Carriage Services, Inc.
(NYSE: CSV)

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Stock Price (May 6, 2011) $6.37

KEY POINTS

Ten Year Vision – Being The Best

Our vision for Carriage over the next ten years is to affiliate with many of the best remaining independents in mostly large strategic markets. After almost fifty years of consolidation, our industry remains highly fragmented and succession issues are causing independents to explore selling their businesses.

We believe Carriage offers a highly attractive succession planning option for owners who want their legacy family business to remain operationally prosperous in their local communities. We also believe that our decentralized operating framework will continue to attract some of the top, more entrepreneurial talent in our industry. We are the right size with the right models at the right time to prosper as a consolidator over the next ten years.

Five Year Goals

- Five Year Goals – Through 2015 (Base Year 2010)
- Revenue growth of 6-7% annually, including acquisitions.
- Consolidated EBITDA growth of 8-10% annually, including acquisitions.
- Consolidated EBITDA Margin range of 24-26%.
- EPS growth of 14-16% annually, including acquisitions.

Company Strategy

Carriage is uniquely positioned because of our strategy as defined by three models:

- Standards Operating Model – focuses on market share, people and operating and financial metrics that drive long-term operating and financial performance for our individual funeral homes and cemeteries.
- 4E Leadership Model – defines the leadership characteristics of a Managing Partner who can effectively execute the Standards Operating Model.
- Strategic Acquisition Model – defines the selective acquisition strategy using six Strategic Ranking Criteria to assess candidates and to differentiate pricing.

***Carriage Services** is a leading provider of deathcare services and products in the United States. Carriage operates 151 funeral homes in 25 states and 33 cemeteries in 12 states. Carriage provides a complete range of funeral and cremation services and sells a wide variety of related products and merchandise.*

Stock Data

Fiscal Year-End:	December
Symbol / Exchange:	CSV / NYSE
52 - Week Trading Range:	$4.00 - $6.57
Diluted Common Shares Outstanding (In Mill.):	18.4
Market Capitalization (In Mill.):	$110.60
Total Enterprise Value (In Mill.):	$344.04
Avg. Daily Volume (3 Mos.):	25,979
Float (In Mill.):	15.1
Insider Ownership:	15.3%
Institutional Ownership:	47.4%

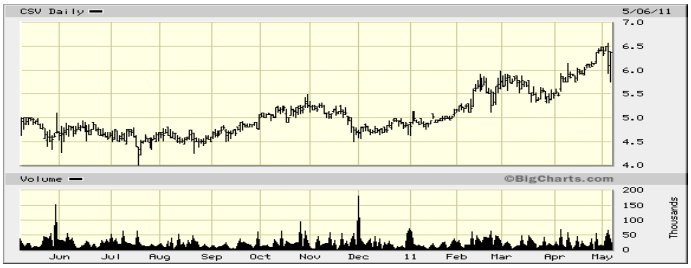
Financial Data *(Amounts in Millions)*

	3/31/2011
Cash & Investments:	$2.3
Total Assets:	$677.0
Total Senior Debt:	$136.5
Total Subordinated Debt:	$92.8
Total Debt:	$229.3
Stockholders' Equity:	$123.3
Trailing Twelve Months Ending 3/31/11	
Total Revenue:	$188.9
Field EBITDA:	$65.6
Adjusted Consolidated EBITDA:	$43.6
Adjusted Diluted EPS:	$0.49
Free Cash Flow:	$19.4

Company Financial Outlook	***Four Qtr. Period Ending 3/31/2012***
Revenues:	$198.0 - $203.0
Field EBITDA:	$69.3 - $71.0
Consolidated EBITDA:	$46.0 - $47.2
Diluted EPS:	$0.52 - $0.56
Free Cash Flow:	$19.0 - $21.0

Valuation Data (Using Outlook Midpoint)

Price / Yr. 3/31/12(E) EPS:	11.8X
Enterprise Value / 3/31/12(E) Consolidated EBITDA:	7.4X
Equity Market Cap / 3/31/12(E) Free Cash Flow:	5.5X



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Forward-looking statements contained herein are subject to certain risks and uncertainties as further described at the end of this Company & Investment Profile. Please refer to the Appendix on page 22 that discusses and reconciles non-GAAP financial measures to GAAP financial measures.

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This document is being published by Carriage Services in continuation of the Company's stated goal to provide more disclosure and transparency to the investment community regarding Carriage's operations, strategies and industry conditions. It is Carriage's intent to take responsibility for and a proactive role in communicating with the investment community and in providing greater operating and financial transparency.

MISSION STATEMENT: We are committed to being the most professional, ethical, and highest quality funeral and cemetery service organization in our industry.

GUIDING PRINCIPLES: Honesty, integrity and quality in all that we do. Hard work, pride of accomplishment and shared success through employee ownership. Belief in the power of people through individual initiative and teamwork. Outstanding service and profitability go hand-in-hand. Growth of the Company is driven by decentralization and partnership.

Carriage Services is a leading provider of funeral and cemetery services and products in the United States. Carriage Services' common stock trades on the New York Stock Exchange under the symbol CSV. We operate 151 funeral homes in 25 states and 33 cemeteries in 12 states. Our business can be characterized as one of relative stability, reflected by a relatively fixed cost structure, predictable revenue and cash flow and incremental growth opportunities via both organic improvements and selective acquisitions.

TREND REPORTS

Management monitors consolidated same store and acquisition field operating and financial results both on a most recent rolling five year and five quarters basis ("Trend Reports") to reflect long term and short term trends and seasonality. The Trend Reports highlight trends in volumes, operating revenues, financial revenues, Field EBITDA (controllable profit), Field EBITDA Margin (controllable profit margin), the components of overhead, and Consolidated EBITDA and Consolidated EBITDA Margin which reflect the cash earning power of Carriage as a consolidation platform. Trend reporting allows management to focus on the key operational and financial drivers relevant to the longer term performance and valuation of the Company's portfolio of deathcare businesses.

Same Store results represent the funeral contract volumes (both atneed and preneed), revenues and Field EBITDA for businesses that have been owned for the entirety of the periods presented. The transparency of Carriage's Trend Reports is unique within the public deathcare sector. This transparency enables an investor to track Same Store volumes over long periods of time, which is the key driver of revenues, Field EBITDA and Field EBITDA Margins in a high fixed cost local business. Carriage has historically experienced smaller declines in Same Store contract volumes relative to other public deathcare companies, which we believe demonstrates good execution of a superior operating model.

"Acquisition" is defined as businesses acquired since January 1, 2007. The classification of Acquisitions (businesses acquired during the periods presented) is important in monitoring the results of these businesses to gauge the leveraging performance contribution that a selective acquisition program can have on the total Company performance over a five year timeframe, as well as the returns being generated by management's allocation of capital for acquisitions versus other potential uses.

The following Trend Reports demonstrate the trends in funeral volumes, Operating Revenues, Financial Revenues, Field EBITDA, Field EBITDA Margins, Overhead, Consolidated EBITDA, Consolidated EBITDA Margins, Net Income and Earnings Per Share over both the five year history and the most recent five quarters ended March 31, 2011.

