SERVICE CORPORATION INTERNATIONAL
Form 424B3
July 11, 2007

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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-143924

PROSPECTUS

Service Corporation International
Offer to Exchange
Registered 6.75% Senior Notes due 2015
Registered 7.50% Senior Notes due 2027
for
All Outstanding 6.75% Senior Notes due 2015 issued on April 9, 2007
All Outstanding 7.50% Senior Notes due 2027 issued on April 9, 2007
($400,000,000 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 6.75% Senior Notes due 2015 issued on April 9, 2007 for our registered 6.75% Senior Notes due 2015, and all of our outstanding 7.50% Senior Notes due 2027 issued on April 9, 2007 for our registered 7.50% Senior Notes due 2027. In this prospectus, we will call the original 6.75% Senior Notes due 2015 the Old 2015 Notes, and we will call the original 7.50% Senior Notes due 2027 the Old 2027 Notes. The Old 2015 Notes and the Old 2027 Notes will collectively be referred to as the Old Notes. Additionally, in this prospectus, we will call the registered 6.75% Senior Notes due 2015 the New 2015 Notes, and we will call the registered 7.50% Senior Notes due 2027 the New 2027 Notes. The New 2015 Notes and the New 2027 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 2015 Notes and the New 2015 notes are collectively referred to in this prospectus as the 2015 Notes. The Old 2027 Notes and New 2027 Notes are collectively referred to as the 2027 Notes.

The Exchange Offer

The exchange offer expires at 5:00 p.m., New York City time, on August 8, 2007, 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All outstanding Old Notes validly tendered and not withdrawn will be exchanged.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 2015 Notes will be paid at the rate of 6.75% per annum, semi-annually in arrears on April 1 and October 1, commencing October 1, 2007.

Interest on the New 2027 Notes will be paid at the rate of 7.50% per annum, semi-annually in arrears on April 1 and October 1, commencing October 1, 2007.

The New Notes will not be listed on any securities exchange or for quotation through any automated dealer quotation system.

You should carefully consider the risk factors beginning on page 12 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 July 11, 2007.

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Until August 21, 2007, 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.

This prospectus incorporates important business and financial information about us that is not included in or delivered with the document. You may obtain this information, at no charge, by contacting us at the address or telephone number set forth below.

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. The registration statement contains additional information about us and the notes. We strongly encourage you to read carefully the registration statement and the exhibits and schedules thereto.

You can obtain the additional information incorporated into this prospectus or otherwise included in the registration statement through our website at *www.sci-corp.com* or by requesting it in writing or by telephone from us at the following address:

Service Corporation International
1929 Allen Parkway
Houston, Texas 77019
Attention: Secretary
Telephone No: (713) 522-5141

To obtain timely delivery of any requested information, 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 August 1, 2007. See Where You Can Find More Information for more information about these matters.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Commission under the Securities Exchange Act of 1934. You may read and copy this information at the Commission s public reference room, 100 F Street, N.E., Washington, D.C. 20549. For information on the operation of the Public Reference Room, you may call the Commission at 1-800-SEC-0330. The information we file with the Commission is also available to the public from the Commission s website at http://www.sec.gov. You can also inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, Inc., located at 20 Broad Street, New York, New York 10005. In addition, you can obtain certain documents, including those filed with the Commission, through our website at *www.sci-corp.com*. Information contained on our website or any other website is not incorporated into this prospectus and does not constitute a part of this prospectus.

We incorporate by reference information into this prospectus, which means that we disclose important information to you by referring you to another document filed separately with the Commission. This important information is not included in or delivered with this prospectus. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained directly in this prospectus. The documents listed below and incorporated by reference into this prospectus contain important information about us and our financial condition:

Annual Report on Form 10-K for the fiscal year ended December 31, 2006;

Quarterly Report on Form 10-Q for the quarter ended March 31, 2007;

Proxy Statement in connection with the 2007 Annual Meeting of Shareholders filed on April 6, 2007; and

Current Reports on Form 8-K or Form 8-K/A filed on February 12, 2007; March 27, 2007; March 30, 2007; April 10, 2007, May 8, 2007 and June 20, 2007.

All documents filed by us with the Commission from the date of this prospectus until the completion of the exchange offer shall also be deemed to be incorporated herein by reference. We are not incorporating any documents or information deemed to have been furnished and not filed in accordance with the Commission s rules and regulations.

You may obtain all or any of the documents referred to above from us free of charge by requesting them in writing or by telephone from us at the following address:

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

To obtain timely delivery of any requested information, 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 August 1, 2007.

