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Section 1: 10-K (10-K)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended **December 31, 2017**
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____.

Commission File Number: **001-32270**

STONEMOR PARTNERS L.P.

(Exact name of registrant as specified in its charter)

Delaware	**80-0103159**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3600 Horizon Boulevard Trevose, Pennsylvania	**19053**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **(215) 826-2800**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Units	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the common units held by non-affiliates of the registrant was approximately $311.2 million as of June 30, 2017 based on $9.45, the closing price per common unit as reported on the New York Stock Exchange on that date.[1]

The number of the registrant's outstanding common units at June 20, 2018 was 37,958,645.

Documents incorporated by reference: **None**

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[1] The aggregate market value of the common units set forth above equals the number of the registrant's common units outstanding, reduced by the number of common units held by executive officers, directors and persons owning 10% or more of the registrant's common units, multiplied by the closing price per the registrant's common unit on June 30, 2017, the last business day of the registrant's most recently completed second fiscal quarter. The information provided shall in no way be construed as an admission that any person whose holdings are excluded from this figure is an affiliate of the registrant or that any person whose holdings are included in this figure is not an affiliate of the registrant and any such admission is hereby disclaimed. The information provided herein is included solely for record keeping purposes of the Securities and Exchange Commission.

FORM 10-K OF STONEMOR PARTNERS L.P.

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PART I

ITEM 1. BUSINESS

OVERVIEW

We were formed as a Delaware limited partnership in April 2004 to own and operate the assets and businesses previously owned and operated by Cornerstone Family Services, Inc., ("Cornerstone"), which was converted into CFSI LLC, a limited liability company ("CFSI"), prior to our initial public offering of common units representing limited partner interests on September 20, 2004. On May 21, 2014, Cornerstone Family Services LLC, a Delaware limited liability company ("CFS"), and its direct and indirect subsidiaries, CFSI LLC and StoneMor GP LLC, our general partner ("StoneMor GP" or "general partner"), completed a series of transactions (the "Reorganization") to streamline the ownership structure of CFSI and StoneMor GP. As a result of the Reorganization, StoneMor GP became a 100% owned subsidiary of StoneMor GP Holdings LLC, a Delaware limited liability company ("GP Holdings"), formerly known as CFSI, and GP Holdings is owned by (i) a trustee of the trust established for the pecuniary benefit of American Cemeteries Infrastructure Investors, LLC, a Delaware limited liability company ("ACII"), which trustee has exclusive voting and investment power over approximately 89.01% of membership interests in GP Holdings, and (ii) certain directors, affiliates of certain directors and current and former executive officers of our general partner. See Part III of this Annual Report on Form 10-K for a more detailed discussion of the Reorganization. In this Annual Report on Form 10-K, unless the context otherwise requires, references to "we," "us," "our," "StoneMor," the "Company," or the "Partnership" are to StoneMor Partners L.P. and its subsidiaries.

We are currently the second largest owner and operator of cemeteries and funeral homes in the United States. As of December 31, 2017, we operated 316 cemeteries in 27 states and Puerto Rico. We own 285 of these cemeteries and we manage or operate the remaining 31 under lease, management or operating agreements with the nonprofit cemetery companies that own the cemeteries. As of December 31, 2017, we also owned, operated or managed 93 funeral homes, including 44 located on the grounds of cemetery properties that we own, in 17 states and Puerto Rico.

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, generally generate qualifying income sufficient for us to be treated as a partnership for federal income tax purposes. In 2017, we performed 54,109 burials and sold 32,018 interment rights (net of cancellations). Based on our sales of interment spaces in 2017, our cemeteries have an aggregated average remaining sales life of 206 years.

Our cemetery properties are located in Alabama, California, Colorado, Delaware, Florida, Georgia, 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, West Virginia and Wisconsin. Our cemetery operations accounted for approximately 82%, 81% and 82% of our revenues in 2017, 2016 and 2015, respectively.

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

Our funeral homes are located in Alabama, California, Florida, Illinois, Indiana, Kansas, Maryland, Mississippi, Missouri, North Carolina, Ohio, Oregon, Pennsylvania, Puerto Rico, South Carolina, Tennessee, Virginia and West Virginia. Our funeral home operations accounted for approximately 18%, 19% and 18% of our revenues in 2017, 2016 and 2015, respectively. Our funeral home operations are conducted through various 100% owned subsidiaries that are treated as corporations for U.S. federal income tax purposes.

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OPERATIONS

Segment Reporting and Related Information

We have two distinct reportable segments, which are classified as Cemetery Operations and Funeral Home Operations, both of which are supported by corporate costs and expenses.

We have chosen this level of organization and disaggregation of reportable segments because: (a) each reportable segment has unique characteristics that set it apart from the other segment; (b) we have organized our management personnel at these two operational levels; and (c) it is the level at which our chief decision makers and other senior management evaluate performance.

Our Cemetery Operations segment sells interment rights, caskets, burial vaults, cremation niches, markers and other cemetery related merchandise and services. Our Funeral Home Operations segment offers a range of funeral-related services such as family consultation, insurance products, the removal of and preparation of remains and the use of funeral home facilities for visitation and prayer services, as well as funeral merchandise. The funeral-related services are different from the cemetery services sold and provided by the Cemetery Operations segment. Our corporate costs include various home office selling and administrative expenses that are not allocable to the operating segments. See Note 17 in Part II, Item 8. Financial Statements and Supplementary Data, for financial information about our business segments.

Cemetery Operations

As of December 31, 2017, we operated 316 cemeteries. Our Cemetery Operations include sales of cemetery interment rights, merchandise and services and the performance of cemetery maintenance and other services. An interment right entitles a customer to a burial space in one of our cemeteries and the perpetual care of that burial space. Burial spaces, or lots, are parcels of property that hold interred human remains. Our cemeteries require a burial vault to be placed in each burial lot. A burial vault is a rectangular container, usually made of concrete but also made of steel or plastic, which sits in the burial lot and in which the casket is placed. The top of the burial vault is buried approximately 18 to 24 inches below the surface of the ground, and the casket is placed inside the vault. Burial vaults prevent ground settling that may create uneven ground surfaces. Ground settling typically results in higher maintenance costs and potential exposure for accidents on the property. Lawn crypts are a series of closely spaced burial lots with preinstalled vaults and may include other improvements, such as landscaping, sprinkler systems and drainage. A mausoleum crypt is an above ground structure that may be designed for a particular customer, which we refer to as a private mausoleum, or it may be a larger building that serves multiple customers, which we refer to as a community mausoleum. Cremation niches are spaces in which the ashes remaining after cremation are stored. Cremation niches are often part of community mausoleums, although we sell a variety of cremation niches to accommodate our customers' preferences.

