

SERVICE CORPORATION INTERNATIONAL

Form 424B3

November 05, 2012

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**Filed Pursuant to Rule 424(b)(3)
Registration No. 333-184087**

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The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus dated November 5, 2012

PROSPECTUS SUPPLEMENT

(To prospectus dated September 25, 2012)

\$200,000,000

Service Corporation International

% Senior Notes due 2020

We are offering \$200 million aggregate principal amount of % Senior Notes due 2020. We will pay interest on the notes on and of each year, beginning , 2013. The notes will mature on , 2020.

We may redeem some or all of the notes at any time on or after , 2015 at redemption prices described in this prospectus supplement and prior to such date at a make-whole redemption price. If a change of control occurs, we will be required to offer to purchase the notes from the holders.

The notes will be our general unsecured senior obligations and rank equally with all our other unsubordinated indebtedness and senior in right of payment to any of our future subordinated indebtedness. The 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 obligations under our second amended and restated senior credit facility.

Investing in the notes involves risks that are described in the Risk Factors section beginning on page S-6 of this prospectus supplement.

	Per note	Total
Public offering price(1)	%	\$
Underwriting discount	%	\$
Proceeds, before expenses, to us(1)	%	\$

(1) Plus accrued interest, if any, from , 2012 if settlement occurs after that date.

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

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *soci t  anonyme*, on or about

, 2012.

Joint Book-Running Managers

J.P. Morgan

BofA Merrill Lynch

Wells Fargo Securities

Senior Co-Manager

SunTrust Robinson Humphrey

Co-Managers

BB&T Capital Markets

BOSC, Inc.

Comerica Securities Raymond James

Scotiabank

The date of this prospectus supplement is , 2012

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You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectuses we may provide to you in connection with this offering. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference herein and any free writing prospectuses we may provide to you in connection with this offering is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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About this prospectus supplement

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the prospectus, which describes more general information, some of which may not apply to this offering. You should read both this prospectus supplement and the accompanying prospectus, together with additional information described under the heading "Where you can find more information" on page S-48.

In this prospectus, the terms "SCI," "the Company," "we," "our," and "us" refer to Service Corporation International and its subsidiaries, unless otherwise specified or the context otherwise requires. References to "underwriters" refer to the firms listed on the cover of this prospectus supplement. If the information set forth in this prospectus supplement differs in any way from the information set forth in the accompanying prospectus, you should rely on the information set forth in this prospectus supplement.

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Summary

*This summary highlights selected information about us and this offering, including information appearing elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein, and does not contain all of the information that you should consider in making your investment decision. You should read this summary together with the more detailed information appearing elsewhere in this prospectus supplement, as well as the information in the accompanying prospectus and in the documents incorporated by reference or deemed incorporated by reference into this prospectus supplement or the accompanying prospectus. You should carefully consider, among other things, the matters discussed in the sections titled *Risk Factors* on page S-6 of this prospectus supplement, in our Annual Report on Form 10-K for the year ended December 31, 2011 and in our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2012, June 30, 2012 and September 30, 2012.*

Our business

Service Corporation International (SCI) is North America's largest provider of deathcare products and services, with a network of funeral homes and cemeteries unequalled in geographic scale and reach. At September 30, 2012, we operated 1,429 funeral service locations and 374 cemeteries (including 215 combination locations) in North America, which are geographically diversified across 43 states, eight Canadian provinces and the District of Columbia. Our funeral segment also includes the operations of 12 funeral homes in Germany that we intend to exit when economic values and conditions are conducive to a sale. Our funeral service and cemetery operations consist of funeral service locations, cemeteries, funeral service/cemetery combination locations, crematoria, and related businesses. We sell cemetery property and funeral and cemetery products and services at the time of need and on a preneed basis.

We were incorporated in Texas in July of 1962. Our principal executive offices are located at 1929 Allen Parkway, Houston, Texas 77019. Our telephone number at that address is (713) 522-5141. Our website is located at www.sci-corp.com. Other than as described in *Where you can find more information* and *Incorporation of certain information by reference* below, the information on, or that can be accessed through, our website is not incorporated by reference in this prospectus supplement, and you should not consider it to be a part of this prospectus supplement. Our web site address is included as an inactive textual reference only.

