

# **CARRIAGE SERVICES INC**

Reported by  
**PAYNE MELVIN C**

## **FORM 4**

(Statement of Changes in Beneficial Ownership)

Filed 12/20/17 for the Period Ending 12/19/17

|             |                                                            |
|-------------|------------------------------------------------------------|
| Address     | 3040 POST OAK BOULEVARD<br>SUITE 300<br>HOUSTON, TX, 77056 |
| Telephone   | 713-332-8400                                               |
| CIK         | 0001016281                                                 |
| Symbol      | CSV                                                        |
| SIC Code    | 7200 - Services-Personal Services                          |
| Industry    | Personal Services                                          |
| Sector      | Consumer Non-Cyclicals                                     |
| Fiscal Year | 12/31                                                      |

# FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0287  
Estimated average burden  
hours per response... 0.5

[ ] Check this box if no longer  
subject to Section 16. Form 4 or  
Form 5 obligations may  
continue. See Instruction 1(b).

## STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or  
Section 30(h) of the Investment Company Act of 1940

|                                           |  |  |                                                   |  |  |                                                                                                                                                                          |  |  |
|-------------------------------------------|--|--|---------------------------------------------------|--|--|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| 1. Name and Address of Reporting Person * |  |  | 2. Issuer Name and Ticker or Trading Symbol       |  |  | 5. Relationship of Reporting Person(s) to Issuer<br>(Check all applicable)                                                                                               |  |  |
| PAYNE MELVIN C                            |  |  | CARRIAGE SERVICES INC [ CSV ]                     |  |  | <input checked="" type="checkbox"/> Director _____ 10% Owner<br><input checked="" type="checkbox"/> Officer (give title below) _____ Other (specify below)<br><b>CEO</b> |  |  |
| (Last) (First) (Middle)                   |  |  | 3. Date of Earliest Transaction (MM/DD/YYYY)      |  |  |                                                                                                                                                                          |  |  |
| 3040 POST OAK BLVD, SUITE 300             |  |  | 12/19/2017                                        |  |  |                                                                                                                                                                          |  |  |
| (Street)                                  |  |  | 4. If Amendment, Date Original Filed (MM/DD/YYYY) |  |  | 6. Individual or Joint/Group Filing (Check Applicable Line)                                                                                                              |  |  |
| HOUSTON, TX 77056                         |  |  |                                                   |  |  | <input checked="" type="checkbox"/> Form filed by One Reporting Person<br><input type="checkbox"/> Form filed by More than One Reporting Person                          |  |  |
| (City) (State) (Zip)                      |  |  |                                                   |  |  |                                                                                                                                                                          |  |  |

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security<br>(Instr. 3) | 2. Trans. Date | 2A. Deemed<br>Execution<br>Date, if any | 3. Trans. Code<br>(Instr. 8) |   | 4. Securities Acquired (A)<br>or Disposed of (D)<br>(Instr. 3, 4 and 5) |               |         | 5. Amount of Securities Beneficially Owned<br>Following Reported Transaction(s)<br>(Instr. 3 and 4) | 6. Ownership<br>Form:<br>Direct (D)<br>or Indirect<br>(I) (Instr.<br>4) | 7. Nature<br>of Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|------------------------------------|----------------|-----------------------------------------|------------------------------|---|-------------------------------------------------------------------------|---------------|---------|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------|
|                                    |                |                                         | Code                         | V | Amount                                                                  | (A) or<br>(D) | Price   |                                                                                                     |                                                                         |                                                                   |
| Common Stock                       | 12/19/2017     |                                         | G                            |   | 300                                                                     | D             | \$26.27 | 1128078                                                                                             | D                                                                       |                                                                   |
| Common Stock                       |                |                                         |                              |   |                                                                         |               |         | 21824                                                                                               | I                                                                       | Melvin C. Payne, Jr. 2016 Annuity Trust                           |
| Common Stock                       |                |                                         |                              |   |                                                                         |               |         | 21824                                                                                               | I                                                                       | Karen P. Payne 2016 Annuity Trust                                 |
| Common Stock                       |                |                                         |                              |   |                                                                         |               |         | 6694                                                                                                | I                                                                       | Spouse                                                            |

