

SERVICE CORPORATION INTERNATIONAL

Form S-4

October 10, 2006

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**As filed with the Securities and Exchange Commission on October 10, 2006
Registration No. 333-**

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**Form S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

Service Corporation International
(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
incorporation or organization)

7261
(Primary Standard Industrial
Classification Code Number)

74-1488375
(I.R.S. Employer
Identification Number)

**Service Corporation International
1929 Allen Parkway
Houston, Texas 77019
(713) 522-5141**
(Address, including zip code, and telephone
number, including area code, of registrant's
principal executive officer)

**James M. Shelger, Esq.
Senior Vice President,
General Counsel and Secretary
Service Corporation International
1929 Allen Parkway
Houston, Texas 77019
(713) 522-5141**
(Name, address, including zip code, and telephone
number, including area code, of agent for service)

**Copies to:
David F. Taylor
Locke Liddell & Sapp LLP
3400 JPMorgan Chase Tower
600 Travis Street
Houston, Texas 77002
(713) 226-1200**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective Amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Note(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee⁽¹⁾
7 ³ / ₈ % Senior Notes due 2014	\$250,000,000	100%	\$250,000,000	\$26,750
7 ⁵ / ₈ % Senior Notes due 2018	\$250,000,000	100%	\$250,000,000	\$26,750

⁽¹⁾ Calculated in accordance with Rule 457(f)(2). For purposes of this calculation, the Offering Price per Note was assumed to be the stated principal amount of each original note that may be received by the Registrant in the exchange transaction in which the Notes will be offered.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the Registration Statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, OCTOBER 10, 2006

PROSPECTUS

**Service Corporation International
Offer to Exchange
Registered 7³/₈% Senior Notes due 2014
Registered 7⁵/₈% Senior Notes due 2018
for
All Outstanding 7³/₈% Senior Notes due 2014 issued on October 3, 2006
All Outstanding 7⁵/₈% Senior Notes due 2018 issued on October 3, 2006
(\$500,000,000 aggregate principal amount outstanding)**

We are offering to exchange, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, all of our outstanding 7³/₈% Senior Notes due 2014 issued on October 3, 2006 for our registered 7³/₈% Senior Notes due 2014, and all of our outstanding 7⁵/₈% Senior Notes due 2018 issued on October 3, 2006 for our registered 7⁵/₈% Senior Notes due 2018. In this prospectus, we will call the original 7³/₈% Senior Notes due 2014 the Old 2014 Notes, and we will call the original 7⁵/₈% Senior Notes due 2018 the Old 2018 Notes. The Old 2014 Notes and the Old 2018 Notes will collectively be referred to as the Old Notes. Additionally, in this prospectus, we will call the registered 7³/₈% Senior Notes due 2014 the New 2014 Notes, and we will call the registered 7⁵/₈% Senior Notes due 2018 the New 2018 Notes. The New 2014 Notes and the New 2018 Notes will collectively be referred to as the New Notes. The Old Notes and New Notes are collectively referred to in this prospectus as the notes. The Old 2014 Notes and the New 2014 Notes are collectively referred to in this prospectus as the 2014 Notes. The Old 2018 Notes and the New 2018 Notes are collectively referred to in this prospectus as the 2018 Notes.

The Exchange Offer

The exchange offer expires at 5:00 p.m., New York City time, on October 10, 2006, unless extended.

The exchange offer is not conditioned upon a minimum aggregate principal amount of Old Notes being tendered.

All outstanding Old Notes validly tendered and not withdrawn will be exchanged.

The exchange offer is not subject to any condition other than that the exchange offer not violate applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission.

We will not receive any cash proceeds from the exchange offer.

The New Notes

The terms of the New Notes to be issued in the exchange offer are substantially identical to the Old Notes, except that we have registered the New Notes with the Securities and Exchange Commission. In addition, the New Notes will not be subject to certain transfer restrictions.

Interest on the New 2014 Notes will be paid at the rate of 7³/₈% per annum, semi-annually in arrears on April 1 and October 1, commencing April 1, 2007.

Interest on the New 2018 Notes will be paid at the rate of 7⁵/₈% per annum, semi-annually in arrears on April 1 and October 1, commencing April 1, 2007.

The New Notes will not be listed on any securities exchange or the Nasdaq Stock Market.

You should carefully consider the risk factors beginning on page 13 of this prospectus before participating in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Each broker-dealer that receives New Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. See Plan of Distribution.

The date of this prospectus is 1 , 2006.

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Until [redacted], all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unused allotments or subscriptions.

We have filed with the SEC a registration statement on Form S-4 under the Securities Act to register the notes offered by this prospectus. This prospectus does not contain all the information included in the registration statement and the exhibits and schedules thereto. We strongly encourage you to read carefully the

registration statement and the exhibits and schedules thereto. You can obtain documents included in the registration statement through our website at *www.sci-corp.com* or by requesting them in writing or by telephone from us at the following address:

Service Corporation International
1929 Allen Parkway
Houston, Texas 77019
Attention: James M. Shelger, Esq.
Telephone No: (713) 522-5141

To obtain timely delivery of any requested documents, you must request the information no later than five business days before you make your investment decision. Please make any such requests on or before **I** . See **Where You Can Find More Information** for more information about these matters.

