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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 OR 15(d)  
of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): May 3, 2018 (May 2, 2018)**

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**Carriage Services, Inc.**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**1-11961**  
(Commission  
File Number)

**76-0423828**  
(I.R.S. Employer  
Identification No.)

**3040 Post Oak Boulevard, Suite 300**  
**Houston, Texas**  
(Address of principal executive offices)

**77056**  
(Zip Code)

**(713) 332-8400**  
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## **ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT**

On May 2, 2018, Carriage Services, Inc. (the “**Company**”) entered into privately negotiated exchange agreements (the “**Exchange Agreements**”) with a limited number of holders (the “**Noteholders**”) of its outstanding 2.75% Convertible Subordinated Notes due 2021 (the “**Convertible Notes**”), pursuant to which the Company agreed to exchange (the “**Exchanges**”) approximately \$115 million in aggregate principal amount of the Convertible Notes held by the Noteholders for an aggregate of approximately \$75.2 million in cash and 2,822,859 newly issued shares (the “**Exchange Shares**”) of the common stock of the Company, par value \$.01 per share, pursuant to a private placement in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended (the “**Securities Act**”).

The Company anticipates that the Exchanges will settle on or about May 7, 2018. Upon settlement of the Exchanges, the aggregate principal amount of the Convertible Notes outstanding is expected to be reduced to approximately \$29 million.

The foregoing description of the Exchange Agreements is qualified in its entirety by reference to the form of exchange agreement filed as Exhibit 10.1 of this Current Report, which is incorporated by reference herein.

## **ITEM 3.02. UNREGISTERED SALES OF EQUITY SECURITIES**

The information provided under Item 1.01 in this Current Report on Form 8-K regarding the issuance of the Exchange Shares pursuant to the Exchanges is incorporated by reference into this Item 3.02.

## **ITEM 7.01. REGULATION FD DISCLOSURE**

On May 3, 2018, the Company issued a press release in connection with entering into the Exchange Agreements and the Exchanges. The press release is attached hereto as Exhibit 99.1 of this Current Report and is incorporated by reference herein.

In accordance with General Instruction B.2 of Form 8-K, the foregoing information, including Exhibit 99.1, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 (the “**Exchange Act**”) or otherwise subject to the liabilities of that section, nor shall such information and Exhibit 99.1 be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Neither this Current Report on Form 8-K nor Exhibit 99.1 incorporated by reference herein constitutes an offer to sell, or a solicitation of an offer to buy, any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offering would be unlawful.

## **ITEM 9.01.2 FINANCIAL STATEMENTS AND EXHIBITS**

(d) Exhibits

10.1 [Form of Exchange Agreement.](#)

99.1 [Press Release of Carriage Services, Inc. dated May 3, 2018.](#)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 3, 2018

CARRIAGE SERVICES, INC.

By: /s/ Viki K. Blinderman

Viki K. Blinderman

Senior Vice President, Principal Financial Officer and  
Secretary

## Form of Exchange Agreement

May 2, 2018

Carriage Services, Inc.  
3040 Post Oak Blvd., Suite 300  
Houston, TX 77058  
Attn: Carl B. Brink

Re: Carriage Services, Inc. Exchange of 2.75% Convertible Subordinated Notes due 2021 (CUSIP 143905 AM9)

Ladies and Gentlemen:

The undersigned beneficial owner of Carriage Services, Inc.'s (the "**Company**") 2.75% Convertible Subordinated Notes due 2021, CUSIP 143905 AM9 (the "**Notes**") hereby agrees with the Company to exchange the Notes for shares (the "**Exchange Shares**") of the Company's common stock, par value \$0.01 per share (the "**Common Stock**") and the Cash Consideration (as defined below), pursuant to the terms and conditions of this Exchange Agreement. The undersigned understands that this exchange (the "**Exchange**") is being made without registration of the Exchange Shares under the Securities Act of 1933, as amended (the "**Securities Act**"), or any securities laws of any state of the United States or of any other jurisdiction, and is being made only to beneficial owners of Notes who are both "accredited investors" (as defined in Rule 501 of Regulation D under the Securities Act) and "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) in reliance on a private placement exemption from registration under the Securities Act.

