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FOR IMMEDIATE RELEASE

CARRIAGE SERVICES REPORTS 2007 FULL YEAR RESULTS

MARCH 6, 2008 – HOUSTON – Carriage Services, Inc. (NYSE: CSV) today confirmed full year and fourth quarter 2007 results and the 2008 Outlook that was previously announced on February 4, 2008. Highlight results of continuing operations for 2007 compared to results of continuing operations for 2006 were as follows:

- ***Revenues of \$167.8 million***
compared to revenues of \$150.3 million for 2006.
- ***Total Field EBITDA of \$61.6 million***
compared to Total Field EBITDA of \$52.3 million for 2006.
- ***Total Field EBITDA Margin of 36.7%***
compared to Total Field EBITDA Margin of 34.8% for 2006.
- ***Consolidated EBITDA of \$39.3 million***
compared to Consolidated EBITDA of \$32.8 million for 2006.
- ***Consolidated EBITDA Margin of 23.4%***
compared to Consolidated EBITDA Margin of 21.8% for 2006.
- ***Diluted earnings per share of \$0.39***
compared to diluted earnings per share of \$0.20 for 2006.

Melvin C. Payne, Chairman and Chief Executive, stated, “We had an outstanding year of execution of all three of our models, including our Standards Operating Model, 4E Leadership Model and Strategic Portfolio Optimization Model. As a result, we were able to leverage an 11.6% increase in Total Revenues from continuing operations into a 17.8% increase in Total Field EBITDA, a 20% increase in Consolidated EBITDA and a 95% increase in Diluted EPS. This leveraging dynamic of converting smaller revenue increases into much larger earnings increases was made possible by expanding margins as Total Field EBITDA Margin increased 190 basis points to 36.7% and Consolidated EBITDA Margin increased 160 basis points to 23.4%.”

UNAUDITED INCOME STATEMENT FROM CONTINUING OPERATIONS

Annual Trend
For the Five Years Ended December 31, 2007
(\$000's)

