STONEMOR PARTNERS LP
Form 424B5
April 15, 2016
Table of Contents

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Offering Price Per Unit	Aggregate Offering Price	Amount of Registration Fee(2)
Common Units representing limited partner interests	2,300,000	$23.65	$54,395,000	$5,478(1)

(1) Includes 300,000 additional common units issuable upon exercise of the underwriters option to purchase additional common units.
(2) The registration fee, calculated in accordance with Rule 457(r), is being transmitted to the SEC on a deferred basis pursuant to Rule 456(b).

Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration Number 333-210264

PROSPECTUS SUPPLEMENT

(To prospectus dated March 18, 2016)

2,000,000 Common Units

StoneMor Partners L.P.

Representing Limited Partner Interests

We are selling 2,000,000 common units representing limited partner interests in us pursuant to this prospectus supplement and the accompanying prospectus.

Common units are traded on the New York Stock Exchange under the symbol STON. On April 14, 2016, the last reported sale price of common units on the New York Stock Exchange was $24.65 per common unit.

You should consider the information set forth in Risk Factors beginning on page S-12 of this prospectus supplement and on page 7 of the accompanying prospectus and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus before buying common units.

	Per Common Unit	Total
Public Offering Price	$ 23.65	$ 47,300,000
Underwriting discount	$ 1.05	$ 2,100,000
Proceeds before expenses, to us	$ 22.60	$ 45,200,000

The underwriters may purchase up to an additional 300,000 common units from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover overallotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus to which it relates is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common units to purchasers on or about April 20, 2016.

Bookrunner

RAYMOND JAMES

Senior Co-Managers

JANNEY MONTGOMERY SCOTT **WUNDERLICH**

Co-Managers

BB&T CAPITAL MARKETS **LADENBURG THALMANN**

The date of this prospectus supplement is April 15, 2016.

Table of Contents

TABLE OF CONTENTS

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

We are providing information to you about this offering of common units in two parts. The first part is this prospectus supplement, which provides the specific details regarding this offering. The second part is the accompanying prospectus, which provides general information. Generally, unless the context otherwise requires, when we refer to this prospectus, we are referring to both documents combined, as well as to the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. Some of the information in the accompanying prospectus may not apply to this offering. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

Any statement made in this prospectus or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated by reference into this prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus. The sections captioned Where You Can Find More Information and Cautionary Statement Regarding Forward-Looking Statements in the accompanying prospectus are superseded in their entirety by the similarly titled sections included in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with information that is different from that contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are offering to sell common units and seeking offers to buy common units only in jurisdictions where offers and sales are permitted. You should assume that the information appearing in this prospectus, as well as information we previously filed with the Securities and Exchange Commission, or the SEC, and incorporated herein by reference, is accurate only as of their respective dates or other dates which are specified in those documents, regardless of the time of delivery of this prospectus or of any sale of the common units. Our business, financial condition, results of operations and prospects may have changed since those dates.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained or incorporated by reference in this prospectus, including, but not limited to, information regarding the status and progress of our operating activities, the plans and objectives of our management, assumptions regarding our future performance and plans and any financial guidance provided or guidance related to our future distributions, as well as certain information in our filings with the SEC incorporated by reference in this prospectus, are forward-looking statements.

Generally, the words believe, may, will, estimate, continue, anticipate, intend (including, but not limited to our intent to maintain or inc distributions), project, expect, predict and similar expressions identify these forward-looking statements.

These forward-looking statements are made subject to certain risks and uncertainties that could cause actual results to differ materially from those stated or implied. Our major risk is related to uncertainties associated with the cash flow from our pre-need and at-need sales, our trusts and financings, which may impact our ability to meet our financial projections, our ability to service our debt and pay distributions, and our ability to increase our distributions.

Table of Contents

Our additional risks and uncertainties include, but are not limited to, the following:

- uncertainties associated with future revenue and revenue growth;
- uncertainties associated with the integration or anticipated benefits of our recent acquisitions or any future acquisitions;
- our ability to complete and fund additional acquisitions;
- the effect of economic downturns;
- the impact of our significant leverage on our operating plans;
- the decline in the fair value of certain equity and debt securities held in our trusts;
- our ability to attract, train and retain an adequate number of sales people;
- uncertainties associated with the volume and timing of pre-need sales of cemetery services and products;
- increased use of cremation;
- changes in the death rate;
- changes in the political or regulatory environments, including potential changes in tax accounting and trusting policies;
- our ability to successfully implement a strategic plan relating to achieving operating improvements, strong cash flows and further deleveraging;
- our ability to successfully compete in the cemetery and funeral home industry;
- litigation or legal proceedings that could expose us to significant liabilities and damage our reputation;
- the effects of cybersecurity attacks due to our significant reliance on information technology;
- uncertainties relating to the financial condition of third-party insurance companies that fund our pre-need funeral contracts; and

various other uncertainties associated with the death care industry and our operations in particular.

