CARRIAGE SERVICES

PRESS RELEASE

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FOR IMMEDIATE RELEASE

CARRIAGE SERVICES REPORTS FOURTH QUARTER AND YEAR END RESULTS

Fourth quarter earnings before special items of $0.11 per diluted share
2002 earnings before special items of $0.44 per diluted share
Free cash flow from operations of $0.74 per share for the year 2002
Company provides 2003 outlook

FEBRUARY 27, 2003 – HOUSTON – Carriage Services, Inc. (NYSE: CSV) today reported financial results for the quarter and year ended December 31, 2002. Results for the fourth quarter 2002 versus previous estimates were as follows:

- *Revenues of $39.3 million compared to previous estimates of $38 to $40 million*
- *EBITDA of $11.1 million compared to previous estimates of $10 to $11 million*
- *Diluted EPS before special items of $0.11 compared to previous estimates of $0.09 to $0.12*

"We are pleased that revenues and EPS for the quarter were at the upper end of our expectations and EBITDA exceeded our expectations," stated Melvin C. Payne, Chairman and Chief Executive Officer.

"During the fourth quarter we continued to achieve a key objective of generating free cash flow per share in excess of earnings per share," continued Mr. Payne. "Carriage defines free cash flow as cash flow provided by operations less all capital expenditures. For the quarter, Carriage generated $3.5 million or $0.20 per share of free cash flow. This cash flow, combined with other sources of cash, enabled us to reduce debt in the fourth quarter by $6.5 million to $149.1 million, thereby exceeding our year end goal of $150 million."

A supplemental transparency table accompanying this press release clarifies the impact of certain nonrecurring or unusual expenses, the elimination of goodwill amortization at the beginning of 2002, a higher book tax rate, acquisitions, dispositions, and other items. The Company believes this table helps investors to understand the comparability of financial results between years.

During the fourth quarter of 2002, the Company sold two funeral home businesses and a tract of real estate and recorded a gain from these sales of $0.9 million. Also during the fourth quarter of 2002, the Company identified two businesses and two tracts of real estate it expects to sell in 2003, in addition to others previously targeted to be sold, and recorded writedowns totaling $1.3 million to reduce the carrying value to that which is estimated to be realized from the ultimate sale. The combination of the gains and writedowns negatively impacted diluted EPS by $0.01. Diluted earnings per share, including the impact of all special items, totaled $0.10 for the fourth quarter of 2002.

For the year, revenues were $154.1 million, EBITDA totaled $42.8 million and diluted earnings per share before special items were $0.44, all within management's range of previous estimates. Diluted earnings per share, including the impact of all special items, totaled $1.16 for the year 2002. Free cash flow from operations for the year 2002 totaled $12.9 million, equal to $0.74 per diluted share. Debt to total capitalization during the year declined to 44.2 percent from 47.8 percent.

Funeral Operations

Key indicators for Carriage's funeral operations and financial results for the fourth quarter when compared to the same period last year are as follows:

- *Funeral revenues up slightly from $30.0 million to $30.2 million*
- *Same store funeral revenue increased 2.2 percent*
- *Same store calls increased 1.1 percent, from 5,119 to 5,175*
- *Same store average revenue per call increased 1.1 percent, from $5,663 to $5,727*
- *Funeral field EBITDA margin decreased from 36.1 percent to 34.1 percent of revenue*

"While we continue to be challenged by competitive conditions in certain markets, the fourth quarter same store calls were very positive when compared to the national death rates, which we understand declined 2.1%, as adjusted, for the fourth quarter," stated Mr. Payne. "However, we were disappointed that the funeral field EBITDA margin declined 200 basis points from the prior year quarter, primarily because of increases in both merchandise costs and variable field operating expenses which were not managed tightly." Approximately 72.5 percent of the Company's funeral revenue was generated from traditional funeral services and 27.5 percent from cremation services, as compared to 73.2 percent and 26.8 percent in the fourth quarter of last year. The average revenue per cremation service increased by 3.8 percent when compared to the fourth quarter of last year.

On a year-to-date basis, funeral revenue decreased 4.0 percent, from $124.3 million to $119.3 million. Same store revenue increased 0.5 percent and consisted of a 1.4 percent decrease in same store calls and a 1.9 percent increase in the same store revenue per call. The same store decline in volumes of

1.4 percent compares favorably to the 1.6 percent decline in the national death rates. Funeral field EBITDA margin decreased from 36.3 percent to 35.6 percent primarily as a result of a 0.3 percent increase in merchandise costs and a 0.4 percent increase in field operating expenses.

