

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
CARRIAGE SERVICES, INC.		76-0423828	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
VIKI K. BLINDERMAN	713-332-8568	VIKI.BLINDERMAN@CARRIAGESERVICES.COM	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
3040 POST OAK BLVD., SUITE 300		HOUSTON, TX 77056	
8 Date of action		9 Classification and description	
MAY 11, 2017		2.750% CONVERTIBLE SENIOR NOTES DUE 2021	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
143905AM9	ISIN US143905AM99	CSV	BLOOMBERG ID EK 1260331

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **ON MAY 19, 2016, THE BOARD OF DIRECTORS FOR CARRIAGE SERVICES, INC. APPROVED AN INCREASE IN THE QUARTERLY CASH DIVIDEND ON COMMON STOCK FROM \$0.025 TO \$0.05 PER SHARE. THE INCREASE WAS EFFECTIVE WITH RESPECT TO THE DIVIDEND PAYABLE ON JUNE 1, 2017 TO HOLDERS OF RECORD ON MAY 15, 2017 (EX-DIVIDEND DATE OF MAY 11, 2017). THE CASH DIVIDEND PAID ON COMMON STOCK RESULTED IN A CONVERSION RATE CHANGE ON CARRIAGE'S 2.750% CONVERTIBLE SENIOR NOTES DUE 2021.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **THE TAXABLE AMOUNT OF THE DEEMED DISTRIBUTION THAT RESULTED FROM THE CONVERSION RATE CHANGE INCREASED THE BASIS OF THE NOTES IN THE HANDS OF THE NOTEHOLDERS BY \$1.1134 PER \$1,000 PRINCIPAL AMOUNT OF THE NOTES HELD ON MAY 11, 2017. (SEE ATTACHED)**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **THE AMOUNT OF THE DEEMED DISTRIBUTION WAS BASED ON THE FAIR MARKET VALUE OF THE INCREASE IN THE CONVERSION RATE. THE CONVERSION RATE INCREASED FROM 44.4530 COMMON SHARES PER \$1,000 PRINCIPAL AMOUNT OF THE NOTES, TO 44.4938 COMMON SHARES PER \$1,000 PRINCIPAL AMOUNT OF THE NOTES. CARRIAGE SERVICES' SHARES ARE PUBLICALLY TRADED UNDER TICKER SYMBOL "CSV". PER SHARE FAIR MARKET VALUE OF \$27.27 IS THE AVERAGE STOCK PRICE ON THE LAST TEN DAYS PRIOR TO MAY 11, 2017.**