Forward-looking statements contained or incorporated by reference in this prospectus supplement present our views only as of the date of the applicable document containing such forward-looking statements. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements set forth in Risk Factors and other sections in this prospectus supplement, the accompanying prospectus and in our SEC filings that are incorporated by reference herein. See Where You Can Find More Information in this prospectus supplement. Except as required by federal and state securities laws, we assume no obligation to update or revise any forward-looking statements made herein or any other forward-looking statements made by us, whether as a result of new information, future events or otherwise.

Table of Contents

SUMMARY

This summary highlights information about our business and about this offering contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference. It does not contain all of the information that you should consider before making an investment decision. You should read this entire prospectus supplement and the accompanying prospectus, as well as the documents incorporated by reference herein and therein in their entirety, including the risk factors and our financial statements and related notes, before making an investment decision. You should carefully consider the information set forth under Risk Factors beginning on page S-12 of this prospectus supplement and page 7 of the accompanying prospectus about important risks that you should consider before buying common units in this offering. Unless we indicate otherwise, the information we present in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional common units.

In this prospectus supplement, unless the context otherwise requires, references to we, us, our, or the Partnership are to StoneMor Partners L.P., its subsidiaries and its general partner collectively and references to our general partner refer to StoneMor GP LLC, the general partner of StoneMor Partners L.P.

StoneMor Partners L.P.

We are the second largest owner and operator of cemeteries in the United States. As of December 31, 2015, we operated 307 cemeteries in 27 states and Puerto Rico. We own 276 of these cemeteries and we manage or operate the remaining 31 under lease, management or operating agreements with the nonprofit cemetery corporations that own the cemeteries. As of December 31, 2015, we also owned and operated 105 funeral homes in 19 states and Puerto Rico. Forty-seven of these funeral homes are located on the grounds of the cemeteries that we own.

We were formed as a Delaware limited partnership in April 2004. Unlike certain of our competitors that are not treated as partnerships for federal income tax purposes, our primary business objective is to increase distributable cash flow over time for our unitholders. We aim to set unitholder distributions at a level that can be sustained over time while maintaining resources sufficient for the ongoing stability and growth of our business. We are the only one of the three publicly traded U.S. death care companies that derives a majority of its revenue from cemetery operations rather than funeral home services. For the year ended December 31, 2015, our total revenues were approximately $305.6 million.

The cemetery products and services that we sell include the following:

Interment Rights	Merchandise	Services
burial lots	burial vaults	installation of burial vaults
lawn crypts	caskets	installation of caskets
mausoleum crypts	grave markers and grave marker bases	installation of other cemetery merchandise
cremation niches	memorials	other service items
perpetual care rights		

We sell these products and services both at the time of death, which we refer to as at-need, and prior to the time of death, which we refer to as pre-need. Our sales of real property, including burial lots (with and without installed vaults), lawn and mausoleum crypts and cremation niches, generate qualifying income sufficient for us to be treated as a partnership for federal income tax purposes. In 2015, we performed 54,837 burials and sold 37,086 interment rights (net of cancellations). Based on our sales of interment spaces in 2015, our cemeteries have an aggregated weighted average remaining sales life of 237 years.

Our cemetery properties are located in Alabama, California, Colorado, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Mississippi, Missouri, New Jersey, North Carolina, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, Tennessee, Virginia, Washington and West Virginia. For the year ended December 31, 2015, our cemetery operations accounted for approximately 81.1% of our total revenues.

Our primary funeral home products are caskets and related items. Our funeral home services include consultation, the removal and preparation of remains and the use of funeral home facilities for visitation and prayer services.

Our funeral homes are located in Alabama, Arkansas, California, Florida, Illinois, Indiana, Kansas, Maryland, Mississippi, Missouri, North Carolina, Ohio, Oregon, Pennsylvania, Puerto Rico, South Carolina, Tennessee, Virginia, Washington and West Virginia. For the year ended December 31, 2015, our funeral home revenues accounted for approximately 18.9% of our total revenues. Our funeral home operations are conducted through various wholly owned subsidiaries that are treated as corporations for U.S. federal income tax purposes.

Competitive Strengths

We believe that the following competitive strengths contribute to our position as a leading cemetery operator:

Long-lived and Geographically Diverse Cemeteries. We have a large portfolio of cemetery properties, which will enable us to offer cemetery products and services in the markets we serve for many years. Because we operate cemeteries in 27 states and Puerto Rico, we have not historically been materially affected by localized economic downturns or changes in laws regulating cemetery operations in any one state. Our portfolio consisted of 307 cemetery properties with a total of over 15,900 acres as of December 31, 2015. Our cemeteries have an aggregated weighted average estimated remaining sales life of 237 years based upon interment spaces sold in 2015. In addition, we increase capacity in our cemeteries by building mausoleum crypts and lawn crypts as the number of unsold lots decreases.