We have not authorized anyone to give any information or make any representation that differs from, or adds to, the information in this document or in our documents that are publicly filed with the Commission. Therefore, if anyone does give you different or additional information, you should not rely on it.

If you are in a jurisdiction where it is unlawful to offer to exchange or sell, or to ask for offers to exchange or buy, the securities offered by this document, or if you are a person to whom it is unlawful to direct these activities, then the offer presented by this document does not extend to you.

The information contained in this document speaks only as of its date unless the information specifically indicates that another date applies.

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PROSPECTUS SUMMARY

This summary highlights selected information appearing in other sections of, or incorporated by reference in, 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 documents incorporated by reference to understand fully the terms of the exchange offer, 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 12 of this prospectus, as well as the section entitled Cautionary Statement Regarding Forward-Looking Statements beginning on page 18 of this prospectus. You should rely only on the information contained or incorporated by reference in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. The information in this document may only be accurate on the date of this document. For purposes of this prospectus, unless the context requires or as otherwise indicated, when we refer to SCI, the Company, us, we, our, or ours, we are describing Service Corporation International, together with its subsidiaries.

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. At March 31, 2007, we operated 1,570 funeral service locations and 447 cemeteries, (including 232 combination locations) in North America, which are geographically diversified across 45 states, eight Canadian provinces, the District of Columbia, and Puerto Rico. Our funeral segment also includes the operations of Kenyon International Emergency Services, a subsidiary that specializes in providing disaster management services in mass fatality incidents as well as training, planning, and crisis communications consulting services, and the operations of 13 funeral homes in Germany that we intend to exit when economic values and conditions are conducive to a sale.

As part of our strategy to enhance our position as North America s premier funeral and cemetery provider, we acquired Alderwoods Group, Inc. (Alderwoods) for $20.00 per share in cash in November 2006. The purchase price of $1.2 billion includes the refinancing of $357.7 million and the assumption of $2.2 million of Alderwoods debt. Alderwoods properties, which include 578 funeral service locations and 70 cemeteries (including 63 combination locations), have been substantially integrated into our operations at December 31, 2006. These properties are operated in the same manner as our incumbent properties, under our leadership, and are reported in the appropriate reporting segment (funeral or cemetery) in our consolidated financial statements.

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 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 preneed products and services whereby a customer contractually agrees to the terms of certain products and services to be delivered and performed in the future.

Our operations in the United States and Canada are organized into 37 major markets and 45 middle markets (including eight Hispana markets). Each market is led by a market director with responsibility for funeral and/or cemetery operations and preneed sales. Within each market, the funeral homes and cemeteries share common resources such as personnel, preparation services, and vehicles. There are four market support centers in North America to assist market directors with financial, administrative, pricing, and human resource needs. These support centers are located in Houston, Miami, New York, and Los

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Angeles. The primary functions of the support centers are to help 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 Competitive Strengths

Industry leader. We believe that our estimated 14% North America share, based on 2005 industry revenues, is approximately five times that of our next largest North American competitor and more than twice that of the estimated 6% combined share of the remaining three 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. Our combined network allows us to serve a broad population base with more than 1,900 funeral and cemetery locations diversified over 45 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. The Alderwoods acquisition provides additional opportunities for us to expand the Dignity Memorial® brand. In addition, we are currently developing a second brand, Funeraria del Angel™, to serve North America s growing Hispanic population.

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.

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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 our 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 service approach with a flexible operating and marketing strategy that categorizes customers according to personal needs and preferences. Using this new approach, we are tailoring our product and service offerings based on four variables:

- quality and prestige,
- religious and ethnic customs,
- convenience and location, 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 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 align with our strategic goals. As a result, we made certain local business decisions to exit unprofitable business relationships and activities in 2005 and 2006, which resulted in an initial decrease in the number of total funeral services performed. However, we also experienced significant improvements in both average revenue per funeral service and gross margins. We expect these improvements to continue into the future as we redeploy resources to more profitable areas. We continue to analyze our existing operations, including those newly acquired in the Alderwoods acquisition, and may exit certain business relationships or activities that do not fit our customer segmentation strategy.