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UNAUDITED INCOME STATEMENT FROM CONTINUING OPERATIONS
Annual Trend
For the Five Years Ended March 31, 2011
($000's)

	Year 2007	Year 2008	Year 2009	Year 2010	Rolling 12 Months March 31, 2011
Same Store Contracts					
Atneed Contracts	16,556	17,100	16,173	16,147	16,134
Preneed Contracts	4,502	4,084	3,870	3,902	4,009
Total Same Store Funeral Contracts	21,058	21,184	20,043	20,049	20,143
Acquisition Contracts					
Atneed Contracts	1,772	3,509	3,465	4,593	5,272
Preneed Contracts	536	838	854	1,159	1,306
Total Acquisition Funeral Contracts	2,308	4,347	4,319	5,752	6,578
Total Funeral Contracts	**23,366**	**25,531**	**24,362**	**25,801**	**26,721**
Funeral Operating Revenue					
Same Store Revenue	$ 110,246	$ 110,147	$ 108,513	$ 107,351	$ 107,989
Acquisition Revenue	8,937	16,341	16,603	22,392	25,096
Total Funeral Operating Revenue	**$ 119,183**	**$ 126,488**	**$ 125,116**	**$ 129,743**	**$ 133,085**
Cemetery Operating Revenue					
Same Store Revenue	$ 34,299	$ 32,615	$ 36,021	$ 34,211	$ 34,519
Acquisition Revenue	3,875	6,082	6,276	6,239	6,371
Total Cemetery Operating Revenue	**$ 38,174**	**$ 38,697**	**$ 42,297**	**$ 40,450**	**$ 40,890**
Financial Field Revenue					
Preneed Funeral Commission Income	$ 2,199	$ 2,670	$ 2,024	$ 2,265	$ 2,050
Preneed Funeral Trust Earnings	2,457	5,088	3,911	6,117	6,008
Cemetery Trust Earnings	3,128	2,328	2,747	4,815	5,439
Preneed Cemetery Finance Charges	1,715	1,657	1,532	1,557	1,486
Total Financial Field Revenue	$ 9,499	$ 11,743	$ 10,214	$ 14,754	$ 14,983
Total Revenue	**$ 166,856**	**$ 176,928**	**$ 177,627**	**$ 184,947**	**$ 188,958**
Field EBITDA					
Same Store Funeral Field EBITDA	$ 41,220	$ 38,015	$ 38,977	$ 36,030	$ 36,447
Same Store Funeral Field EBITDA Margin	*37.4%*	*34.5%*	*35.9%*	*33.6%*	*33.8%*
Acquisition Funeral Field EBITDA	$ 2,751	$ 4,238	$ 4,807	$ 5,123	$ 5,913
Acquisition Funeral Field EBITDA Margin	*30.8%*	*25.9%*	*29.0%*	*22.9%*	*23.6%*
Total Funeral Field EBITDA	**$ 43,971**	**$ 42,253**	**$ 43,784**	**$ 41,153**	**$ 42,360**
Total Funeral Field EBITDA Margin	***36.9%***	***33.4%***	***35.0%***	***31.7%***	***31.8%***
Same Store Cemetery Field EBITDA	$ 8,878	$ 5,133	$ 7,875	$ 7,339	$ 7,861
Same Store Cemetery Field EBITDA Margin	*25.9%*	*15.7%*	*21.9%*	*21.5%*	*22.8%*
Acquisition Cemetery Field EBITDA	$ 737	$ 1,842	$ 1,438	$ 1,708	$ 1,789
Acquisition Cemetery Field EBITDA Margin	*19.0%*	*30.3%*	*22.9%*	*27.4%*	*28.1%*
Total Cemetery Field EBITDA	**$ 9,615**	**$ 6,975**	**$ 9,313**	**$ 9,047**	**$ 9,650**
Total Cemetery Field EBITDA Margin	***25.2%***	***18.0%***	***22.0%***	***22.4%***	***23.6%***
Funeral Financial Field EBITDA	2,829	6,070	4,198	6,998	6,677
Cemetery Financial Field EBITDA	4,843	3,985	4,279	6,372	6,925
Total Financial Field EBITDA	**$ 7,672**	**$ 10,055**	**$ 8,477**	**$ 13,370**	**$ 13,602**
Total Financial Field EBITDA Margin	***80.8%***	***85.6%***	***83.0%***	***90.6%***	***90.8%***
Total Field EBITDA	**$ 61,258**	**$ 59,283**	**$ 61,574**	**$ 63,570**	**$ 65,612**
Total Field EBITDA Margin	***36.7%***	***33.5%***	***34.7%***	***34.4%***	***34.7%***
Overhead					
Total Variable Overhead	$ 3,281	$ 3,230	$ 3,212	$ 3,573	$ 3,790
Total Regional Fixed Overhead	3,122	3,413	3,093	3,370	3,499
Total Corporate Fixed Overhead	13,408	13,311	13,646	14,476	14,749
Total Overhead	**$ 19,811**	**$ 19,954**	**$ 19,951**	**$ 21,419**	**$ 22,038**
	11.9%	***11.3%***	***11.2%***	***11.6%***	***11.7%***
Adjusted Consolidated EBITDA	**$ 41,447**	**$ 39,329**	**$ 41,623**	**$ 42,151**	**$ 43,574**
Adjusted Consolidated EBITDA Margin	***24.8%***	***22.2%***	***23.4%***	***22.8%***	***23.1%***
Special Charges					
Litigation Settlement	$ -	$ 3,300	$ -	$ -	$ -
Litigation Related Legal Costs	861	1,638	-	-	-
Securities Transactions Expenses	-	-	-	-	138
Termination Expenses	-	969	-	-	117
Other Expenses	-	-	-	-	80
Other Special Charges	739	254	-	-	-
Sum Of Special Charges	**$ 1,600**	**$ 6,161**	**$ -**	**$ -**	**$ 335**
Consolidated EBITDA	**$ 39,847**	**$ 33,168**	**$ 41,623**	**$ 42,151**	**$ 43,239**
Consolidated EBITDA Margin	***23.9%***	***18.7%***	***23.4%***	***22.8%***	***22.9%***
Property Depreciation & Amortization	$ 9,488	$ 10,368	$ 10,339	$ 9,977	$ 9,906
Non Cash Stock Compensation	848	1,169	1,169	1,533	1,642
Interest Expense	18,344	18,331	18,498	18,263	18,263
Other (Income)	(1,151)	(229)	(228)	(1,069)	(880)
Pretax Income	**$ 12,318**	**$ 3,529**	**$ 11,845**	**$ 13,447**	**$ 14,308**
Income Tax	4,960	1,725	4,797	5,368	5,717
Net Income	**$ 7,358**	**$ 1,804**	**$ 7,048**	**$ 8,079**	**$ 8,591**
	4.4%	*1.0%*	*4.0%*	*4.4%*	*4.5%*
Adjusted Diluted EPS from Continuing Operations	$ 0.43	$ 0.26	$ 0.40	$ 0.45	$ 0.49
Diluted EPS from Continuing Operations	$ 0.38	$ 0.09	$ 0.40	$ 0.45	$ 0.48
Net Income (Loss) from Discontinued Operations	$ 921	$ (1,546)	$ -	$ -	$ -
Diluted EPS from Discontinued Operations	$ 0.05	$ (0.08)	$ -	$ -	$ -

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UNAUDITED INCOME STATEMENT FROM CONTINUING OPERATIONS
Quarter Trend
For the Five Quarters Ended March 31, 2011
($000's)