Highly Trained and Professional Sales Force. Our highly trained and professional sales force is the key to our success in executing our pre-need sales strategy. We had 806 commissioned sales representatives and 128 full-time sales support and telemarketing employees as of December 31, 2015.

Ability to Successfully Execute and Integrate Acquisitions. Our acquisitions have been based on targeted guidelines that include projected cash flow and profitability, location, heritage and reputation, physical size, market value and volume of pre-need business. We believe our targeted approach, combined with our management team s industry contacts and experience will allow us to continue to maintain a competitive advantage in executing and integrating acquisitions. Since going public in September 2004, we have successfully acquired and integrated and continue to operate 175 cemeteries and 98 funeral homes into our operations as of December 31, 2015. We expect to continue to see businesses become available for purchase that meet our acquisition criteria.

Diversified Product Mix. Our mix of pre-need cemetery merchandise and services and at-need cemetery and funeral home merchandise and services represents a diversified product mix that allows us to provide customers with a comprehensive product offering. These products and services provide us with a presence in the major segments of the death care industry.

Operating Efficiencies Attributable to Our Size. Due to our size, we are able to generate economies of scale and operating efficiencies. These include shared best practices in the area of pre-need marketing, lower purchasing costs for cemetery and funeral home merchandise through volume purchasing, lower operating expenses through centralized administrative functions, shared maintenance equipment and personnel and more effective strategic and financial planning. As a result, we are able to compete favorably in the areas we serve and to potentially improve the profitability of cemetery operations we acquire.

Oversight and Management of Trust Assets to Preserve Capital and Generate Income. While our business model calls for us to obtain the release of funds from our merchandise trusts on an accelerated basis upon pre-need delivery and performance where permitted, at any point in time the trusts will have a significant amount of invested assets. We have employed an investment strategy for the trustees to follow that focuses on a balanced approach to preserving capital while generating returns in excess of current inflation rates. The trustees invest the funds held in merchandise trusts and perpetual care trusts in public and private investments in intermediate term, investment grade, fixed income securities, high-yield fixed income securities, real estate investment trusts, master limited partnerships and in other types of equity securities and cash. The funds that are held in trusts are invested by institutional trustees with input from registered investment advisers and managed in part by third-party professional investment managers within specified investment guidelines adopted by the Trust Committee of the board of directors of our general partner and standards imposed by state law. Our merchandise trusts had an aggregate market value of approximately $464.7 million as of December 31, 2015. Our perpetual care trusts had an aggregate market value of $307.8 million as of December 31, 2015.

Experienced Management Team. We believe that we have one of the most experienced management teams in the death care industry, led by Lawrence Miller, our President and Chief Executive Officer, who has extensive senior-level experience in managing large death care companies. Our nine senior officers have an average industry experience of over 23 years.

Business Strategies

Our primary business objective is to increase distributable cash flow over time for our unitholders. We attempt to achieve this objective by employing the following core strategies:

Develop and Maintain a Diversified Revenue Stream. Our business model is constructed so that sales revenues are generated from pre-need sales of cemetery merchandise and services as well as at-need sales of cemetery merchandise and services and at-need or pre-need sales of funeral home merchandise and services. This diverse revenue stream should prove to be more stable over economic cycles than a more concentrated revenue stream.

Sales of pre-need merchandise and services allow us to focus on sales to new customers and sales of additional merchandise to existing customers in order to establish a loyal customer base. These sales tend to generate additional pre-need sales and at-need sales to close family members of our pre-need customers. We have developed a sales force and marketing platform dedicated to this revenue stream. This marketing platform is built around direct response marketing programs and relationship marketing. This has improved the quality of our company generated sales leads, which in turn has led to improved sales from these sources. We have also established an inside sales department to create an additional avenue for customers to purchase our products and services. The inside sales representatives work hand-in-hand with their counterparts in the field, and their joint efforts have helped to increase the amount of sales per customer.

Sales of at-need cemetery merchandise and services and funeral home merchandise and services are a complement to our pre-need sales program. From a strategic standpoint, they also provide us with a revenue stream that is less sensitive to changes in economic cycles and requires less significant upfront sales and marketing resources as compared to sales of pre-need services.

Consistently Review and Improve Operating Efficiencies. We have a dedicated senior executive team that actively monitors our operating costs and efficiently executes cost-containment and operational improvement strategies. We believe this team is quick to react to changes in the marketplace and implement both long- and short-term strategies that allow us to meet our primary objective on a continuing basis.

