is technically classified as amortization and that number was about \$28 million in '06 about \$35 million in '07 and it's probably in the ballpark... it is probably a good estimate for '08 as well.

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