	Pro forma ⁽¹⁾ Year 2003		Pro forma ⁽¹⁾ Year 2004		Actual Year 2005		Actual Year 2006		Actual Year 2007	
CONTINUING OPERATIONS										
Same Store Contracts										
Atneed Contracts	17,880	79.8%	17,402	79.8%	17,353	79.6%	16,870	78.6%	16,475	78.8%
Preneed Contracts	4,515	20.2%	4,412	20.2%	4,436	20.4%	4,597	21.4%	4,437	21.2%
Total Same Store Funeral Contracts	<u>22,395</u>	100.0%	<u>21,814</u>	100.0%	<u>21,789</u>	100.0%	<u>21,467</u>	100.0%	<u>20,912</u>	100.0%
Acquisition Contracts										
Atneed Contracts	-		-		53	64.6%	194	67.1%	1,476	69.8%
Preneed Contracts	-		-		29	35.4%	95	32.9%	638	30.2%
Total Acquisition Funeral Contracts	<u>-</u>		<u>-</u>		<u>82</u>	100.0%	<u>289</u>	100.0%	<u>2,114</u>	100.0%
New Store Openings	-		-		-		104		522	
Total Funeral Contracts	<u>22,395</u>		<u>21,814</u>		<u>21,871</u>		<u>21,860</u>		<u>23,548</u>	
Same Store Interments										
Atneed Interments	2,506	27.7%	2,324	26.3%	2,006	24.4%	2,100	25.0%	2,055	27.2%
Preneed Interments	6,554	72.3%	6,529	73.7%	6,213	75.6%	6,285	75.0%	5,506	72.8%
Total Same Store Cemetery Interments	<u>9,060</u>	100.0%	<u>8,853</u>	100.0%	<u>8,219</u>	100.0%	<u>8,385</u>	100.0%	<u>7,561</u>	100.0%
Acquisition Interments										
Atneed Interments	-		-		-		-		273	23.6%
Preneed Interments	-		-		-		-		886	76.4%
Total Acquisition Cemetery Interments	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>1,159</u>	100.0%
Total Cemetery Interments	<u>9,060</u>		<u>8,853</u>		<u>8,219</u>		<u>8,385</u>		<u>8,720</u>	
Same Store Revenue										
Funeral Operations Revenue	\$ 105,499	75.3%	\$ 106,399	74.0%	\$ 108,284	72.9%	\$ 110,581	73.6%	\$ 111,899	66.7%
Preneed Commission and Other Revenue	1,608	1.1%	1,319	0.9%	2,295	1.5%	2,267	1.5%	2,197	1.3%
Total Funeral Same Store Revenue	<u>107,107</u>	76.4%	<u>107,718</u>	74.9%	<u>110,579</u>	74.5%	<u>112,848</u>	75.1%	<u>114,096</u>	68.0%
Cemetery Operations Revenue	29,755	21.2%	33,203	23.1%	33,940	22.9%	32,107	21.4%	34,300	20.4%
Cemetery Financial Revenue	3,304	2.4%	2,912	2.0%	3,615	2.4%	4,052	2.7%	4,526	2.7%
Total Same Store Cemetery Revenue	<u>33,059</u>	23.6%	<u>36,115</u>	25.1%	<u>37,555</u>	25.3%	<u>36,159</u>	24.1%	<u>38,826</u>	23.1%
Total Same Store Revenue	<u>140,166</u>	100.0%	<u>143,833</u>	100.0%	<u>148,134</u>	99.8%	<u>149,007</u>	99.1%	<u>152,922</u>	91.1%
Acquisition Revenue										
Funeral Operations Revenue	-		-		303	0.2%	1,339	0.9%	10,710	6.4%
Cemetery Operations Revenue	-		-		-		-		3,874	2.3%
Cemetery Financial Revenue	-		-		-		-		318	0.2%
Total Acquisition Revenue	<u>-</u>		<u>-</u>		<u>303</u>	0.2%	<u>1,339</u>	0.9%	<u>14,902</u>	8.9%
Total Revenue from Continuing Operations	<u>\$ 140,166</u>	100.0%	<u>\$ 143,833</u>	100.0%	<u>\$ 148,437</u>	100.0%	<u>\$ 150,346</u>	100.0%	<u>\$ 167,824</u>	100.0%
Field EBITDA from Continuing Operations										
Same Store Funeral Field EBITDA	\$ 37,201	77.2%	\$ 37,382	76.5%	\$ 39,323	75.7%	\$ 41,343	79.0%	\$ 43,392	70.4%