Purchase Products and Perform Services That Are Subject to Trusting Requirements in Advance of the Time of Need. We are required by various state laws to deposit a portion of funds that we receive from our pre-need sales of cemetery merchandise and services into merchandise trusts to ensure that we will have sufficient funds in the future to purchase these products and perform these services. In many cases, we are allowed to release these funds from the trust once we have delivered the product or performed the services. We have instituted a program wherein we deliver certain of these products or perform certain of these services in advance of the time of need, thereby allowing us to release the funds from trust and relieve ourselves of the obligation of trusting any additional funds. This in turn makes cash available to pay operating expenses, pursue investment opportunities, service debt and make distributions.

Integrate Additional Cemeteries and Funeral Homes. One of our core strategies is to grow our business through the acquisition and management of additional properties. We plan to continue to evaluate potential opportunities and identify properties that we believe complement our existing portfolio.

Structure and Management

Our operations are conducted through, and our operating assets are owned by, our direct and indirect subsidiaries. We have one direct subsidiary, StoneMor Operating LLC, a limited liability company that directly or indirectly owns equity interests in all of our subsidiary operating companies.

Our general partner, StoneMor GP LLC, manages our operations and activities. Our general partner does not receive any management fee or other compensation in connection with its management of our business, but is reimbursed for expenses that it incurs on our behalf and holds incentive distribution rights in us. Certain current directors, affiliates of certain directors and current and former officers of our general partner hold indirect interests in our general partner.

Our principal executive offices are located at 3600 Horizon Boulevard, Trevose, Pennsylvania 19053, and our phone number is (215) 826-2800. Our website is located at *http://www.stonemor.com*. Information on our website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

Table of Contents

Organizational Structure

The following diagram depicts our organizational structure and ownership giving effect to the offering of common units contemplated by this prospectus supplement:

Table of Contents

The Offering

Common units offered	2,000,000 common units, or 2,300,000 common units if the underwriters exercise in full their option to purchase an additional 300,000 common units.
Common units outstanding after this offering	35,077,494 common units, or 35,377,494 if the underwriters exercise in full their option to purchase an additional 300,000 common units.
Use of proceeds	We estimate that our net proceeds from this offering will be approximately $44.7 million after deducting underwriting discount and offering expenses payable by us ($51.5 million if the underwriters exercise in full their option to purchase additional common units).
	We intend to use the net proceeds from this offering, including any net proceeds from the underwriters exercise of their option to purchase additional common units, to pay down outstanding indebtedness under our revolving credit facility.
	An affiliate of Raymond James & Associates, Inc. is a lender under our credit facility and as such will receive a portion of the proceeds from this offering. See Use of Proceeds in this prospectus supplement.
Cash distributions	Within 45 days after the end of each quarter, we distribute our available cash from operations, after we have paid our expenses, funded merchandise and perpetual care trusts and established necessary cash reserves, to unitholders of record on the applicable record date. In general, after giving effect to this offering, we will pay any cash distributions we make each quarter 98.87% to all common units, pro rata, and 1.13% to our general partner, until each common unit has received a distribution of $0.5125. If cash distributions per common unit exceed $0.5125 in any quarter, our general partner will receive increasing percentages, up to a maximum of 49.13%, of the cash we distribute in excess of that amount. We refer to these additional distributions as incentive distributions. For a discussion of our cash distribution policy, see Cash Distribution Policy in the accompanying prospectus. For information about our recent distributions, see Price Range of Our Common Units and Distributions in this prospectus supplement.

Table of Contents

	Through the quarterly distribution payable for the quarter ending June 30, 2018, distributions paid to American Cemeteries Infrastructure Investors, LLC (ACII) which acquired 2,255,947 common units, or the Purchased Units, pursuant to a private placement on May 21, 2014, on the Purchased Units may be paid in cash, common units issued to ACII in lieu of cash distributions, which we refer to as the Distribution Units, or a combination of cash and Distribution Units, as determined by the Partnership in its sole discretion. If the Partnership elects to pay distributions through the issuance of Distribution Units, the number of common units to be issued in connection with a quarterly distribution will be the quotient of (A) the amount of the quarterly distribution paid on the common units by (B) the volume-weighted average price of the common units for the thirty (30) trading days immediately preceding the date a quarterly distribution is declared with respect to the common units. Beginning with the quarterly distribution payable with respect to the quarter ending September 30, 2018, the Purchased Units will receive cash distributions on the same basis as all other common units, and the Partnership will no longer have the ability to elect to pay quarterly distributions in kind through the issuance of Distribution Units. We issued 204,804 and 111,740 Distribution Units to ACII in lieu of cash distributions of \$5.8 million and \$2.8 million, respectively, during the years ended December 31, 2015 and 2014, respectively.
Issuance of additional units	We may issue an unlimited number of limited partner interests of any type without the approval of the unitholders.
Limited voting rights	Our general partner manages and operates us. Unlike the holders of common stock in a corporation, you will have only limited voting rights on matters affecting our business. You will have no right to elect our general partner or its directors on an annual or other continuing basis. Our general partner may not be removed except by a vote of the holders of at least 66 $^{2}/_{3}$% of the outstanding units, including any units owned by our general partner and its affiliates, voting together as a single class. After giving effect to this offering, affiliates of our general partner will own approximately 8% of the common units. See Description of the Common Units Voting Rights in the accompanying prospectus.
Limited call right	If at any time our general partner and its affiliates own more than 80% of the outstanding common units, our general partner has the right, but not the obligation, to purchase all of the remaining common units at a price not less than the then-current market price of the common units.