1. Exchange Consideration. Subject to the terms and conditions of this Exchange Agreement, the undersigned hereby agrees to exchange an aggregate principal amount of the Notes set forth on the signature page hereto for the consideration in the amount and form as follows (the "**Consideration**"):

(a) Cash Consideration: \$[ ] in aggregate, representing an amount of cash in United States dollars equal to [ ] per \$1,000 principal amount of Notes exchanged (the "**Cash Consideration**"); and

(b) Exchange Shares: [ ] Exchange Shares, representing a number of Exchange Shares equal to [ ] per \$1,000 principal amount of Notes exchanged (with the aggregate number of Exchange Shares delivered to the undersigned in respect of all of its Notes validly submitted for exchange rounded down to the nearest whole Exchange Share).

The Exchange shall occur in accordance with the procedures described in Section 3 hereof.

2. The Closing. The closing of the Exchange (the "**Closing**") shall take place at the offices of Porter Hedges LLP at 10:00 a.m. Houston, Texas time on May 7, 2018, or at such other time and place as the Company and the undersigned may mutually agree (the "**Closing Date**").

3. **Exchange.** Subject to the terms and conditions of this Exchange Agreement, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Company, all right, title and interest in such portion of the Notes as is indicated on the signature page hereto, waives any and all other rights with respect to such Notes, and releases and discharges the Company from any and all claims the undersigned may now have, or may have in the future, arising out of, or related to, such Notes, including, without limitation, any claims arising from any existing or past defaults, or any claims that the undersigned is entitled to receive any accrued and unpaid interest or additional interest with respect to the Notes.

The Depository Trust Company ("**DTC**") will act as securities depository for the Exchange Shares. On or prior to 12:00 p.m. New York City time on the business day immediately preceding the Closing Date, (i) the undersigned agrees to direct the eligible DTC participant through which the undersigned holds a beneficial interest in the Notes to submit a one-sided withdrawal instruction through DTC's Deposits and Withdrawal at Custodian ("**DWAC**") program to Wilmington Trust, National Association, in its capacity as trustee of the Notes (the "**Trustee**"), for the aggregate principal amount of the Notes to be exchanged pursuant to this Exchange Agreement (the "**DWAC Withdrawal**") and (ii) the Company shall provide an executed cancellation order (in the form of Exhibit C) to the Trustee corresponding to each DWAC Withdrawal (each a "**Cancellation Order**") and each such Cancellation Order shall be held in escrow by the Trustee pending release by the Company on the Closing Date as described in the immediately succeeding paragraph.

On or prior to 9:00 a.m. New York City time on the Closing Date, the Company will (i) submit, through the DWAC Online System of American Stock Transfer & Trust Company, LLC, acting as the Company's Transfer Agent for the Common Stock (the "**Transfer Agent**"), a deposit instruction for the aggregate number of Exchange Shares (the "**Exchange Shares DWAC Deposit**") and (ii) provide email notification to the Trustee that each Cancellation Order is released from escrow. Upon receipt of such email, the Trustee shall process the DWAC Withdrawals in accordance with the Cancellation Orders and shall provide email notification to the Company of each DWAC Withdrawal it processes. In the event that any DWAC Withdrawal corresponding to a Cancellation Order has not been posted by 4 p.m., New York City time, on the Closing Date, the Trustee shall notify the Company by email and the Cancellation Order for such DWAC Withdrawal shall be deemed revoked and an updated Cancellation Order with an updated cancellation date shall be provided by the Company. The Exchange Shares will not be delivered until a valid DWAC Withdrawal of the Notes has been received by the Trustee. In the event the Closing does not occur, any Notes submitted for DWAC Withdrawal will be returned to the DTC participant that submitted the withdrawal instruction in accordance with the procedures of DTC.

