



PRESS RELEASE

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FOR IMMEDIATE RELEASE

CARRIAGE SERVICES REPORTS FIRST QUARTER 2008 RESULTS

Revenue Increases 11%
Consolidated EBITDA Increases 8.5%
Diluted EPS Increases to \$0.17
Rolling Four Quarter Outlook Maintained

MAY 8, 2008 – HOUSTON – Carriage Services, Inc. (NYSE: CSV) today announced first quarter results and maintained its Rolling Four Quarter Outlook. Please go to the Investor homepage of Carriage’s web site at www.carriageservices.com for a link to the Press Release that includes properly formatted Annual and Quarterly Trend Reports as well as the data tables, which are downloadable in Excel® format. Results of continuing operations for the first quarter of 2008 compared to the first quarter of 2007 were as follows:

- *Revenues of \$47.2 million compared to \$42.5 million*
- *Consolidated EBITDA of \$12.5 million compared to \$11.5 million.*
- *Consolidated EBITDA Margin of 26.5% compared to 27.1%.*
- *Diluted earnings per share of \$0.17 compared to \$0.16.*

Melvin C. Payne, Chairman and Chief Executive Officer, stated, “It was an outstanding quarter for our same store funeral operations and our recently acquired portfolio, but our performance increase over last year was materially impacted by weakness in our same store cemetery portfolio and by extra variable legal costs on a few litigation cases, which together resulted in a hit to EPS of \$0.065 compared to the first quarter of 2007. We expect the weak cemetery performance, which was caused by the termination of the sales leadership and programs at several of our larger businesses late in 2007, to trend higher during the balance of 2008 and into 2009 as we rebuild these programs under new leadership.

“We were especially pleased by our margin performance. Despite the 1,390 basis points decline to 24.5% in same store cemetery Field EBITDA Margin, Consolidated EBITDA Margin declined only 60 basis points to a still high 26.5% due to a 180 basis point increase to 42.5% in same store funeral Field EBITDA Margin, a 760 basis point increase to 35.5% in acquisition portfolio Field EBITDA Margin and a decline of 60 basis points to 11.9% in total overhead as a percent of revenue. As we define the sustainable earning power of the company by Consolidated EBITDA Margin, there was much to celebrate in the first quarter and a few areas on which to focus that will improve the Consolidated EBITDA Margin trend over the next four quarters. Accordingly, we are maintaining our Rolling Four Quarter Outlook through March 31, 2009.

“This first quarter of 2008 was an unusually good quarter to highlight how effective execution of our three models will produce shareholder returns over time. I will use our conference call to discuss the four unique financial leveraging dynamics that will convert long term single digit revenue growth into sustainable long term double digit Consolidated EBITDA and diluted EPS growth consistent with our Long Term Outlook.”

Trend Reporting

“We report consolidated same store field operating and financial results both on a multi-year and most recent rolling four quarters basis to reflect long term trends, and by quarter for the most recent five quarters to reflect short term trends and seasonality. Just as we report internally for each of our businesses under the Standards Operating Model, these field level results highlight trends in volumes, revenues, Field EBITDA (controllable profit) and Field EBITDA Margin (controllable profit margin). Trend reporting allows us to focus on the key operational and financial drivers relevant to the longer term performance and valuation of our portfolio of deathcare businesses,” added Payne.

“We maintain separate reporting of same store continuing operations (adjusted for dispositions as they occur) and acquisition portfolio operations to show how the execution of both our Standards Operating Model and our Strategic Portfolio Optimization Model will change the sustainable revenue and earning power profile of Carriage Services over time. The following trend reports reflect results through the first quarter of 2008:

UNAUDITED INCOME STATEMENT FROM CONTINUING OPERATIONS
Annual Trend
For the Five Years Ended March 31, 2008
(\$000's)