**Table II - Derivative Securities Beneficially Owned ( e.g. , puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivate<br>Security<br>(Instr. 3) | 2. Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 3. Trans.<br>Date | 3A. Deemed<br>Execution<br>Date, if any | 4. Trans.<br>Code<br>(Instr. 8) |   | 5. Number of<br>Derivative<br>Securities Acquired<br>(A) or Disposed of<br>(D)<br>(Instr. 3, 4 and 5) |     | 6. Date Exercisable and<br>Expiration Date |                    | 7. Title and Amount of<br>Securities Underlying<br>Derivative Security<br>(Instr. 3 and 4) |                                  | 8. Price of<br>Derivative<br>Security<br>(Instr. 5) | 9. Number of<br>derivative<br>Securities<br>Beneficially<br>Owned<br>Following<br>Reported<br>Transaction(s)<br>(Instr. 4) | 10. Ownership<br>Form of<br>Derivative<br>Security:<br>Direct (D)<br>or Indirect<br>(I) (Instr.<br>4) | 11. Nature<br>of Indirect<br>Beneficial<br>Ownership<br>(Instr. 4) |
|------------------------------------------------|--------------------------------------------------------------------|-------------------|-----------------------------------------|---------------------------------|---|-------------------------------------------------------------------------------------------------------|-----|--------------------------------------------|--------------------|--------------------------------------------------------------------------------------------|----------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
|                                                |                                                                    |                   |                                         | Code                            | V | (A)                                                                                                   | (D) | Date<br>Exercisable                        | Expiration<br>Date | Title                                                                                      | Amount or<br>Number of<br>Shares |                                                     |                                                                                                                            |                                                                                                       |                                                                    |
| Stock Options                                  | \$26.54                                                            |                   |                                         |                                 |   |                                                                                                       |     | (1)                                        | 3/21/2027          | Common Stock                                                                               | 116100.0                         | 116100                                              | D                                                                                                                          |                                                                                                       |                                                                    |
| Performance Award                              | (2)                                                                |                   |                                         |                                 |   |                                                                                                       |     | (2)                                        | 12/31/2021         | Common Stock                                                                               | 26380.0                          | 26380                                               | D                                                                                                                          |                                                                                                       |                                                                    |
| Stock Options                                  | \$20.06                                                            |                   |                                         |                                 |   |                                                                                                       |     | (3)                                        | 2/23/2026          | Common Stock                                                                               | 58500.0                          | 58500                                               | D                                                                                                                          |                                                                                                       |                                                                    |
| Performance Award                              | (4)                                                                |                   |                                         |                                 |   |                                                                                                       |     | (4)                                        | 12/31/2020         | Common Stock                                                                               | 17900.0                          | 17900                                               | D                                                                                                                          |                                                                                                       |                                                                    |
| Stock Options                                  | \$22.58                                                            |                   |                                         |                                 |   |                                                                                                       |     | (5)                                        | 2/24/2022          | Common Stock                                                                               | 100000.0                         | 100000                                              | D                                                                                                                          |                                                                                                       |                                                                    |
| Stock Options                                  | \$20.49                                                            |                   |                                         |                                 |   |                                                                                                       |     | (6)                                        | 3/3/2019           | Common Stock                                                                               | 100000.0                         | 100000                                              | D                                                                                                                          |                                                                                                       |                                                                    |
| Stock Options                                  | \$16.73                                                            |                   |                                         |                                 |   |                                                                                                       |     | (7)                                        | 5/22/2018          | Common Stock                                                                               | 100000.0                         | 100000                                              | D                                                                                                                          |                                                                                                       |                                                                    |
| Stock Options                                  | \$5.7                                                              |                   |                                         |                                 |   |                                                                                                       |     | (8)                                        | 2/28/2021          | Common Stock                                                                               | 3284.0                           | 3284                                                | D                                                                                                                          |                                                                                                       |                                                                    |

