

CARRIAGE SERVICES, INC.
(the "Company")

COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS
CHARTER

Revised February 6, 2007

I. PURPOSE

The Compensation Committee is appointed by the Company's full Board of Directors (the "Board") to discharge the Board's responsibilities relating to compensation of the Company's directors and officers. The Committee has overall responsibility for approving and evaluating the director and officer compensation plans, policies and programs of the Company. The Compensation Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company's proxy statement.

II. COMMITTEE MEMBERSHIP

The Compensation Committee shall consist of no fewer than two members. The members of the Compensation Committee shall meet the independence requirements of the New York Stock Exchange. The members of the Compensation Committee shall be appointed by the Board on the recommendation of the Governance Committee. Compensation Committee members may be replaced by the Board.

III. COMMITTEE AUTHORITY AND RESPONSIBILITIES

1. The Compensation Committee shall have the authority to retain and terminate any compensation consultant to be used to assist in the evaluation of compensation for the Company's directors, the Chief Executive Officer ("CEO") and every other employee at the level of Senior Vice President or higher (the CEO and such other officers being collectively referred to as "Senior Management"), and the Committee shall have authority to approve the consultant's fees and other retention terms.

2. The Compensation Committee shall annually review and approve corporate goals and objectives relevant to the CEO and the CEO's compensation, evaluate the CEO's performance in light of those goals and objectives, and report to the Board the CEO's compensation levels based on this evaluation. In determining the long-term incentive component of the CEO compensation, the Compensation Committee may consider the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the CEO in past years.

3. The Compensation Committee shall annually review and make recommendations to the Board with respect to the compensation structure for directors (members of the full Board and Committees thereof), including director fees, stock grants and options under equity-based plans.

4. The Compensation Committee shall annually review and approve, for the CEO and the other members of Senior Management, (a) the annual base salary level, (b) the annual incentive opportunity level, (c) the long-term incentive opportunity level, (d) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, and (e) any special or supplemental benefits not generally available to all employees. The Committee may approve any such arrangements for members of Senior Management with or without full Board approval, as the Committee may determine.

5. The Compensation Committee shall administer the 2006 Long-Term Incentive Plan or any other similar plans as designated by the Board of Directors and approved by the stockholders. The Committee shall have total and exclusive responsibility to control, operate, manage and administer the Plan in accordance with its terms. The Committee shall have all the authority that may be necessary or helpful to enable it to discharge its responsibilities with respect to the Plan. Without limiting the generality of the preceding sentence, the Committee shall have the exclusive right to: (a) interpret the Plan and the Award Agreements executed hereunder; (b) decide all questions concerning eligibility for, and the amount of, Awards granted under the Plan; (c) construe any ambiguous provision of the Plan or any Award Agreement; (d) prescribe the form of Award Agreements; (v) correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award Agreement; (e) issue administrative guidelines as an aid to administering the Plan and make changes in such guidelines as the Committee from time to time deems proper; (f) make regulations for carrying out the Plan and make changes in such regulations as the Committee from time to time deems proper; (g) determine whether Awards should be granted singly or in combination; (h) to the extent permitted under the Plan, grant waivers of Plan terms, conditions, restrictions and limitations; (i) accelerate the exercise, vesting or payment of an Award when such action or actions would be in the best interests of the Company; (j) require Participants to hold a stated number or percentage of shares of Common Stock acquired pursuant to an Award for a stated period; and (k) take any and all other actions the Committee deems necessary or advisable for the proper operation or administration of the Plan. The Committee shall have authority in its sole discretion with respect to all matters related to the discharge of its responsibilities and the exercise of its authority under the Plan, including without limitation its construction of the terms of the Plan and its determination of eligibility for participation in, and the terms of Awards granted under, the Plan.

6. The Compensation Committee may form and delegate authority to subcommittees when appropriate.

7. The Compensation Committee shall make regular reports to the Board.

8. The Compensation Committee shall review and reassess, the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. The Compensation Committee shall annually review its own performance.