	Pro forma ⁽¹⁾ Year 2004		Actual Year 2005		Actual Year 2006		Actual Year 2007		Actual Trailing 4 Qtrs 2008	
CONTINUING OPERATIONS										
Same Store Contracts										
Atneed Contracts	17,402	79.8%	17,353	79.6%	16,870	78.6%	16,475	78.8%	16,755	79.4%
Preneed Contracts	4,412	20.2%	4,436	20.4%	4,597	21.4%	4,437	21.2%	4,355	20.6%
Total Same Store Funeral Contracts	21,814	100.0%	21,789	100.0%	21,467	100.0%	20,912	100.0%	21,110	100.0%
Acquisition Contracts										
Atneed Contracts	-		53	64.6%	194	67.1%	1,476	69.8%	2,092	72.5%
Preneed Contracts	-		29	35.4%	95	32.9%	638	30.2%	792	27.5%
Total Acquisition Funeral Contracts	-		82	100.0%	289	100.0%	2,114	100.0%	2,884	100.0%
New Store Openings	-		-		104		522		612	
Total Funeral Contracts	21,814		21,871		21,860		23,548		24,606	
Same Store Interments										
Atneed Interments	2,324	26.3%	2,006	24.4%	2,100	25.0%	2,055	27.2%	1,965	26.0%
Preneed Interments	6,529	73.7%	6,213	75.6%	6,285	75.0%	5,506	72.8%	5,602	74.0%
Total Same Store Cemetery Interments	8,853	100.0%	8,219	100.0%	8,385	100.0%	7,561	100.0%	7,567	100.0%
Acquisition Interments										
Atneed Interments	-		-		-		273	23.6%	341	24.0%
Preneed Interments	-		-		-		886	76.4%	1,079	76.0%
Total Acquisition Cemetery Interments	-		-		-		1,159	100.0%	1,420	100.0%
Total Cemetery Interments	8,853		8,219		8,385		8,720		8,987	
Same Store Revenue										
Funeral Operations Revenue	\$ 106,399	74.0%	\$ 108,284	72.9%	\$ 110,581	73.6%	\$ 111,899	66.7%	\$ 113,170	65.6%
Preneed Commission and Other Revenue	1,319	0.9%	2,295	1.5%	2,267	1.5%	2,197	1.3%	2,322	1.3%
Total Funeral Same Store Revenue	107,718	74.9%	110,579	74.5%	112,848	75.1%	114,096	68.0%	115,492	66.9%
Cemetery Operations Revenue	33,203	23.1%	33,940	22.9%	32,107	21.4%	34,300	20.4%	32,813	19.0%
Cemetery Financial Revenue	2,912	2.0%	3,615	2.4%	4,052	2.7%	4,526	2.7%	4,601	2.7%
Total Same Store Cemetery Revenue	36,115	25.1%	37,555	25.3%	36,159	24.1%	38,826	23.1%	37,414	21.7%
Total Same Store Revenue	143,833	100.0%	148,134	99.8%	149,007	99.1%	152,922	91.1%	\$ 152,906	88.8%
Acquisition Revenue										
Funeral Operations Revenue	-		303	0.2%	1,339	0.9%	10,710	6.4%	\$ 14,189	8.2%
Cemetery Operations Revenue	-		-		-		3,873	2.3%	\$ 5,037	2.9%
Cemetery Financial Revenue	-		-		-		318	0.2%	\$ 380	0.2%
Total Acquisition Revenue	-		303	0.2%	1,339	0.9%	14,901	8.9%	\$ 19,606	11.4%
Total Revenue from Continuing Operations	\$ 143,833	100.0%	\$ 148,437	100.0%	\$ 150,346	100.0%	\$ 167,823	100.0%	\$ 172,512	100.0%