Realign pricing to reflect current market environment. We, along with our competitors in the deathcare industry, have historically generated most of our 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, due to increased customer preference for comprehensive and personalized deathcare services, as well as increased competition from retail outlets (including on-line retailers) for the sale of traditional products, we have realigned our pricing strategy from product to service offerings in order to focus on services that are most valued by customers. Our initial results from the realignment strategy have been favorable based on increases in the overall average revenue per funeral service performed. We are currently evaluating the pricing of those locations acquired from Alderwoods and expect to make adjustments in the future to similarly align the pricing strategy for these locations as well.

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 important to potential customers in their funeral home selection process.

Manage and grow the footprint. We are beginning to manage our network of business locations by positioning each business location to support the preferences of its local customer base while monitoring

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each market for changing demographics and competitive dynamics. We will primarily target customers who value quality and prestige or adhere to specific religious or ethnic customs. In addition, we expect to pursue selective business expansion through construction or targeted acquisitions of cemeteries and funeral homes with a focus on the highest return customer categories. In particular, we will focus cemetery expansion efforts on large cemeteries that are or may be combined with funeral home operations, which would allow facility, personnel, and equipment costs to be shared between the funeral service location and the cemetery.

Other Developments

On March 23, 2007, we commenced cash tender offers to purchase any and all of the outstanding principal amount of our 6.50% Notes due 2008 and 7.70% Notes due 2009. At the end of the early participation period, we had received tenders from holders of approximately $149.1 million aggregate principal amount of our 6.50% Notes and approximately $173.8 million aggregate principal amount of our 7.70% Notes. We received additional tenders of approximately $0.7 million on both notes at the end of the offer period. The offers expired on April 20, 2007.

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 http://www.sci-corp.com.

Summary of the Terms of the Exchange Offer

The Exchange Offer	We are offering to exchange up to $400,000,000 aggregate principal amount of the New Notes for up to $400,000,000 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 $1,000 and integral multiples of $1,000. The terms of the New 2015 Notes are identical in all material respects to the Old 2015 Notes, and the terms of the New 2027 Notes are identical in all material respects to the Old 2027 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 $400,000,000 of the Old Notes on April 9, 2007 to Merrill Lynch, Pierce, Fenner & Smith Incorporated, Banc of America Securities LLC, J.P. Morgan Securities, Inc., Lehman Brothers Inc. and Raymond James & Associates, Inc., the initial purchasers, under a purchase agreement dated March 28, 2007. 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 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 210 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 August 8, 2007, 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 2015 Notes that are not tendered will bear interest at a rate of 6.75% per annum. Old 2027 Notes that are not tendered will bear interest at a rate of 7.50% 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	\$200,000,000 aggregate principal amount of 6.75% Senior Notes due 2015 and \$200,000,000 aggregate principal amount of 7.50% Senior Notes due 2027.
Maturity Dates	April 1, 2015 for the New 2015 Notes and April 1, 2027 for the New 2027 Notes.
Interest Rate	For the New 2015 Notes, 6.75% per annum, accruing from April 9, 2007. For the New 2025 Notes, 7.50% per annum, accruing from April 9, 2007.
Interest Payment Dates	April 1 and October 1, commencing on October 1, 2007.
Ranking	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. As of March 31, 2007, we and our subsidiaries had approximately \$1.9 billion of indebtedness (excluding the notes covered by this prospectus and letter of credit obligations), of which \$129 million represents our senior secured indebtedness and the remainder represents our senior unsecured indebtedness. As of March 31, 2007, our subsidiaries had approximately \$144 million of indebtedness (excluding guarantees of our indebtedness, letter of credit obligations and intercompany receivables).
Change of Control	Upon the occurrence of a change of control (as defined in Description of the Notes ø Change of Control), unless we have exercised our right to redeem all of the New Notes of a series as described below, each holder of the New Notes of that series may require us to repurchase such holder s New Notes, in whole or in part, at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest to the purchase date.
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 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.

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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 Trust Company, N.A.
Book-Entry Depository	The Depository Trust Company

You should read the Risk Factors section beginning on page 12, 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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Summary Historical Financial Information

The following table sets forth summary historical financial information for each of the years in the five-year period ended December 31, 2006 and the three months ended March 31, 2007 and 2006. The year-end information is derived from our audited consolidated financial statements and the related notes thereto. The quarterly information is derived from our unaudited condensed consolidated financial statements.

The following table should be read together with our Annual Report on Form 10-K for the year ended December 31, 2006 (the 2006 Form 10-K) and our Quarterly Report on Form 10-Q for the three months ended March 31, 2007, each of which is incorporated by reference in this prospectus.