	Qtr 1 2010	Qtr 2 2010	Qtr 3 2010	Qtr 4 2010	Qtr 1 2011
Same Store Contracts					
Atneed Contracts	4,260	3,896	3,918	4,073	4,247
Preneed Contracts	1,038	968	880	1,016	1,145
Total Same Store Funeral Contracts	5,298	4,864	4,798	5,089	5,392
Acquisition Contracts					
Atneed Contracts	952	899	1,279	1,463	1,631
Preneed Contracts	281	223	305	350	428
Total Acquisition Funeral Contracts	1,233	1,122	1,584	1,813	2,059
Total Funeral Contracts	**6,531**	**5,986**	**6,383**	**6,902**	**7,452**
Funeral Operating Revenue					
Same Store Revenue	$ 28,682	$ 25,953	$ 25,317	$ 27,399	$ 29,320
Acquisition Revenue	5,138	4,546	5,790	6,918	7,842
Total Funeral Operating Revenue	**$ 33,820**	**$ 30,499**	**$ 31,107**	**$ 34,317**	**$ 37,162**
Cemetery Operating Revenue					
Same Store Revenue	$ 7,756	$ 8,916	$ 9,030	$ 8,509	$ 8,064
Acquisition Revenue	1,540	1,548	1,670	1,481	1,672
Total Cemetery Operating Revenue	**$ 9,296**	**$ 10,464**	**$ 10,700**	**$ 9,990**	**$ 9,736**
Financial Field Revenue					
Preneed Funeral Commission Income	$ 688	$ 497	$ 632	$ 448	$ 473
Preneed Funeral Trust Earnings	1,582	1,439	1,553	1,543	1,473
Cemetery Trust Earnings	1,037	1,211	1,121	1,446	1,661
Preneed Cemetery Finance Charges	424	407	372	354	353
Total Financial Field Revenue	**$ 3,731**	**$ 3,554**	**$ 3,678**	**$ 3,791**	**$ 3,960**
Total Revenue	**$ 46,847**	**$ 44,517**	**$ 45,485**	**$ 48,098**	**$ 50,858**
Field EBITDA					
Same Store Funeral Field EBITDA	$ 10,360	$ 8,776	$ 7,805	$ 9,089	$ 10,777
Same Store Funeral Field EBITDA Margin	*36.1%*	*33.8%*	*30.8%*	*33.2%*	*36.8%*
Acquisition Funeral Field EBITDA	$ 1,471	$ 1,281	$ 847	$ 1,524	$ 2,261
Acquisition Funeral Field EBITDA Margin	*28.6%*	*28.2%*	*14.6%*	*22.0%*	*28.8%*
Total Funeral Field EBITDA	**$ 11,831**	**$ 10,057**	**$ 8,652**	**$ 10,613**	**$ 13,038**
Total Funeral Field EBITDA Margin	***35.0%***	***33.0%***	***27.8%***	***30.9%***	***35.1%***
Same Store Cemetery Field EBITDA	$ 1,552	$ 2,192	$ 1,885	$ 1,710	$ 2,074
Same Store Cemetery Field EBITDA Margin	*20.0%*	*24.6%*	*20.9%*	*20.1%*	*25.7%*
Acquisition Cemetery Field EBITDA	$ 465	$ 418	$ 486	$ 339	$ 546
Acquisition Cemetery Field EBITDA Margin	*30.2%*	*27.0%*	*29.1%*	*22.9%*	*32.7%*
Total Cemetery Field EBITDA	**$ 2,017**	**$ 2,610**	**$ 2,371**	**$ 2,049**	**$ 2,620**
Total Cemetery Field EBITDA Margin	***21.7%***	***24.9%***	***22.2%***	***20.5%***	***26.9%***
Funeral Financial Field EBITDA	1,924	1,624	1,774	1,676	1,603
Cemetery Financial Field EBITDA	1,461	1,618	1,493	1,800	2,014
Total Financial Field EBITDA	**$ 3,385**	**$ 3,242**	**$ 3,267**	**$ 3,476**	**$ 3,617**
Total Financial Field EBITDA Margin	***90.7%***	***91.2%***	***88.8%***	***91.7%***	***91.3%***
Total Field EBITDA	**$ 17,233**	**$ 15,909**	**$ 14,290**	**$ 16,138**	**$ 19,275**
Total Field EBITDA Margin	***36.8%***	***35.7%***	***31.4%***	***33.6%***	***37.9%***
Overhead					
Total Variable Overhead	$ 984	$ 551	$ 835	$ 1,203	$ 1,201
Total Regional Fixed Overhead	777	780	1,021	792	906
Total Corporate Fixed Overhead	3,669	3,430	3,558	3,819	3,942
Total Overhead	**$ 5,430**	**$ 4,761**	**$ 5,414**	**$ 5,814**	**$ 6,049**
	11.6%	***10.7%***	***11.9%***	***12.1%***	***11.9%***
Adjusted Consolidated EBITDA	**$ 11,803**	**$ 11,148**	**$ 8,876**	**$ 10,324**	**$ 13,226**
Adjusted Consolidated EBITDA Margin	***25.2%***	***25.0%***	***19.5%***	***21.5%***	***26.0%***
Special Charges					
Securities Transactions Expenses	$ -	$ -	$ -	$ -	$ 138
Termination Expenses	-	-	-	-	117
Other Expenses	-	-	-	-	80
Sum of Special Charges	**$ -**	**$ -**	**$ -**	**$ -**	**$ 335**
Consolidated EBITDA	**$ 11,803**	**$ 11,148**	**$ 8,876**	**$ 10,324**	**$ 12,891**
Consolidated EBITDA Margin	***25.2%***	***25.0%***	***19.5%***	***21.5%***	***25.3%***
Property Depreciation & Amortization	$ 2,469	$ 2,488	$ 2,498	$ 2,522	$ 2,398
Non Cash Stock Compensation	336	$ 399	$ 441	$ 357	$ 445
Interest Expense	4,554	$ 4,572	$ 4,571	$ 4,566	$ 4,554
Other (Income)	(218)	$ (252)	$ (1)	$ (598)	$ (29)
Pretax Income	**$ 4,662**	**$ 3,941**	**$ 1,367**	**$ 3,477**	**$ 5,523**
Income Tax	1,888	1,642	508	1,330	2,237
Net Income	**$ 2,774**	**$ 2,299**	**$ 859**	**$ 2,147**	**$ 3,286**
	5.9%	*5.2%*	*1.9%*	*4.5%*	*6.5%*
Adjusted Diluted EPS from Continuing Operations	$ 0.16	$ 0.13	$ 0.05	$ 0.12	$ 0.19
Diluted EPS from Continuing Operations	$ 0.16	$ 0.13	$ 0.05	$ 0.12	$ 0.18

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INVESTMENT CONSIDERATIONS

Long term shareholder returns are driven by improvements in operating performance, a low share count, long term low fixed rate capital structure and strong Free Cash Flow. Carriage's Free Cash Flow provides most of the financing for our selective acquisition strategy. These elements in combination produce high single digit revenue growth that leverages into increasing and sustainable Consolidated EBITDA Margins and double digit rates of growth in Consolidated EBITDA and diluted EPS. There is also the possibility of Enterprise Value and EPS multiple expansion as higher death rates based on the aging of the "baby boom" generation become more visible. Our long-term financial outlook, which is also our five year strategic plan, is as follows:

Long Term Outlook – Through 2015 (Base Year 2010)
Revenue growth of 6-7% annually, including acquisitions
Consolidated EBITDA growth of 8-10% annually, including acquisitions
Consolidated EBITDA Margin range of 24-26%
EPS growth of 14%-16% annually, including acquisitions

CAPITAL STRUCTURE FACILITATES GROWTH

There are four primary components in our capital structure: (1) $130 million of 7⅞% senior notes that have a 2015 maturity, (2) a $40 million revolving credit facility with an accordion provision for an additional $20 million that matures in November 2012, (3) $93 million in outstanding 7% convertible junior subordinated debentures which have the ability to defer payments of interest and have a 2029 maturity (TIDES), and (4) common stock. At March 31, 2011, the credit facility was undrawn.

Our capital structure includes relatively low fixed rate mezzanine and senior debt similar to an LBO structure. In addition, our senior notes and TIDES require no principal reductions until maturity. Consequently, we are using our cash and Free Cash Flow to selectively acquire funeral home and cemetery businesses and to fund internal growth projects such as cemetery inventory development. Every $300,000 of Field EBITDA either acquired or produced from same store operations approximates $0.01 per share of net earnings.