Cemetery Operations

Key indicators for Carriage's cemetery operations and financial results for the fourth quarter when compared to the same period last year are as follows:

- *Cemetery revenues declined 9.1 percent, from $9.9 million to $9.0 million*
- *Same store cemetery revenue declined 8.5 percent*
- *Cemetery field EBITDA margin increased from 33.0 percent to 40.3 percent of revenue*

Cemetery revenues were negatively impacted by a $1.2 million decrease in preneed merchandise and service deliveries. Cemetery revenues were positively impacted by a $0.3 million increase in preneed sales of interment sites. Excluded from revenues in 2002 are sales of mausoleum spaces that will be recognized within the next twelve months when construction is completed at three cemeteries. Cemetery costs and expenses declined 18% which positively impacted cemetery gross margins and EBITDA. Most of the cost improvement was due to changes in preneed cemetery contract terms and collection practices which resulted in a significant decline in bad debt expense.

On a year-to-date basis, cemetery revenues have declined 8.7 percent, of which 7.4 percent is attributable to the decline in same-store revenues and 1.3 percent is attributable to cemeteries that were sold in 2001. Cemetery field EBITDA margin was 38.7 percent for 2001 and 2002. Income from trust funds was also substantially the same for each year.

Other

General and administrative costs increased $0.4 million in comparing the fourth quarter 2001 to fourth quarter 2002 and increased $2.1 million on a year-over-year basis. The largest portion of the year-over-year increase related to a $0.7 million charge in connection with the termination of an employment agreement with a former officer and $0.5 million for non-recurring professional fees.

Interest expense increased by approximately $0.3 million in the fourth quarter of 2002 compared to the fourth quarter of 2001 primarily due to additional amortization of deferred loan costs which was recorded because of the reduction of the Company's revolving credit facility from $100 million to $75 million and paydowns on the senior notes. Year-over-year, interest expense decreased approximately $0.6 million primarily because the average debt outstanding was less in 2002 compared to 2001.

For 2002, Carriage recorded income taxes at an effective book tax rate of 38.5 percent, compared to an effective book tax rate of 20 percent for 2001. As reported in the first quarter of 2002, special items in the 2002 year to date results included a $12.8 million ($0.73 per diluted share) benefit from the reversal of a deferred tax valuation allowance that was originally recorded in 2000. Actual income taxes paid in 2002 and 2001 totaled $0.3 million and $0.5 million, respectively, and were related to state income tax liabilities.

First Quarter and Full Year 2003 Outlook

For the first quarter of 2003, Carriage expects revenues to range between $38 million and $41 million, EBITDA to range between $10 million and $12 million, and earnings to range between $0.13 to $0.15 per share. Carriage expects revenues for the full year of 2003 to range between $152 million and $157 million, EBITDA to range between $40 million and $43 million, earnings to range between $0.40 to $0.44 per share, and free cash flow from operations to range between $11 million and $14 million. Including cash flow from other sources, we expect to reduce our debt from $149.1 million at year end 2002 to within a range of $132 to $135 million at year end 2003. The 2003 outlook considers the impact of lower deaths nationwide as reported by the Center for Disease Control and Prevention, challenging competitive conditions in some of our markets and the negative impact on preneed sales from the continued low levels of consumer confidence in the national economy.

"While we are clearly facing an unusual seasonal pattern of death rates starting the 2003 year, we are focusing on those elements in our business that we can control," stated Mr. Payne. "Notwithstanding our challenges, we expect to continue to get better as an operating company and to produce sufficient levels of free cash flow to meet our debt reduction targets and to reposition our company for growth."

Fourth Quarter Conference Call Information

Carriage Services has scheduled a conference call tomorrow at 10:30 a.m. eastern time. To participate in the call, dial 303-262-2193 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 7, 2003. To access the replay, dial 303-590-3000 and enter the pass code 520782.

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 archive will be

available shortly after the call. For more information, please contact Donna Washburn at DRG&E at (713) 529-6600 or email dmw@drg-e.com.

Carriage Services is the fourth largest publicly traded death care company. As of February 27, 2003, Carriage operates 144 funeral homes and 30 cemeteries in 29 states.

Certain statements made herein or elsewhere by, or on behalf of, the Company that are not historical facts are intended to be forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements are based on assumptions that the Company believes are reasonable; however, many important factors, as discussed under "Forward-Looking Statements and Cautionary Statements" in the Company's Annual Report and Form 10-K for the year ended December 31, 2001, 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.

- tables to follow -

CARRIAGE SERVICES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share amounts)

