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Carriage Announces "Good To Great" Stock Award Program

HOUSTON, Aug. 6, 2012 /PRNewswire/ -- Carriage Services, Inc. (NYSE: CSV) announced today that its Board of Directors and Compensation Committee has approved a new stock award program for its senior leaders, directors and key support employees that thoroughly aligns the recipient's interests with the interests of the stockholders consistent with the **Vision** of taking Carriage from a "**Good**" deathcare operating and consolidation company in 2012 "**To**" a "**Great**" high performance service and sales company. The award provides its recipients the right, upon the happening of certain conditions, to purchase Carriage common stock for a predetermined price. However, what is unique about this stock award program are the following major features:

- The stock awards vest only if Carriage's common stock closes at a price equal to or above \$21.50 per share (the "Target Price") on three days (whether or not consecutive) within a period of 30 consecutive days, which equates to a compound annual rate of appreciation of 22% over the full five year period from Friday's close of \$7.99 per share;
- Upon vesting, each share can be purchased by participants receiving initial grants at \$9.00 per share, a 12.6% premium over Friday's closing price of \$7.99. Participants receiving grants hereafter would have the right to purchase shares at the higher of (i) \$9.00 or (ii) 50¢ above the market price of Carriage's common stock at the time their awards are granted;
- A participant's award will generally terminate without payment if the participant's employment with Carriage and its affiliates terminates prior to the vesting date; and
- If vesting has not occurred on or before August 2, 2017, the program automatically terminates with no residual benefits to participants or impact to existing shareholders.

As covered in our second quarter earnings release last Thursday and more completely on our conference call Friday morning August 3, 2012, the earnings power of Carriage's models and strategies, which includes capital structure, funeral and cemetery operations, selective acquisitions and trust management, is emerging. As a result, even though our share price was \$7.99 on Friday, up 43% YTD from \$5.60 at the end of last year, our Board of Directors believes Carriage is undervalued relative to our public peers.

At the end of last year, which was Carriage's 20th anniversary, we themed this year as **Carriage Services 2012 — A NEW BEGINNING**. We also rolled out a new long term value award for our funeral Managing Partners called the Managing Partner **Good To Great** Incentive Award, which rewards cumulative performance over the five year period ending in 2016. The first six months of funeral performance under an extremely difficult and challenging death rate environment has strengthened our belief that the execution of Carriage's models and strategies well executed over the next five years will produce superior financial performance.

This new stock award program links all of our field leadership above the business unit level as well as our Houston support leaders and key employees into the five year **Good To Great Vision** and recognizes and rewards them for their important contribution to the value creation process. It also links each outside member of our Board of Directors into a greater engagement and understanding of Carriage as an investment platform.

Management and the Board of Directors believe that, while obtaining the Target Price is a challenge, we can achieve the \$21.50 Target Price under the new **Good To Great Stock Award Program** within five years and in the process create over \$13.51 per share (from Friday's \$7.99 price) in incremental value to existing stockholders, adding \$246 million in total equity market value. We now have full and complete alignment at all levels of our company and look forward to reporting our progress as we move Carriage from **Good To Great** over the next five years.

Carriage Services is a leading provider of death care services and products. Carriage operates 164 funeral homes in 26 states and 33 cemeteries in 11 states.

Certain statements made herein or elsewhere by, or on behalf of, the Company that are not historical facts are intended to be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are based on assumptions that the Company believes are reasonable; however, many important factors, as discussed under "Forward-Looking Statements and Cautionary Statements" in the Company's Annual Report and Form 10-K for the year ended December 31, 2011, could cause the Company's results in the future to differ materially from the forward-looking statements made herein and in any other documents or oral presentations made by, or on behalf of, the Company. The Company assumes no obligation to update or publicly release any revisions to forward-looking statements made herein or any other forward-looking statements made by, or on behalf of, the Company. A copy of the Company's Form 10-K, and other Carriage Services information and news releases,

are available at www.carriageservices.com.

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