Field EBITDA from Continuing Operations										
Same Store Funeral Field EBITDA	\$ 37,382	76.5%	\$ 39,323	75.7%	\$ 41,343	79.0%	\$ 43,392	70.4%	\$ 44,548	70.8%
Same Store Funeral Field EBITDA Margin	34.7%		35.6%		36.6%		38.0%		38.6%	
Same Store Cemetery Field EBITDA	11,458	23.5%	12,545	24.1%	10,645	20.4%	13,468	21.9%	\$ 11,778	18.7%
Same Store Cemetery Field EBITDA Margin	31.7%		33.4%		29.4%		34.7%		31.5%	
Total Same Store Field EBITDA	48,840	100.0%	51,868	99.8%	51,988	99.4%	56,860	92.3%	\$ 56,326	89.5%
Total Same Store Field EBITDA Margin	34.0%		35.0%		34.9%		37.2%		36.8%	
Acquisition Funeral Field EBITDA	-		92	0.2%	313	0.6%	3,724	6.0%	\$ 5,012	8.0%
Acquisition Funeral Field EBITDA Margin	-		30.4%		23.4%		34.8%		35.3%	
Acquisition Cemetery Field EBITDA	-		-		-		1,054	1.7%	\$ 1,579	2.5%
Acquisition Cemetery Field EBITDA Margin	-		-		-		25.2%		29.2%	
Total Acquisition Field EBITDA	-		92	0.2%	313	0.6%	4,778	7.8%	\$ 6,591	10.5%
Total Acquisition Field EBITDA Margin	-		30.4%		23.4%		32.1%		33.6%	
Total Field EBITDA from Continuing Operations	48,840	100.0%	51,960	100.0%	52,301	100.0%	61,637	100.0%	62,918	100.0%
Total Field EBITDA Margin from Continuing Operati	34.0%		35.0%		34.8%		36.7%		36.5%	
Overhead										
Total Variable Overhead	1,910	11.5%	2,245	12.5%	3,402	17.4%	5,278	23.6%	5,906	26.1%
Total Regional Fixed Overhead	2,892	17.4%	3,247	18.0%	2,977	15.2%	3,127	14.0%	3,173	14.0%
Total Corporate Fixed Overhead	11,825	71.1%	12,501	69.5%	13,170	67.4%	13,921	62.4%	13,552	59.9%
Total Overhead	16,627	100.0%	17,993	100.0%	19,549	100.0%	22,326	100.0%	22,631	100.0%
	11.6%		12.1%		13.0%		13.3%		13.1%	
Consolidated EBITDA from Continuing Operations	\$ 32,213	⁽²⁾	\$ 33,967	⁽²⁾	\$ 32,752	⁽²⁾	\$ 39,311	⁽²⁾	\$ 40,287	⁽²⁾
Consolidated EBITDA Margin from Continuing Operations	22.4%		22.9%		21.8%		23.4%		23.4%	
Total Depreciation & Amortization	9,285		9,053		8,664		9,526		9,577	
Interest, Net	16,908		18,090		17,106		17,192		17,547	
Refinancing Costs	-		6,933		-		-		-	
Special Charges/Other (Gains) Losses	(940)		1,268		(188)		-		-	
Team Partners Incentive Expense	110		276		1,151		-		-	
Pretax Income	6,850		(1,653)		6,019		12,593		13,163	
Benefit for Income Taxes due to a Valuation Adjust	(810)		-		-		-		-	
Income Tax	2,643		(532)		2,305		5,068		5,340	
Net income from Continuing Operations	\$ 5,017		\$ (1,121)		\$ 3,714		\$ 7,525		\$ 7,823	
	3.5%		-0.8%		2.5%		4.5%		4.5%	
<i>Diluted EPS-from continuing operations</i>	\$ 0.29		\$ (0.06)		\$ 0.20		\$ 0.39		\$ 0.41	