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CARRIAGE SERVICES FIVE YEAR FORECAST

Revenue & Cash Flow Forecast

The Ability to Substantially Self-Finance Acquisitions

Amounts In Million - except per share amounts

	Annualized Revenue Estimates						
	2010A	2011	2012	2013	2014	2015	CAGR
Existing Revenue	$181.1	$185.5	$189.0	$192.8	$196.7	$200.6	
2010 Acquired Revenue	3.8	10.0	10.2	10.4	10.6	10.8	
2011 Acquired Revenue		5.0	10.0	10.2	10.4	10.6	
2012 Acquired Revenue			5.0	10.0	10.2	10.4	
2013 Acquired Revenue				5.0	10.0	10.2	
2014 Acquired Revenue					5.0	10.0	
2015 Acquired Revenue						5.0	
	$184.9	**$200.5**	**$214.2**	**$228.4**	**$242.9**	**$257.6**	6.9%
Consolidated EBITDA Margin	**22.8%**	**23.2%**	**24.5%**	**25.0%**	**25.5%**	**26.0%**	
Consolidated EBITDA	**$42.1**	**$46.5**	**$52.5**	**$57.1**	**$61.9**	**$67.0**	9.7%
Free Cash Flow	**$18.6**	**$20.0**	**$18.2**	**$20.4**	**$22.4**	**$24.6**	5.8%
Beginning Cash / (Borrowings)	$3.6	$1.3	($6.6)	($16.8)	($24.8)	($30.8)	
Debt Reduction	0.5	0.5	0.5	0.5	0.5	0.5	
Debt Issuance	(0.6)	0.6	–	–	–	–	
Dividends	–	1.8	1.9	1.9	1.9	1.9	
Growth Cap-ex	3.6	4.0	5.0	5.0	5.0	5.0	
Acquisition Cost	19.0	20.0	20.0	20.0	20.0	20.0	
Other	(1.6)	1.0	1.0	1.0	1.0	1.0	
Ending Cash / (Borrowings)	$1.3	($6.6)	($16.8)	($24.8)	($30.8)	($34.6)	
Diluted Earnings per Share	**$0.45**	**$0.54**	**$0.66**	**$0.75**	**$0.83**	**$0.92**	15.3%

Five Year Take-away points:
- **39% Increase in Revenue**
- **59% Increase in Consolidated EBITDA**
- **104% Increase in EPS**

Capital Structure Metrics Forecast

Amounts In Million - except per share amounts

	2010	2011	2012	2013	2014	2015	CAGR
Consolidated EBITDA	$42.1	$46.5	$52.5	$57.1	$61.9	$67.0	9.7%
Senior Debt	$136.0	$141.7	$150.1	$157.6	$163.1	$166.4	4.1%
Convertible Subordinated Security	92.9	92.8	92.8	92.8	92.8	92.8	
Stockholders' Equity	119.7	129.6	141.9	155.9	171.8	189.7	9.6%
Enterprise Value (Book)	$348.6	$364.1	$384.8	$406.3	$ 427.7	$448.9	5.2%
EV/Consolidated EBITDA Multiple	8.3x	7.8x	7.3x	7.1x	6.9x	6.7x	-4.1%
Senior Debt/Consolidated EBITDA	3.2x	3.0x	2.9x	2.8x	2.6x	2.5x	-5.1%
Total Debt/Equity	1.9x	1.8x	1.7x	1.6x	1.5x	1.4x	-6.5%
Diluted Shares Outstanding	17.9	18.3	18.6	18.9	19.2	19.5	1.7%

Five Year Take-away points:
- **Declining Leverage Multiples**
- **Increasing Book Value of Shareholder Equity**

2010 RECORD PERFORMANCE

Carriage completed another record year in 2010. For the year ended December 31, 2010, Carriage completed six acquisitions and reported the following results compared to the comparable period of 2009:

- Record Total Revenue of $184.9 million, an increase of 4.1% compared to $177.6 million in 2009;
- Record Consolidated EBITDA of $42.1 million, an increase of 1.3% compared to $41.6 million in 2009;
- Record Net Income of $8.1 million, an increase of 14.6% compared to $7.0 million in 2009;
- Record EPS of $0.45 per diluted share, an increase of 12.5% compared to $0.40 per diluted share in 2009;
- Record Free Cash Flow of $18.6 million, an increase of 31.0% compared to adjusted free cash flow of $14.2 million in 2009.

A JOURNEY OF TRANSFORMATION

The Company's recent strong operational and financial performance is the culmination of a corporate transformation process since 2003.

- **2003** – Skip Klug joined Carriage in 2002 as Vice President of Information Systems and for the first time this position and function was viewed as operationally strategic and reported to the CEO. Skip subsequently led a drive in 2003 to upgrade our systems in-house, a process that continues today which has been critical to the evolution and effectiveness of our decentralized operating model.

- **2004 - 2010** – Carriage's Funeral and Cemetery Standards Operating Models, designed around the drivers of sustained long term operating and financial performance with a focus on the quality of local leadership and staff, evolved under the guidance of corporate operations leadership and Standards Councils comprised of the best Managing Partners in each region. We began to publish monthly league table Standards Achievement rankings from best to worst business and established a Managing Partner profit sharing program with no upside limits.

- **2005** – Refinanced all remaining senior debt with a $130 million 7⅞% senior note offering due 2015, positioning Carriage to grow again by acquisition using Free Cash Flow and a new bank revolving credit.

- **2006 - 2010** – After two years of Standards Achievement data and analysis, we adopted Jack Welch's and GE's 4E Leadership Model to profile and assess Managing Partners who could effectively execute our Standards Operating Model. Beginning in mid-2006, 4E assessments together with actual Standards Achievement performance led to replacement of more than 65% of Managing Partners and Sales Managers by 2010. Application of our 4E Leadership Model had a similar dramatic impact on turnover and top grading of corporate leadership at all levels.

- **2006** – Combined cemetery organization with funeral organization under common regional leadership and implemented a simplified Cemetery Standards Operating Model. The operations organization was flattened with only one layer of management, our three Regional Partners, between the Chief Operating Officer and the Managing Partner for each business. Redefined responsibilities and duties of the Regional Partner heavily toward leadership versus management, with primary duty to have 4E Leader Managing Partners in charge of each business.

- **2006** – Developed a Strategic Acquisition Model using six strategic criteria to rank acquisition candidates and differentiate pricing. We established a goal of increasing the sustained earning power profile of our

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deathcare portfolio (Field EBITDA and Field EBITDA Margin) over time by selectively acquiring strong deathcare franchises in strategic markets.

- **2006 - 2010** – Formed Operational Analysis and Planning Group, whose responsibility is to support our Managing Partners with operating and financial analysis of their business with the goal of achieving more Standards over time. This group has become a critical and trusted source of customized reporting and information feedback for our Managing Partners that they use on a real time basis to manage their business.

- **2006 - 2010** – Brad Green joined Carriage as our first in-house General Counsel and began to drive a support department upgrading process in our home office that directly impacted first legal, then human resources, payroll, risk management, training, and indirectly all other support departments. Began to change the mindset of our support departments toward our field operations, i.e. we support and serve them, not the other way around. In other words, Carriage's sole reason to exist as a consolidation platform is to help our Managing Partners be successful in growing their business by better serving their client families and local communities.

- **2007** – Implemented long term (five years) and short term (five quarters) trend reports both for public reporting and internal operational reporting in a format linked closely with how we measure Standards Achievement over time for each business. Substantially improved the transparency of our financial results by breaking out the cash earning power profile of our field operations (Field EBITDA Margin), the three major components of Total Overhead, and the cash earning power profile of Carriage's consolidation platform (Consolidated EBITDA Margin).

- **2007** – Acquired seven businesses consistent with our Strategic Acquisition Model using accumulated cash that added $25 million in annual revenue and $6.8 million in Field EBITDA.