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The offering

The following summary contains basic information about the notes and it is not intended to be complete. It may not contain all of the information that may be important to you. For a more complete description of the notes, see Description of the Notes. In this summary of the offering, the words we, us, and our refer only to Service Corporation International and not to any of its subsidiaries.

Issuer	Service Corporation International, a Texas corporation.
Notes Offered	\$200,000,000 aggregate principal amount of % senior notes due , 2020.
Maturity	, 2020.
Interest	% per year. Interest on the notes will accrue from , 2012 and will be payable semi-annually in arrears on and of each year, beginning on , 2013.
Ranking	<p>The 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 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 obligations under our second amended and restated senior credit facility.</p> <p>As of September 30, 2012, on an as adjusted basis after giving effect to the issuance and sale of the notes offered hereby, and the redemption of all of our outstanding 7³/₈% Senior Notes due 2014:</p> <p style="padding-left: 40px;">our senior indebtedness would have been approximately \$1,943.1 million, with \$86.6 million outstanding under our second amended and restated senior credit facility, \$1,678.9 million of currently outstanding senior notes, \$177.6 million of other indebtedness, including \$174.6 million of secured indebtedness, and with undrawn availability of \$381.0 million under our second amended and restated senior credit facility; and</p> <p style="padding-left: 40px;">our subsidiaries had approximately \$1,404.0 million of total indebtedness and other liabilities outstanding, including trade payables and excluding intercompany obligations and deferred revenue.</p>
Optional Redemption	<p>Prior to , 2015, we may redeem the notes at our option, at any time in whole or in part, pursuant to a make whole redemption at the make whole redemption price, plus accrued and unpaid interest to the date of redemption. On or after , 2015, we may redeem the notes at our option, at any time in whole or from time to time in part, at the redemption prices specified in Description of the notes Optional redemption plus accrued and unpaid interest to the date of redemption.</p>

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Change of Control	If we experience a change of control (as defined in Description of the notes Change of control), each holder of the notes may require us to repurchase such holder's 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.
Guarantees	None.
Covenants	Under the indenture, we have agreed to certain restrictions on our ability to create or incur liens and to enter into certain sale/leaseback transactions. These covenants are subject to important exceptions and qualifications. See Description of the notes Certain covenants.
Use of Proceeds	We expect the net proceeds from the sale of the notes to be approximately \$ million, after deduction of expenses and the underwriting discount. We will use the net proceeds from this offering, along with a borrowing of approximately \$9.6 million under our second amended and restated credit facility, to redeem all of our outstanding 7 ³ / ₈ % Senior Notes due 2014.
Additional Notes	The indenture does not limit the amount of notes, debentures or other evidences of indebtedness that we may issue and provides that notes may be issued from time to time in one or more series.
Denomination and Form	We will issue the notes in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company, or DTC. Beneficial interests in the notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream Banking, société anonyme and Euroclear Bank, S.A./N.V., as operator of the Euroclear System, will hold interests on behalf of their participants through their respective U.S. depositories, which in turn will hold such interests in accounts as participants of DTC. Except in the limited circumstances described in this prospectus supplement, owners of beneficial interests in the notes will not be entitled to have notes registered in their names, will not receive or be entitled to receive notes in definitive form and will not be considered holders of notes under the indenture. The notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.
Risk Factors	Investment in the notes involves certain risks. You should carefully read and consider the information set forth in Risk Factors beginning on page S-6 and the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2011 and in our Quarterly Reports on form 10-Q for the quarterly periods ended March 31, 2012, June 30, 2012 and September 30, 2012 before investing in the notes.
Trustee	The Bank of New York Mellon Trust Company, N.A.

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The following table sets forth SCI's summary historical financial information and other data for the periods ended and at the dates indicated below. SCI's summary historical financial information for the fiscal years 2009, 2010 and 2011 has been derived from SCI's audited annual financial statements incorporated by reference in this prospectus supplement. The summary historical financial information for the nine months ended September 30, 2011 and 2012 has been derived from SCI's unaudited interim financial statements incorporated by reference in this prospectus supplement. The financial information for the twelve months ended September 30, 2012 was derived by adding our financial data for the year ended December 31, 2011 to our financial data for the nine months ended September 30, 2012 and subtracting our financial data for the nine months ended September 30, 2011. Operating results for interim periods are not necessarily indicative of the results that may be expected for the full year period.