On the Closing Date, subject to satisfaction of the conditions precedent specified in this Exchange Agreement and the prior receipt of the DWAC Withdrawal conforming with the aggregate principal amount of the Notes to be exchanged, the Company hereby agrees to (i) transfer by wire of immediately available funds to the account of the undersigned at a bank in the

United States of America provided by the undersigned as Exhibit A to this Exchange Agreement all Cash Consideration on the Notes to be exchanged; and (ii) issue the Exchange Shares, and direct the Transfer Agent to accept the Exchange Shares DWAC Deposit conforming with the aggregate number of Exchange Shares to be issued in the Exchange and deliver the Exchange Shares (or comply with such other settlement procedures mutually agreed in writing by the undersigned, the Company and the Transfer Agent). If (a) the Trustee or Transfer Agent is unable to locate the DWAC Withdrawal or the Exchange Shares DWAC Deposit or (b) the DWAC Withdrawal or Exchange Shares DWAC Deposit does not conform with the Notes or the Exchange Shares, respectively, to be exchanged pursuant to this Exchange Agreement, the Company will promptly notify the undersigned.

All questions as to the form of all documents and the validity and acceptance of the Notes and the Exchange Shares will be determined by the Company, in its sole discretion, which determination shall be final and binding.

All authority herein conferred or agreed to be conferred in this Exchange Agreement shall survive the dissolution of the undersigned and any representation, warranty, undertaking and obligation of the undersigned hereunder shall be binding upon the trustees in bankruptcy, legal representatives, successors and assigns of the undersigned.

4. Representations, Warranties and Undertakings of the Company. The Company represents and warrants to, and covenants with, the undersigned that:

(a) The Company is duly formed and validly existing under the laws of the State of Delaware, and the consummation of the transactions contemplated hereby are within the powers of the Company and have been or will have been duly authorized by all necessary action on the part of the Company, and this Exchange Agreement constitutes a valid and binding agreement of the Company, enforceable in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement or creditors' rights generally or (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(b) The execution of this Exchange Agreement by the Company and the consummation by the Company of the transactions contemplated hereby (i) do not require the consent, approval, authorization, order, registration or qualification of, or filing (assuming the truth and accuracy of the representations and warranties in Section 5 and excluding any filing required under the requirements of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")) with, any governmental authority, non-governmental regulatory authorities (including the New York Stock Exchange, other than the filing with the New York Stock Exchange of a Supplemental Listing Application ("**SLAP**") which the Company will so file prior to the issuance of Exchange Shares included in the Consideration on Closing), or court, or body or arbitrator having jurisdiction over the Company (except as may be required under the securities or Blue Sky laws of the various states); and (ii) do not and will not constitute or result in a breach, violation or default under any note, bond, mortgage, deed, indenture, lien,

instrument, contract, agreement, lease or license, whether written or oral, express or implied, or with the Company's organizational documents or by-laws, or any statute, law, ordinance, decree, order, injunction, rule, directive, judgment or regulation of any court, administrative or regulatory body, governmental authority, arbitrator, mediator or similar body on the part of the Company or on the part of any other party thereto or cause the acceleration or termination of any obligation or right of the Company or any other party thereto, except, in case of b(ii), for any such breach, violation or default as would not, individually or in the aggregate, have a material adverse affect on the business, properties, financial position, stockholders' equity, or results of operations of the Company and its subsidiaries taken as a whole.

(c) The Exchange Shares, when issued, delivered and paid for in the manner set forth in this Exchange Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Exchange Shares will not be subject to any preemptive or similar rights.

(d) Assuming the accuracy of the representations and warranties of the undersigned, the issuance of the Exchange Shares in book-entry form through DTC in exchange for the Notes pursuant to this Exchange Agreement is exempt from the registration requirements of the Securities Act and, assuming the undersigned is not, and during the past three months has not been, an affiliate of the Company, the undersigned shall have the ability to rely on the tacking provisions set forth in Rule 144(d)(3) under the Securities Act, subject to the limitations set forth therein, with respect to the resale of the Exchange Shares, and such Exchange Shares will be issued without any restrictive legends.

(e) (A) As of the date hereof, (x) the Company is not aware of any material non-public information regarding the Company, other than the fact and proposed terms of the Exchange and (y) all reports and other documents filed by the Company with the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, as amended, since January 1, 2016 when considered as a whole (with the more recent such reports and documents deemed to amend inconsistent statements contained in any earlier such reports and documents), do not contain any untrue statement of a material fact or any omission of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading, other than the fact and proposed terms of the Exchange or any information referred to in the wall-crossing email referenced in Section 5(y) below and (B) The Company hereby agrees to publicly disclose on or before 8:30 a.m., New York City time, on the business day immediately following the date hereof, the exchange of the Notes as contemplated by this Exchange Agreement in a press release; provided that (i) if the Exchange does not take place and (ii) the Company believes, in good faith, that there is no legal requirement to publicly disclose information about the Exchange, no press release will be required. The Company hereby acknowledges and agrees that this press release will disclose all confidential information to the extent the Company believes such confidential information constitutes material non-public information, if any, with respect to the Exchange or otherwise communicated by the Company to the undersigned or any exchanging investor in connection with the Exchange.