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PROSPECTUS SUMMARY

The following is a summary of the material information appearing in other sections of this prospectus. It is not complete and does not contain all the information that you should consider before exchanging Old Notes for New Notes. You should carefully read this prospectus and the registration statement and the exhibits and schedules thereto to understand fully the terms of the exchange offer and the New Notes, as well as the tax and other considerations that may be important to you. You should pay special attention to the Risk Factors section beginning on page 13 of this prospectus, as well as the section entitled Cautionary Statement Regarding Forward-Looking Statements. You should rely only on the information contained in this document. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

On April 2, 2006, Service Corporation International, or SCI, executed a definitive merger agreement pursuant to which, subject to the terms and conditions set forth therein, it expects to acquire all outstanding shares of Alderwoods Group, Inc., or Alderwoods (the acquisition). We refer to the acquisition and the related transactions, including the issuance of the Old Notes, the issuance of additional debt securities in a private placement, the borrowings under our new senior credit facility, the repayment of certain existing indebtedness of SCI and Alderwoods, combined with certain divestitures we expect to make pursuant to a consent decree we expect to enter into with the Federal Trade Commission (the FTC) and certain other divestitures of non-strategic operations (collectively the divestitures), collectively as the transactions. The transactions are more fully described below under The Transactions. The transactions do not include the exchange offer that is the subject of this prospectus. Pro forma combined information in this prospectus gives pro forma effect to the transactions as if they had occurred on January 1, 2005, for statement of operations purposes, and June 30, 2006, for balance sheet purposes. See Unaudited Pro Forma Combined Financial Information.

For purposes of the pro forma information in this prospectus, the assets to be sold pursuant to the divestitures have been reclassified on the pro forma balance sheet as assets held for sale, and the results of operations of these assets have been eliminated from the pro forma statement of operations. No pro forma adjustments have been made to reflect any anticipated gain or loss from the divestitures and no adjustment has been made to reflect any earnings benefit from the reinvestment of any proceeds from the divestitures or any reduction of debt from the application of sales proceeds.

For purposes of this prospectus, unless the context otherwise indicates or as otherwise indicated, the term: SCI refers to Service Corporation International and its subsidiaries prior to the acquisition;

Alderwoods refers to the Alderwoods Group, Inc. and its subsidiaries; and

the Company, us, we, our, and ours refer to SCI, together with its subsidiaries, and includes Alderwoods, immediately after giving pro forma effect to the transactions.

Our Business

We are North America's leading provider of deathcare products and services, with a network of funeral homes and cemeteries unequalled in geographic scale and reach. We hold leading positions in each of the U.S. and Canada and, after giving pro forma effect to the transactions, we estimate that we represented approximately 14% of the funeral and cemetery services business in North America based on 2005 industry revenues, which was approximately five times the share of our next largest North American competitor. At June 30, 2006, after giving pro forma effect to the transactions, we owned and operated 1,438 funeral service locations and 235 cemeteries in North America, which are geographically diversified across 46 states, eight Canadian provinces, the District of Columbia and Puerto Rico. In addition, after giving pro forma effect to the transactions, we owned and operated an insurance company that supports our funeral operations. On a comparable store basis, SCI increased North America revenues by 3.4% in fiscal year 2005 compared to fiscal year 2004. For the six month period ended June 30, 2006, on a pro

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forma basis giving effect to the transactions, comparable store revenues in our North America funeral and cemetery operations increased by 2.5%, compared to the six month period ended June 30, 2005.

Our funeral service and cemetery operations consist of funeral service locations, cemeteries, funeral service/cemetery combination locations, crematoria and related businesses. We provide all professional services relating to funerals and cremations, including the use of funeral facilities and motor vehicles and preparation and embalming services. Funeral related merchandise, including caskets, burial vaults, cremation receptacles, flowers and other ancillary products and services, is sold at each of our funeral service locations. Our cemeteries provide cemetery property interment rights, including mausoleum spaces, lots and lawn crypts, and sell cemetery related merchandise and services, including stone and bronze memorials, burial vaults, casket and cremation memorialization products, merchandise installations and burial openings and closings. We also sell preneed funeral and cemetery products and services whereby a customer contractually agrees to the terms of certain products and services to be provided in the future. Finally, Alderwoods insurance subsidiary sells a variety of insurance products, primarily for the funding of preneed funerals sold by Alderwoods funeral locations.

Our funeral and cemetery operations are organized into a North America division covering the United States and Canada and an Other Foreign division. Upon completion of the acquisition, our operations in the North America division are expected to be organized into approximately 31 major regions and 42 middle regions (including four Hispana regions). Within each region, the funeral homes and cemeteries share common resources such as personnel, preparation services and vehicles. Our four regional support centers in North America are located in Houston, Miami, New York and Los Angeles and help to facilitate the execution of corporate strategies, coordinate communication between the field and corporate offices, and serve as liaisons for the implementation of policies and procedures.

Our Other Foreign division includes funeral operations in Germany and Singapore. We currently intend to sell these operations when economic values and conditions are conducive to a sale. We also have a 25% minority interest in certain funeral operations in France.

Our Competitive Strengths

Industry leader. We believe that our estimated 14% North America share, on a pro forma basis giving effect to the transactions, based on 2005 industry revenues, is approximately five times that of our next largest North American competitor and approximately two times that of the estimated 6% combined share of the remaining five publicly traded deathcare companies. We believe that our size provides us the benefits of standardized training, industry best practices and efficiencies of scale.