Same Store Funeral Field EBITDA Margin	34.7%		34.7%		35.6%		36.6%		38.0%	
Same Store Cemetery Field EBITDA	11,011	22.8%	11,458	23.5%	12,545	24.1%	10,645	20.4%	13,468	21.9%
Same Store Cemetery Field EBITDA Margin	33.3%		31.7%		33.4%		29.4%		34.7%	
Total Same Store Field EBITDA	<u>48,212</u>	100.0%	<u>48,840</u>	100.0%	<u>51,868</u>	99.8%	<u>51,988</u>	99.4%	<u>56,860</u>	92.3%
Total Same Store Field EBITDA Margin	<u>34.4%</u>		<u>34.0%</u>		<u>35.0%</u>		<u>34.8%</u>		<u>37.2%</u>	
Acquisition Funeral Field EBITDA	-		-		92	0.2%	313	0.6%	3,724	6.0%
Acquisition Funeral Field EBITDA Margin	-		-		30.4%		23.4%		34.8%	
Acquisition Cemetery Field EBITDA	-		-		-		-		1,054	1.7%
Acquisition Cemetery Field EBITDA Margin	-		-		-		-		27.2%	
Total Acquisition Field EBITDA	<u>-</u>		<u>-</u>		<u>92</u>	0.2%	<u>313</u>	0.6%	<u>4,778</u>	7.8%
Total Acquisition Field EBITDA Margin	<u>-</u>		<u>-</u>		<u>30.4%</u>		<u>23.4%</u>		<u>32.1%</u>	
Total Field EBITDA from Continuing Operations	<u>48,212</u>	100.0%	<u>48,840</u>	100.0%	<u>51,960</u>	100.0%	<u>52,301</u>	100.0%	<u>61,637</u>	100.0%
Total Field EBITDA Margin from Continuing Operations	<u>34.4%</u>		<u>34.0%</u>		<u>35.0%</u>		<u>34.8%</u>		<u>36.7%</u>	
Overhead										
Total Variable Overhead ⁽²⁾	1,846	11.6%	1,910	11.5%	2,245	12.5%	3,402	17.4%	5,278	23.6%
Total Regional Fixed Overhead	2,721	17.1%	2,892	17.4%	3,247	18.0%	2,977	15.2%	3,127	14.0%
Total Corporate Fixed Overhead	11,378	71.4%	11,825	71.1%	12,501	69.5%	13,170	67.4%	13,921	62.4%
Total Overhead	<u>15,945</u>	100.0%	<u>16,627</u>	100.0%	<u>17,993</u>	100.0%	<u>19,549</u>	100.0%	<u>22,326</u>	100.0%
	11.4%		11.6%		12.1%		13.0%		13.3%	
Consolidated EBITDA from Continuing Operations	<u>\$ 32,267</u> ⁽²⁾		<u>\$ 32,213</u> ⁽²⁾		<u>\$ 33,967</u> ⁽²⁾		<u>\$ 32,752</u> ⁽²⁾		<u>\$ 39,311</u> ⁽²⁾	
Consolidated EBITDA Margin from Continuing Operations	<u>23.0%</u>		<u>22.4%</u>		<u>22.9%</u>		<u>21.8%</u>		<u>23.4%</u>	
Total Depreciation & Amortization	<u>9,159</u>		<u>9,285</u>		<u>9,053</u>		<u>8,664</u>		<u>9,526</u>	
Interest, Net	<u>17,773</u>		<u>16,908</u>		<u>18,090</u>		<u>17,106</u>		<u>17,192</u>	
Refinancing Costs	<u>-</u>		<u>-</u>		<u>6,933</u>		<u>-</u>		<u>-</u>	
Special Charges/Other (Gains) Losses ⁽²⁾	<u>(657)</u>		<u>(940)</u>		<u>1,268</u>		<u>(188)</u>		<u>-</u>	
Team Partners Incentive Expense ⁽²⁾	<u>60</u>		<u>110</u>		<u>276</u>		<u>1,151</u>		<u>-</u>	
Pretax Income	<u>5,932</u>		<u>6,850</u>		<u>(1,653)</u>		<u>6,019</u>		<u>12,593</u>	
Benefit for Income Taxes due to a Valuation Adjustment	<u>-</u>		<u>(810)</u>		<u>-</u>		<u>-</u>		<u>-</u>	
Income Tax	<u>2,301</u>		<u>2,643</u>		<u>(532)</u>		<u>2,305</u>		<u>5,068</u>	
Net income from Continuing Operations	<u><u>\$ 3,631</u></u>		<u><u>\$ 5,017</u></u>		<u><u>\$ (1,121)</u></u>		<u><u>\$ 3,714</u></u>		<u><u>\$ 7,525</u></u>	
	2.6%		3.5%		-0.8%		2.5%		4.5%	
Diluted EPS-from continuing operations	<u>\$ 0.22</u>		<u>\$ 0.29</u>		<u>\$ (0.06)</u>		<u>\$ 0.20</u>		<u>\$ 0.39</u>	