(f) Neither the Company nor any of its subsidiaries is (i) in violation of its charter or by-laws or similar organizational documents; (ii) in default, and, to the knowledge of the Company (having made due and reasonable enquiry), no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject; or (iii) in violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority (including, without limitation, the rules and regulations of the New York Stock Exchange), in each case, applicable to the Company, except, in the case of clauses (ii) and (iii) above, for any such conflict, breach or violation that would not, individually or in the aggregate, have a material adverse effect on the business, properties, financial position, stockholders' equity, or results of operations of the Company and its subsidiaries taken as a whole.

(g) The Company is not and, after giving effect to the transactions contemplated by this Exchange Agreement, will not be required to register as an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the SEC thereunder.

(h) The Company will, upon request, execute and deliver any additional documents deemed by the Trustee or the Transfer Agent to be reasonably necessary to complete the transactions contemplated by this Exchange Agreement.

5. Representations, Warranties and Undertakings of the Undersigned. The undersigned hereby represents and warrants to, and covenants with, the Company that:

(a) The undersigned has full power and authority to exchange, sell, assign and transfer the Notes exchanged hereby and to enter into this Exchange Agreement and perform all obligations required to be performed by the undersigned hereunder.

(b) The undersigned has been the beneficial owner of the Notes continuously for the immediately preceding three weeks and is the current beneficial owner of the Notes. When the Notes are exchanged, the Company will acquire good, marketable and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances. The Notes exchanged hereby are not subject to any adverse claims, rights or proxies.

(c) The Exchange will not contravene any law, rule or regulation binding on the undersigned or any investment guideline or restriction applicable to the undersigned.

(d) The undersigned is a resident of the state set forth on the signature page hereto and is not acquiring the Exchange Shares as a nominee or agent or otherwise for any other person.

(e) The undersigned will comply with all applicable laws and regulations in effect in any jurisdiction in which the undersigned purchases (or acquires pursuant to the Exchange) or sells Exchange Shares and will obtain any consent, approval or permission required for such purchases, acquisitions or sales under the laws and regulations of any jurisdiction to which the undersigned is subject or in which the undersigned makes such purchases, acquisitions or sales, and the Company shall have no responsibility therefor.

(f) The undersigned acknowledges that no person has been authorized to give any information or to make any representation or warranty concerning the Company or the Exchange other than the information set forth herein in connection with the undersigned's examination of the Company and the terms of the Exchange and the Shares, and the Company does not, and Goldman Sachs & Co. LLC (the "**Placement Agent**") does not, take any responsibility for, and neither the Company nor the Placement Agent can provide any assurance as to the reliability of, any other information that others may provide to the undersigned.

(g) The undersigned acknowledges that (i) it has reviewed the Company's filings with the SEC and (ii) it is relying only upon the information contained in the Company's filings with the SEC and the representations and warranties of the Company in this Agreement and not upon any other information

(h) The undersigned understands and accepts that the Exchange Shares to be acquired in the Exchange involve risks, including those described in the Company's filings with the SEC. The undersigned has such knowledge, skill and experience in business, financial and investment matters that the undersigned is capable of evaluating the merits and risks of the Exchange and an investment in the Exchange Shares. With the assistance of the undersigned's own professional advisors, to the extent that the undersigned has deemed appropriate, the undersigned has made its own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Exchange Shares and the consequences of the Exchange and this Exchange Agreement. The undersigned has considered the suitability of the Exchange Shares as an investment in light of its own circumstances and financial condition and the undersigned is able to bear the risks associated with an investment in the Exchange Shares.