Grave markers, monuments and memorials are above ground products that serve as memorials by showing who is remembered, the dates of birth and death and other pertinent information. These markers, monuments and memorials include simple plates, such as those used in a community mausoleum or cremation niche, flush-to-the-ground granite or bronze markers, headstones or large stone obelisks.

One of the principal services we provide at our cemeteries is an "opening and closing," which is the digging and refilling of burial spaces to install the vault and place the casket into the vault. With pre-need sales, there are usually two openings and closings, where permitted by applicable law. During the initial opening and closing, we install the burial vault in the burial space. Where permitted by applicable law, we usually perform this service shortly after the customer signs a pre-need contract. Advance installation allows us to withdraw the related funds from our merchandise trusts, making the amount in excess of our cost to purchase and install the vault available to us for other uses, and eliminates future merchandise trusting requirements for the burial vault and its installation. During the final opening and closing, we remove the dirt above the vault, open the lid of the vault, place the casket into the vault, close the vault lid and replace the ground cover. With at-need sales, we typically perform the initial opening and closing at the time we perform the final opening and closing. Our other services include the installation of other cemetery merchandise and the perpetual care related to interment rights.

Funeral Home Operations

As of December 31, 2017, we owned, operated or managed 93 funeral homes, 44 of which are located on the grounds of cemetery properties that we own. Our funeral homes offer a range of services to meet a family's funeral needs, including family consultation, final expense insurance products, the removal and preparation of remains, provision of caskets and related funeral merchandise, the use of funeral home facilities for visitation, worship and performance of funeral services and transportation services. Funeral Home Operations primarily generate revenues from at-need sales.

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Cremation Products and Services

We operate crematories at some of our cemeteries or funeral homes, but our primary crematory operations are sales of receptacles for cremated remains, such as urns, and the inurnment of cremated remains in niches or scattering gardens. While cremation products and services usually cost less than traditional burial products and services, they yield higher margins on a percentage basis and take up less space than burials. We sell cremation products and services on both a pre-need and an at-need basis.

Seasonality

Although the death care business is relatively stable and predictable, our results of operations may be subject to seasonal fluctuations in deaths due to weather conditions and illness. We generally perform fewer initial openings and closings in the winter when the ground is frozen in many of the areas in which we operate. We may also experience declines in contracts written during the winter months due to inclement weather, which makes it more difficult for our sales staff to meet with customers.

Sales Contracts

Pre-need products and services are typically sold on an installment basis. At-need products and services are generally required to be paid for in full in cash by the customer at the time of sale. As a result of our pre-need sales, the backlog of unfulfilled pre-need performance obligations recorded in deferred revenues was $0.9 billion at December 31, 2017 and 2016.

Trusts

Sales of cemetery products and services are subject to a variety of state regulations. In accordance with these regulations, we are required to establish and fund two types of trusts, merchandise trusts and perpetual care trusts, to ensure that we can meet our future obligations. Our funding obligations are generally equal to a percentage of the sales proceeds or costs of the products and services we sell.

Sales Personnel, Training and Marketing

As of December 31, 2017, we employed 815 full-time commissioned salespeople and salaried sales managers and 59 full-time sales support and telemarketing employees. We had six regional sales vice presidents supporting our Cemetery Operations reporting to our National Vice President of Sales and Marketing. Individual salespersons are typically located at the cemeteries they serve and report directly to the cemetery sales manager. We have made a commitment to the ongoing education and training of our sales force and to salesperson retention in order to provide our customers high quality customer service and in an effort to comply with all applicable laws and requirements. Our training program includes classroom training at regional training locations, field training, periodically updated training materials that utilize media, such as web based modules, for interactive training and participation in industry seminars. We place special emphasis on training property sales managers, who are key elements to a successful pre-need sales program.

We reward our salespeople with incentives for generating new customers. Sales force performance is evaluated by sales budgets, sales mix and closing ratios, which are equal to the number of contracts written divided by the number of presentations that are made. Substantially all of our sales force is compensated based solely on performance. Commissions are augmented with various bonus and incentive packages in an effort to attract and retain a high quality, motivated sales force. We pay commissions to our sales personnel on pre-need contracts based upon a percentage of the value of the underlying contracts. Such commissions vary depending upon the type of merchandise and services sold. We also pay commissions on at-need contracts that are generally equal to a fixed percentage of the contract amount. In addition, some cemetery managers receive an override commission that is equal to a percentage of the gross sales price of the contracts entered into by the salespeople assigned to the cemeteries they manage. All new sales managers that are hired are paid a salary plus a monthly bonus for reaching revenue targets.

We generate sales leads through direct mail, websites, funeral follow-up and sales force cold calling, with the assistance of database mining and other marketing resources. We have created a marketing department to allow us to use more sophisticated marketing techniques to focus more effectively our lead generation and direct sales efforts. Sales leads are referred to the sales force to schedule an appointment, either at the customer's home or at the cemetery location.

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Acquisitions

See Note 2 in Part II, Item 8. Financial Statements and Supplementary Data, for a more detailed discussion of our acquisitions. A summary of our acquisition activities is as follows:

2017

The Partnership did not complete any acquisitions during the year ended December 31, 2017.

2016

We completed two acquisitions during the year ended December 31, 2016, which included ten cemeteries, three funeral homes and a granite company. The acquired properties were located in Wisconsin and Florida. The aggregate cash consideration for these acquisitions was $10.6 million.

2015

We completed five acquisitions during the year ended December 31, 2015, which included four cemeteries and seven funeral homes. The acquired properties were located in Illinois and Florida. The aggregate fair value of the total consideration for these acquisitions was $19.7 million.

Competition

Our cemeteries and funeral homes generally serve customers that live within a 10 to 15-mile radius of a property's location. We face competition from other cemeteries and funeral homes located within this localized area. Most of these cemeteries and funeral homes are independently owned and operated, and most of these owners and operators are smaller than we are and have fewer resources than we do. We generally face limited competition from the two publicly held death care companies that have U.S. operations — Service Corporation International and Carriage Services, Inc. — as they do not directly operate cemeteries in the same local geographic areas where we operate.

Within a localized area of competition, we compete primarily for at-need sales because, in general, many of the independently owned, local competitors either do not have pre-need sales programs or have pre-need programs that are not as developed as ours. Most of these competitors do not have as many of the resources that are available to us to launch and grow a substantial pre-need sales program. The number of customers that cemeteries and funeral homes are able to attract is largely a function of reputation and heritage, although competitive pricing, professional service and attractive, well-maintained and conveniently located facilities are also important factors. The sale of cemetery and funeral home products and services on a pre-need basis has increasingly been used by many companies as an important marketing tool. Due to the importance of reputation and heritage, increases in customer base are usually gained over a long period of time.