⁽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, 2003 and 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 December 31, 2007

(\$000's)

	Actual Qtr 4 2006		Actual Qtr 1 2007		Actual Qtr 2 2007		Actual Qtr 3 2007		Actual Qtr 4 2007	
CONTINUING OPERATIONS										
Same Store Contracts										
Atneed Contracts	4,148	78.2%	4,400	78.0%	3,966	77.2%	3,906	80.1%	4,203	80.0%
Preneed Contracts	1,155	21.8%	1,238	22.0%	1,173	22.8%	972	19.9%	1,054	20.0%
Total Same Store Funeral Contracts	5,303	100.0%	5,638	100.0%	5,139	100.0%	4,878	100.0%	5,257	100.0%
Acquisition Contracts										
Atneed Contracts	52	65.8%	184	68.1%	248	67.4%	437	69.1%	607	71.9%
Preneed Contracts	27	34.2%	86	31.9%	120	32.6%	195	30.9%	237	28.1%
Total Acquisition Funeral Contracts	79	100.0%	270	100.0%	368	100.0%	632	100.0%	844	100.0%
New Store Openings	86		120		126		132		144	
Total Funeral Contracts	5,468		6,028		5,633		5,642		6,245	
Same Store Interments										
Atneed Interments	508	24.1%	583	28.0%	537	27.9%	492	27.9%	443	24.8%
Preneed Interments	1,602	75.9%	1,502	72.0%	1,391	72.1%	1,271	72.1%	1,342	75.2%
Total Same Store Cemetery Interments	2,110	100.0%	2,085	100.0%	1,928	100.0%	1,763	100.0%	1,785	100.0%
Acquisition Interments										
Atneed Interments	-		39	24.5%	81	30.1%	76	21.7%	77	20.3%
Preneed Interments	-		120	75.5%	188	69.9%	275	78.3%	303	79.7%
Total Acquisition Cemetery Interments	-		159	100.0%	269	100.0%	351	100.0%	380	100.0%
Total Cemetery Interments	2,110		2,244		2,197		2,114		2,165	
Same Store Revenue										
Funeral Operations Revenue	\$ 27,750	74.1%	\$ 30,268	71.3%	\$ 27,700	66.7%	\$ 25,898	63.8%	\$ 28,033	64.8%
Preneed Commission and Other Revenue	448	1.2%	627	1.5%	625	1.5%	502	1.2%	443	1.0%
Total Funeral Same Store Revenue	28,198	75.3%	30,895	72.8%	28,325	68.2%	26,400	65.0%	28,476	65.9%
Cemetery Operations Revenue	7,285	19.5%	8,768	20.6%	9,408	22.7%	8,360	20.6%	7,764	18.0%
Cemetery Financial Revenue	1,423	3.8%	929	2.2%	733	1.8%	1,321	3.3%	1,543	3.6%
Total Cemetery Same Store Revenue	8,708	23.3%	9,697	22.8%	10,141	24.4%	9,681	23.8%	9,307	21.5%
Total Same Store Revenue	36,906	98.6%	40,592	95.6%	38,466	92.7%	36,081	88.8%	37,783	87.4%
Acquisition Revenue										
Funeral Operations Revenue	521	1.4%	1,482	3.5%	1,943	4.7%	3,290	8.1%	3,995	9.2%
Cemetery Operations Revenue	-		371	0.9%	1,014	2.4%	1,193	2.9%	1,296	3.0%
Cemetery Financial Revenue	-		20	0.0%	87	0.2%	50	0.1%	161	0.4%
Total Acquisition Revenue	521	1.4%	1,873	4.4%	3,044	7.3%	4,533	11.2%	5,452	12.6%