- **2008** – Restructured the sales leadership of most of our cemetery portfolio by recruiting top sales leadership talent and increasing the number and quality of sales counselors required to produce consistent results under our revised Cemetery Standards Operating Model.

- **2008** – Jay Dodds was promoted to Chief Operating Officer and Terry Sanford to Chief Financial Officer and all Executive Team responsibilities and duties were realigned with the CEO role becoming primarily vision and growth strategy.

- **2008** – **2009 -** Restructured and repositioned our trust fund portfolio to exploit the extraordinary values available in fixed income and equity securities during the market crash and panic. Now positioned to support funeral and cemetery operations with much higher financial income and realization of gains over time.

- **2008** – **2009 -** Completed our $10 million stock repurchase program during which we purchased 3.1 million common shares equivalent to 15% of diluted shares outstanding. We elected to use $10 million of our Free Cash Flow during the height of the financial crisis to increase the ownership of existing shareholders by buying in shares at 50% of book value, an opportunity that seemed too good to pass up.

- **2009 - 2010** – Brad Green assumed responsibility for Strategic Development and completed building a team responsible for execution of our Strategic Acquisition Model over the next five years. Made two small acquisitions at year end 2009, six in 2010 and two to date in 2011.

- **2009** – Bill Heiligbrodt and Richard Scott joined Ron Erickson and Vince Foster on our Board of Directors to add industry operating and financial knowledge. Our Board subsequently restructured and aligned Executive Team compensation with sustained corporate performance designed to create shareholder value over time.

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- **2010** – Carriage is organizationally and financially positioned to grow into the future.

CARRIAGE'S THREE MODELS

We are uniquely positioned to attract the best talent and the best independent businesses to our Company because we can differentiate our strategy within the deathcare industry, as defined by the following three models:

Standards Operating Model

- Focuses on market share, people and financial metrics that drive long term operating and financial performance.
- Designed and weighted to grow market share, volumes and average revenue per contract modestly over time.
- Designed to achieve sustainable Field EBITDA Margins over time.
- Designed to reward Managing Partners with 4E Leadership skills who consistently achieve a high level of standards.

4E Leadership Model

- Standards Operating Model requires strong leadership to grow an entrepreneurial, high value, personal service community business at sustainable Field EBITDA Margins.
- 4E Leaders have a winning, competitive spirit and want to make a difference not only in their business but in Carriage's performance and reputation within the deathcare industry.
- 4E Leaders are motivated by the recognition and rewards related to achievement of our Being the Best Standards, including League Table rankings, service on Regional Standards Councils, and our Being The Best Managing Partner Incentive Bonus Program.

Strategic Acquisition Model

- Use six Strategic Ranking Criteria to assess acquisition candidates and to differentiate pricing.
- Acquire and build concentrated groups of "A" and "B" businesses in 10 to 15 strategic markets and sell non-strategic "C" businesses over time.
- Increase the sustainable revenue growth and earning power profile of the Carriage deathcare portfolio over time.

LEVERAGED INVESTMENT RETURNS

Effective execution of these three Carriage Models should produce superior long-term shareholder returns driven by a combination of unique and simultaneous financial dynamics as follows:

Operating Leverage

- Modest growth in same store revenues and modest increases in Field EBITDA Margins over time produce a higher growth rate in same store Field EBITDA.
- Effective execution of our Standards Operating Model and higher death rates caused by the aging of the "baby boom" generation should increase same store volumes and revenues in the intermediate and long term and compound the leverage inherent in our operating model.

Organizational Overhead Leverage

- Regional and corporate organizations have cost structures that are relatively fixed.
- Variable overhead, primarily incentive compensation related to all three organizational levels (Field, Regional, and Corporate) will increase relative to the achievement of performance standards.

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Capital Structure Leverage

- Subordinated convertible preferreds (7% due 2029) and Senior notes (7⅞% due 2015) have long term principal maturity dates and fixed low interest rates, producing a low cost of capital.
- Annual interest of approximately $18 million is fixed and easily covered by Consolidated EBITDA, resulting in substantial Consolidated Free Cash Flow that will be used to make selective acquisitions and for internal growth projects, such as cemetery inventory development and local business expansion.
- Low share count enables $300,000 of incremental Field EBITDA to be converted into $0.01 per share of EPS.

Consolidation Platform Leverage

- Acquired Field EBITDA will substantially fall to Consolidated EBITDA and Consolidated Free Cash Flow and will be highly accretive to EPS as well at the $300,000 per $0.01 of EPS conversion rate.
- Consolidated Free Cash Flow after fixed interest and maintenance capital expenditures will grow at a faster rate than revenues, a financial benefit that will directly accrue to common shareholders.
- The Company's bank credit facility can be used for acquisitions. At March 31, 2011, the credit facility was undrawn.

TEN YEAR VISION AND STRATEGY

Our vision for Carriage over the next ten years is to affiliate with many of the best remaining independents in mostly large strategic markets. Our industry after almost fifty years of consolidation remains highly fragmented and succession planning issues have become more difficult and complex than ever.

We believe Carriage offers a highly attractive succession planning option for owners who want their legacy family business to remain operationally prosperous in their local communities. We also believe that our decentralized operating framework will continue to attract some of the top, more entrepreneurial talent in our industry. We are the right size with the right models at the right time for Carriage as a consolidation platform to prosper over the next ten years.

Key elements of our Company strategy include the following:

Standards Operating Model

Our "Being the Best" standards focus on market share, people and operating and financial metrics that drive long-term performance. To date, the Standards Operating Model has driven significant changes in our organization, leadership and operating practices. Most importantly, the Standards Operating Model allows us to determine the sustainable revenue growth and earning power of our portfolio of deathcare businesses. The funeral and cemetery standards are designed to drive longer-term performance by growing market share and creating new heritage and producing consistent, modest revenue growth and a sustainable, increasing level of earnings and cash flow. The standards are not designed to produce maximum short-term earnings because Carriage does not believe such performance is sustainable without ultimately stressing the business, which often leads to declining market share, revenues and earnings.

The Standards Operating Model eliminated the use of financial budgets (budget and control model) which freed up enormous amounts of time to work on growing each local business and improving the quality and skills of the staff. Standards Achievement is the measure by which we judge the success of each business. All Standards are measured monthly except for our two people standards, which are judged quarterly using both qualitative and quantitative metrics.

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- *Standards Council* – The Standards Operating Model was originally developed by a group of former owner partners and top managers (termed the "Standards Council"). The Standards Council studied and evaluated the key drivers of success at Carriage's best businesses over a five-year period. Their work led to the development of the Standards Operating Model and the related incentive compensation plan. At the end of each year the Standards Council members for each of our three Regions meet, review and approve the Standards Achievement and related incentive compensation awards for each business.

- *Incentives Aligned with Standards* – Each Managing Partner participates in a variable annual bonus plan whereby they earn a percentage of their business' calendar year earnings based upon the actual standards achieved for that year. Each Managing Partner has the opportunity to share in the earnings of the business as long as the performance exceeds our minimum standard of 50% of Total Standards Achievement for that calendar year.

Characteristics & Goals of Being the Best

- *League Tables* – League tables are published each month within Carriage ranking the Managing Partners and their business by percentage of Standards Achievement (maximum 100%) from top to bottom.

4E Leadership Model

The Standards Operating Model requires strong leadership to grow an entrepreneurial, high-value, personal service and sales business at sustainable Field EBITDA Margins. Our 4E Leadership Model is based upon principles established by Jack Welch during his tenure at General Electric, and is based upon **4E** qualities essential to succeed in a high performance culture: **Energy** to get the job done; the ability to **Energize** others; the **Edge** necessary to make difficult decisions; and the ability to **Execute** and produce results. To achieve a high level of standards in a business year after year, we must have "A Players" in charge who have the 4E leadership skills to grow the business by hiring, training and developing highly motivated and productive teams that produce results.