Competitors within a localized area have an advantage over us if a potential customer's family members are already buried in the competitor's cemetery. If either of the two publicly held death care companies identified above operated, or in the future were to operate, cemeteries within close proximity of our cemeteries, they may offer more competition than independent cemeteries and may have a competitive advantage over us to the extent they have greater financial resources available to them due to their size and access to the capital markets.

We believe that we currently face limited competition for cemetery acquisitions. The two publicly held death care companies identified above, as well as Stewart Enterprises, Inc., which was acquired by Service Corporation International in December 2013, have historically been the industry's primary consolidators, but have largely curtailed cemetery acquisition activity since 1999. Furthermore, these companies continue to generate the majority of their revenues from funeral home operations. Based on the relative levels of cemetery and funeral home operations of these publicly traded death care companies, which are disclosed in their filings with the Securities and Exchange Commission (the "SEC"), we believe that we are the only publicly held death care company that focuses a significant portion of its efforts on Cemetery Operations.

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REGULATION

Our operations are subject to regulation, supervision and licensing under federal, state and local laws, which impacts the goods and services that we may sell and the manner in which we may furnish goods and services.

Cooling-Off Legislation

Each of the states where our current cemetery and funeral home properties are located has "cooling-off" legislation with respect to pre-need sales of cemetery and funeral home products and services. This legislation generally requires us to refund proceeds from pre-need sales contracts if canceled by the customer for any reason within three to thirty days from the date of the contract, depending on the state (and some states permit cancellation and require refund beyond thirty days) including until death. The Federal Trade Commission ("FTC") also requires a cooling-off period of three business days for door to door sales, during which time a contract may be cancelled entitling a customer to a refund of the funds paid.

Trusting

Sales of cemetery interment rights and pre-need sales of cemetery and funeral home merchandise and services are generally subject to trusting requirements imposed by state laws in most of the states where we operate. See Critical Accounting Policies and Estimates in Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 1, Note 6 and Note 7 in Part II, Item 8. Financial Statements and Supplementary Data, for further discussion regarding trusting.

Truth in Lending Act and Regulation Z

Our pre-need installment contracts are subject to the federal Truth-in-Lending Act ("TILA") and the regulations thereunder, which are referred to as Regulation Z. TILA and Regulation Z promote the informed use of consumer credit by requiring us to disclose, among other things, the annual percentage rate, finance charges and amount financed when extending credit to consumers.

Other Consumer Credit-Related Laws and Regulations

As a provider of consumer credit and a business that generally deals with consumers, we are subject to various other state and federal laws covering matters such as credit discrimination, the use of credit reports, identity theft, the handling of consumer information, consumer privacy, marketing and advertising, debt collection, extensions of credit to service members and prohibitions on unfair or deceptive trade practices.

The Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank")

Dodd-Frank, signed into law by President Obama on July 21, 2010, created a new federal Bureau of Consumer Financial Protection (the "Bureau"). In addition to transferring to the Bureau rule-writing authority for nearly all federal consumer finance-related laws and giving the Bureau rule-writing authority in other areas, Dodd-Frank empowers the Bureau to conduct examinations and bring enforcement actions against certain consumer credit providers and other entities offering consumer financial products or services. While not presently subject to examination by the Bureau, we potentially could be in the future in connection with our pre-need installment contracts. The Bureau also has authority to conduct investigations and bring enforcement actions against providers of consumer financial services, including providers over which it may not currently have examination authority. The Bureau may seek penalties and other relief on behalf of consumers that are substantially in excess of the remedies available under such laws prior to Dodd-Frank. On July 21, 2011, the Bureau officially assumed rule-writing and enforcement authority for most federal consumer finance laws, as well as authority to prohibit unfair, deceptive or abusive practices related to consumer financial products and services.

Telemarketing Laws

We are subject to the requirements of two federal statutes governing telemarketing practices, the Telephone Consumer Protection Act ("TCPA") and the Telemarketing and Consumer Fraud and Abuse Prevention Act ("TCFAPA"). These statutes impose significant penalties on those who fail to comply with their mandates. The Federal Communications Commission ("FCC"), is the federal agency with authority to enforce the TCPA, and the FTC has jurisdiction under the TCFAPA. The FTC and FCC jointly administer a national "do not call" registry, which consumers can join in order to prevent unwanted telemarketing calls. Primarily as a result of implementation of the "do not call" legislation and regulations, the percentage of our pre-need sales generated from telemarketing leads has decreased substantially in the past ten years. We are also subject to similar telemarketing consumer protection laws in all states in which we currently operate. These states' statutes similarly permit consumers to prevent unwanted telephone solicitations. In addition, in cases where telephone solicitations are permitted, there are various restrictions and requirements under state and federal law in connection with such calls.

Occupational Safety and Health Act and Related Environmental Law Requirements

We are subject to the requirements of the Occupational Safety and Health Act ("OSHA") and comparable state statutes. OSHA's regulatory requirement, known as the Hazard Communication Standard, and similar state statutes require us to provide information and training to our employees about hazardous materials used or maintained for our operations. We may also be subject to Tier 1 or Tier 2 Emergency and Hazardous Chemical Inventory reporting requirements under the Emergency Planning and Community Right-to-Know Act ("EPCRA"), depending on the amount of hazardous materials maintained on-site at a particular facility (requiring reporting to federal, state and local authorities). We are also subject to the federal Americans with Disabilities Act and similar laws, which, among other things, may require that we modify our facilities to comply with minimum accessibility requirements for disabled persons.

Federal Trade Commission

Our funeral home operations are comprehensively regulated by the FTC under Section 5 of the Federal Trade Commission Act and a trade regulation rule for the funeral home industry promulgated thereunder, referred to as the "Funeral Rule." The Funeral Rule requires funeral service providers to disclose the prices for their goods and services as soon as the subject of price arises in a discussion with a potential customer (this entails presenting various itemized price lists if the consultation is in person, and readily answering all price-related questions posed over the telephone), and to offer their goods and services on an unbundled basis. The Funeral Rule also prohibits misrepresentations in connection with our sale of goods and services, and requires that the consumer receive an itemized statement of the goods and services purchased. Through these regulations, the FTC sought to give consumers the ability to compare prices among funeral service providers and to avoid buying packages containing goods or services that they did not want. The unbundling of goods from services has also opened the way for third-party, discount casket sellers to enter the market, although they currently do not possess substantial market share.

In addition, our pre-need installment contracts for sales of cemetery and funeral home merchandise and services are subject to the FTC's "Holder Rule," which requires disclosure in the installment contract that any holder of the contract is subject to all claims and defenses that the consumer could assert against the seller of the goods or services, subject to certain limitations. These contracts are also subject to the FTC's "Credit Practices Rule," which prohibits certain credit loan terms and practices.