⁽¹⁾ Effective January 1, 2005, the company changed its accounting method to expense preneed selling costs incurred for the origination of prearranged funeral and cemetery sales contracts. Results of operations for the years ended December 31, 2004 are presented on a proforma basis applying the new accounting method.

⁽²⁾ Reclassified special charges (gains) and Team Partner Incentive expense to improve comparability of periods presented.

UNAUDITED INCOME STATEMENT FROM CONTINUING OPERATIONS
Quarter Trend
For the Five Quarters Ended March 31, 2008
(\$000's)

	Actual Qtr 1 2007		Actual Qtr 2 2007		Actual Qtr 3 2007		Actual Qtr 4 2007		Actual Qtr 1 2008	
CONTINUING OPERATIONS										
Same Store Contracts										
Atneed Contracts	4,400	78.0%	3,966	77.2%	3,906	80.1%	4,203	80.0%	4,680	80.2%
Preneed Contracts	1,238	22.0%	1,173	22.8%	972	19.9%	1,054	20.0%	1,156	19.8%
Total Same Store Funeral Contracts	5,638	100.0%	5,139	100.0%	4,878	100.0%	5,257	100.0%	5,836	100.0%
Acquisition Contracts										
Atneed Contracts	184	68.1%	248	67.4%	437	69.1%	607	71.9%	800	76.9%
Preneed Contracts	86	31.9%	120	32.6%	195	30.9%	237	28.1%	240	23.1%
Total Acquisition Funeral Contracts	270	100.0%	368	100.0%	632	100.0%	844	100.0%	1,040	100.0%
New Store Openings	120		126		132		144		210	
Total Funeral Contracts	6,028		5,633		5,642		6,245		7,086	
Same Store Interments										
Atneed Interments	583	28.0%	537	27.9%	492	27.9%	443	24.8%	493	23.6%
Preneed Interments	1,502	72.0%	1,391	72.1%	1,271	72.1%	1,342	75.2%	1,598	76.4%
Total Same Store Cemetery Interments	2,085	100.0%	1,928	100.0%	1,763	100.0%	1,785	100.0%	2,091	100.0%
Acquisition Interments										
Atneed Interments	39	24.5%	81	30.1%	76	21.7%	77	20.3%	107	25.5%
Preneed Interments	120	75.5%	188	69.9%	275	78.3%	303	79.7%	313	74.5%
Total Acquisition Cemetery Interments	159	100.0%	269	100.0%	351	100.0%	380	100.0%	420	100.0%
Total Cemetery Interments	2,244		2,197		2,114		2,165		2,511	
Same Store Revenue										
Funeral Operations Revenue	\$ 30,268	71.3%	\$ 27,700	66.7%	\$ 25,898	63.8%	\$ 28,033	64.8%	\$ 31,539	66.9%
Preneed Commission and Other Revenue	627	1.5%	625	1.5%	502	1.2%	443	1.0%	752	1.6%
Total Funeral Same Store Revenue	30,895	72.8%	28,325	68.2%	26,400	65.0%	28,476	65.9%	32,291	68.5%
Cemetery Operations Revenue	8,768	20.6%	9,408	22.7%	8,360	20.6%	7,764	18.0%	7,281	15.4%
Cemetery Financial Revenue	929	2.2%	733	1.8%	1,321	3.3%	1,543	3.6%	1,004	2.1%
Total Cemetery Same Store Revenue	9,697	22.8%	10,141	24.4%	9,681	23.8%	9,307	21.5%	8,285	17.6%
Total Same Store Revenue	40,592	95.6%	38,466	92.7%	36,081	88.8%	37,783	87.4%	40,576	86.1%
Acquisition Revenue										