Our Managing Partners participate in a variable bonus plan in which they earn a percentage of their business' earnings based upon the actual standards achieved. We believe our Managing Partners have the opportunity to be compensated at close to the same level as if they owned the business. We currently employ the strongest group of operational leaders in the Company's history, and the bonus plan fosters a growing reputation that "A Players" can thrive and be rewarded and recognized in our performance-based culture.

Strategic Acquisition Model

We believe a primary driver of higher revenue and profits in the future will be the execution of our Strategic Acquisition Model using six strategic ranking criteria to assess acquisition and divestiture candidates. As we execute this strategy over the next five years, we will acquire larger, higher margin strategic businesses and build synergistic groups of operating businesses in 10 – 15 strategic markets. A market will not be considered strategic unless we can acquire and/or build a critical mass of operations performing 1,000 – 5,000 funerals/interments annually. We believe we can execute our acquisition strategy without material incremental investment in our consolidation platform infrastructure or additional fixed regional and corporate overhead. Consequently, the sustained earning power of our

portfolio as defined by our Consolidated EBITDA Margin should incrementally increase over time as we execute the Strategic Acquisition Model.

We have learned that the long term growth or decline of a local, branded deathcare business is reflected by six criteria that correlate strongly with 5 – 10 year performance in volumes (market share), revenues and sustainable Field EBITDA Margins. We use these criteria to rank the strategic position of each of our existing businesses and acquisition candidates according to:

1. Size of Business;
2. Size of Market;
3. Competitive Standing;
4. Demographics;
5. Strength of Brand; and
6. Barriers to Entry.

These criteria are weighted to determine an overall ranking of "A", " B," or " C " for each business and to determine a pricing multiple.

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FIRST QUARTER OF 2011 HIGHLIGHTS & RESULTS

1Q11 Highlights

Financial highlights of the first quarter of 2011 as compared to the first quarter of 2010 include:

- Total Revenue of $50.9 million, an increase of 8.6% compared to $46.8 million;
- Adjusted Consolidated EBITDA of $13.2 million, an increase of 12.1% compared to $11.8 million;
- Net Income of $3.3 million, an increase of 18.5% compared to $2.8 million;
- Diluted EPS of $0.18 per share, and, after adjusting for special charges, Adjusted Diluted EPS of $0.19, an increase of 18.8% compared to $0.16 per diluted share;
- Free Cash Flow of $2.3 million, an increase of 64.3% compared to Free Cash Flow of $1.4 million.

Consolidated Results

Total Revenue for the first quarter of 2011 increased 8.6% to $50.9 million compared to $46.8 million in last year's first quarter. Adjusted Consolidated EBITDA for the 2011 first quarter was up 11.9% to $13.2 million versus $11.8 million in last year's first quarter, and Adjusted Consolidated EBITDA Margin increased to 26.0% compared to Consolidated EBITDA Margin of 25.2% in the first quarter last year. Carriage earned $0.18 per diluted share for the first quarter of 2011, an increase compared to $0.16 in the first quarter of 2010. After adjusting for special charges, adjusted diluted EPS was $0.19.

Total Overhead increased $0.6 million compared to the first quarter of 2010 and was 11.9% of revenue, an increase of thirty basis points from 11.6% last year. Higher overhead was primarily due to a higher provision for incentive compensation, higher acquisition related activities, and the expansion of our Training and Development Department to improve the service knowledge and skills of field staff.

Funeral Operations

Total Funeral Operating Revenue for the first quarter increased 9.9% to $37.2 million from $33.8 million in the prior year quarter due to higher same store revenues and additional revenues from the six acquisitions we closed in 2010. Same store Funeral Operating Revenue was $0.6 million or 2.2% higher than the comparable period a year ago as same store contract volume increased by 94 contracts, or 1.8%, and the average revenue for the same store contracts, excluding the preneed funeral trust earnings recognized during the period, increased 0.4% to $5,438. The same store burial rate for the current year quarter decreased 60 basis points to 51.7% from 52.3% in the prior year quarter. Same Store Funeral Field EBITDA increased by $0.4 million or 4.0%, and the related Same Store Funeral Field EBITDA Margin increased 70 basis points to 36.8%.

Funeral Operating Revenue from the Acquired Portfolio for the first quarter increased $2.7 million or 52.6% from the prior year quarter, and the related Acquired Funeral Field EBITDA increased $0.8 million or 53.7%. Acquired Funeral Field EBITDA Margin increased 20 basis points to 28.8%, which was 800 basis points lower than our Same Store Field EBITDA Margin primarily because of large property rents in our 2010 acquisitions. Contract volume for the acquired funeral portfolio for the first quarter rose 67.0% due to the acquisitions completed in 2010. The first quarter average revenue per contract in the Acquired Portfolio was $3,809, excluding preneed funeral trust earnings, and the burial rate dropped to 33.5% from 43.3% last year, as the new businesses acquired in 2010 were concentrated in higher cremation areas of California and Florida.

Cemetery Operations

Total Cemetery Operating Revenue for the first quarter increased $0.4 million or 4.7% to $9.7 million as preneed property revenue increased by $0.3 million. Total Cemetery Field EBITDA for the first quarter increased $0.6 million or 29.9% to $2.6 million, and Total Cemetery Field EBITDA Margin increased 520 basis points from 21.7%

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to 26.9% due primarily to the higher revenue and lower controllable operating costs, including a substantial decline in bad debt expense. The substantial improvement in our cemetery portfolio performance is a result of the very experienced and proven operating leadership we attracted to our largest cemeteries and combination operations over the last 18 months.

Financial Revenue

Total Financial Revenue includes preneed funeral insurance commission income, earnings from three types of trust funds and preneed insurance policies, and finance charges on our preneed cemetery receivables portfolio. During the first quarter Total Financial Revenue increased by approximately $0.2 million or 6.1% to $4.0 million primarily due to the increasing revenue from our Cemetery Trust fund investments. Beginning in this quarter, we have segregated Financial EBITDA, which includes funeral and cemetery financial revenue and the corresponding costs that had previously been included in Funeral and Cemetery Field EBITDA, to provide more transparent disclosure of our operating segments and trends. Total Financial Field EBITDA for the first quarter of 2011 was $3.6 million and the corresponding Total Financial Field EBITDA Margin was 91.3% compared to $3.4 million and 90.7%, respectively, in the first quarter of 2010.

Acquisitions

We acquired Schooler Funeral Homes in Amarillo, Texas in early April. Carriage currently owns two other funeral homes and a cemetery in the Amarillo market, and is now positioned to become the leading funeral service provider in this market. Also in April, we acquired Stanfill Funeral Homes located in Miami, Florida, which represents our first entry in the Miami-Dade County market and a continuation of our growth strategy to affiliate with the best remaining independent operators in mostly large strategic markets.

Free Cash Flow

Carriage produced Free Cash Flow of $2.3 million for the three months ended March 31, 2011, an increase of $0.9 million or 64% compared to $1.4 for the corresponding period in 2010. The sources and uses of cash for the three months ended March 31, 2011 consisted of the following (in millions):

Cash flow provided by operations	$3.6
Cash used for maintenance capital expenditures	(1.3)
Free Cash Flow	**$2.3**
Cash at beginning of year	1.3
Payments against bank credit facility	(0.6)
Cash used for growth capital expenditures – funeral homes	(0.1)
Cash used for growth capital expenditures – cemeteries	(0.5)
Other investing and financing activities, net	(0.1)
Cash at March 31, 2011	**$ 2.3**
Credit facility borrowing at March 31, 2011	**$ 0.0**

Trust Fund Performance

We have previously reported on the significant increase in the market value and income in our three types of trust funds that was a result of a highly successful repositioning strategy coordinated with our investment advisor during the 2008/2009 financial and market crisis. After realizing approximately $30 million in equity and fixed income gains in 2010, we have realized $12.6 million of long-term fixed income gains year to date 2011 ($7.6 million in 1st quarter), causing the gains to be allocated to individual contracts which will be reflected as higher financial revenue as these contracts mature. Shown below are consolidated performance metrics for the combined trust fund portfolios (preneed funeral, cemetery merchandise and services, and cemetery perpetual care) at key dates.