Future Enactments and Regulation

Federal and state legislatures and regulatory agencies frequently propose new laws, rules and regulations and new interpretations of existing laws, rules and regulations which, if enacted or adopted, could have a material adverse effect on our operations and on the death care industry in general. A significant portion of our operations is located in California, Pennsylvania, Michigan, New Jersey, Virginia, Maryland, North Carolina, Ohio, Indiana, Florida, West Virginia and Wisconsin and any material adverse change in the regulatory requirements of those states applicable to our operations could have a material adverse effect on our results of operations. We cannot predict the outcome of any proposed legislation or regulations or the effect that any such legislation or regulations, if enacted or adopted, might have on us.

Environmental Regulations and Liabilities

Our operations are subject to federal, state and local environmental regulations in three principal areas: (1) crematories for emissions to air that may trigger requirements under the Clean Air Act; (2) funeral homes for the management of hazardous materials and medical wastes; and (3) cemeteries and funeral homes for the management of solid waste, underground and above ground storage tanks and discharges to wastewater treatment systems and/or septic systems.

Clean Air Act

The Federal Clean Air Act and similar state laws, which regulate emissions into the air, can affect crematory operations through permitting and emissions control requirements. Our crematory operations may be subject to Clean Air Act regulations under federal and state law and may be subject to enforcement actions if these operations do not conform to the requirements of these laws.

Emergency Planning and Community Right-to-Know Act

As noted above, federal, state and local regulations apply to the storage and use of hazardous materials at our facilities. Depending on the types and quantities of materials we manage at any particular facility, we may be required to maintain and submit Material Safety Data Sheets and inventories of these materials to the regulatory authorities in compliance with EPCRA or similar state and local laws.

Clean Water Act

We are also subject to the Clean Water Act and corresponding state laws, as well as local requirements applicable to the treatment of sanitary and industrial wastewaters. Many of our funeral homes discharge their wastewaters into publicly operated treatment works, and may be subject to applicable limits as to contaminants that may be included in the discharge of their wastewater. Our cemeteries typically discharge their wastewaters from sanitary use and maintenance operations conducted onsite into septic systems, which are regulated under state and local laws. If there are violations of applicable local, state or federal laws pertaining to our discharges of wastewaters, we may be subject to penalties as well as an obligation to make operational changes or conduct required remediation.

Comprehensive Environmental Response, Compensation, and Liability Act

The Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") and similar state laws affect our cemetery and funeral home operations by, among other things, imposing investigation and remediation obligations for threatened or actual releases of hazardous substances that may endanger public health or welfare or the environment. Under CERCLA and similar state laws, strict, joint and several liability may be imposed upon generators, site owners and operators and others regardless of fault or the legality of the original disposal activity. Our operations include the use and off-site disposal of some materials that may meet the definition of "hazardous substances" under CERCLA or state laws and thus may give rise to liability if released to the environment through a spill or other release at our facilities. Should we acquire new properties with pre-existing conditions triggering CERCLA or similar state liability, we may become liable for responding to those conditions under CERCLA or similar state laws. We may become involved in proceedings, litigation or investigations at one or more sites where releases of hazardous substances have occurred, and we cannot assure you that the associated costs and potential liabilities would not be material.

Underground and Above Ground Storage Tank Laws and Solid Waste Laws

Federal, state and local laws regulate the installation, removal, operations and closure of underground storage tanks ("USTs"), and above ground storage tanks ("ASTs"), which are located at some of our facilities, as well as the management and disposal of solid waste. Most of the USTs and ASTs contain petroleum for heating our buildings or are used for vehicle maintenance or general operations. Depending upon the age and integrity of the USTs and ASTs, they may require upgrades, removal and/or closure, and remediation may be required if there has been a discharge or release into the environment. All of the aforementioned activities may require us to incur capital costs and expenses to ensure continued compliance with environmental requirements. Should we acquire properties with existing USTs and ASTs that are not in compliance with environmental law requirements, we may become liable for responding to releases to the environment or for costs associated with upgrades, removal and/or closure costs, and we cannot assure you that the costs or liabilities will not be material in that event. Solid wastes have been disposed of at some of our cemeteries, both lawfully and unlawfully. Prior to acquiring a cemetery, an environmental site assessment is usually conducted to determine, among other conditions, if a solid waste disposal area or landfill exists on the parcel which requires removal, cleanup or management. Depending upon the nature and extent of any such solid waste disposal areas, we may be required by applicable environmental law or the applicable regulatory authority to remove the waste materials or to conduct remediation and we cannot assure you that the costs or liabilities will not be material in that event.

Employees

As of December 31, 2017, our general partner and its affiliates employed 2,821 full-time, 307 part-time and 17 seasonal employees. Forty-seven of these employees are represented by various unions in Pennsylvania, Ohio, California, New Jersey and Illinois, and are subject to collective bargaining agreements that have expiration dates ranging from September 2020 to May 2023. We believe that our relationship with our employees is generally favorable.

Available Information

We file annual, quarterly and other reports, and any amendments to those reports, and information with the SEC. You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. You may obtain additional information about the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website at ***www.sec.gov*** that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us.

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We maintain an Internet website with the address of http://www.stonemor.com. The information on this website is not, and should not be considered, part of this Annual Report on Form 10-K and is not incorporated by reference into this document. This website address is only intended to be an inactive textual reference. Copies of our reports filed with, or furnished to, the SEC on Forms 10-K, 10-Q and 8-K, and any amendments to such reports, are available for viewing and copying at such Internet website, free of charge, as soon as reasonably practicable after filing such material with, or furnishing it to, the SEC.

Financial Information

Financial information for each of our segments is presented in Part II, Item 8. Financial Statements and Supplementary Data in this Annual Report on Form 10-K.

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ITEM 1A. RISK FACTORS

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements.

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the risks set forth below. The risks described below should not be considered comprehensive and all-inclusive. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. If any events occur that give rise to the following risks, our business, financial condition or results of operations could be materially and adversely impacted. These risk factors should be read in conjunction with other information set forth in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes. Many such factors are beyond our ability to control or predict. Investors are cautioned not to put undue reliance on forward-looking statements that involve risks and uncertainties.

RISK FACTORS RELATED TO OUR BUSINESS

We recently have not had sufficient cash from operations to pay distributions to our unitholders after we have paid our expenses, including the expenses of our general partner, funded merchandise and perpetual care trusts and established necessary cash reserves, and we may not have sufficient cash to resume paying distributions or restore them to previous levels.

The amount of cash we can distribute on our units principally depends upon the amount of cash we generate from operations, which fluctuates from quarter to quarter based on, among other things:

- the volume of our sales;
- the prices at which we sell our products and services; and
- the level of our operating and general and administrative costs.

