

Loewen Buys Big Cemetery, And Its Suitor Criticizes Deal

By Allen R. Myerson

Executives of the Service Corporation, the world's largest funeral home chain, say their \$3.1 billion offer this week for their chief rival, the Loewen Group, is a friendly one. Loewen executives say they will seriously consider it, in due course

But today, after the Loewen Group announced its acquisition of the nation's largest cemetery and funeral home here for \$277 million, the shooting started. Service said Loewen had overpaid once again on an acquisition, and that the company needed new owners to rein it in.

Loewen's purchase of the Rose Hills Company, outside Los Angeles, confirmed growing evidence that Loewen could not resist overpaying, said L. William Heiligbrodt, Service's president. "We don't see that this transaction does anything for shareholders," he said. "Before we made our bid, this was one of the things that spurred us forward -- what other

kinds of transactions this company might do."

Loewen executives replied that Service was merely sour over Loewen's victory in the contest to buy Rose Hills, which demonstrated the virtues of Loewen's own, independent vision. "I'm here to tell you, ladies and gentlemen, it's business as usual," Timothy R. Hogenkamp, Loewen's president, said to his managers in the Los Angeles area today, later adding, "We will do everything humanly possible to preserve what we have created."

Several Loewen managers reported that their Service Corporation counterparts had already called to welcome them to their family or ask for details of their operations.

Loewen, its stock price and credit rating damaged by costly settlements of two lawsuits earlier this year, teamed up with the Blackstone Group, a New York investment firm, to buy Rose Hills.

Loewen will contribute \$95 million, including the value of 16 funeral homes and cemeteries in the area, for a 21 percent interest for the time being.

Loewen, the nation's second-largest funeral home chain, has independently signed or completed \$715 million of other acquisitions this year. With Blackstone it has just closed the purchase of the Prime Succession funeral home chain for about \$320 million.

Loewen's Nasdaq shares closed down 37.5 cents, to \$42, today.