	Three Months Ended March 31,		Years Ended December 31,				
	2007	2006	2006(1)	2005	2004	2003	2002
	(Dollars in millions, except per share amounts)						
Summary Consolidated Statements of Operations Data:							
Revenue	$ 607.6	$ 442.0	$ 1,747.3	$ 1,711.0	$ 1,825.7	$ 2,308.9	$ 2,289.0
Income (loss) from continuing operations before cumulative effect of accounting changes	34.7	26.8	52.6	55.1	117.4	69.1	(91.5)
Income (loss) from discontinued operations, net of tax(2)	2.9	0.1	3.9	4.5	43.8	16.0	(8.4)
Cumulative effect of accounting changes, net of tax(3)(4)(5)(6)				(187.5)	(50.6)		(135.6)
Net income (loss)	$ 37.6	$ 26.9	$ 56.5	$ (127.9)	$ 110.7	$ 85.1	$ (235.4)
Earnings (loss) per share:							
Income (loss) from continuing operations before cumulative effect of accounting changes							
Basic	$ 0.12	$ 0.09	$ .18	$ .18	$ .37	$ .23	$ (.31)
Diluted	$ 0.12	$ 0.09	$ .18	$ .18	$ .36	$ .23	$ (.31)
Net income (loss)							
Basic	$ 0.13	$ 0.09	$ .19	$ (.42)	$ .35	$ .28	$ (.80)
Diluted	$ 0.13	$ 0.09	$ .19	$ (.42)	$ .34	$ .28	$ (.80)
Cash dividends declared per share	$ 0.03	$ 0.025	$ 0.11	$ 0.10	$	$	$
Summary Consolidated Balance Sheet Data (at December 31):							
Total assets	$ 9,749.7		$ 9,729.4	$ 7,544.8	$ 8,227.2	$ 7,571.2	$ 7,801.8
Long-term debt (less current maturities), including capital leases	$ 1,768.6		$ 1,912.7	$ 1,186.5	$ 1,200.4	$ 1,530.1	$ 1,885.2
Stockholders equity	$ 1,653.5		$ 1,594.8	$ 1,581.6	$ 1,843.0	$ 1,516.3	$ 1,318.9

Summary Consolidated Statement of Cash Flows Data:							
Net cash provided by operating activities	$ 127.9	$ 80.2	$ 324.2	$ 312.9	$ 94.2	$ 374.3	$ 352.2

(1) Results for 2006 include operations acquired from Alderwoods from November 28, 2006 to December 31, 2006. These operations contributed $50.9 million to revenue, $5.4 million to net income and $8.6 million to net cash provided by operating activities during this period. For more information regarding the Alderwoods acquisition, see Part II, Item 8. Financial Statements and Supplementary Data, Note 5 in our 2006 Form 10-K.

(2) Our operations in Singapore, which were sold in 2006, and in Argentina, Uruguay and Chile, which were sold in 2005, have been classified as discontinued operations for all periods presented. For more

information regarding discontinued operations, see Part II, Item 8. Financial Statements and Supplementary Data, Note 21 in our 2006 Form 10-K.

(3) Results for the 2007, 2006 and 2005 periods reflect our change in accounting for direct selling costs related to preneed funeral and cemetery contracts. Results for 2005 include a $187.5 million charge, net of tax, for the cumulative effect of this change. For more information regarding this accounting change, see Part II, Item 8. Financial Statements and Supplementary Data, Note 3 in our 2006 Form 10-K.

(4) On March 18, 2004, we implemented revised Financial Accounting Standards Board (FASB) Interpretation No. 46 (FIN 46R). Under the provisions of FIN 46R, we are required to consolidate our preneed funeral and cemetery merchandise and service trust assets, cemetery perpetual care trusts, and certain cemeteries. As a result of this accounting change, we recognized a cumulative effect charge of $14.0 million, net of tax, in 2004.

(5) Results for 2004, 2005, 2006 and 2007 reflect our change in accounting for pension gains and losses. Results for 2004 include a $36.6 million charge, net of tax, for the cumulative effect of this change.

(6) Results for all periods presented reflect our change in accounting for goodwill under Statement of Financial Accounting Standard (SFAS) No. 142, *Goodwill and Other Intangible Assets* (SFAS 142). Results for 2002 include a $135.6 million charge, net of tax, for the cumulative effect of this change.