Geographic reach. After giving pro forma effect to the transactions, our combined network allows us to serve a broad population base with more than 1,900 funeral and cemetery locations diversified over 46 states, eight Canadian provinces, the District of Columbia and Puerto Rico. We believe our scale differentiates us from our competition by allowing us to implement a national brand strategy and to pursue strategic affinity partnerships with national groups that can influence their members choice of deathcare provider. For example, our strategic affinity partnerships today include the Veterans of Foreign Wars and Ladies Auxiliary, whose combined membership exceeds two million. We believe that our extensive national network enhances purchasing scale and provides us with an advantage in selling preneed funeral and cemetery products and services by allowing us to offer our customers the ability to transfer their preneed contracts to any of the providers in our network.

National brand. In 2000, SCI introduced the first coast-to-coast funeral service brand in North America, Dignity Memorial®. We believe that a national brand name is increasingly important as North American consumers continue to become more geographically mobile. We believe that consumers are less likely now than they have been historically to live in the same community as their parents and grandparents or to know a local funeral director. By building favorable associations with the Dignity Memorial® brand through funeral services, advertising and community outreach programs we strive to create an image of consistency, dependability and excellence that makes consumers more likely to choose our providers. We expect the acquisition of Alderwoods to provide additional opportunities for us to expand

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the Dignity Memorial® brand. In addition, we are currently developing a second brand, Funeraria del Angel™, to serve North America's growing Hispanic population. As of June 30, 2006, Funeraria del Angel® had 23 locations in California, Texas, Illinois and Kansas.

Innovative offerings. Using our Dignity Memorial® brand, we augment our range of traditional products and services with more contemporary and comprehensive offerings. In addition to a wide range of funeral, memorial, burial and cremation options, we offer assistance with many of the legal and administrative details that burden customers at times of loss. We also offer grief counseling for survivors and a bereavement travel program, which obtains special rates on airfare, car rentals and hotel accommodations for family and friends traveling from out of town to attend services, and an internet memorialization. In addition, we offer packaged plans for funerals and cremations that are designed to simplify customer decision-making. Since our packaged plans were introduced in 2004, they have achieved consistently high customer satisfaction ratings.

Reputation and service excellence. We believe that we have established a strong reputation for consistency and service excellence, which sets us apart from many of our competitors, serves as a key advantage to attracting customers and enhances our standing as an employer of choice within the industry. Continuing our commitment to excellence, in 2004 we established Dignity University™, a virtual school for SCI employees at all levels. It offers a comprehensive curriculum of professional development and ethics training that is designed to help employees upgrade skills, advance their careers and implement ethical standards at every level of performance. We believe that the acquisition of Alderwoods will allow us to expand and build our reputation for service excellence.

Our Strategies for Growth

In recent years, we have strengthened our balance sheet, lowered our cost structure, introduced more efficient systems and processes and strengthened our management team. We believe these improvements, together with the acquisition of Alderwoods, present us with significant opportunities to achieve future growth. Our principal strategies are as follows:

Approach the business by customer preference. We believe customer attitudes and preferences are essential to our business. We are replacing the industry's traditional one-size-fits-all approach with a flexible operating and marketing strategy that categorizes customers according to personal needs and preferences. Using this new approach, we will tailor our product and service offerings based on four variables:

convenience and location,

religious and ethnic customs,

quality and prestige, and

price.

By identifying customers based on these variables, we can focus our resources on the most profitable customer categories and improve our marketing effectiveness. We will continue to refine our pricing, product and marketing strategies to support this approach.

Consistent with this strategy, we have begun to analyze existing business relationships to determine whether they are consistent with our strategic goals. As a result, SCI made certain local business decisions to exit unprofitable business relationships and activities in late 2005 and early 2006. We continue to analyze our operations and may exit certain business relationships or activities that do not fit our customer segmentation strategy.

Realign pricing to reflect current market environment. SCI, Alderwoods and other competitors in the deathcare industry have historically generated most of their profits from the sale of traditional products (including caskets, vaults and markers), while placing less emphasis on the services involved in funeral and burial preparation. However, because of increased customer preference for comprehensive and

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personalized deathcare services, as well as increased competition from retail outlets and websites for the sale of traditional products, SCI has realigned its pricing strategy from product to service offerings in order to focus on services that are most valued by customers. SCI's initial results from the realignment strategy have been favorable based on increases in the overall average revenue per funeral service performed. Upon completion of the acquisition, we expect to evaluate Alderwoods' pricing, and, if necessary, make adjustments to align the pricing strategy at the Alderwoods locations to the current SCI locations.

Drive operating discipline and take advantage of our scale. Although we have already made substantial improvements in our infrastructure, we believe we can continue to achieve operating improvements through centralization and standardization of processes for staffing, central care, fleet management and cemetery maintenance. The acquisition of Alderwoods provides further opportunities for synergies and operating efficiencies, which will allow us to utilize our scale and increase profitability. We are developing clear, yet flexible, operating standards that will be used as benchmarks for productivity in these areas. In conjunction with these standards, we will develop and track shared best practices to support higher productivity. We also intend to continue to capitalize on our nationwide network of properties by pursuing strategic affinity partnerships. Over the longer term, we believe these relationships can be a key influence in the funeral home selection process.

Manage and grow the footprint. We will manage our network of business locations by positioning each business location to support the preferences of its local customer base while monitoring each region for changing demographics and competitive dynamics. Funeral home expansion efforts will primarily target businesses whose customers value quality and prestige or adhere to specific religious or ethnic customs. We will focus cemetery expansion efforts on large cemeteries that are or may be combined with funeral home operations, which allow facility, personnel and equipment costs to be shared between the funeral services location and cemetery.