Total Revenue from Continuing Operations	\$ 37,427	100.0%	\$ 42,465	100.0%	\$ 41,510	100.0%	\$ 40,614	100.0%	\$ 43,235	100.0%
Field EBITDA from Continuing Operations										
Same Store Funeral Field EBITDA	\$ 11,114	78.9%	\$ 12,580	74.8%	\$ 10,539	70.9%	\$ 9,041	65.9%	\$ 11,232	69.2%
Same Store Funeral Field EBITDA Margin	39.4%		40.7%		37.2%		34.2%		39.4%	
Same Store Cemetery Field EBITDA	2,856	20.3%	3,723	22.1%	3,453	23.2%	3,159	23.0%	3,133	19.3%
Same Store Cemetery Field EBITDA Margin	32.8%		38.4%		34.0%		32.6%		33.7%	
Total Same Store Field EBITDA	13,970	99.1%	16,303	96.9%	13,992	94.1%	12,200	89.0%	14,365	88.5%
Total Same Store Field EBITDA Margin	37.9%		40.2%		36.4%		33.8%		38.0%	
Acquisition Funeral Field EBITDA	125	0.9%	457	2.7%	545	3.7%	1,298	9.5%	1,424	8.8%
Acquisition Funeral Field EBITDA Margin	24.0%		30.8%		28.0%		39.5%		35.6%	
Acquisition Cemetery Field EBITDA	-		65	0.4%	325	2.2%	212	1.5%	452	2.8%
Acquisition Cemetery Field EBITDA Margin	-		17.5%		32.1%		17.8%		35.0%	
Total Acquisition Field EBITDA	125	0.9%	522	3.1%	870	5.9%	1,510	11.0%	1,876	11.6%
Total Acquisition Field EBITDA Margin	24.0%		27.9%		28.6%		33.3%		34.4%	
Total Field EBITDA from Continuing Operations	14,095	100.0%	16,825	100.0%	14,862	100.0%	13,710	100.0%	16,240	100.0%
Total Field EBITDA Margin from Continuing Operations	37.7%		39.6%		35.8%		33.8%		37.6%	
Overhead										
Total Variable Overhead ⁽²⁾	955	18.9%	1,061	20.0%	1,226	23.2%	1,137	20.4%	1,854	30.1%
Total Regional Fixed Overhead	764	15.1%	787	14.8%	723	13.7%	886	15.9%	731	11.9%
Total Corporate Fixed Overhead	3,343	66.0%	3,456	65.2%	3,345	63.2%	3,553	63.7%	3,567	58.0%
Total Overhead	5,062	100.0%	5,304	100.0%	5,294	100.0%	5,576	100.0%	6,152	100.0%
	13.5%		12.5%		12.8%		13.7%		14.2%	
Consolidated EBITDA from Continuing Operations	\$ 9,033		\$ 11,521		\$ 9,568		\$ 8,134		\$ 10,088	
Consolidated EBITDA Margin from Continuing Operations	24.1%		27.1%		23.0%		20.0%		23.3%	
Total Depreciation & Amortization	2,153		2,479		2,294		2,408		2,345	
Interest, Net	4,188		4,174		4,158		4,387		4,473	
Special Charges/Other (Gains) Losses⁽¹⁾	113		-		-		-		-	
Team Partners Incentive Expense⁽²⁾	255		-		-		-		-	
Pretax Income	2,324		4,868		3,116		1,339		3,270	
Income tax	943		1,876		1,200		608		1,384	
Net income from Continuing Operations	\$ 1,381		\$ 2,992		\$ 1,916		\$ 731		\$ 1,886	
	3.7%		7.0%		4.6%		1.8%		4.4%	
Diluted EPS-from continuing operations	\$ 0.07		\$ 0.16		\$ 0.10		\$ 0.04		\$ 0.10	