Funeral Operations Revenue	1,482	3.5%	1,943	4.7%	3,290	8.1%	3,995	9.2%	4,961	10.5%
Cemetery Operations Revenue	371	0.9%	1,014	2.4%	1,193	2.9%	1,296	3.0%	1,534	3.3%
Cemetery Financial Revenue	20	0.0%	87	0.2%	51	0.1%	161	0.4%	81	0.2%
Total Acquisition Revenue	1,873	4.4%	3,044	7.3%	4,534	11.2%	5,452	12.6%	6,576	13.9%
Total Revenue from Continuing Operations	\$ 42,465	100.0%	\$ 41,510	100.0%	\$ 40,615	100.0%	\$ 43,235	100.0%	\$ 47,152	100.0%
Field EBITDA from Continuing Operations										
Same Store Funeral Field EBITDA	\$ 12,580	74.8%	\$ 10,539	70.9%	\$ 9,041	65.9%	\$ 11,232	69.2%	\$ 13,736	75.9%
Same Store Funeral Field EBITDA Margin	40.7%		37.2%		34.2%		39.4%		42.5%	
Same Store Cemetery Field EBITDA	3,723	22.1%	3,453	23.2%	3,159	23.0%	3,133	19.3%	2,033	11.2%
Same Store Cemetery Field EBITDA Margin	38.4%		34.0%		32.6%		33.7%		24.5%	
Total Same Store Field EBITDA	16,303	96.9%	13,992	94.1%	12,200	89.0%	14,365	88.5%	15,769	87.1%
Total Same Store Field EBITDA Margin	40.2%		36.4%		33.8%		38.0%		38.9%	
Acquisition Funeral Field EBITDA	457	2.7%	545	3.7%	1,298	9.5%	1,423	8.8%	1,746	9.6%
Acquisition Funeral Field EBITDA Margin	30.8%		28.0%		39.5%		35.6%		35.2%	
Acquisition Cemetery Field EBITDA	65	0.4%	325	2.2%	213	1.6%	452	2.8%	589	3.3%
Acquisition Cemetery Field EBITDA Margin	17.5%		32.1%		18.0%		35.0%		38.4%	
Total Acquisition Field EBITDA	522	3.1%	870	5.9%	1,511	11.0%	1,875	11.5%	2,335	12.9%
Total Acquisition Field EBITDA Margin	27.9%		28.6%		33.3%		34.4%		35.5%	
Total Field EBITDA from Continuing Operations	16,825	100.0%	14,862	100.0%	13,712	100.0%	16,240	100.0%	18,104	100.0%
Total Field EBITDA Margin from Continuing Operations	39.6%		35.8%		33.8%		37.6%		38.4%	
Overhead										
Total Variable Overhead	1,061	20.0%	1,226	23.2%	1,137	20.4%	1,854	30.1%	1,689	30.1%
Total Regional Fixed Overhead	787	14.8%	723	13.7%	886	15.9%	731	11.9%	833	14.9%
Total Corporate Fixed Overhead	3,456	65.2%	3,345	63.2%	3,553	63.7%	3,567	58.0%	3,087	55.0%
Total Overhead	5,304	100.0%	5,294	100.0%	5,576	100.0%	6,152	100.0%	5,609	100.0%
	12.5%		12.8%		13.7%		14.2%		11.9%	
Consolidated EBITDA from Continuing Operations	\$ 11,521		\$ 9,568		\$ 8,136		\$ 10,088		\$ 12,495	
Consolidated EBITDA Margin from Continuing Operations	27.1%		23.0%		20.0%		23.3%		26.5%	
Total Depreciation & Amortization	2,479		2,294		2,408		2,345		2,530	
Interest, Net	4,174		4,158		4,387		4,473		4,529	
Pretax Income	4,868		3,116		1,341		3,270		5,436	
Income tax	1,876		1,200		609		1,384		2,147	
Net income from Continuing Operations	\$ 2,992		\$ 1,916		\$ 732		\$ 1,886		\$ 3,289	
	7.0%		4.6%		1.8%		4.4%		7.0%	
<i>Diluted EPS-from continuing operations</i>	\$ 0.16		\$ 0.10		\$ 0.04		\$ 0.10		\$ 0.17	