	For the Three Months Ended		For the Year Ended	
	12/31/01	12/31/02	12/31/01	12/31/02
Funeral revenues	$29,993	$30,239	$124,284	$119,299
Funeral costs and expenses	21,823	22,005	92,813	84,925
Funeral gross profit	8,170	8,234	31,471	34,374
Funeral gross margin	27.2%	27.2%	25.3%	28.8%
Cemetery revenues	9,945	9,043	38,209	34,877
Cemetery costs and expenses	7,963	6,501	29,385	26,163
Cemetery gross profit	1,982	2,542	8,824	8,714
Cemetery gross margin	19.9%	28.1%	23.1%	25.0%
Total revenues	39,938	39,282	162,493	154,176
Total costs and expenses	29,786	28,506	122,198	111,088
Total gross profit	10,152	10,776	40,295	43,088
Total gross margin	25.4%	27.4%	24.8%	27.9%
General and administrative expenses	1,996	2,392	8,698	10,841
Operating income before special items	8,156	8,384	31,597	32,247
Operating margin before special items	20.4%	21.3%	19.4%	20.9%
Interest expense, Debt	3,310	3,576	13,646	13,053
Interest expense, TIDES	1,675	1,675	6,698	6,697
	4,985	5,251	20,344	19,750
Income before income taxes and special items	3,171	3,133	11,253	12,497
Provision for income taxes	634	1,206	2,251	4,813
Net income before special items	2,537	1,927	9,002	7,684
Preferred stock dividends	3	-	37	-
Net income before special items for common stockholders	$2,534	$1,927	$8,965	$7,684
Diluted earnings per share before special items	$0.14	$0.11	$0.51	$0.44
Special items:				
Asset writedowns	-	(1,271)	-	(1,271)
Gains on sales of assets		936		936
Tax benefit on special charges and other	-	129	-	129
Reversal of deferred tax valuation allowance	-	-	-	12,800
Total special items	-	(206)	-	12,594
Net income available to common stockholders	$2,534	$1,721	$8,965	$20,278
Diluted earnings per share	$0.14	$0.10	$0.51	$1.16
Weighted average number of diluted common shares outstanding	17,637	17,450	17,492	17,433

CARRIAGE SERVICES, INC.

COMPARISON OF EARNINGS

4th QUARTER 2001 VS 2002
(000'S)

	Revenue	EBITDA	Income Before Taxes	Net Income	Diluted Earnings Per Share
Reported 4th Quarter 2001	$39,938	$12,402	$3,171	$2,537	$0.14
Proforma adjustment of tax rate to 38.5% from 20%				(586)	(0.03)
Proforma elimination of goodwill amortization per SFAS 142			1,102	677	0.04
Proforma 4th Quarter 2001	$39,938	$12,402	$4,273	$2,628	$0.15
Properties disposed	(495)	(137)	(74)	(46)	-
Properties acquired	210	75	62	38	-
Lower preneed funeral commissions	(181)	(181)	(181)	(111)	(0.01)
Special charges and other			(335)	(206)	(0.01)
Interest expense			(266)	(164)	(0.01)
Lower depreciation and other amortization			439	270	0.02
Decreased Operating Performance	(190)	(1,070)	(1,120)	(688)	(0.04)
Reported 4th Quarter 2002	$39,282	$11,089	$2,798	$1,721	$0.10

COMPARISON OF EARNINGS
YEAR ENDED DEC. 31, 2001 VS YEAR ENDED DEC. 31, 2002
(000'S)

	Revenue	EBITDA	Income Before Taxes	Net Income	Diluted Earnings Per Share
Reported Year Ended December 31, 2001	$162,493	$48,692	$11,253	$9,002	$0.51
Proforma adjustment of tax rate to 38.5% from 20%				(2,081)	(0.12)
Proforma elimination of goodwill amortization per SFAS 142			4,467	2,747	0.16
Proforma Year Ended December 31, 2001	$162,493	$48,692	$15,720	$9,668	$0.55
Properties disposed	(4,717)	(1,022)	(586)	(360)	(0.02)
Properties acquired	717	277	221	136	0.01
Lower preneed funeral commissions	(2,132)	(2,132)	(2,132)	(1,311)	(0.07)
Termination and tax project costs		(1,216)	(1,216)	(748)	(0.04)
Special charges and other			(335)	(206)	(0.01)
Lower interest expense			594	365	0.02
Lower depreciation and other amortization			2,125	1,307	0.07
Operating Performance	(2,185)	(1,849)	(2,229)	(1,373)	(0.08)
Year Ended Dec. 31, 2002 Excluding Special Tax Benefit	$154,176	$42,750	$12,162	$7,478	$0.43
Reversal of deferred tax valuation allowance				12,800	0.73
Reported Year Ended December 31, 2002	$154,176	$42,750	$12,162	$20,278	$1.16

CARRIAGE SERVICES, INC.
Selected Financial Data
December 31, 2002

Selected Balance Sheet Data:	**12/31/2001**	**12/31/2002**
	(audited)	(unaudited)
Working Capital	$. (1,006)	$ (1,598)
Total Assets	699,902	703,754
Total Debt and Contingent Purchase Obligations	163,449	149,094
Total Convertible Preferred Securities	90,058	90,193
Total Stockholders' Equity	81,578	98,091
Days sales in funeral accounts receivable	31.3	27.1
Debt to total capitalizaton	47.8	44.2
Debt to EBITDA (rolling twelve months)	3.23	3.49

Selected Cash Flow Data:	**Three mos. ended 12/31/2002**	**Year ended 12/31/2002**
Cash provided by operating activities before interest payments	$ 7,502	$ 38,098
Interest Paid	2,869	19,153
Capital expenditures	1,148	6,034
Free Cash Flow	3,485	12,911
Net borrowing (payments) on debt and contingent obligations	(6,486)	(14,355)