Table of Contents

Estimated ratio of taxable income to distributions	We estimate that if you hold the common units that you purchase in this offering through December 31, 2018, you will be allocated, on a cumulative basis, an amount of taxable income for that period that will be 30% or less of the cash distributed to you with respect to that period. Thereafter, we anticipate that the ratio of allocable taxable income to cash distributions to the unitholders will increase. See U.S. Federal Income Tax Considerations in this prospectus supplement.
Material U.S. federal income tax consequences	For a discussion of other material federal income tax consequences that may be relevant to prospective unitholders who are individual citizens or residents of the United States, see U.S. Federal Income Tax Considerations in this prospectus supplement and Material U.S. Federal Income Tax Consequences in the accompanying prospectus.
Risk factors	You should refer to the section entitled Risk Factors in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein to ensure you understand the risks associated with an investment in our common units.
New York Stock Exchange symbol	STON

Table of Contents

Summary Historical Consolidated Financial and Operating Data

The following tables present our summary historical consolidated financial and operating data for the periods and as of the dates indicated. Our summary historical consolidated financial data as of December 31, 2015 and 2014 and for the years ended December 31, 2015, 2014 and 2013 are derived from our audited historical consolidated financial statements which are incorporated by reference in this prospectus supplement. Our summary historical consolidated financial data as of December 31, 2013 are derived from our audited historical consolidated financial statements, which are not incorporated by reference in this prospectus supplement.

The following tables should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations and the audited historical consolidated financial statements and accompanying notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2015 (the 2015 Form 10-K) which is incorporated by reference in this prospectus supplement.

	As of and for the Year Ended December 31,		
	2015	**2014**	**2013**
	(in thousands, except per unit data)		
Statement of Operations Data:			
Revenues:			
Cemetery:			
Merchandise	$ 131,862	$ 132,355	$ 110,673
Services	56,243	51,827	44,054
Investment and other	59,765	55,217	46,959
Funeral home:			
Merchandise	26,722	21,060	18,922
Services	31,048	27,626	26,033
Total revenues	305,640	288,085	246,641
Costs and Expenses:			
Costs of goods sold	38,924	33,652	27,859
Cemetery expense	71,296	64,672	57,566
Selling expense	58,884	55,277	47,832
General and administrative expense	36,371	35,110	31,873
Corporate overhead (1)	38,609	34,723	29,926
Depreciation and amortization	12,803	11,081	9,548
Funeral home expense:			
Merchandise	6,928	6,659	5,569
Services	22,959	20,470	19,190
Other	17,526	12,581	10,895
Total costs and expenses	304,300	274,225	240,258

Table of Contents

	As of and for the Year Ended December 31,		
	2015	2014	2013
	(in thousands, except per unit data)		
Operating income	1,340	13,860	6,383
Gain on acquisitions and divestitures	1,540	656	2,685
Gain on settlement agreement, net		888	12,261
Legal settlement	(3,135)		
Loss on early extinguishment of debt		(214)	(21,595)
Loss on impairment of long-lived assets	(296)	(440)	
Interest expense	(22,585)	(21,610)	(21,070)
Loss before income taxes	(23,136)	(6,860)	(21,336)
Income tax benefit (expense)	(1,108)	(3,913)	2,304
Net loss	$ (24,244)	$ (10,773)	$ (19,032)
Net loss per limited partner unit (basic and diluted)	$ (0.79)	$ (0.40)	$ (0.89)
Weighted average number of limited partners units outstanding (basic and diluted)	30,472	26,582	20,954
Distributions declared per unit	$ 2.580	$ 2.430	$ 2.385