### Explanation of Responses:

- Stock Options granted pursuant to the Carriage Services, Inc. Second Amended and Restated 2006 Long-Term Incentive Plan which will vest 1/5 each year on 3/21/2018, 3/21/2019, 3/21/2020, 3/21/2021 and 3/21/2022. These stock options expire on 3/21/2027.
- Represents performance-based awards, payable in shares, granted under the Carriage Services, Inc. Second Amended and Restated 2006 Long-Term Incentive Plan. The award will vest (if at all) on December 31, 2021 provided that certain criteria surrounding Adjusted Consolidated EBITDA (Adjusted Earnings Before Interest Tax Depreciation and Amortization) and Adjusted Consolidated EBITDA Margin performance is achieved and the Reporting Person has remained continuously employed by Carriage through such date. The Adjusted Consolidated EBITDA performance represents 50% of the award

and the Adjusted Consolidated EBITDA Margin performance represents 50% of the award.

- (3) Stock Options granted pursuant to the Carriage Services, Inc. Second Amended and Restated 2006 Long-Term Incentive Plan which 1/5 vested on 2/23/2017 and 1/5 will vest on 2/23/2018, 2/23/2019, 2/23/2020 and 2/23/2021. These stock options expire on 2/23/2026.
- (4) Represents performance-based awards, payable in shares, granted under the Carriage Services, Inc. Second Amended and Restated 2006 Long-Term Incentive Plan. The award will vest (if at all) on December 31, 2020 provided that certain criteria surrounding Adjusted Consolidated EBITDA (Adjusted Earnings Before Interest Tax Depreciation and Amortization) and Relative Shareholder Return performance is achieved and the Reporting Person has remained continuously employed by Carriage through such date. The Relative Shareholder Return performance represents 75% of the award and the Adjusted Consolidated EBITDA performance represents 25% of the award.
- (5) Stock Options granted pursuant to the Carriage Services, Inc. Second Amended and Restated 2006 Long-Term Incentive Plan which vested 1/3 on 2/24/2016, 1/3 on 2/24/2017 and 1/3 will vest on 2/24/2018. These stock options expire on 2/24/2022.
- (6) Stock Options granted pursuant to the Carriage Services, Inc. Second Amended and Restated 2006 Long-Term Incentive Plan which vested 1/3 on 3/3/2015, 1/3 on 3/3/2016 and 1/3 on 3/3/2017. These stock options expire on 3/3/2019.
- (7) Stock Options grant pursuant to the Carriage Services, Inc. Amended and Restated 2006 Long-Term Incentive Plan which vested 1/3 on 05/22/2014, 1/3 on 05/22/2015 and 1/3 on 05/22/2016. These stock options expire on 05/22/2018.
- (8) Stock Options granted pursuant to the Carriage Services, Inc. Second Amended and Restated 2006 Long-Term Incentive Plan of 44,702 options granted on 02/28/2011, of which 14,900 options vested on 02/28/2012 and 3,283 were exercised on 12/20/2012, 14,901 options vested on 02/28/2013 and 14,000 were exercised on 11/06/2015 and 24,135 options were exercised on 03/29/2016. These stock options expire on 02/28/2021.

**Reporting Owners**

| Reporting Owner Name / Address                                         | Relationships |           |         |       |
|------------------------------------------------------------------------|---------------|-----------|---------|-------|
|                                                                        | Director      | 10% Owner | Officer | Other |
| PAYNE MELVIN C<br>3040 POST OAK BLVD<br>SUITE 300<br>HOUSTON, TX 77056 | X             |           | CEO     |       |

**Signatures**

/s/ Melvin C. Payne

12/20/2017

\*\*Signature of Reporting Person

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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