Industry Overview

Demographic factors. More than 70% of all deaths in the United States occur at age 65 and older. In 2004 people aged 65 and older constituted 12% of the population, according to the U.S. Census Bureau; the U.S. Census Bureau projects that by 2020 the number of Americans aged 65 and older will exceed 16% of the population. We believe these demographic trends will produce a growing demand for our services.

Nevertheless, the number of annual deaths in North America is expected to remain relatively constant for at least another decade because of healthier lifestyles and improved medical care. In 2003 life expectancy in the United States reached 77.6 years, compared with 74.6 years in 1983, according to the National Center for Health Statistics. Therefore, our near-term strategies do not anticipate any increase in the number of deaths. Rather, they are designed to increase volume and profitability at existing businesses.

Competitive dynamics. The deathcare industry is characterized by a large number of locally-owned, independent operations. We believe there are approximately 22,000 funeral homes and 10,500 cemeteries in the United States. After the acquisition, the two largest public operators in the deathcare industry in the United States, based on total revenue and number of locations, will be us and Stewart Enterprises, Inc. After giving pro forma effect to the transactions, we believe that we and Stewart collectively represented approximately 17% of industry revenues in the United States in 2005.

The trend toward cremation. In the deathcare industry, there has been a growing trend in the number of cremations performed in North America as an alternative to traditional funeral service dispositions. We believe this presents a significant opportunity for our Company, especially since research shows that most people who choose cremation do so for reasons unrelated to cost. We have been a leading provider of cremation services in North America, with cremation representing approximately 37%, 38% and 39% of our combined funeral services in 2003, 2004 and 2005, respectively, after giving pro forma effect to the transactions. While cremation has traditionally resulted in lower gross profits because it reduces casket sales and because many customers who choose cremation may also decide against purchasing cemetery

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property, we believe we can improve revenue and profit trends associated with cremation services by realigning our pricing model and offering better and more personalized products and services.

For a further description of our business, see the information set forth under the caption **Business** that begins on page 110 of this prospectus.

SCI was incorporated in Texas in July of 1962. Our principal corporate offices are located at 1929 Allen Parkway, Houston, Texas 77019 and our telephone number is (713) 522-5141. Our website is *www.sci-corp.com*.

The Transactions

As used in this prospectus:

the acquisition refers to SCI's acquisition of Alderwoods;

the financing refers, collectively, to the issuance of the Old Notes, the issuance of additional debt securities in a private placement, the borrowings under a new senior credit facility, the repurchase of certain outstanding notes of Alderwoods and SCI pursuant to tender offers, and the repayment of certain other existing debt of Alderwoods;

the divestitures refers, collectively, to certain divestitures we expect to make pursuant to a consent decree we expect to enter into with the FTC and certain other divestitures of non-strategic operations; and

the transactions refers, collectively, to the acquisition, the financing and the divestitures.

The Acquisition

On April 2, 2006, SCI entered into a definitive merger agreement pursuant to which, subject to the terms and conditions set forth therein, it expects to acquire Alderwoods for \$20.00 per share in cash, resulting in a total purchase price of approximately \$1.2 billion, which includes the refinancing of approximately \$351.7 million and the assumption of \$6.5 million of Alderwoods' debt.

Acquisition rationale. The acquisition of Alderwoods will enable SCI to serve a number of new, complementary areas, while providing the opportunity for significant synergies and operating efficiencies. The significant benefits of the acquisition include:

increased geographic scope and scale;
entry into attractive new geographic areas;

key new facilities, including Rose Hills, a premier U.S. deathcare facility;
identified annual pre-tax cost savings of approximately \$60 to \$70 million expected to be achieved within eighteen months of closing the acquisition, with approximately \$15 million of such savings realized within twelve months of closing, and potential additional cost-saving synergies (there can be no assurance that any such cost savings or synergies will be achieved; see **Management's Discussion and Analysis of Financial Condition and Results of Operations - Expected Cost Savings Resulting from the Alderwoods Acquisition**);

immediately accretive to operating cash flow, excluding implementation costs;

strong cash flow generation and planned divestitures reduce financial risk; and

increased preneed backlog enhances long-term revenue stability.

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The Financing

The following financing transactions will occur in connection with the closing of the acquisition:

borrowings under a new \$450 million senior credit facility, consisting of a \$150 million 3-year term loan, all of which will be borrowed in connection with the transactions, and a \$300 million 5-year revolving credit facility, none of which is expected to be drawn in connection with the transactions based on expected cash balances at closing;

the issuance of \$200 million of debt securities in a private placement; and

the release from escrow of the net proceeds from the issuance of \$500 million of Old Notes on October 3, 2006.

Pending the consummation of the acquisition and certain related transactions described in this prospectus, the net proceeds from the issuance of the Old Notes are being held in separate escrow accounts. The Old Notes are subject to special mandatory redemption in the event that the acquisition and related transactions described in this prospectus are not consummated on or prior to December 31, 2006. Such notes may also be redeemed at our option, in whole, but not in part, at any time prior to December 31, 2006, if, in our sole judgment, the acquisition and related transactions will not be consummated by that date. The redemption price in either case will be 100% of the issue price of each series of the notes set forth above, respectively, plus accrued and unpaid interest to the redemption date. Concurrently with the closing of the offering of the Old Notes, we deposited with an escrow agent into separate escrow accounts the net proceeds of each offering, together with an amount of cash or treasury securities, so that the escrowed funds are sufficient to fund the redemption of the Old Notes, if required. There can be no assurance that the acquisition will be consummated by December 31, 2006, or at all.