Given the Partnership's level of cash and cash equivalents, to preserve capital resources and liquidity, the Board of Directors of the General Partner concluded that it was not in the best interest of unitholders to pay distributions to unitholders after the first quarter of 2017. In addition, our revolving credit facility prohibits us from making distributions to unitholders unless we have at least $25.0 million of availability under that facility and we satisfy certain leverage ratios. We currently expect that any future distributions we do pay will not exceed our cash flow from operating activities.

If we do not generate sufficient cash to pay distributions or restore them to previous levels, the market price of our common units may decline materially or remain stagnant.

Our substantial level of indebtedness could materially adversely affect our ability to generate sufficient cash for distribution to our unitholders, to fulfill our debt obligations and to operate our business.

We have a substantial amount of debt, which requires significant interest and principal payments. As of December 31, 2017, we had $160.9 million of total debt outstanding on a revolving credit facility, which includes letters of credit totaling $7.5 million. We utilize our revolving credit facility to finance acquisitions, acquisition related costs, cemetery property development costs and working capital draws, which are used to finance all other Partnership costs. In addition, as of December 31, 2017, we had $175.0 million aggregate principal amount of 7.875% Senior Notes due 2021 outstanding. Leverage makes us more vulnerable to economic downturns. Our cash flow available for operations and for distribution to our unitholders is reduced by the cash flow we must dedicate to servicing our debt obligations. The amount of indebtedness we have could limit our flexibility in planning for, or reacting to, changes in the markets in which we compete, limit our ability to obtain additional financing, if necessary, for working capital expenditures, acquisitions or other purposes, and require us to dedicate more cash flow to service our debt than we desire. Our ability to satisfy our indebtedness as required by the terms of our debt will be dependent on, among other things, the successful execution of our long-term strategic plan. Subject to limitations in our debt obligations, we may incur additional debt in the future, for acquisitions or otherwise, and servicing this debt could further limit our cash flow available for operations and distribution to unitholders.

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Restrictions in our existing and future debt agreements could limit our ability to make distributions to you or capitalize on acquisition and other business opportunities.

The operating and financial restrictions and covenants in our senior notes and the indenture pursuant to which they were issued, our revolving credit facility and any future financing agreements could restrict our ability to finance future operations or capital needs, including working capital, or to expand or pursue our business activities. For example, our senior notes and our revolving credit facility contain covenants that restrict or limit our ability to:

- enter into a new line of business;
- enter into any agreement of merger or acquisition;
- sell, transfer, assign or convey assets;
- grant certain liens;
- incur or guarantee additional indebtedness;
- make certain loans, advances and investments;
- declare and pay dividends and distributions;
- enter into transactions with affiliates; and
- make voluntary payments or modifications of indebtedness.

In addition, our revolving credit facility contains covenants requiring us to maintain certain financial ratios and tests. These restrictions may also limit our ability to obtain future financings. Our ability to comply with the covenants and restrictions contained in our senior notes and the indenture pursuant to which they were issued and in our revolving credit facility agreement may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions continue to deteriorate, our ability to comply with these covenants may be impaired. See Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.

In addition, our debt obligations limit our ability to make distributions to our unitholders. Our senior notes and revolving credit facility obligations prohibit us from making quarterly cash distributions if we are in default, including with regard to our revolving credit facility obligations as a result of our failure to maintain specified financial ratios. As amended, our revolving credit facility also prohibits us from making distributions to unitholders unless we have at least $25.0 million in availability under that facility and maintain a consolidated secured net leverage of not greater than 7.50:1.00. We cannot assure you that we will maintain these specified ratios and satisfy these tests for distributing available cash from operating surplus.

If we violate any of the restrictions, covenants, ratios or tests in our revolving credit facility agreement or the indenture pursuant to which the senior notes were issued, the lenders will be able to accelerate the maturity of all borrowings thereunder, cause cross-default and demand repayment of amounts outstanding, and our lenders' commitment to make further loans to us under the revolving credit facility may terminate. We might not have, or be able to obtain, sufficient funds to make these accelerated payments. Any subsequent replacement of our debt obligations or any new indebtedness could have similar or greater restrictions.

Our merchandise and perpetual care trust funds own investments in equity securities, fixed income securities and mutual funds, which are affected by financial market conditions that are beyond our control.

Pursuant to state law, a portion of the proceeds from pre-need sales of merchandise and services is put into merchandise trusts until such time that the Partnership meets the requirements for releasing trust principal, which is generally delivery of merchandise or performance of services. All investment earnings generated by the assets in the merchandise trusts, including realized gains and losses, generally are deferred until the associated merchandise is delivered or the services are performed.

Also, pursuant to state law, a portion of the proceeds from the sale of cemetery property is required to be paid into perpetual care trusts. The perpetual care trust principal does not belong to the Partnership and must remain in this trust in perpetuity while interest and dividends may be released and used to defray cemetery maintenance costs.

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Our returns on these investments are affected by financial market conditions that are beyond our control. If the investments in our trust funds experience significant declines, there could be insufficient funds in the trusts to cover the costs of delivering services and merchandise. Pursuant to state law, we may be required to cover any such shortfall in merchandise trusts with cash flows from operations, which could have a material adverse effect on our financial condition, results of operations or cash flows. For more information related to our trust investments, see Note 6 and Note 7 to our consolidated financial statements in Part II, Item 8. Financial Statements and Supplementary Data.

If the fair market value of these trusts, plus any other amount due to us upon delivery of the associated contracts, were to decline below the estimated costs to deliver the underlying products and services, we would record a charge to earnings to record a liability for the expected losses on the delivery of the associated contracts.

We may be required to replenish our funeral and cemetery trust funds in order to meet minimum funding requirements, which would have a negative effect on our earnings and cash flow.

In certain states, we have withdrawn allowable distributable earnings from our merchandise trusts, including gains prior to the maturity or cancellation of the related contract. Additionally, some states have laws that either require replenishment of investment losses under certain circumstances or impose various restrictions on withdrawals of future earnings when trust fund values drop below certain prescribed amounts. In the event of realized losses or market declines, we may be required to deposit portions or all of these amounts into the respective trusts in some future period. As of December 31, 2017, we had unrealized losses of approximately $9.8 million in the various trusts within these states, of which $6.7 million are in merchandise trust accounts and $3.1 million are in perpetual care trust accounts.

Any reductions in the principal or the earnings of the investments held in merchandise and perpetual care trusts could adversely affect our revenues and cash flow.

A substantial portion of our revenue is generated from investment returns that we realize from merchandise and perpetual care trusts. Unstable economic conditions have, at times, caused us to experience declines in the fair value of the assets held in these trusts. Future cash flows could be negatively impacted if we are forced to liquidate assets that are in impaired positions.

We invest primarily for generation of realized income. We rely on the earnings, interest and dividends paid by the assets in our trusts to provide both revenue and cash flow. Interest income from fixed-income securities is particularly susceptible to changes in interest rates and declines in credit worthiness while dividends from equity securities are susceptible to the issuer's ability to make such payments.