	As of and for the Year Ended December 31,		
	2015	2014	2013
	(in thousands)		
Balance Sheet Data (at period end):			
Cash and cash equivalents	$ 15,153	$ 10,401	$ 12,175
Accounts receivable, net of allowance	68,415	62,503	55,415
Long-term accounts receivable, net of allowance	95,167	89,536	78,367
Cemetery property	342,639	339,848	316,469
Property and equipment, net of accumulated depreciation	104,330	100,391	85,007
Merchandise trusts, restricted, at fair value	464,676	484,820	431,556
Perpetual care trusts, restricted, at fair value	307,804	345,105	311,771
Total assets	1,686,125	1,690,375	1,466,035
Total debt	318,839	278,540	283,624
Merchandise liability	173,097	150,192	130,412
Total partners capital	183,678	208,762	107,520
Other Financial Data:			
Net cash flow provided by operating activities	$ 4,062	$ 19,448	$ 35,077
Net cash flow used in investing activities	(34,139)	(123,658)	(26,697)
Net cash flow provided by (used in) financing activities	34,829	102,436	(4,151)
Depreciation and amortization	12,803	11,081	9,548
Cash paid for cemetery property	(7,402)	(6,176)	(5,766)
Cash distributions	(77,512)	(62,836)	(52,053)

Table of Contents

	As of and for the Year Ended December 31,		
	2015	2014	2013
Operating Data:			
Interments performed	54,837	50,566	45,470
Interment rights sold (2):			
Lots	33,262	31,774	27,339
Mausoleum crypts (including pre-construction)	2,205	2,186	2,108
Niches	1,619	1,466	1,096
Net interment rights sold (2)	37,086	35,426	30,543
Number of cemetery contracts written	113,696	103,859	97,220
Cemetery contract revenues, in thousands	$ 262,383	$ 238,331	$ 214,857
Average amount per contract	$ 2,308	$ 2,295	$ 2,210
Number of pre-need cemetery contracts written	52,228	48,585	48,272
Pre-need cemetery contract revenues, in thousands (2)	$ 158,806	$ 145,607	$ 134,857
Average amount per pre-need contract	$ 3,041	$ 2,997	$ 2,794
Number of at-need cemetery contracts written	61,468	55,274	48,948
At-need cemetery contract revenues, in thousands (2)	$ 103,577	$ 92,724	$ 80,000
Average amount per at-need contract	$ 1,685	$ 1,678	$ 1,634

(1) Includes unit-based compensation of $1,516,000, $1,068,000 and $1,370,000, in the years ended December 31, 2015, 2014 and 2013, respectively.
(2) Net of cancellations. Sales of double-depth burial lots are counted as two sales.

Table of Contents

RISK FACTORS

An investment in our common units is subject to risks and uncertainties. You should carefully consider the risks described in the section titled Risk Factors included in Item 1A of Part I of the 2015 Form 10-K, together with all of the other information included in this prospectus supplement, before making an investment decision. Realization of these risks could materially adversely affect our business, financial condition or results of operations. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business operations. In such case, you may lose all or part of your original investment. Also, please read Information Regarding Forward-Looking Statements in this prospectus supplement.

Table of Contents

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately $44.7 million from this offering after deducting underwriting discount and offering expenses ($51.5 million if the underwriters exercise in full their option to purchase additional common units).

We intend to use the net proceeds from this offering, including any net proceeds from the underwriters exercise of their option to purchase additional common units, to pay down outstanding indebtedness under our revolving credit facility.

Amounts to be paid down under our credit facility were incurred for acquisitions and general partnership purposes, including for working capital needs and to fund our capital expenditure program.

Our credit facility will mature on December 19, 2019, and the interest rate on amounts outstanding under our credit facility at December 31, 2015 was approximately 3.8%. As of December 31, 2015, we had approximately $149.5 million of borrowings outstanding under our credit facility, consisting of approximately $105.0 million of working capital draws and $44.5 million of acquisition draws, and, as of April 14, 2016, we had approximately $151.0 million of borrowings outstanding under our credit facility, consisting of approximately $106.5 million of working capital draws and $44.5 million of acquisition draws. See Management s Discussion and Analysis of Financial Condition and Results of Operations included in the 2015 Form 10-K, which is incorporated by reference into this prospectus supplement.

An affiliate of Raymond James & Associates, Inc. is a lender under our credit facility and as such will receive a portion of the proceeds from this offering. See Underwriting FINRA Conduct Rules in this prospectus supplement.

Table of Contents

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2015:

- on an actual basis; and
- on an as adjusted basis to reflect the consummation of this offering and the use of the net proceeds from this offering in the manner described in Use of Proceeds in this prospectus supplement.

This table should be read in conjunction with, and is qualified in its entirety by reference to, Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical audited financial statements and the accompanying notes included in the 2015 Form 10-K, which is incorporated by reference in this prospectus supplement.