In connection with the acquisition, on September 7, 2006, Alderwoods commenced a tender offer to purchase \$200 million of its outstanding 7.75% Senior Notes due 2012 (the Alderwoods 7.75% Notes), and a solicitation of consents to eliminate substantially all of the restrictive covenants and certain events of default and to modify certain other provisions of the indenture relating to the Alderwoods 7.75% Notes. This tender offer was originally scheduled to expire on October 5, 2006, but has been extended to October 13, 2006, to coincide with the anticipated closing of the acquisition. The tender offer may be further extended if the closing date of the acquisition is later than October 13, 2006. The tender offer is conditioned upon, among other things, the tender of a majority of the outstanding principal amount of the Alderwoods 7.75% Notes, the consummation of the acquisition and the financing transactions described above, and other customary conditions. As of October 5, 2006, approximately \$194,190,000 in aggregate principal amount of the Alderwoods 7.75% Notes, or 97.10% of the outstanding principal amount of the Alderwoods 7.75% Notes, and the consents related thereto, were validly tendered. Withdrawal rights of tendering holders of the Alderwoods 7.75% Notes that tendered prior to the expiration of the consent solicitation on September 20, 2006 (the Alderwoods Consent Date), have expired. The total consideration payable in respect of Alderwoods 7.75% Notes that were accepted for payment and validly tendered and not withdrawn prior to the Alderwoods Consent Date is \$1,080.03 per \$1,000 principal amount, which includes a \$20.00 consent payment payable only in respect of Alderwoods 7.75% Notes that were tendered with consents on or prior to the Alderwoods Consent Date. The total consideration payable in respect of Alderwoods 7.75% Notes that are validly tendered after the Alderwoods Consent Date and on or prior to the expiration date is \$1,060.03 per \$1,000 principal amount. Accrued and unpaid interest to but excluding the settlement date will also be paid with respect to all existing Alderwoods 7.75% Notes purchased in the tender offer.

In addition, on September 7, 2006, SCI commenced a tender offer to purchase \$144.5 million aggregate principal amount of its outstanding 7.7% Senior Notes due 2009, CUSIP Nos: 817565AXZ; 817565AV6; 817565AW4 (the SCI 7.7% Notes), and a solicitation of consents to eliminate substantially all of the restrictive covenants and certain events of default and to modify certain other provisions of the indenture relating to the SCI 7.7% Notes. This tender offer was originally scheduled to expire on October 5, 2006, but has been extended to October 13, 2006, to coincide with the anticipated closing of

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the acquisition. The tender offer may be further extended if the closing date of the acquisition is later than October 13, 2006. The tender offer is conditioned upon, among other things, the tender of a majority of the outstanding SCI 7.7% Notes, the consummation of the acquisition and the financing transactions described above, and other customary conditions. As of October 5, 2006, approximately \$138,932,000 in aggregate principal amount of SCI 7.7% Notes, or 96.17% of the outstanding principal amount of the SCI 7.7% Notes, and the consents related thereto, were validly tendered. Withdrawal rights of tendering holders of the SCI 7.7% Notes that tendered prior to the expiration of the consent solicitation on September 20, 2006 (the SCI Consent Date), have expired. The total consideration payable in respect of SCI 7.7% Notes that were accepted for payment and validly tendered and not withdrawn prior to the SCI Consent Date is \$1,058.11 per \$1,000 principal amount, which includes a \$20.00 consent payment payable only in respect of SCI 7.7% Notes that were tendered with consents on or prior to the SCI Consent Date. The total consideration payable in respect of SCI 7.7% Notes that are validly tendered after the SCI Consent Date and on or prior to the expiration date is \$1,038.11 per \$1,000 principal amount. Accrued and unpaid interest to but excluding the settlement date will also be paid with respect to all existing SCI 7.7% Notes purchased in the tender offer. SCI currently has outstanding a separate series of 7.7% Notes due 2009, which have different CUSIP numbers. SCI is not making a tender offer or consent solicitation for these notes.

Furthermore, upon consummation of the acquisition, SCI and Alderwoods will each terminate all commitments and Alderwoods will repay all outstanding borrowings under its existing credit facilities.

Planned Divestitures

SCI expects to execute a consent order with the staff of the FTC in connection with the acquisition, which will identify certain properties the FTC will require us to divest as a result of the acquisition. The consent order will be subject to approval by the FTC commissioners, which approval is a condition to the consummation of the acquisition. No final agreement has been reached with any third party concerning the sale of any such assets. We believe that the divestiture of the FTC mandated assets, together with the divestiture of other SCI assets that we have identified for sale, will generate proceeds of approximately \$200 million in the near future, which we expect to use to repay debt. There can be no assurance that the divestitures described above will be consummated, or if consummated will generate the proceeds described above. For purposes of the pro forma information in this prospectus, the assets to be sold pursuant to the divestitures have been reclassified on the pro forma balance sheet as assets held for sale and the results of operations of these assets have been eliminated from the pro forma statement of operations. No pro forma adjustments have been made to reflect any anticipated gain or loss from the divestitures and no adjustment has been made to reflect any earnings benefit from the reinvestment of any proceeds from the divestitures or any reduction of debt from the application of sales proceeds. In addition, after completion of the acquisition, we intend to undertake a comprehensive review of our integrated operations and we believe there may be further asset sales as a result of that review within 18 months. There can be no assurance that these asset sales will occur or if they occur that they will be on terms favorable to us.

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Summary of the Terms of the Exchange Offer

The Exchange Offer

We are offering to exchange up to \$500,000,000 aggregate principal amount of the New Notes for up to \$500,000,000 aggregate principal amount of the Old Notes. Old Notes may be exchanged only in \$1,000 increments. New Notes will be issued only in minimum denominations of \$2,000 and integral multiples of \$1,000.