Any decline in the interest rate environment or the credit worthiness of our debt issuers or any suspension or reduction of dividends could have a material adverse effect on our financial condition and results of operations.

In addition, any significant or sustained unrealized investment losses could result in merchandise trusts having insufficient funds to cover our cost of delivering products and services. In this scenario, we would be required to use our operating cash to deliver those products and perform those services, which would decrease our cash available for distribution.

Pre-need sales typically generate low or negative cash flow in the periods immediately following sales, which could adversely affect our ability to resume paying distributions to our unitholders.

When we sell cemetery merchandise and services on a pre-need basis, upon cash collection, we pay commissions on the sale to our salespeople and are required by state law to deposit a portion of the sales proceeds into a merchandise trust. In addition, most of our customers finance their pre-need purchases under installment contracts payable over a number of years. Depending on the trusting requirements of the states in which we operate, the applicable sales commission rates and the amount of the down payment, our cash flow from sales to customers through installment contracts is typically negative until we have collected the related receivable or until we purchase the products or perform the services and are permitted to withdraw funds we have deposited in the merchandise trust. To the extent we increase pre-need sales, state trusting requirements are increased or we delay the performance of the services or delivery of merchandise we sell on a pre-need basis, our cash flow from pre-need sales may be further reduced, and our ability to resume paying distributions to our unitholders could be adversely affected.

The cemetery and funeral home industry continues to be competitive.

We face competition in all of our markets. Most of our competitors are independent operations. Our ability to compete successfully depends on our management's forward vision, timely responses to changes in the business environment, the ability of our cemeteries and funeral homes to maintain a good reputation and high professional standards as well as offer products and services at competitive prices. We have historically experienced price competition from independent cemetery and funeral home operators. If we are unable to compete successfully, our financial condition, results of operations and cash flows could be materially adversely affected.

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Because fixed costs are inherent in our business, a decrease in our revenues can have a disproportionate effect on our cash flow and profits.

Our business requires us to incur many of the costs of operating and maintaining facilities, land and equipment regardless of the level of sales in any given period. For example, we must pay salaries, utilities, property taxes and maintenance costs on our cemetery properties and funeral homes regardless of the number of interments or funeral services we perform. If we cannot decrease these costs significantly or rapidly when we experience declines in sales, declines in sales can cause our margins, profits and cash flow to decline at a greater rate than the decline in our revenues.

Our failure to attract and retain qualified sales personnel and management could have an adverse effect on our business and financial condition.

Our ability to attract and retain a qualified sales force and other personnel is an important factor in achieving future success. Buying cemetery and funeral home products and services, especially at-need products and services, is very emotional for most customers, so our sales force must be particularly sensitive to our customers' needs. We cannot assure you that we will be successful in our efforts to attract and retain a skilled sales force. If we are unable to maintain a qualified and productive sales force, our revenues may decline and our cash available for distribution may decrease.

Our success also depends upon the services and capabilities of our management team. Management establishes the "tone at the top" by which an environment of ethical values, operating style and management philosophy is fostered. The inability of our senior management team to maintain a proper "tone at the top" or the loss of services of one or more members of senior management as well as the inability to attract qualified managers or other personnel could have a material adverse effect on our business, financial condition and results of operations. We may not be able to locate or employ on acceptable terms qualified replacements for senior management or key employees if their services were no longer available. We do not maintain key employee insurance on any of our executive officers.

We may not be able to identify, complete, fund or successfully integrate our acquisitions, which could have an adverse effect on our results of operations.

A primary component of our business strategy has been to grow through acquisitions of cemeteries and funeral homes. We cannot assure you that we will be able to identify and acquire cemeteries or funeral homes on terms favorable to us or at all. We may face competition from other death care companies in making acquisitions. Historically, we have funded a significant portion of our acquisitions through borrowings. As amended, our revolving credit facility prohibits us from making future acquisitions funded by the Partnership or its subsidiaries, except for acquisitions for which the consideration is solely in the form of equity interests in the Partnership or cash proceeds from the issuance of such equity interests. Our ability to make acquisitions in the future may be limited by our inability to secure adequate financing, restrictions under our existing or future debt agreements, competition from third parties or a lack of suitable properties.

In addition, if we complete acquisitions, we may encounter various associated risks, including the possible inability to integrate an acquired business into our operations, diversion of management's attention and unanticipated problems or liabilities, some or all of which could have a material adverse effect on our operations and financial performance. Also, when we acquire cemeteries that do not have an existing pre-need sales program or a significant amount of pre-need products and services that have been sold but not yet purchased or performed, the operation of the cemetery and implementation of a pre-need sales program after acquisition may require significant amounts of working capital. This may make it more difficult for us to make acquisitions.

If we are not able to respond effectively to changing consumer preferences, our market share, revenues and profitability could decrease.

Future market share, revenues and profits will depend in part on our ability to anticipate, identify and respond to changing consumer preferences. In past years, we have implemented new product and service strategies based on results of customer surveys that we conduct on a continuous basis. However, we may not correctly anticipate or identify trends in consumer preferences, or we may identify them later than our competitors do. In addition, any strategies we may implement to address these trends may prove incorrect or ineffective.

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If the trend toward cremation in the United States continues, our revenues may decline, which could have an adverse effect on our business and financial condition.

We and other death care companies that focus on traditional methods of interment face competition from the increasing number of cremations in the United States. Industry studies indicate that the percentage of cremations has steadily increased and that cremations are performed for approximately 52% of the deaths in the United States. This percentage is expected to increase to approximately 56% by 2020 and 64% by 2025. Because the products and services associated with cremations, such as niches and urns, produce lower revenues than the products and services associated with traditional interments, a continuing trend toward cremation may reduce our revenues.

Declines in the number of deaths in our markets can cause a decrease in revenues.

Declines in the number of deaths could cause at-need sales of cemetery and funeral home merchandise and services to decline and could cause a decline in the number of pre-need sales, both of which could decrease revenues. Changes in the number of deaths can vary among local markets and from quarter to quarter, and variations in the number of deaths in our markets or from quarter to quarter are not predictable. Generally, the number of deaths may fluctuate depending on weather conditions and illness.

We rely significantly on information technology and any failure, inadequacy, interruption or security lapse of that technology, including any cybersecurity incidents, could harm our ability to operate our business effectively.

Our ability to manage and maintain our internal reports effectively and integration of new business acquisitions depends significantly on our operational technology platform and other information systems. Some of our information technology systems may experience interruptions, delays or cessations of service or produce errors in connection with ongoing systems implementation work. Cybersecurity attacks in particular are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, misappropriation of our confidential or otherwise protected information and corruption of data. The failure of our systems to operate effectively or to integrate with other systems, or a breach in security or other unauthorized access of these systems, may also result in reduced efficiency of our operations and could require significant capital investments to remediate any such failure, problem or breach and to comply with applicable regulations, all of which could adversely affect our business, financial condition and results of operations.