	As of December 31, 2015	
	Actual	As Adjusted
	(in thousands)	
Cash and cash equivalents	$ 15,153	$ 15,153
Long-term debt, including current portion:		
Credit facility(1)	$ 149,500	$ 104,800
7 7/8% senior notes due 2021(2)	172,186	172,186
Notes payable acquisition debt	687	687
Notes payable acquisition non-competes	1,629	1,629
Insurance and vehicle financing	2,336	2,336
Total long-term debt including current portion	$ 326,338	$ 281,638
Partners capital (deficit)		
Common units	193,716	238,416
General partner interest	(10,038)	(10,038)
Total partners capital	183,678	228,378
Total capitalization	$ 510,016	$ 510,016

(1) As of April 14, 2016, we had approximately $151.0 million of borrowings outstanding under our credit facility, consisting of $106.5 million of working capital draws and $44.5 million of acquisition draws.
(2) Net of an unamortized original issue discount of approximately $2.8 million.

Table of Contents

PRICE RANGE OF OUR COMMON UNITS AND DISTRIBUTIONS

As of April 13, 2016, we had 33,077,494 common units outstanding, held by 54 registered holders of record. Our common units are traded on the New York Stock Exchange under the symbol STON.

The following table sets forth, for the periods indicated, the high and low sales prices for our common units based on the daily composite listing of common unit transactions for the New York Stock Exchange and quarterly declared cash distributions per unit. The last reported sales price of our common units on the New York Stock Exchange on April 14, 2016 was $24.65 per common unit.

	Price Range		Cash Distributions Per Common Unit(1)
	High	Low	
Year ending December 31, 2016			
Second Quarter (through April 14, 2016)	$ 25.59	$ 24.10	$ n/a(2)
First Quarter	29.69	22.80	n/a(3)
Year ended December 31, 2015			
Fourth Quarter	$ 31.15	$ 25.90	$ 0.6600
Third Quarter	32.06	22.04	0.6600
Second Quarter	30.92	28.73	0.6500
First Quarter	29.13	25.65	0.6400
Year ended December 31, 2014			
Fourth Quarter	$ 27.14	$ 24.00	$ 0.6300
Third Quarter	26.35	23.50	0.6200
Second Quarter	25.30	23.35	0.6100
First Quarter	26.69	21.75	0.6000

(1) Represents cash distributions attributable to the quarter. Distributions are declared and paid within 45 days of the close of each quarter.

(2) Subject to the declaration by the board of directors of our general partner of a cash distribution with respect to the second quarter of 2016, purchasers of the common units in this offering will receive a cash distribution in August 2016, assuming they remain record holders of the common units as of the record date for such cash distribution.

(3) Subject to the declaration by the board of directors of our general partner of a cash distribution with respect to the first quarter of 2016, purchasers of the common units in this offering will receive their first cash distribution in May 2016.

Through the quarterly distribution payable for the quarter ending June 30, 2018, distributions paid to ACII on the Purchased Units may be paid in cash, Distribution Units, or a combination of cash and Distribution Units, as determined by us in our sole discretion. If we elect to pay distributions through the issuance of Distribution Units, the number of common units to be issued in connection with a quarterly distribution will be the quotient of (A) the amount of the quarterly distribution paid on the common units by (B) the volume-weighted average price of the common units for the thirty (30) trading days immediately preceding the date a quarterly distribution is declared with respect to the common units. Beginning with the quarterly distribution payable with respect to the quarter ending September 30, 2018, the Purchased Units will receive cash distributions on the same basis as all other common units and we will no longer have the ability to elect to pay quarterly distributions in kind through the issuance of Distribution Units. We issued 204,804 and 111,740 Distribution Units to ACII in lieu of cash distributions of $5.8 million and $2.8 million, respectively, during the years ended December 31, 2015 and 2014, respectively.

Table of Contents

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The tax consequences to you of an investment in our common units will depend in part on your own tax circumstances. Although this section updates information related to certain tax considerations, it should be read in conjunction with Material U.S. Federal Income Tax Consequences in the accompanying prospectus and Risk Factors Tax Risks to Common Unitholders in the 2015 Form 10-K. You are urged to consult with your tax advisor about the federal, state, local and non-U.S. tax consequences particular to your circumstances.