Same Store Portfolio

While same store funeral contracts increased 3.5% during the quarter because of a more severe flu season, same store funeral revenue increased \$1.4 million or only 4.5% due to a 290 point spike in our cremation rate to 37.5% from 34.6%. However, same store funeral Field EBITDA increased \$1.1 million or 9.2% as funeral Field EBITDA Margin increased 180 basis points to a historically high 42.5% for a quarterly performance. The operating leverage financial dynamic of higher volumes and revenues over a relatively fixed cost business resulted in the higher Field EBITDA Margin, but the performance was driven by outstanding execution of our funeral Standards Operating Model by an increasingly talented group of 4E ‘A player’ Managing Partners who are motivated and incentivized to achieve more of their Being the Best Standards over time.

Same store cemetery performance was weak, as revenues declined \$1.4 million or 14.6% primarily due to lower preneed property sales, and cemetery Field EBITDA declined \$1.7 million or 45% as cemetery Field EBITDA Margin declined 1,390 basis points to 24.5%. The decline in same store cemetery Field EBITDA impacted EPS by \$0.045 and was greater than the decline in revenues because of significantly higher bad debt reserves against preneed sales booked primarily during 2007 under sales teams and programs that have been eliminated, which are currently being rebuilt to align with our cemetery Standards Operating Model.

Payne added, “Our Standards Operating Model for cemeteries is designed to achieve sustainable growth in preneed property sales within standardized ranges of operating margin. As we reviewed cemetery operations and results during 2007, which was the first year of our simplified cemetery standards, we began to take a more strategic and long term view of our larger cemeteries. Accordingly, we recruited new 4E ‘A players’ as Managing Partners in our largest businesses and have supported them with the difficult decision to move away from a short term sales focus to a ‘Being the Best’ long term vision strategy taking into consideration demographics, master land planning and development, facility expansion and capital investment, and short, intermediate and long term product planning and development. Not surprisingly, this change in direction resulted in a dramatic transformation of the sales leadership and teams at these parks, including Rolling Hills, which has hurt performance in the short term but will take these businesses to new and higher levels of sustainable performance in the intermediate and long term.”

Acquisition Portfolio

The first quarter of 2008 was the first full quarter of ownership for all of the seven acquisitions made during 2007. The Company's acquisition portfolio revenue now represents almost 14% of total revenue and increased to \$6.6 million in this year's first quarter compared to \$1.9 million last year, an increase of 250%. The integration of these businesses under new operating leadership in six of the seven acquisitions continues to improve their financial performance, as acquired funeral Field EBITDA Margin increased 440 basis points to 35.2% and acquired cemetery Field EBITDA Margin increased 2,090 basis points to 38.4%. Total acquisition Field EBITDA increased to \$2.3 million from only \$0.5 million last year, an increase of \$1.8 million that added about \$0.05 of incremental EPS during the first quarter of 2008.

This outstanding performance by the acquisition portfolio reflects the financial dynamic of consolidation platform leverage whereby acquired Field EBITDA falls substantially to Consolidated EBITDA and is highly accretive to EPS as well because of our relatively small share count of 19.7 million shares," added Payne. "Moreover, our net interest expense was only \$355,000 higher than last year's first quarter, equal to a capital structure cost to EPS of \$0.012, reflecting the financial dynamic benefit of our capital structure leverage and showing that the best use of our Free Cash Flow and balance sheet financial flexibility and leverage is for strategic acquisitions and internal growth projects that have ROIC well in excess of our cost of capital.

"We have established five and ten year goals to grow the financial performance contribution from the acquisition portfolio through execution of the Strategic Portfolio Optimization Model by focusing capital investment in ten to fifteen strategic markets where demographic trends are positive and strong independent brands are available for expansion and consolidation. Our five year goal is to acquire the equivalent of about \$10 million of annualized revenue each year over the next five years, which would produce total company annualized revenue of about \$250 million by the end of 2012 and which we believe can be financed internally from Free Cash Flow. We exceeded this goal in 2007 by acquiring about \$23 million in annualized revenue, so we are not planning on any acquisitions in the first half of 2008 while we continue to focus on integration, operations and on internal growth projects."

Overhead

Total overhead increased \$300,000 during the first quarter compared to last year but included an increase of \$600,000 of variable litigation expense equal to \$0.02 per share that wasn't in last year's results and which we consider out of the ordinary course. Litigation expenses will continue higher than normal until we conclude the litigation involved, which we expect to occur within 2008 or early 2009. Total overhead of \$5.6 million was 11.9% of total revenue which was 60 basis points lower than the 12.5% last year, a decline that reflects the overhead leverage financial dynamic which should continue as the Company adds acquisition revenue to our relatively fixed regional and corporate organizational cost structure over time.