Our business is subject to existing federal and state laws and regulations governing data privacy, security and cybersecurity in the United States. These regulations include privacy and security rules regarding employee-related and third-party information when a data breach results in the release of personally identifiable information, as well as those rules imposed by the banking and payment card industries to protect against identity theft and fraud in connection with the collection of payments from customers. Incidents in which we fail to protect our customers' information against security breaches could result in monetary damages against us and could otherwise damage our reputation, harm our businesses and adversely impact our results of operations. If we fail to protect our own information, including information about our employees, we could experience significant costs and expenses as well as damage to our reputation.

The financial condition of third-party insurance companies that fund our pre-need funeral contracts and the amount of benefits those policies ultimately pay may impact our financial condition, results of operations or cash flows.

Where permitted, customers may arrange their pre-need funeral contract by purchasing a life insurance or annuity policy from third-party insurance companies. The customer/policy holder assigns the policy benefits to our funeral home to pay for the pre-need funeral contract at the time of need. For the sales of pre-need funeral contracts funded through life insurance policies, we receive commissions from third-party insurance companies. Additionally, there is a death benefit associated with the contract that may vary over the contract life. There is no guarantee that the value of the death benefit will increase or cover future increases in the cost of providing a funeral service. If the financial condition of the third-party insurance companies were to deteriorate materially because of market conditions or otherwise, there could be an adverse effect on our ability to collect all or part of the proceeds of the life insurance or annuity policy, including any increase in the death benefit. Failure to collect such proceeds could have a material adverse effect on our financial condition, results of operations or cash flows.

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Partnership liquidity may be impacted by its ability to negotiate bonding arrangements with third-party insurance companies.

Where permitted, the Partnership may enter into bonding arrangements with insurance companies whereby pre-need performance obligations otherwise required to be trusted, may be insured through a process called bonding. In the event that the Partnership is unable to deliver on bonded pre-need contract sales at the time of need, the insurance company will provide cash sufficient to deliver goods for the respective pre-need sale item. On an ongoing basis, the Partnership must negotiate acceptable terms of these various bonding arrangements. To the extent that the Partnership is unable to negotiate acceptable terms for such arrangements and thus is no longer able to maintain existing bonds, it would need to deposit the corresponding amounts in the merchandise trusts, which would have an adverse impact on the Partnership's liquidity.

REGULATORY AND LEGAL RISKS

Our operations are subject to regulation, supervision and licensing under numerous federal, state and local laws, ordinances and regulations, including extensive regulations concerning trusts/escrows, pre-need sales, cemetery ownership, funeral home ownership, marketing practices, crematories, environmental matters and various other aspects of our business.

If state laws or interpretations of existing state laws change or if new laws are enacted, we may be required to increase trust deposits or to alter the timing of withdrawals from trusts, which may have a negative impact on our revenues and cash flow.

We are required by most state laws to deposit specified percentages of the proceeds from our pre-need and at-need sales of interment rights into perpetual care trusts and proceeds from our pre-need sales of cemetery and funeral home products and services into merchandise trusts. These laws also determine when we are allowed to withdraw funds from those trusts. If those laws or the interpretations of those laws change or if new laws are enacted, we may be required to deposit more of the sales proceeds we receive from our sales into the trusts or to defer withdrawals from the trusts, thereby decreasing our cash flow until we are permitted to withdraw the deposited amounts. This could also reduce our cash available for distribution.

If state laws relating to the ownership of cemeteries and funeral homes or their interpretations change, or new laws are enacted, our business, financial condition and results of operations could be adversely affected.

Some states require cemeteries to be organized in the nonprofit form but may permit those nonprofit entities to contract with for-profit companies for management services. If state laws change or new laws are enacted that prohibit us from managing cemeteries in those states, then our business, financial condition and results of operations could be adversely affected. Some state laws restrict ownership of funeral homes to licensed funeral directors. If state laws change or new laws are enacted that prohibit us from managing funeral homes in those instances, then our business, financial condition and results of operations could be adversely affected.

We are subject to legal restrictions on our marketing practices that could reduce the volume of our sales, which could have an adverse effect on our business, operations and financial condition.

The enactment or amendment of legislation or regulations relating to marketing activities may make it more difficult for us to sell our products and services. For example, the federal "do not call" legislation has adversely affected our ability to market our products and services using telephone solicitation by limiting whom we may call and increasing our costs of compliance. As a result, we rely heavily on direct mail marketing and telephone follow-up with existing contacts. Additional laws or regulations limiting our ability to market through direct mail, over the telephone, through Internet and e-mail advertising or door-to-door may make it difficult to identify potential customers, which could increase our costs of marketing. Both increases in marketing costs and restrictions on our ability to market effectively could reduce our revenues and could have an adverse effect on our business, operations and financial condition, as well as our ability to make cash distributions to you.

We are subject to environmental and health and safety laws and regulations that may adversely affect our operating results.

Our cemetery and funeral home operations are subject to numerous federal, state and local environmental and health and safety laws and regulations. We may become subject to liability for the removal of hazardous substances and solid waste under CERCLA and other federal and state laws. Under CERCLA and similar state laws, strict, joint and several liability may be imposed on various parties, regardless of fault or the legality of the original disposal activity. Our funeral home, cemetery and crematory operations include the use of some materials that may meet the definition of "hazardous substances" under CERCLA or state laws and thus may give rise to liability if released to the environment through a spill or release. We cannot assure you that we will not face liability under CERCLA or state laws for any environmental conditions at our facilities, and we cannot assure you that these liabilities will not be material. Our cemetery and funeral home operations are subject to regulation of underground and above ground storage tanks and laws managing the disposal of solid waste. If new requirements under local, state or federal laws were to be adopted, and were more stringent than existing requirements, new permits or capital expenditures may be required.

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Our funeral home operations are generally subject to federal and state laws and regulations regarding the disposal of medical waste, and are also subject to regulation by federal, state or local authorities under EPCRA. We are required by EPCRA to maintain and report to the regulatory authorities, if applicable thresholds are met, a list of any hazardous chemicals and extremely hazardous substances which are stored or used at our facilities.

Our crematory operations may be subject to regulation under the federal Clean Air Act and any analogous state laws. If new regulations applicable to our crematory operations were to be adopted, they could require permits or capital expenditures that could increase our costs of operation and compliance. We are also subject to the Clean Water Act and corresponding state laws, as well as local requirements applicable to the treatment of sanitary and industrial wastewaters. Many of our funeral homes discharge their wastewaters into publicly operated treatment works and may be subject to applicable limits as to contaminants that may be included in the discharge of their wastewater. Our cemeteries typically discharge their wastewaters from sanitary use and maintenance operations conducted onsite into septic systems, which are regulated under state and local laws. If there are violations of applicable local, state or federal laws pertaining to our discharges of wastewaters, we may be subject to penalties as well as an obligation to conduct required remediation.