The terms of the New 2014 Notes are identical in all material respects to the Old 2014 Notes, and the terms of the New 2018 Notes are identical in all material respects to the Old 2018 Notes, except that the New Notes will not contain terms with respect to transfer restrictions, registration rights and payments of additional interest that relate to the Old Notes. The New Notes and the Old Notes will be governed by the same indenture, dated February 1, 1993.

Registration Rights Agreement

We issued an aggregate of \$500,000,000 of the Old Notes on October 3, 2006 to J.P. Morgan Securities, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Banc of America Securities LLC, Lehman Brothers Inc., Raymond James & Associates, Inc. and Morgan Keegan & Company, Inc., the initial purchasers, under a purchase agreement dated September 27, 2006. Pursuant to the purchase agreement, we and the initial purchasers entered into two separate registration rights agreements relating to the Old Notes, pursuant to which we agreed to use our reasonable best efforts to file and cause to be effective this exchange offer registration statement with the Commission with respect to a registered offer to exchange the Old Notes for the New Notes. We agreed to consummate the exchange offer on or before the date that is 180 days after the original issue date of the Old Notes. In the event we fail to fulfill our obligations under the registration rights agreements, additional interest would accrue on the Old Notes at an annual rate of 0.25% for the first 90 days, increasing by an additional 0.25% for each subsequent 90-day period up to a maximum additional annual rate of 1.00%. See Exchange Offer and Registration Rights.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on 1 , 2006, unless we extend the exchange offer. See The Exchange Offer Expiration Date; Extensions; Termination; Amendments.

Conditions to the Exchange Offer

The exchange offer is not subject to any conditions other than that it does not violate applicable law or any applicable interpretation of the staff of the Commission.

Procedures for Tendering Old Notes

If you wish to accept the exchange offer, sign and date the letter of transmittal that was delivered with this prospectus in accordance with the instructions, and deliver the letter of transmittal, along with the Old Notes and any other required documentation, to the exchange agent. Alternatively, you can tender your outstanding Old Notes by following the procedures for book-entry transfer, as described in this prospectus. By executing the letter of transmittal or by transmitting an agent's

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message in lieu thereof, you will represent to us that, among other things:

the New Notes you receive will be acquired in the ordinary course of your business;

you are not participating, and you have no arrangement with any person or entity to participate, in the distribution of the New Notes;

you are not our affiliate, as defined in Rule 405 under the Securities Act, or a broker-dealer tendering Old Notes acquired directly from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act; and

if you are not a broker-dealer, that you are not engaged in and do not intend to engage in the distribution of the New Notes.

Special Procedures for Beneficial Owners

If you are a beneficial owner whose Old Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and wish to tender such Old Notes in the exchange offer, please contact the registered holder as soon as possible and instruct them to tender on your behalf and comply with our instructions set forth elsewhere in this prospectus.

Guaranteed Delivery Procedures

If you wish to tender your Old Notes, you may, in certain instances, do so according to the guaranteed delivery procedures set forth elsewhere in this prospectus under The Exchange Offer Procedures for Tendering Old Notes Guaranteed Delivery.

Effect of Not Tendering

Old Notes that are not tendered or that are tendered but not accepted will, following the completion of the exchange offer, continue to be subject to the existing restrictions upon transfer thereof.

Old 2014 Notes that are not tendered will bear interest at a rate of 7³/₈% per annum. Old 2018 Notes that are not tendered will bear interest at a rate of 7⁵/₈% per annum.

Withdrawal Rights

You may withdraw Old Notes that you tender pursuant to the exchange offer by furnishing a written or facsimile transmission notice of withdrawal to the exchange agent containing the information set forth in The Exchange Offer Withdrawal of Tenders at any time prior to the expiration date.

Acceptance of Old Notes and Delivery of New Notes

We will accept for exchange any and all Old Notes that are properly tendered in the exchange offer prior to the expiration date. See The Exchange Offer Procedures for Tendering Old Notes. The New Notes issued pursuant to the exchange offer will be delivered promptly following the expiration date.

Resale

We believe that you will be able to freely transfer the New Notes without registration or any prospectus delivery requirement; however, certain broker-dealers and certain of our affiliates may be required to deliver copies of this prospectus if they resell any New Notes.

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Taxation	The exchange of Old Notes for New Notes will not be a taxable event for United States federal income tax purposes. See United States Federal Income Tax Consequences.
Broker-Dealers	Each broker-dealer that receives New Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. See Plan of Distribution.
Exchange Agent and Information Agent	Global Bondholder Services Corporation is the exchange agent and the information agent for the exchange offer. The address and phone number of Global Bondholder Services Corporation are on the inside of the back cover of this prospectus.