($ in 000's)

Discretionary Accounts

CSV Trust Funds Market Value, Income, Yield and Gain (Loss)

Date	Market Value	Est. Annual Income*	Yield on Cost	Unrealized Gain / (Loss)
12/31/09	$155,053	$7,170	7.65%	$34,965
12/31/10	$182,970	$8,420	6.10%	$26,965
3/31/11	$189,333	$7,843	5.15%	$27,569

Total Trust Funds

CSV Trust Funds Market Value, Income, Yield and Gain (Loss)

Date	Market Value	Est. Annual Income*	Yield on Cost	Unrealized Gain / (Loss)
12/31/09	$198,113	$8,221	5.04%	$35,034
12/31/10	$233,371	$9,749	4.74%	$27,698
3/31/11	$239,319	$9,000	4.25%	$27,644

*Estimated Annual Income adjusted starting Q4 2009 to reflect current portfolio holdings.

Investment Performance

	Investment Performance		Index Performance(1)			
Timeframe	Discretionary	Total Trust	DJIA	S&P 500	NASDAQ	50/50 index Benchmark
5 years ended 12/31/10	64.7%	60.7%	24.4%	25.8%	39.6%	12.4%
3 years ended 12/31/10	47.7%	44.6%	1.7%	4.5%	20.3%	11.3%
1 year ended12/31/10	21.2%	18.4%	16.7%	15.1%	16.9%	10.8%
3 months ended 3/31/11	5.2%	4.4%	6.4%	5.9%	4.8%	3.2%

(1) Investment performance includes realized income and unrealized appreciation.

CSV Trust Funds: Portfolio Profile

	3/31/2011 Discretionary Trust Funds		3/31/2011 Total Trust Funds	
Asset Class	MV	%	MV	%
Equities	$ 95,016	50%	$109,019	46%
Fixed Income	89,280	47%	111,224	46%
Cash	5,037	3%	19,076	8%
Total Portfolios	$189,333	100%	$239,319	100%

FINANCIAL OUTLOOK

To better understand how improved execution of the Standards Operating Model and Strategic Acquisition Model will drive future operating results, we provide a rolling twelve month outlook after each quarter that reflects the trending progress we are making toward achieving the sustainable earning power of our portfolio of operating assets. We believe that a rolling forecast updated for acquisitions and dispositions will result in a more timely and accurate near term Outlook that is not constrained by a fixed and arbitrary "finish line" at the end of each calendar year.

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The following table depicts our current Outlook for the four quarter period ending March 31, 2012. Our short term Rolling Four Quarter 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 funeral contract volumes, cremation mix, preneed sales, preneed maturities and deliveries, average revenue per service, financial revenue and overhead items just to name a few. Other variables include the effective tax rate, which is currently estimated to be approximately 40% and the estimated number of diluted shares outstanding, which is currently estimated to be approximately 18.3 million.

Though we expect to acquire additional businesses during the next twelve months, we have not forecast any acquisitions in the Four Quarter Outlook ending March 31, 2012 because of the uncertainty as to the timing and size of acquisitions. In our Rolling Four Quarter Outlook ending March 31, 2012, we expect to use Free Cash Flow (cash flow from operations less maintenance capital expenditures) to invest in internal projects, such as cemetery inventory, that will result in revenue and earnings growth and that provide a ROIC in excess of our cost of capital. We are in the market evaluating candidates 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, 2012

(Amounts in Millions, Except Per Share Amount)

	Range
Revenues	$198 - $203
Field EBITDA	$69.3 - $71.0
Field EBITDA Margin	35%
Total Overhead	$23.3 - $23.8
Consolidated EBITDA	$46 - $47.2
Consolidated EBITDA Margin	23.2%
Interest	$18.5
Depreciation & Amortization	$11.5
Income Taxes	$6.4 - $6.9
Net Income	$9.6 - $10.3
Diluted Earnings Per Share	$0.52 - $0.56
Free Cash Flow	$19.0 - $21.0

Revenue and earnings for the four quarter period ending March 31, 2012 are expected to increase materially relative to the full calendar year ended December 31, 2010, in which Carriage earned $0.45 per diluted share, for the following reasons:

- Increase in same store Funeral Revenue averages and same store Funeral Field EBITDA Margins.
- Increase in acquired Funeral Revenue and acquired Funeral Field EBITDA from the 2010 and 2011 acquisitions.

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- Increase in Financial Revenue from three categories of trust funds.

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.

EXECUTIVE TEAM

Our management team, headed by founder Mel Payne, is characterized by a dynamic culture that reacts quickly and proactively to address changing market conditions and emerging trends. This culture has been critical to recent successful efforts and will provide an important advantage as the deathcare industry evolves. We are committed to operating an efficient corporate organization and strengthening corporate and local business leadership. Our Being the Best operating model will ensure this commitment at all levels of the organization. The funeral and cemetery divisions are reorganized into three Regions, each headed by a Regional Partner. This change engenders more cooperation and synergy between our funeral and cemetery operations and supports the goal of market-share and volume growth in our most significant markets. The three Regional Partners report to Jay Dodds in his role of Chief Operating Officer. The following are bios for the executive team.

Melvin C. Payne, a management founder of Carriage, has been Chairman of the Board and Chief Executive Officer since December 1996, prior to which he had been a director and Chief Executive Officer since Carriage's inception in 1991. Prior to co-founding Carriage, Mr. Payne spent ten years in the private company turnaround business involving numerous industries. Prior to his turnaround career, Mr. Payne spent ten years in the corporate lending business, initially with Prudential Insurance Company and later with Texas Commerce Bank in Houston.

Terry E. Sanford is the Executive Vice President and Chief Financial Officer of Carriage. Having joined the Company in 1997 as the Financial Controller, Mr. Sanford was promoted in 2000 to Vice President and Corporate Controller and in 2006 to Chief Accounting Officer and Treasurer and in September 2008 to his current position. Mr. Sanford work history prior to joining Carriage included senior financial positions in manufacturing, financial services and consumer products companies and public accounting. Mr. Sanford is a CPA and possesses a BBA in Accounting and an MBA in Finance.

Jay D. Dodds is the Executive Vice President and Chief Operating Officer of Carriage. Mr. Dodds has been in senior operations leadership for Carriage since October 2000, most recently as Regional Managing Partner for the Central Region and Regional Vice President of Operations. Mr. Dodds joined Carriage in 1994 as an operations Vice President. He has over 25 years of professional funeral home, cemetery and crematory operations experience. Prior to joining Carriage, he was affiliated with Stewart Enterprises for 13 years serving in numerous operating positions. Mr. Dodds is a licensed Funeral Director and holds a BBA degree from the University of Texas Arlington. Mr. Dodds is a member of the National Funeral Directors Association, The Cremation Associations of North America and a member of the Board of Directors of the International Funeral, Cemetery and Cremation Association.

J. Bradley Green is the Executive Vice President, General Counsel and Secretary of Carriage. He joined the Company in October 2006 as General Counsel and ultimately became responsible for the human resources, payroll and risk management departments. Most recently, in October 2009, Mr. Green was promoted to Executive Vice President and became responsible for the corporate development function, including the acquisition activity of Carriage. Prior to joining Carriage, Mr. Green was an attorney, focusing his practice on employment and commercial litigation. From 1998 to 2002, Mr. Green held legal and human resource positions, including General Counsel, at a Fortune 1000 company that had operations in 42 countries. Prior to that, Mr. Green was an attorney at a national law firm, focusing on the field of labor and employment law.