Cash Flow

Carriage generated \$2.0 million of Free Cash Flow (defined as cash flow from operations less maintenance capital expenditures) during the first quarter of 2008. The elements of Free Cash Flow for the first quarter of 2008 consisted of the following (in millions):

Cash and liquid investments at beginning of year	\$ 3.4
Cash flow from operations	3.3
Proceeds from sales of businesses	--
Cash used for business acquisitions	--
Cash used for maintenance capital expenditures	(1.3)
Cash used for growth capital expenditures	(0.4)
Other investing and financing activities	(0.2)
Cash at end of year first quarter	<u>\$ 4.8</u>

Rolling Four Quarter Outlook

The Rolling Four Quarter Outlook ranges for the period ending March 31, 2009 are intended to approximate what the Company believes will be the sustainable earning power of its portfolio of deathcare assets over the next four quarters as the three models are effectively executed. Payne added, "We have learned that it is better to be 'roughly right' most of the time rather than 'precisely wrong' all of the time when forecasting our future results due to the uncertainties in estimating key drivers of near term performance. These drivers include funeral contract volumes, preneed sales, preneed

maturities and deliveries, average revenue per service and sale, Field EBITDA Margins, acquisition size, timing and performance, and variable overhead items, just to name a few.

“We believe that Rolling Four Quarter Outlook performance ranges updated for acquisitions and dispositions will result in a more accurate near term assessment of the company’s prospects that is not constrained by a fixed and arbitrary ‘finish line’ at the end of each quarter or calendar year. In our Four Quarter Outlook ending March 31, 2009, we have assumed no additional acquisitions. Although we are in the market evaluating candidates, we do not plan to close an acquisition in the first half of 2008 and will follow our policy of updating our Outlook when the closing of a transaction is certain.”

ROLLING FOUR QUARTER OUTLOOK – Period Ending March 31, 2009

(Amounts in Millions, Except per Share Amounts)

	Range
Revenues	\$178.0 - \$184.0
Field EBITDA	\$66.0 - \$68.0
Field EBITDA Margin	35.9% - 38.2%
Total Overhead	\$22.5 - \$23.5
Consolidated EBITDA	\$43.0 - \$45.0
Consolidated EBITDA Margin	23.4% - 25.3%
Interest	\$18.0
Depreciation & Amortization	\$10.0
Cash Taxes	\$1.0
Net Earnings from Cont. Operations	\$9.5 - \$10.5
Diluted Earnings Per Share	\$0.48 - \$0.52
Free Cash Flow	\$15.0 - \$17.0

Long Term Outlook – Through 2012 (Base Year 2006)

Revenue growth of 7-9% annually, including acquisitions

Consolidated EBITDA growth of 9-11% annually, including acquisitions

Consolidated EBITDA Margin range of 24-26%

Growth internally funded without new debt or equity

First Quarter Conference Call Information

Carriage Services has scheduled a conference call for tomorrow, May 9, 2008 at 10:30 a.m. Eastern Time. To participate in the call, dial 303- 262-2142 at least ten minutes before the conference call begins and ask for the Carriage Services conference call. A replay of the call will be available approximately two hours after the live broadcast ends and will be accessible until May 16, 2008. To access the replay, dial 303-590-3000 and enter pass code 11113713#.

Investors, analysts and the general public will also have the opportunity to listen to the conference call free over the Internet by visiting <http://www.carriageservices.com>. To listen to the live call on the web, please visit the website at least fifteen minutes early to register, download and install any necessary audio software. For those who cannot listen to the live webcast, an audio archive will be available shortly after the call and will be accessible for approximately 90 days. For more information, please contact Karen Roan at DRG&E at (713) 529-6600 or email kcroan@drg-e.com.

Carriage Services is a leading provider of death care services and products. As of May 8, 2008, Carriage operates 139 funeral homes in 25 states and 32 cemeteries in 11 states.