(i) The undersigned confirms that it is not relying on any communication (written or oral) of the Company, the Placement Agent or any of their affiliates or representatives as investment advice or as a recommendation to participate in the Exchange and receive the Consideration in exchange for the Notes. It is understood that information provided by the Company, the Placement Agent or any of their affiliates or representatives shall not be considered investment advice or a recommendation to conduct the Exchange, and that none of the Company, the Placement Agent or any of their affiliates or representatives is acting or has acted as an advisor to the undersigned in deciding to invest in the Exchange Shares.

(j) The undersigned confirms that the Company has not (A) given any guarantee or representation as to the potential success, return, effect or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of an investment in the Exchange Shares or (B) made any representation to the undersigned regarding the legality of an investment in the Exchange Shares under applicable investment guidelines, laws or regulations. In deciding to participate in the Exchange, the undersigned is not relying on the advice or recommendations of the Company and the undersigned has made its own independent decision that the investment in the Exchange Shares is suitable and appropriate for the undersigned.

(k) The undersigned is familiar with the business and financial condition and operations of the Company and has conducted its own investigation of the Company and the Exchange Shares. The undersigned has had access to the filings made by the Company with the SEC and such other information concerning the Company and the Exchange Shares as it deems necessary to enable it to make an informed investment decision concerning the Exchange. The undersigned has been offered the opportunity to ask questions of the Company and its representatives and received answers thereto, as it deems necessary to enable it to make an informed investment decision concerning the Exchange.

(l) The undersigned understands that no federal or state agency has passed upon the merits or risks of an investment in the Exchange Shares or made any finding or determination concerning the fairness or advisability of this investment.

(m) The undersigned is a corporation, limited partnership, limited liability company or other entity, as the case may be, duly formed, validly existing and in good standing under the laws of the jurisdiction of its formation.

(n) The undersigned is an “accredited investor” as defined in Rule 501(a) under the Securities Act and it and any account for which it is acting is a “qualified institutional buyer” as defined in Rule 144A under the Securities Act. The undersigned agrees to furnish any additional information requested by the Company or any of its affiliates to assure compliance with applicable U.S. federal and state securities laws in connection with the Exchange.

(o) The undersigned is not directly, or indirectly through one or more intermediaries, controlling or controlled by, or under direct or indirect common control with, the Company and is not, and has not been for the immediately preceding three months, an “affiliate” within the meaning of Rule 144 under the Securities Act (an “*Affiliate*”) of the Company. To its knowledge, the undersigned did not acquire any of the Notes from an Affiliate of the Company.

(p) The undersigned is acquiring the Exchange Shares solely for the undersigned's own beneficial account (or for any account for which it has sole investment discretion), for investment purposes, and not with a view to, or for resale in connection with, any distribution of the Exchange Shares. The undersigned understands that the Exchange Shares have not been registered under the Securities Act or any state securities laws by reason of specific exemptions under the provisions thereof which depend in part upon the investment intent of the undersigned and the accuracy of the other representations made by the undersigned in this Exchange Agreement. The undersigned understands that the Company is relying upon the representations and agreements contained in this Exchange Agreement (and any supplemental information) for the purpose of determining whether the undersigned's participation in the Exchange meets the requirements for such exemptions.

(q) The undersigned acknowledges that the terms of the Exchange have been mutually negotiated between the undersigned and the Company.

(r) The undersigned will, upon request, execute and deliver any additional documents deemed by the Company, the Trustee or the Transfer Agent to be necessary or desirable to complete the exchange, assignment and transfer of the Notes exchanged hereby.

(s) The undersigned understands that, unless the undersigned notifies the Company in writing to the contrary at or before the Closing, each of the undersigned's representations and warranties contained in this Exchange Agreement will be deemed to have been reaffirmed and confirmed as of the Closing, taking into account all information received by the undersigned.

(t) The undersigned was given a meaningful opportunity to negotiate the terms of the Exchange.

(u) The undersigned's participation in the Exchange was not conditioned by the Company on the undersigned's exchange of a minimum principal amount of Notes for the Consideration.

(v) The undersigned does not have an ownership interest equal to or greater than either 5% of the number of shares of Common Stock or 5% of the voting power outstanding of the Company, in each case, before the initial issuance of the securities issued in the Exchange.