⁽¹⁾ Includes charges for remediation at Rolling Hills Cemetery of \$704K (Q3) 2006 and \$110K (Q4) 2006 which were reclassified from field expenses.

⁽²⁾ Reclassified Team Partners expense from Total Variable Overhead in 2006

Same Store Operations

Our same store volumes continued to decline in a weak death rate environment during the full year of 2007 as our funeral contracts declined 2.6% and our cemetery interments declined 9.8%. However, for the year we had modest same store revenue increases of 1.1% in funeral operations and a stronger 7.4% increase in total cemetery revenues because of higher preneed property sales. These revenue increases were leveraged into Field EBITDA growth of 5% in funeral operations and 26.5% in cemetery operations as Funeral Field EBITDA Margin expanded by 140 basis points to 38% and Cemetery Field EBITDA Margin by 530 basis points to 34.7%, both full year historical highs, primarily because of excellent performance in our Central Region funeral operations and Rolling Hills, our premier cemetery in northern California.

As our Standards Operating Model has gained traction, first in funeral operations starting in 2004 and in cemetery operations starting in 2007, we have accelerated the development and recruitment of 4E “A players” who can grow their businesses at sustainable Field EBITDA Margins over long periods of time notwithstanding secular trends, demographics or the local competitive environment. The financial performance of our total same store portfolio has improved each year since 2004 and has become highly predictable with gradual year over year increases in revenues, Field EBITDA and Field EBITDA Margins. The credit for our improving performance goes to the Managing Partners of our businesses, and in 2007 special recognition goes to the Managing Partners in our Central Region headed by Jay Dodds and to Todd Dashley, Managing Partner of Rolling Hills Memorial Park. Our theme for this past year was **“2007—The Year of Being the Best—NO EXCUSES!!”** These two outstanding leaders were responsible for a combined \$4.6 million increase in same store Field EBITDA and never looked for an excuse not to be successful. After years of relative underperformance, our Central Region under Jay had the highest Standards achievement of any region during 2007, and while new to Carriage, Todd has recently joined his top performing peers on the Standards Council of our Western Region. I’m sure that I speak for all of our shareholders when I say “Thank You” for an exceptional performance.

Strategic Acquisitions

We made seven acquisitions during 2007, five of which were stand-alone individual or cluster operations in strategic markets and two were “tuck-ins” in markets where we already had the dominant brand and there were significant consolidation synergies. Four of our stand-alone and one of our tuck-in acquisitions were in the west or southwest where demographic trends are highly favorable for the

businesses we own and operate. Moreover, three of these stand-alone operations in the west/southwest are highly desirable large combination businesses. The fifth stand-alone acquisition was by far the dominant funeral brand and business in a large bedroom market near Boston where longer term demographic trends and a highly fragmented competitive landscape present excellent future market share growth opportunities.

All of our acquisition candidates were profiled and ranked A, B or C using the six Strategic Ranking Criteria in our Strategic Portfolio Optimization Model. Guided by the discipline of this selection and pricing model, we declined to acquire numerous candidates during 2007 that did not fit. The operating and financial results of this growing acquisition portfolio are being reported separately to reflect how investment of our Free Cash Flow into our acquisition strategy is adding sustainable financial performance and shareholder value over time. The Strategic Ranking Criteria relate to long term performance potential whereas short term performance correlates perfectly with the quality of local leadership. In fact, we acquired six of our seven new businesses knowing that new operating leadership would be recruited consistent with our 4E Leadership Model and only two positions remain open.

Total Acquisition Revenue increased to \$14.9 million in 2007 from \$1.3 million in 2006, and Total Acquisition Field EBITDA increased to \$4.8 million from \$0.3 million in 2006. Total Acquisition Field EBITDA Margin increased 870 basis points in 2007 to 32.1%. As we fully integrate the acquisition portfolio over time, we would expect the Total Acquisition Field EBITDA Margin to trend toward and likely exceed the same store Field EBITDA Margin because our newly acquired operations tend to be larger and higher margin individual businesses on average compared to our same store portfolio.

We have established five and ten year goals to grow the financial performance contribution from our acquisition portfolio by focusing our capital investment in ten to fifteen strategic markets where demographic trends are positive and strong independent brands that fit our criteria are available for expansion and consolidation. Our five year goal is to acquire about \$10 million of annualized revenue each year over the next five years, which would produce 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 slowing the acquisition pace in the first half of 2008 to focus on integration, operations and on internal growth projects.