George J. Klug has been with the Company since July 2001 and has served as Senior Vice President of Information Systems and Chief Information Officer of Carriage since May 2002. Before joining Carriage, Mr. Klug served from 1997 to 2000 as Vice President of Information Technology at Allright Corporation, an owner operator of parking facilities both national and international. Prior to Allright, Mr. Klug served as Vice President of Information Technology for various retail companies including Oshmans, Sportstown, and Zaks. He also has a background in operations and accounting and has been in management positions for almost 40 years.

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DIRECTORS

Vincent D. Foster has served as one of our directors since 1999. Since 2007, Mr. Foster has served as the Chairman and Chief Executive Officer of Main Street Capital Corporation, a specialty investment company. He has also served as Senior Managing Director of Main Street Capital Partners, LLC (and its predecessor firms), a private investment firm, since 1997. From 1988 through 1997, Mr. Foster was a partner of Andersen Worldwide and Arthur Andersen LLP, where he served as the director of the corporate finance practice and the mergers and acquisitions practice in the southwestern United States. Mr. Foster has served as a director of the Texas TriCities chapter of the National Association of Corporate Directors, of which he is a founding member, since 2002. He is also a director of Quanta Services, Inc., a specialty contracting company that services the electrical transmission and distribution sector and Team Industrial Services, Inc., a provider of specialty industrial services.

L. William Heiligbrodt has been a private investor and managing partner in a family business since February 2003. From February 1999 to February 2003, he served as a consultant to Service Corporation International, a funeral services corporation ("SCI"). Mr. Heiligbrodt was the President and Chief Operating Officer of SCI until February 1999 and he had served in various management positions with SCI since February 1990. Prior to joining SCI, Mr. Heiligbrodt served as President of Provident Services, Inc. from March 1988 to February 1990. Prior to that, he served for five years as Vice Chairman and Chief Executive Officer of WEDGE Group Incorporated. Before Wedge Group Inc., Mr. Heiligbrodt served as Chairman of Texas Commerce Bank, Houston and Vice Chairman of Texas Commerce Bancshares, Inc. and a Director of both companies. Mr. Heiligbrodt served as a director of BJ Services Company and served on its Nominating and Governance Committee and Executive Compensation Committee prior to Baker Hughes Incorporated acquiring BJ Services Company in 2010.

Ronald A. Erickson has been a director of Carriage since it went public in August 1996. Since 1992, Mr. Erickson has been the Chief Executive Officer of Holiday Companies, Minneapolis, Minnesota, a private business consisting primarily of convenience stores. Since 1997, Mr. Erickson has been the Vice Chairman of the Board of Gander Mountain, a non-listed company engaged in the sporting goods business. Mr. Erickson is also a director of North American Tungsten, a junior mining company located in Canada. On February 24, 2011, Mr. Erickson announced his retirement from the Board of Directors and he will not stand for re-election at our Annual Shareholder Meeting. Mr. Erickson will continue to serve as a director until immediately prior to the 2011 Annual Shareholder Meeting.

Richard W. Scott is a seasoned financial services executive with over thirty years of capital markets experience. Since January 2009, he has served as the Senior Vice President and Chief Investment Officer of Loews Corporation and from 2001 to 2008, was a senior executive in Insurance Portfolio Management, with AIG Investments including service as the Chief Investment Officer-Insurance Operations. His career has included extensive executive and professional responsibility for all aspects of fixed income and insurance portfolio management on both domestic and global platforms, as well as extensive experience as a mergers and acquisition and capital markets professional.

David J. DeCarlo was nominated in April 2011 to be elected to the Board of Directors at the Annual Meeting of Stockholders. He has had more than 23 years of experience in the death care industry, having served as an executive officer in various roles for Matthews International (Matthews), a leading worldwide supplier of death care products. Prior to retiring from Matthews as Vice Chairman of the Board in 2008, Mr. DeCarlo had previously served as President of the Bronze Division, Group President of the Memorialization Group and a member of the Board of Directors for twenty-two years. Before joining Matthews in 1985, Mr. DeCarlo held diverse management and executive roles in finance, manufacturing, operations, sales, marketing and management information systems at several Fortune 500 companies. Mr. DeCarlo has an MBA in Finance, a Masters of Arts in Economics and Statistics, and a Ph.D. in Applied Economics and Finance (all but dissertation) from the Wharton School of Finance and University of Pennsylvania, as well as a Bachelor of Science degree in industrial Management from West Virginia University.

Melvin C. Payne, refer to *Executive Team* on page 19 for a complete biography.

FORWARD LOOKING STATEMENTS

In addition to historical information, this Company & Investment Profile contains forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements typically are identified by terms expressing our future expectations or projections of revenues, earnings, earnings per share, cash flow, market share, capital expenditures, effects of operating and acquisition initiatives, gross profit margin, debt levels, interest costs, tax benefits and other financial items. All forward-looking statements, although made in good faith, are based on assumptions about future events and are therefore inherently uncertain, and actual results may differ materially from those expected or projected. Forward-looking statements speak only as of the date of this report, and we undertake no obligation to update or revise such statements to reflect new circumstances or unanticipated events as they occur. Readers should carefully review the Cautionary Statements described in this and other documents we file from time to time with the Securities and Exchange Commission, including Annual Reports on Form 10-K and Current Reports on Form 8-K filed by Carriage in the future.

CAUTIONARY STATEMENTS

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 with 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 "Cautionary Note," "Risk Factors" and "Forward-Looking Statements" in the Company's Form 10-K for the year ended December 31, 2010, 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.

DISCLOSURE OF NON-GAAP PERFORMANCE MEASURES

We report our financial results in accordance with generally accepted accounting principles ("GAAP"). However, this investment profile uses the following Non-GAAP financial measures "free cash flow" and "EBITDA". Both free cash flow, cash provided by operating activities less maintenance capital expenditures, 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 investment profile because it is widely used by investors to compare the Company's financial performance with the performance of other death care 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. Reconciliations of the Non-GAAP financial measures to GAAP measures are provided at the back of the investment profile.

Reconciliation of Non-GAAP Financial Measures

Reconciliation of Net Income to EBITDA for the three months ended March 31, 2010 and 2011, and the estimated rolling four quarters ended March 31, 2012 (presented at approximately the midpoint within the range identified in this profile)(in 000's):

	Three months ended 3/31/2010	Three months ended 3/31/2011	Rolling Four Quarter Outlook 3/31/2012E
Net income	$ 2,774	$ 3,286	$ 9,900
Provision for income taxes	1,888	2,237	6,600
Pre-tax earnings	4,662	5,523	16,500
Net interest expense, including loan cost amortization	4,554	4,554	18,500
Other income	(218)	(29)	—
Noncash stock compensation	336	445	—
Depreciation & amortization	2,469	2,398	11,500
Special charges	—	335	—
Adjusted EBITDA	$ 11,803	$ 13,226	$ 46,500
Revenue	$ 46,847	$ 50,858	$ 200,500
Adjusted EBITDA margin	25.2%	26.0%	23.2%

Reconciliation of Diluted EPS to Adjusted Diluted EPS for the three months ended March 31, 2010 and 2011:

	Three months ended March 31,	
	2010	2011
Diluted EPS	$ 0.16	$ 0.18
Effect of special charges	—	$ 0.01
Adjusted Diluted EPS	$ 0.16	$ 0.19

Reconciliation of cash provided by operating activities to free cash flow (in 000's):

	Three months ended March 31,	
	2010	2011
Cash provided by operating activities	$ 2,924	$ 3,584
Less maintenance capital expenditures	(1,538)	(1,335)
Free cash flow	$ 1,386	$ 2,249

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