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Summary of Terms of New Notes

Issuer	Service Corporation International
New Notes	\$250,000,000 aggregate principal amount of 7 ³ / ₈ % Senior Notes due 2014 and \$250,000,000 aggregate principal amount of 7 ⁵ / ₈ % Senior Notes due 2018.
Maturity Dates	October 1, 2014 for the New 2014 Notes and October 1, 2018 for the New 2018 Notes.
Interest Rate	For the New 2014 Notes, 7 ³ / ₈ % per annum, accruing from October 3, 2006. For the New 2018 Notes, 7 ⁵ / ₈ % per annum, accruing from October 3, 2006.
Interest Payment Dates	April 1 and October 1, commencing on April 1, 2007
Ranking	<p>The New Notes will be our general unsecured obligations and will rank equal in right of payment with all of our other unsubordinated indebtedness and senior in right of payment to any of our future subordinated indebtedness. The New Notes will be effectively subordinated to all of our existing and future secured indebtedness to the extent of the collateral securing such indebtedness and to all indebtedness and other obligations of our subsidiaries, whether or not secured, including subsidiary guarantees of our new senior credit facility and our privately placed debt securities.</p> <p>As of June 30, 2006, after giving pro forma effect to the transactions:</p> <p style="padding-left: 40px;">our senior indebtedness would have been approximately \$2,034.0 million, including \$180.1 million of indebtedness under the new senior credit facility (excluding unused availability under our new revolving credit facility and outstanding letters of credit), \$1,011.2 million of currently outstanding senior notes, \$500.0 million of notes offered in a private placement, \$200.0 million of privately placed debt securities, \$21.2 million of convertible debentures, and \$121.5 million of other indebtedness; and</p> <p style="padding-left: 40px;">our subsidiaries would have had approximately \$1,256.0 million of total indebtedness and other liabilities outstanding, including trade payables and excluding guarantees of our new senior credit facility, our privately placed debt securities, intercompany obligations and deferred revenue.</p>
Optional Redemption	The New Notes will be redeemable in whole or in part, at our option at any time, at redemption prices as set forth in this prospectus under Description of the Notes Optional Redemption, plus accrued and unpaid interest to the redemption date.
Restrictive Covenants	We will issue the New Notes under the same indenture under which the Old Notes were issued. The indenture contains covenants limiting the creation of liens securing indebtedness and sale-leaseback transactions. These covenants are subject to important exceptions. See Risk Factors Risks Related to

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Tendering Old Notes for New Notes The New Notes lack subsidiary guarantees and some covenants typically found in other comparably rated debt securities, and Description of the Notes Covenants for more information.

Use of Proceeds We will not receive any proceeds from the exchange of the New Notes for the outstanding Old Notes.

Governing Law The New Notes will be, and the indenture is, governed by, and construed in accordance with, the laws of the State of Texas.

Trustee, Transfer Agent and Paying Agent The Bank of New York

Book-Entry Depository The Depository Trust Company

You should read the Risk Factors section beginning on page 13, as well as the other cautionary statements throughout this prospectus, to ensure you understand the risks involved with the exchange of the New Notes for the outstanding Old Notes.

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RISK FACTORS

Before you decide to participate in the exchange offer, you should read the risks, uncertainties and factors that may adversely affect us that are discussed under the captions Management's Discussion and Analysis of Financial Condition and Results of Operations and Cautionary Statement Regarding Forward-Looking Statements, as well as the following additional risk factors.

Risks Related to Tendering Old Notes for New Notes

You may find it difficult to sell your New Notes because there is no existing trading market for the New Notes.

You may find it difficult to sell your New Notes because an active trading market for the New Notes may not develop. There is no existing trading market for the New Notes. We do not intend to apply for listing or quotation of the New Notes on any securities exchange, and so we do not know the extent to which investor interest will lead to the development of a trading market or how liquid that market might be. Although the initial purchasers have informed us that they intend to make a market in the New Notes, they are not obligated to do so, and any market-making may be discontinued at any time without notice. As a result, the market price of the New Notes, as well as your ability to sell the New Notes, could be adversely affected.

Because we are a holding company, your rights under the New Notes will be effectively subordinated to the rights of holders of our subsidiaries' liabilities.

Because we are a holding company, our cash flow and ability to service debt, including the New Notes, depend upon the distribution of earnings, loans or other payments made by our subsidiaries to us. Our subsidiaries are separate legal entities and have no obligation with respect to the New Notes. In addition, payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions. The New Notes will be effectively subordinated to all of the existing and future obligations of our subsidiaries. Our new senior credit facility is guaranteed by all of our material domestic subsidiaries, which conduct substantially all of our operating activities. As of June 30, 2006, on a pro forma basis after giving effect to the transactions, our subsidiaries would have had approximately \$1,256.0 million of total indebtedness and other liabilities outstanding, including trade payables and excluding guarantees of our new senior credit facility and our privately placed debt securities, intercompany obligations and deferred revenues.

The New Notes are unsecured and will be effectively subordinated to all of our existing and future secured obligations to the extent of the collateral securing such obligations.

The New Notes are unsecured and will be effectively subordinated to all of our existing and future secured obligations to the extent of the collateral securing such obligations. As of June 30, 2006, after giving pro forma effect to the transactions, we would have had approximately \$2,034.0 million of outstanding indebtedness, including \$180.1 million of indebtedness under our new senior credit facility (excluding the \$269.9 million unfunded portion of our new revolving credit facility and outstanding letters of credit), \$1,011.2 million of currently outstanding senior notes, \$200.0 million of privately placed debt securities, \$500.0 million of notes offered in a private placement, \$21.2 million of convertible debentures, and \$121.5 million of other indebtedness. These amounts do not reflect the application of any proceeds that may be realized from the divestitures. See Summary Planned Divestitures. As of June 30, 2006, on a pro forma basis after giving effect to the transactions, we would have had approximately \$122 million of secured indebtedness, which is effectively senior to the notes. Substantially all of our secured indebtedness consists of capital leases.

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The New Notes lack subsidiary guarantees and some covenants typically found in other comparably rated public debt securities.