(w) The undersigned had a sufficient amount of time to consider whether to participate in the Exchange and the Company did not put any pressure on the undersigned to respond to the opportunity to participate in the Exchange. The undersigned acknowledges that it did not become aware of the Exchange through any form of general solicitation or advertising within the meaning of Rule 502 under the Securities Act or otherwise through a "public offering" under Section 4(a)(2) of the Securities Act.

(x) The operations of the undersigned have been conducted in material compliance with the applicable rules and regulations administered or conducted by the U.S. Department of Treasury Office of Foreign Assets Control (“**OFAC**”), the applicable rules and regulations of the Foreign Corrupt Practices Act (“**FCPA**”) and the applicable Anti-Money Laundering (“**AML**”) rules in the Bank Secrecy Act.

(y) The undersigned acknowledges and agrees that it has not transacted, and will not transact, in any securities of the Company, including, but not limited to, any hedging transactions, from the time the undersigned was first contacted by the Company, the Placement Agent or any of their advisors or representatives with respect to the transactions contemplated by this Exchange Agreement until after the confidential information (as described in the confirmatory wall-crossing email received by the undersigned from the Company, the Placement Agent or of their advisors) is made public.

(z) The undersigned acknowledges that the Company may issue appropriate stop-transfer instructions to the Transfer Agent, if any, and may make appropriate notations to the same effect in its books and records to ensure compliance with the provisions of this Section 5.

(aa) The undersigned acknowledges it understands that the Company intends to pay the Placement Agent a fee in respect of the Exchange.

(bb) There is no investment banker, broker, finder or other intermediary which has been retained by, will be retained by or is authorized to act on behalf of the undersigned who might be entitled to any fee or commission from the Company or the undersigned upon consummation of the transactions contemplated by this Exchange Agreement.

(cc) The undersigned understands that the Company, the Placement Agent and others will rely upon the truth and accuracy of the foregoing representations, warranties and covenants and agrees that if any of the representations and warranties deemed to have been made by it by its participation in the transactions contemplated by this Exchange Agreement and acquisition of the Exchange Shares are no longer accurate, the undersigned shall promptly notify the Company and the Placement Agent. The undersigned understands that, unless the undersigned notifies the Company in writing to the contrary before the Closing, each of the undersigned’s representations and warranties contained in this Exchange Agreement will be deemed to have been reaffirmed and confirmed as of the Closing. If the undersigned is exchanging any Notes and acquiring the Exchange Shares as a fiduciary or agent for one or more accounts, it represents that (i) it has sole investment discretion with respect to each such account, (ii) it has full power to make the foregoing representations, warranties and covenants on behalf of such account and (iii) it has contractual authority with respect to each such account.

(dd) The undersigned acknowledges and agrees that the Placement Agent has not acted as a financial advisor or fiduciary to the undersigned and that the Placement

Agent and its respective directors, officers, employees, representatives and controlling persons have no responsibility for making, and have not made, any independent investigation of the information contained herein or in the Company's SEC filings and make no representation or warranty to the undersigned, express or implied, with respect to the Company, the Notes or the Exchange Shares or the accuracy, completeness or adequacy of the information provided to the undersigned or any other publicly available information, nor shall any of the foregoing persons be liable for any loss or damages of any kind resulting from the use of the information contained therein or otherwise supplied to the undersigned.

6. Conditions to Obligations of the Undersigned and the Company. The obligations of the undersigned to deliver the Notes and of the Company to deliver the Consideration are subject to the satisfaction at or prior to the Closing of the following conditions precedent: the representations and warranties of the Company contained in Section 4 hereof and of the undersigned contained in Section 5 hereof shall be true and correct as of the Closing in all respects with the same effect as though such representations and warranties had been made as of the Closing.

7. Covenant and Acknowledgment of the Company. At or prior to 9:00 a.m., New York City time, on the second business day following the Closing, the Company shall file its press release announcing the Exchange (including the "Exchanges", if any, with holders of Notes executing exchange agreements on the date hereof) on Form 8-K.

8. Waiver, Amendment. Neither this Exchange Agreement nor any provisions hereof shall be modified, changed, discharged or terminated except by an instrument in writing, signed by the party against whom any waiver, change, discharge or termination is sought.

9. Assignability. Neither this Exchange Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by either the Company or the undersigned without the prior written consent of the other party.