Overhead

Our Total Overhead has been increasing steadily over the past four years as we upgraded our consolidation platform systems, infrastructure and people. During 2007 Corporate Fixed Overhead increased 5.7% as we made significant improvements in numerous home office departments including Legal, Human Resources, Payroll, Training and Internal Audit, all of which are under new leadership. We view any controllable overhead above our individual businesses as a support cost that needs to be value added to our field operating leadership, our employees and to our client families. Thus, minimizing overhead while continuing to provide value added support will be a goal in 2008, especially as we now have the heavy infrastructure and organizational investments behind us.

Our Variable Overhead increased \$1.9 million or 55% to \$5.3 million during 2007 with almost all of the increase related to four areas: unusually high litigation costs in four cases; higher employee matching benefits under our 401K program; higher recruiting fees related to successful operating leadership searches; and incentive compensation based on performance. We paid out more field incentive compensation during 2007 than at any time in our history and have converted 100% of our Managing Partner Incentive Compensation to Standards achievement.

Our Total Overhead as a percent of revenue increased to 13.3% from 13% in 2006. Our near term goal is to restrain our Total Overhead growth to the 3-4% range while growing our revenues in the 7-9% range, thereby reducing Total Overhead as a percent of revenue to about 12% over the next few years.

Cash Flow

Carriage began 2007 with \$41.0 million in cash and other liquid investments and ended the year with \$3.4 million in cash and an undrawn \$35 million line of credit. The elements of cash flow for 2007 consisted of the following (in millions):

Cash and liquid investments at beginning of year	\$ 41.0
Cash flow from operations	19.6
Proceeds from sales of businesses	3.2
Cash used for business acquisitions	(48.6)
Cash used for maintenance capital expenditures	(7.9)
Cash used for growth capital expenditures	(3.8)
Other investing and financing activities	(0.1)
Cash at end of year	<u>\$ 3.4</u>

Fourth Quarter 2007 Results

Fourth Quarter 2007 versus Fourth Quarter 2006 highlight results from continuing operations:

- ***Revenues of \$43.2 million in 2007 versus \$37.4 million in 2006.***
- ***Total Field EBITDA of \$16.2 million in 2007 versus \$14.1 million in 2006.***
- ***Total Field EBITDA Margin of 37.6% in 2007 versus 37.7% in 2006.***
- ***Consolidated EBITDA of \$10.1 million in 2007 versus \$9.0 million in 2006.***
- ***Consolidated EBITDA Margin of 23.3% in 2007 versus 24.1% in 2006.***
- ***Diluted EPS of \$0.10 versus \$0.07 in 2006.***

Our fourth quarter operating performance was excellent as Total Revenue increased 15.5% and Total Field EBITDA increased \$2.1 million, or 15.2%, over the fourth quarter of 2006 primarily as a result of our acquisition portfolio adding \$4.9 million in revenue and \$1.8 million in Field EBITDA to the modest growth in same store revenues and Field EBITDA. However, our variable overhead increased \$0.9 million or 94%, offsetting 42% of Total Field EBITDA increase from operations and causing our Consolidated EBITDA Margin to decline 80 basis points to 23.3%, a decline that we consider a short term aberration.

Short and Long Term Outlooks

Our Short Term Rolling Four Quarter Outlook and Long Term Five Year Outlook ranges are intended to approximate what we believe will be the sustainable earning power of our portfolio of deathcare assets over time as our three models are effectively executed. We have learned that it is better to be “roughly right” than “precisely wrong” when forecasting our future results because of the uncertainties in estimating key drivers of short term and long term performance, including volumes, preneed sales, preneed maturities and deliveries, average revenue per service and sale, Field EBITDA Margins, acquisition timing and performance, just to name a few.