Ratio of Taxable Income to Distributions

We estimate that a purchaser of common units in this offering who owns those common units from the date of closing of this offering through the record date for distributions for the period ending December 31, 2018, will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be 30% or less of the cash distributed with respect to that period. Thereafter, we anticipate that the ratio of allocable taxable income to cash distributions to the unitholders will increase. These estimates are based upon the assumption that gross income from operations will approximate the amount required to make current quarterly distribution on all units and other assumptions with respect to capital expenditures, cash flow, net working capital and anticipated cash distributions. These estimates and assumptions are subject to, among other things, numerous business, economic, regulatory, legislative, competitive and political uncertainties beyond our control. Further, the estimates are based on current tax law and tax reporting positions that we will adopt and with which the IRS could disagree. Accordingly, we cannot assure you that these estimates will prove to be correct. The actual percentage of distributions that will constitute taxable income could be higher or lower than expected, and any differences could be material and could materially affect the value of the common units. For example, the ratio of allocable taxable income to cash distributions to a purchaser of common units in this offering will be greater, and perhaps substantially greater, than our estimate with respect to the period described above if:

- gross income from operations exceeds the amount required to make current quarterly distributions on all units, yet we only distribute the current quarterly distributions on all units; or

- we make a future offering of common units and use the proceeds of the offering in a manner that does not produce substantial additional deductions during the period described above, such as to repay indebtedness outstanding at the time of this offering or to acquire property that is not eligible for depreciation or amortization for federal income tax purposes or that is depreciable or amortizable at a rate significantly slower than the rate applicable to our assets at the time of this offering.

Tax-Exempt Organizations & Other Investors

Ownership of common units by tax-exempt entities, including employee benefit plans and individual retirement accounts (known as IRAs), and non-U.S. investors raises issues unique to such persons. Please read Material U.S. Federal Income Tax Consequences Tax-Exempt Organizations and Other Investors in the accompanying prospectus.

Table of Contents

UNDERWRITING

Raymond James & Associates, Inc. is acting as the representative of the underwriters named below and as the book-running manager for this offering. Subject to the terms and conditions contained in an underwriting agreement dated April 15, 2016, among us and the underwriters, the underwriters named below have severally agreed to purchase, and we have agreed to sell to them, severally, the number of common units indicated below:

Underwriter	Number of Common Units
Raymond James & Associates, Inc.	900,000
Janney Montgomery Scott LLC	400,000
Wunderlich Securities, Inc.	400,000
BB&T Capital Markets, a division of BB&T Securities, LLC	150,000
Ladenburg Thalmann & Co. Inc.	150,000
Total	2,000,000

The underwriters have agreed to purchase all of the common units sold under the underwriting agreement if any of these common units are purchased.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

Commissions and Discounts

The underwriters representative has advised us that the underwriters propose initially to offer the common units to the public at the public offering price on the cover page of this prospectus supplement and to dealers at that price less a concession not in excess of $0.63 per common unit. The underwriters may allow a discount not in excess of $0.10 per common unit to other dealers. After the public offering, the public offering price, concession and discount may be changed.

The following table shows the public offering price, underwriting discount and proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their overallotment option to purchase additional common units from us:

	Per Common Unit	No Exercise	Full Exercise
Public Offering Price	$ 23.65	$ 47,300,000	$ 54,395,000
Underwriting discount	$ 1.05	$ 2,100,000	$ 2,415,000
Proceeds before expenses, to StoneMor Partners L.P.	$ 22.60	$ 45,200,000	$ 51,980,000

The expenses of the offering payable by StoneMor Partners L.P., not including the underwriting discount, are estimated to be $500,000 and are payable by us.

Overallotment Option

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to an aggregate of 300,000 additional common units from us at the public offering price listed on the cover page of this prospectus supplement, less the underwriting discount. The underwriters may exercise this option solely for the purpose of covering overallotments, if any, made in connection with the offering of the common units offered by this prospectus supplement. If the underwriters option is exercised in full, the total price to the public would be approximately $54.4 million and the total proceeds to us would be approximately $51.5 million after deducting the underwriting discount and estimated offering expenses.

No Sales of Similar Securities

We and each of the directors and officers of our general partner have agreed, with exceptions, not to sell or transfer any common units for 90 days after the date of this prospectus supplement, subject to an extension of up to 18 days, without first obtaining the written consent of the representative, Raymond James & Associates, Inc., on behalf of the underwriters. Specifically, we and these other individuals have agreed not to directly or indirectly:

- offer, pledge, sell, contract to sell, sell any common units;
- sell any option or contract to purchase any common units;
- purchase any option or contract to sell any common units;
- grant any option, right or warrant for the sale of any common units;
- lend or either dispose of or transfer any common units;
- request or demand that we file a registration statement related to the common units; or
- enter into any swap or other arrangement that transfers, in whole or in part, the economic consequences of ownership of any common units, whether any transaction swap or transaction is to be settled by delivery of common units or other securities, in cash or otherwise.

These restrictions do not apply to:

- the sale of common units to the underwriters;
- issuances under our employee benefit plans;
- issuances of common units as consideration in acquisitions (provided the acquiror agrees to be bound by the lock-up for the unexpired term); or