10. Taxation. As set forth on Exhibit B hereto, The undersigned acknowledges that either (i) the Company must be provided with a correct taxpayer identification number ("TIN"), generally a person's social security or federal employer identification number, and certain other information on Internal Revenue Service ("IRS") Form W-9, which is provided as an attachment hereto, and a certification, under penalty of perjury, that such TIN is correct, that the undersigned is not subject to backup withholding and that the undersigned is a United States person, or (ii) another basis for exemption from backup withholding must be established.

11. Waiver of Jury Trial. THE UNDERSIGNED IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY LEGAL PROCEEDING ARISING OUT OF THE TRANSACTIONS CONTEMPLATED BY THIS EXCHANGE AGREEMENT.

12. Governing Law. This Exchange Agreement and any claim, controversy or dispute (whether in contract, in tort or by statute) arising under or related to this Exchange Agreement or

the transactions contemplated by this Exchange Agreement or the rights, duties and relationship of the parties hereto, shall be governed by and construed and enforced in accordance with the laws of the State of New York, excluding any conflicts of law, rule or principle that might refer construction of provisions to the laws of another jurisdiction.

13. Section and Other Headings. The section and other headings contained in this Exchange Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Exchange Agreement.

14. Counterparts. This Exchange Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which together shall be deemed to be one and the same agreement.

15. Notices. All notices and other communications to the Company provided for herein shall be in writing and shall be deemed to have been duly given if delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid to the following addresses, or in the case of the undersigned, the address provided on the signature page below (or such other address as either party shall have specified by notice in writing to the other):

If to the Company:      Carriage Services, Inc.  
3040 Post Oak Blvd., Suite 300  
Houston, TX 77058  
Attn: Carl B. Brink  
Telephone: (713) 332-8441  
E-mail: ben.brink@carriageservices.com

16. Binding Effect. The provisions of this Exchange Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, successors and permitted assigns.

17. Notification of Changes. The undersigned hereby covenants and agrees to notify the Company upon the occurrence of any event prior to the closing of the Exchange pursuant to this Exchange Agreement which would cause any representation, warranty, or covenant of the undersigned contained in this Exchange Agreement to be false or incorrect.

18. Reliance by Placement Agent and Financial Advisor. The Placement Agent, acting as financial advisor to the Company, may rely on each representation and warranty of the Company and the undersigned made herein or pursuant to the terms hereof with the same force and effect as if such representation or warranty were made directly to the Placement Agent. The Placement Agent shall be a third-party beneficiary of this Agreement to the extent provided in this Section 18.

19. Expenses. All costs and expenses incurred in connection with this Exchange Agreement shall be paid by the party incurring such cost or expense.

20. Severability. If any term or provision of this Exchange Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Exchange Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned has executed this Exchange Agreement as of the date first written above.

**Holder:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

\_\_\_\_\_

State/Country of Domicile or Formation:

Notes to Be Exchanged

\$ aggregate principal amount of the Notes

\_\_\_\_\_

Beneficial Owner of Note:

Principal Amount of Notes to be exchanged:

\$ principal \_\_\_\_\_

Account Broker:

\_\_\_\_\_

DTC Participant No.:

\_\_\_\_\_

Cash Consideration

\$ \_\_\_\_\_

Account for Shares (if different from Notes)

DTC Participant Number:

DTC Participant Name:

DTC Participant Phone Number:

DTC Participant Contact Email:

FFC Account #:

Account # at Bank/Broker:

Exchanging Investor Address:

Telephone:

Country of Residence:

Taxpayer Identification Number:

[SIGNATURE PAGE TO FORM OF EXCHANGE AGREEMENT]

The offer to exchange Notes for the Consideration as set forth above is confirmed and accepted by the Company.