Ratio of Earnings to Fixed Charges

The following table sets forth SCI s consolidated ratio of earnings to fixed charges for the periods shown:

Three Months Ended March 31,		Years Ended December 31,				
2007	**2006**	**2006**	**2005**	**2004**	**2003**	**2002**
2.46	2.47	1.75	1.72	1.79	1.59	A

A. During the year ended December 31, 2002, the ratio coverage was less than 1:1. In order to achieve a coverage ratio of 1:1, we would have had to generate additional income from continuing operations before income taxes and cumulative effects of accounting changes of $142.4 million for the year ended December 31, 2002.

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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 in the documents incorporated by reference herein, as well as the following additional risk factors.

Risks Related to Tendering Old Notes for New Notes

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 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 senior credit facility and our Series A and Series B notes due 2011 are guaranteed by our domestic subsidiaries, which conduct substantially all of our operating activities. As of March 31, 2007, our subsidiaries had approximately $144 million of indebtedness, excluding guarantees of our indebtedness, letter of credit obligations and intercompany receivables.

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 March 31, 2007, we had approximately $129 million of secured indebtedness.

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.

We may not be able to purchase the New Notes upon a change of control, which would result in a default under the indenture governing the New Notes and would adversely affect our business and financial condition.

Upon the occurrence of specific kinds of change of control events, we must offer to purchase the New Notes at 101% of the principal amount thereof plus accrued and unpaid interest to the purchase date. We may not have sufficient funds available to make any required repurchases of the New Notes. If we fail to repurchase New Notes in that circumstance, we will be in default under the indenture governing the New Notes and, in turn, under our senior credit facility and any other indebtedness with similar cross-default provisions. Our Series A and Series B notes due 2011 aggregating $200 million in principal amount and other senior notes issued by us in 2006 aggregating $500 million in principal amount have similar repurchase rights upon a change of control.

In addition, certain change of control events would constitute an event of default under our senior credit facility. A default under our senior credit facility would result in an event of default under the indenture and any other indebtedness with similar cross-default provisions if the administrative agent or the lenders accelerate our debt under our senior credit facility. Upon the occurrence of a change of control we could seek to refinance the indebtedness under our senior credit facility, the New Notes and our other senior notes having similar repurchase rights or obtain a waiver from the lenders or the holders of such notes. We cannot assure you, however, that we would be able to obtain a waiver or refinance our indebtedness on commercially reasonable terms, if at all. Any future debt that we incur may also affect our ability to repay the New Notes upon a change of control. See Description of the Notes Change of Control.

An active trading market for the New Notes may not develop.

Prior to this offering, there was no market for the New Notes of either series. Although we expect the New Notes to trade in The PORTAL® Market, the New Notes will not be listed on any securities exchange or for quotation through any automated dealer quotation system. Although the initial purchasers may make a market in each series of New Notes after the completion of the exchange offer, they are not obligated to do so and may discontinue any such market making activities at any time without notice. Accordingly, no assurance can be given as to the liquidity of, or adequate trading markets for, the New Notes of either series.

If we breach any of the material financial covenants under our various indentures, senior 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 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 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 New Notes does not limit our ability to incur additional indebtedness. Although covenants under the credit agreement governing our senior credit facility and under our Series A and Series B notes due 2011 will limit our ability and the ability of our present and future subsidiaries to incur certain additional indebtedness, we are permitted to incur significant additional indebtedness, including unused availability under our 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 our Business

Our ability to execute our business plan depends on many factors, many of which are beyond our control.

Our strategic plan is focused on cost management and the development of key revenue initiatives designed to generate future internal growth in our core funeral and cemetery operations. Many of the factors necessary for the execution of our strategic plan, such as the number of deaths, are beyond our control. We cannot give assurance that we will be able to execute any or all of our strategic plan. Failure to execute any or all of the strategic plan could have a material adverse effect on our financial condition, results of operations, or cash flows.

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

The success of the acquisition of Alderwoods will depend, in part, on our ability to realize the anticipated cost savings from shared corporate and administrative areas, the rationalization of duplicative expenses, and the realization of revenue growth opportunities. However, to realize the anticipated benefits from the acquisition, we must successfully combine the businesses in a manner that permits those costs savings and revenue increases 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. It is possible that the integration process could result in the loss of valuable employees, the disruption of ongoing businesses or inconsistencies in standards, controls, procedures, practices, and policies that could adversely impact our operations.

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The integration 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 flow will depend largely upon our ability to operate the former Alderwoods locations 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, revenue increases, and cost savings on a timely basis while maintaining the efficiency of our operations. Any substantial diversion of management attention or difficulties in operating the combined business could affect our revenues and ability to achieve operational, financial, and strategic objectives.