	Year ended December 31,			Nine months ended		Twelve months ended
	2009	2010	2011	September 30, 2011	September 30, 2012	September 30, 2012
(Dollars in millions)						
Statement of operations data:						
Revenues	\$ 2,054	\$ 2,191	\$ 2,316	\$ 1,729	\$ 1,781	\$ 2,368
Gross profit	421	449	479	349	377	507
Gains (losses) on divestitures & impairment charges net	4	9	(11)	(15)	1	5
Operating income	324	354	364	256	296	404
Income from continuing operations before income taxes	199	219	226	153	199	272
Income from continuing operations	123	127	146	102	128	172
Net income attributable to common shareholders	123	126	145	100	126	171
Financial and other data:						
EBITDA (as defined)(1)	\$ 499	\$ 528	\$ 550	\$ 395	\$ 446	\$ 601
Adjusted EBITDA (as defined)(1)	491	528	565	414	445	596
Capital expenditures	84	98	118	86	81	113
Depreciation and amortization(2)	173	183	193	143	147	197
Net cash provided by operating activities	372	354	388	291	280	376
Net cash used in investing activities	(152)	(280)	(190)	(167)	(95)	(117)
Net cash used in financing activities	(178)	(88)	(239)	(166)	(164)	(237)
Balance sheet data (at period end):						
Cash and cash equivalents	\$ 180	\$ 171	\$ 129	\$ 127	\$ 152	
Working capital(3)	10	15	(58)	(69)	(71)	
Total assets	8,891	9,191	9,328	9,171	9,634	
Total debt	1,890	1,855	1,885	1,888	1,914	
Stockholders' equity	1,483	1,480	1,412	1,420	1,396	

(1) EBITDA represents income from continuing operations plus (i) provision for income taxes, (ii) interest expense, and (iii) depreciation and amortization less (iv) interest income.

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Adjusted EBITDA represents EBITDA further adjusted to reflect the impact of (i) (gains) losses on divestitures and impairment charges, net, (ii) other operating income, net, (iii) gain on redemption of securities, (iv) equity in earnings of unconsolidated affiliates, and (v) losses (gains) on early extinguishment of debt.

We believe that EBITDA and Adjusted EBITDA facilitate company-to-company performance comparisons by removing potential differences caused by variations in capital structure, taxation and the age and depreciation of facilities and equipment, which may vary for different companies for reasons unrelated to general performance. Our calculations of EBITDA and Adjusted EBITDA are not necessarily comparable to other similarly titled measures of other companies.

EBITDA and Adjusted EBITDA are not measures of performance under generally accepted accounting principles in the United States (GAAP) and should not be used in isolation or as a substitute for net income (loss), income from continuing operations or other statement of operations data prepared in accordance with GAAP.

We do not intend to provide EBITDA or Adjusted EBITDA information for future periods in earnings press releases, filings with the SEC or in response to inquiries.

The following table provides a reconciliation from income from continuing operations to EBITDA and Adjusted EBITDA for the periods indicated:

	Year ended December 31,			Nine months ended		Twelve months ended
	2009	2010	2011	September 30, 2011	September 30, 2012	September 30, 2012
	(Dollars rounded to nearest million)					
Income from continuing operations	\$ 123	\$ 127	\$ 146	\$ 102	\$ 128	\$ 172
Provision for income taxes	76	92	79	51	71	99
Interest expense	129	128	134	100	101	135
Interest income	(2)	(2)	(2)	(1)	(1)	(2)
Depreciation and amortization	173	183	193	143	147	197
EBITDA	499	528	550	395	446	601
(Gains) losses on divestitures and impairment charges, net	(4)	(9)	11	15	(1)	(5)
Other operating income, net	(1)					
Equity in earnings of unconsolidated affiliates						
(Gains) losses on early extinguishment of debt	(3)	9	4	4		
Adjusted EBITDA	\$ 491	\$ 528	\$ 565	\$ 414	\$ 445	\$