CARRIAGE SERVICES, INC.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[SIGNATURE PAGE TO FORM OF EXCHANGE AGREEMENT]

**Exhibit A**

**Wiring instructions for Cash Consideration on the Notes**

Beneficial Owner of Note \_\_\_\_\_

Bank Name \_\_\_\_\_

ABA # \_\_\_\_\_

For Credit To  
Account # \_\_\_\_\_

For Further Credit to  
Account # \_\_\_\_\_

## Exhibit B

Under U.S. federal income tax law, a holder who exchanges Notes for the Consideration generally must provide such holder's correct taxpayer identification number ("**TIN**") on IRS Form W-9 (attached hereto) or otherwise establish a basis for exemption from backup withholding. A TIN is generally an individual holder's social security number or a holder's employer identification number. If the correct TIN is not provided, the holder may be subject to a \$50 penalty imposed by the IRS. In addition, certain payments made to holders may be subject to U.S. backup withholding tax (currently set at 24% of the payment). If a holder is required to provide a TIN but does not have the TIN, the holder should consult its tax advisor regarding how to obtain a TIN. Certain holders are not subject to these backup withholding and reporting requirements. Non-U.S. Holders generally may establish their status as exempt recipients from backup withholding by submitting a properly completed applicable IRS Form W-8 (available from the Company or the IRS at [www.irs.gov](http://www.irs.gov)), signed, under penalties of perjury, attesting to such holder's exempt foreign status. U.S. backup withholding is not an additional tax. Rather, the U.S. federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained provided that the required information is timely furnished to the IRS. Holders are urged to consult their tax advisors regarding how to complete the appropriate forms and to determine whether they are exempt from backup withholding or other withholding taxes.

**Exhibit C**

**[On Issuer's Letterhead]**

[insert Closing Date]

Wilmington Trust, National Association, as Trustee  
1100 North Market Street  
Wilmington, DE 19801  
Attention: Carriage Services, Inc. Administrator

Re: Cancellation Order related to Indenture, dated as of March 19, 2014 (the "**Indenture**"), between Carriage Services, Inc., as issuer, and Wilmington Trust, National Association, as trustee

Issue: Carriage Services, Inc. 2.75% Convertible Subordinated Notes Due 2021 (the "**Notes**")

In connection with the exchange by the Issuer of the Notes pursuant to Section 2.14 of the Indenture, you, as Trustee under the Indenture, are hereby instructed pursuant to Section 2.10 of the Indenture to cancel (in the manner provided in the Indenture) the aggregate principal amount of Notes exchanged as set forth below and record a corresponding reduction on the Global Notes principal balance.

Accordingly, we hereby authorize and direct you to cancel the following Notes via a DTC one-sided DWAC withdrawal(s)\* request to be initiated by:

DTC Participant: [insert applicable DTC participant entity name]

DTC Participant #: [insert applicable DTC participant number]

Principal Amount: \$[insert applicable principal amount]

CUSIP: [insert applicable CUSIP number]

DWAC cancellation date: [insert applicable cancellation date]

Please contact [insert issuer contact point's name and phone/email address] if you have any questions.

Very truly yours,

Carriage Services, Inc.

By: \_\_\_\_\_

Name:

Title: [insert officer title]



May 3, 2018

**Carriage Services Announces Agreements to Exchange Approximately \$115 Million of Its 2.75% Convertible Subordinated Notes Due 2021 for Common Stock and Cash**

HOUSTON, Texas – (PRNewswire) – Carriage Services, Inc. (NYSE: CSV) (“Carriage Services” or the “Company”) today announced that it has entered into privately negotiated exchange agreements with a limited number of holders of its 2.75% Convertible Subordinated Notes due 2021. Pursuant to the exchange agreements, the Company will exchange approximately \$115 million in aggregate principal amount of convertible notes, for an aggregate of (i) 2,822,859 newly issued shares of the Company’s common stock, *plus* (ii) approximately \$75.2 million in cash.

The Company anticipates that the exchanges will settle on or about May 7, 2018. Upon settlement of the exchanges, the aggregate principal amount of the Company’s 2.75% Convertible Subordinated Senior Notes due 2021 outstanding is anticipated to be reduced to approximately \$29 million.

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offering would be unlawful. The exchanges are exempt from registration under Section 4(a)(2) of the Securities Act of 1933, as amended.

**About Carriage Services**

Carriage Services is a leading provider of deathcare services and merchandise in the United States. Carriage operates 178 funeral homes in 29 states and 32 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, including, but not limited to, the Company’s expectations related to the completion of the exchanges by the date stated herein and the principal amount of convertible notes outstanding following the exchanges. 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 on Form 10-K for the year ended December 31, 2017, 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 Annual Report on Form 10-K, and other information about the Company and news releases, are available at <http://www.carriageservices.com>.

Source: Carriage Services, Inc.