Use of Non-GAAP Financial Measures

This press release uses the following Non-GAAP financial measures "free cash flow and EBITDA". Both free cash flow and EBITDA are used by investors to value common stock. The Company considers free cash flow to be an important indicator of its ability to generate cash for acquisitions and other strategic investments. The Company has included EBITDA in this press release because it is widely used by investors to compare the Company's financial performance with the performance of other deathcare companies. The Company also uses Field EBITDA and Field EBITDA Margin to monitor and compare the financial performance of the individual funeral and cemetery field businesses. EBITDA does not give effect to the cash the Company must use to service its debt or pay its income taxes and thus does not reflect the funds actually available for capital expenditures. In addition, the Company's presentation of EBITDA may not be comparable to similarly titled measures other companies report. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported operating results or cash flow from operations or any other measure of performance as determined in accordance with GAAP.

The Company categorizes its general and administrative expenses into three categories of overhead: (1) variable overhead, (2) regional fixed overhead and (3) corporate fixed overhead. Variable overhead consists of cost and expense such as incentive compensation which will vary with

profitability or legal expense unrelated to our day to day operations. Regional fixed overhead and corporate fixed overhead represent the cost and expenses of our regional operations leaders and the home office and will not vary as a result of profitability.

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, 2007, 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.

CARRIAGE SERVICES, INC.

Selected Financial Data

March 31, 2008

(unaudited)

Selected Balance Sheet Data:	12/31/07	03/31/08
Cash and short-term investments	\$ 3,446	\$ 4,843
Total Senior Debt (a)	138,913	138,454
Days sales in funeral accounts receivable	22.9	23.0
Senior Debt to total capitalization	40.9	40.4
Senior Debt to EBITDA from continuing operations (rolling twelve months)	3.53	3.43

(a) - Senior debt does not include the convertible junior subordinated debentures.

Reconciliation of Non-GAAP Financial Measures:

This press release includes the use of certain financial measures that are not GAAP measures. The non-GAAP financial measures are presented for additional information and are reconciled to their most comparable GAAP measures below.

Reconciliation of Net Income from continuing operations to EBITDA from continuing operations for the following periods (in 000s). Rolling twelve months ended 3/31/2009 is presented at the midpoint of the range identified in the release:

	Three months ended <u>3/31/2007</u>	Three months ended <u>3/31/2008</u>	Twelve months ended <u>3/31/2009 E</u>
Net income from continuing operations	\$ 2,992	\$ 3,289	\$ 10,000
Provision for income taxes	1,873	2,147	6,000
Pre-tax earnings from continuing operations	4,865	5,436	16,000
Net interest expense, including loan coast amortization	4,175	4,529	18,000
Depreciation & amortization	2,480	2,530	10,000
EBITDA from continuing operations	<u>\$ 11,520</u>	<u>\$ 12,495</u>	<u>\$ 44,000</u>
Revenue from continuing operations	\$ 42,465	\$ 47,152	\$ 181,000
EBITDA margin from continuing operations	27.1%	26.5%	24.3%

Reconciliation of Non-GAAP Financial Measures Continued:***Reconciliation of cash provided by (used in) operating activities from continuing operations to free cash flow (in 000's):***

	Three months ended <u>03/31/2007</u>	Three months ended <u>03/31/2008</u>
Cash provided by operating activities from continuing operations	\$ 1,948	\$ 3,307
Less maintenance capital expenditures from continuing operations	(1,618)	(1,315)
Free cash flow from continuing operations	<u>\$ 330</u>	<u>\$ 1,992</u>

Reconciliation of estimated net income to free cash flow for the twelve months ending March 31, 2009(in 000's):

Net income	\$ 10,000
Tax expense	6,000
Interest expense, net	18,000
Depreciation and amortization	10,000
EBITDA	<u>\$ 44,000</u>
Interest paid	18,000
Cash taxes	1,000
Maintenance capital expenditures	9,000
Free cash flow	<u>\$ 16,000</u>