Both in the short term and long term management expects to use Free Cash Flow (cash flow from operations less maintenance capital expenditures) to acquire additional businesses if and when available on acceptable terms and to invest in internal projects that will result in revenue and earnings growth and that provide a ROIC in excess of our cost of capital. In our Four Quarter Outlook ending December 31, 2008, 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. We do expect to

invest more heavily over the near term in internal growth projects, such as cemetery inventory and new facilities for strong local brands in select funeral markets.

The primary drivers of the improved year over year financial results will be full year 2008 performance from businesses acquired during 2007 and improved execution of our Standards Operating Model in our same store portfolio. The primary drivers of our long term growth in revenues, margins and earnings will be acquisitions and modest growth in our same store revenues at sustainable margins.

Four Quarter Outlook ending 12-31-2008
Revenues in the range of \$178 million to \$184 million
Field EBITDA in the range of \$66 million to \$68 million
Field EBITDA Margin in the range of 36% to 37.5%
Total Overhead in the range of \$22.5 million to \$23.5 million
Consolidated EBITDA in the range of \$43 million to \$45 million
Consolidated EBITDA Margin in the range of 23.7% to 24.5%
Net earnings from continuing operations in the range of \$9.5 million to \$10.5 million
Diluted earnings per share in the range of \$0.48 to \$0.52
Free cash flow in the range of \$15 million to \$17 million

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%
Acquisition growth internally funded without new debt or equity

Fourth Quarter Conference Call Information

Carriage Services has scheduled a conference call for tomorrow, March 7, 2008 at 10:00 a.m. Eastern time. To participate in the call, dial (303) 262-2125 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 March 14, 2008. To access the replay, dial (303) 590-3000 and enter pass code 11109690#.

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 March 6, 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.

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, 2006, 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

December 31, 2007

(unaudited)

Selected Balance Sheet Data:	<u>12/31/06</u>	<u>12/31/07</u>
Cash and short-term investments	\$ 36,011	\$ 3,446
Long-term corporate investments	5,000	—
Total Senior Debt (a)	140,179	138,913
Days sales in funeral accounts receivable	23.2	22.9
Senior Debt to total capitalization	42.4	40.9
Senior Debt to EBITDA from continuing operations (rolling twelve months)	4.24	3.53

(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):

	Three months ended <u>12/31/2006</u>	Three months ended <u>12/31/2007</u>	
Net income from continuing operations	\$ 1,381	\$ 1,886	
Provision for income taxes	943	1,384	
Pre-tax earnings from continuing operations	<u>2,324</u>	<u>3,270</u>	
Net interest expense, including loan cost amortization	4,188	4,473	
Depreciation & amortization	2,153	2,345	
Other	368	—	
EBITDA from continuing operations	<u>\$ 9,033</u>	<u>\$ 10,088</u>	
Revenue from continuing operations	\$ 37,427	\$ 43,235	
EBITDA margin from continuing operations	24.1%	23.3%	
	Twelve months ended <u>12/31/2006</u>	Twelve months ended <u>12/31/2007</u>	Twelve months ending <u>12/31/08E</u>
Net income from continuing operations	\$ 3,714	\$ 7,525	\$ 10,000
Provision for income taxes	2,305	5,068	6,000
Pre-tax earnings from continuing operations	<u>6,019</u>	<u>12,593</u>	<u>16,000</u>
Net interest expense, including loan cost amortization	17,106	17,192	18,000
Depreciation & amortization	8,664	9,526	10,000
Other	963	—	—
EBITDA from continuing operations	<u>\$ 32,752</u>	<u>\$ 39,311</u>	<u>\$ 44,000</u>
Revenue from continuing operations	\$ 150,346	\$ 167,824	\$ 181,000
EBITDA margin from continuing operations	21.8%	23.4%	24.3%

Reconciliation of Non-GAAP Financial Measures Continued:

Reconciliation of estimated net income to free cash flow for the twelve months ending December 31, 2008 (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><u>16,000</u></u>