Although the New Notes are rated below investment grade by both Standard & Poor's and Moody's Investors Service, they lack the protection of subsidiary guarantees and several financial and other restrictive covenants typically associated with comparably rated public debt securities, including:

incurrence of additional indebtedness;

payment of dividends and other restricted payments;

sale of assets and the use of proceeds therefrom;

transactions with affiliates; and

dividend and other payment restrictions affecting subsidiaries.

If an active trading market does not develop for the New Notes, you may be unable to sell the New Notes or to sell them at a price you deem sufficient.

The New Notes will be new securities for which there is no established trading market. We do not intend to apply for listing of the New Notes on any securities exchange or for quotation through any automated dealer quotation system. Accordingly, no assurance can be given as to the liquidity of, or adequate trading markets for, the New Notes.

If we breach any of the material financial covenants under our various indentures, revolving credit facility or guarantees, our debt service obligations could be accelerated.

If we or any of our consolidated subsidiaries breach any of the material financial covenants under our various indentures or our new senior credit facility, our substantial debt service obligations, including the New Notes, could be accelerated. Furthermore, any breach of any of the material financial covenants under our new senior credit facility could result in the acceleration of the indebtedness of all of our subsidiaries. In the event of any such simultaneous acceleration, we would not be able to repay all of our indebtedness.

The restrictions contained in our various indentures do not limit our ability to issue additional indebtedness.

We could enter into acquisitions, recapitalizations or other transactions that could increase our outstanding indebtedness. The indenture governing the notes does not limit our ability to incur additional indebtedness. Although covenants under the credit agreement governing our new senior credit facility and under the privately placed debt securities will limit our ability and the ability of our present and future subsidiaries to incur certain additional indebtedness, the terms of the credit agreement and those debt securities will permit us to incur significant additional indebtedness, including unused availability under our new senior credit facility. Additionally, under the credit agreement, we are permitted to pay dividends and repurchase stock, subject to certain conditions. Issuing additional indebtedness could materially impact our business by making it more difficult for us to satisfy our obligations with respect to the New Notes; increasing our vulnerability to general adverse economic and industry conditions; limiting our ability to obtain additional financing; requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, which will reduce the amount of our cash flow available for other purposes, including capital expenditures and other general corporate purposes; limiting our flexibility in planning for, or reacting to, changes in our business and our industry; and placing us at a possible competitive disadvantage compared to our competitors that have less debt or the ability to use their cash flows for such purposes as described above.

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Risk Related to Continuing Ownership of the Old Notes

If you fail to exchange your outstanding Old Notes for New Notes, you will continue to hold notes subject to transfer restrictions.

We will only issue New Notes in exchange for outstanding Old Notes that you timely and properly tender. Therefore, you should allow sufficient time to ensure timely delivery of the outstanding Old Notes and you should carefully follow the instructions on how to tender your Old Notes set forth under The Exchange Offer Procedures for Tendering Old Notes and in the letter of transmittal that accompanies this prospectus. Neither we nor the exchange agent are required to notify you of any defects or irregularities relating to your tender of outstanding Old Notes.

If you do not exchange your outstanding Old Notes for New Notes in this exchange offer, the outstanding Old Notes you hold will continue to be subject to the existing transfer restrictions. In general, you may not offer or sell the outstanding Old Notes except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not plan to register the outstanding Old Notes under the Securities Act. If you continue to hold any outstanding Old Notes after this exchange offer is completed, you may have trouble selling them because of these restrictions on transfer.

The trading market for unexchanged Old Notes could be limited.

The trading market for unexchanged Old Notes could become significantly more limited after the exchange offer due to the reduction in the amount of Old Notes outstanding upon consummation of the exchange offer. Therefore, if your Old Notes are not exchanged for New Notes in the exchange offer, it may become more difficult for you to sell or otherwise transfer your Old Notes. This reduction in liquidity may in turn reduce the market price, and increase the price volatility, of the Old Notes. There is a risk that an active trading market in the unexchanged Old Notes will not exist, develop or be maintained and we cannot give you any assurances regarding the prices at which the unexchanged Old Notes may trade in the future.

Risks Related to the Acquisition of Alderwoods

We may fail to realize the anticipated benefits of the acquisition of Alderwoods.

The success of the acquisition will depend, in part, on our ability to realize the anticipated cost savings from shared corporate and administrative areas and the rationalization of duplicative expenses. However, to realize the anticipated benefits from the acquisition, we must successfully combine the businesses of SCI and Alderwoods in a manner that permits those costs savings to be realized. If we are not able to successfully achieve these objectives, the anticipated benefits of the acquisition may not be realized fully or at all or may take longer or cost more to realize than expected. SCI and Alderwoods have operated and, until the completion of the acquisition, will continue to operate, independently. It is possible that the integration process could result in the loss of valuable employees, the disruption of each company's ongoing business or inconsistencies in standards, controls, procedures, practices, and policies that could adversely impact our operations.

The acquisition of Alderwoods may prove disruptive and could result in the combined business failing to meet our expectations.

The process of integrating the operations of Alderwoods may require a disproportionate amount of resources and management attention. Our future operations and cash flows will depend largely upon our ability to operate Alderwoods efficiently, achieve the strategic operating objectives for our business and realize significant cost savings and synergies. Our management team may encounter unforeseen difficulties in managing the integration. In order to successfully combine and operate our businesses, our management team will need to focus on realizing anticipated synergies and cost savings on a timely basis while maintaining the efficiency of our operations. Any substantial diversion of management attention or

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difficulties in operating the combined business could affect our revenues and ability to achieve operational, financial and strategic objectives.