Litigation or legal proceedings could expose us to significant liabilities and damage our reputation.

From time to time, we are party to various claims and legal proceedings, including, but not limited to, claims and proceedings regarding employment, cemetery or burial practices and other litigation. As set forth more fully in Part I, Item 3. Legal Proceedings, we are currently subject to class actions under the Securities Exchange Act of 1934 and the rules promulgated thereunder, and for related state law claims that certain of our officers and directors breached their fiduciary duty to the Company. We could also become subject to additional claims and legal proceedings relating to the factual allegations made in these actions. We are also subject to class or collective actions under the wage and hours provisions of the Fair Labor Standards Act and state wage and hour laws, including, but not limited to, national and state class or collective actions, or putative class or collective actions.

Generally, plaintiffs in class action litigation may seek to recover amounts which may be indeterminable for some period of time, although potentially large. Adverse outcomes in these pending cases (as well as other legal proceedings not specifically mentioned herein) may result in monetary damages or injunctive relief against us, as litigation and other claims are subject to inherent uncertainties. For each of our outstanding legal matters, we evaluate the merits of the case, our exposure to the matter, possible legal or settlement strategies and the likelihood of an unfavorable outcome. We base our assessments, estimates and disclosures on the information available to us at the time. Actual outcomes or losses may differ materially from assessments and estimates. Costs to defend litigation claims and legal proceedings and the cost of actual settlements, judgments or resolutions of these claims and legal proceedings may negatively affect our business and financial performance. We hold insurance policies that may reduce cash outflows with respect to an adverse outcome of certain litigation matters, but exclude certain claims, such as claims arising under the Fair Labor Standards Act. To the extent that our management will be required to participate in or otherwise devote substantial amounts of time to the defense of these matters, such activities would result in the diversion of our management resources from our business operations and the implementation of our business strategy, which may negatively impact our financial position and results of operations. Any adverse publicity resulting from allegations made in litigation claims or legal proceedings may also adversely affect our reputation, which in turn, could adversely affect our results of operations.

RISK FACTORS RELATED TO AN INVESTMENT IN THE PARTNERSHIP

Our general partner and its affiliates have conflicts of interest and limited fiduciary duties, which may permit them to favor their own interests to your detriment.

GP Holdings, as the sole member of our general partner, owns all of the Class A units of our general partner. Conflicts of interest may arise between GP Holdings and its affiliates, including our general partner, on the one hand, and us and our unitholders, on the other hand. As a result of these conflicts, our general partner may favor its own interests and the interests of its affiliates over the interests of the unitholders. These conflicts include, among others, the following situations:

- The Board of Directors of our general partner is elected by GP Holdings, except that Lawrence R. Miller and William Shane acting collectively have the right to designate Mr. Miller as a director until November 2019. Although our general partner has a fiduciary duty to manage us in good faith, the directors of our general partner also have a fiduciary duty to manage our general partner in a manner beneficial to GP Holdings, as the sole member of our general partner. By purchasing common units, unitholders will be deemed to have consented to some actions and conflicts of interest that might otherwise constitute a breach of fiduciary or other duties under applicable law.

- Our partnership agreement limits the liability of our general partner, reduces its fiduciary duties and restricts the remedies available to unitholders for actions that might, without the limitations, constitute breaches of fiduciary duty.

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- Our general partner determines the amount and timing of asset purchases and sales, capital expenditures, borrowings, issuances of additional limited partner interests and reserves, each of which can affect the amount of cash that is distributed to unitholders.

- Our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf.

- Our general partner controls the enforcement of obligations owed to us by our general partner and its affiliates.

- In some instances, our general partner may cause us to borrow funds or sell assets outside of the ordinary course of business in order to permit the payment of distributions, even if the purpose or effect of the borrowing is to make distributions in respect of incentive distribution rights.

Holders of our common units have limited voting rights and are not entitled to elect our general partner or its directors, which could reduce the price at which the common units will trade.

Unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. Unitholders did not select our general partner or elect the Board of Directors of our general partner and will have no right to select our general partner or elect its Board of Directors in the future. We are not required to have a majority of independent directors on our board. The Board of Directors of our general partner, including the independent directors, is not chosen by our unitholders. GP Holdings, as the sole member of StoneMor GP, is entitled to elect all directors of StoneMor GP, except that Messrs. Miller and Shane acting collectively have the right to designate Mr. Miller as a director as described above. As a result of these limitations, the price at which the common units will trade could be diminished because of the absence or reduction of a takeover premium in the trading price.

Our partnership agreement restricts the voting rights of unitholders owning 20% or more of our common units.

Unitholders' voting rights are further restricted by the partnership agreement provision providing that any person that beneficially owns 20% or more of any class of units then outstanding, other than the general partner, its affiliates, their transferees and persons who acquired such units with the prior approval of the Board of Directors of our general partner, cannot vote the units on any matter. In addition, the partnership agreement contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management.

Our general partner can transfer its ownership interest in us without unitholder consent under certain circumstances, and the control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. Furthermore, there is no restriction in the partnership agreement on the ability of the owners of our general partner to transfer their ownership interest in the general partner to a third party. The new owner of our general partner would then be in a position to replace the Board of Directors and officers of the general partner with its own choices and thereby influence the decisions taken by the Board of Directors and officers. Such a change of control could require us to offer to repurchase notes at a premium issued under our indenture, significantly impacting available cash for distribution to our common unit holders.

We may issue additional common units without your approval, which would dilute your existing ownership interests.

We may issue an unlimited number of limited partner interests of any type without the approval of the unitholders.

The issuance of additional common units or other equity securities of equal or senior rank would have the following effects:

- your proportionate ownership interest in us would decrease;

- the amount of cash available for distribution on each unit may decrease;

- the relative voting strength of each previously outstanding unit may be diminished;

- the market price of the common units may decline; and

- the ratio of taxable income to distributions may increase.

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Cost reimbursements due to our general partner may be substantial and will reduce the cash available for distribution to you.

Prior to making any distribution on the common units, we reimburse our general partner and its affiliates for all expenses they incur on our behalf. The reimbursement of expenses could adversely affect our ability to pay cash distributions to you. Our general partner determines the amount of these expenses. In addition, our general partner and its affiliates may provide us with other services for which we will be charged fees as determined by our general partner.

Establishing cash reserves reduces the amount of available cash for distribution to you.

Subject to the limitations on restricted payments contained in the indenture governing the 7.875% Senior Notes due 2021 and other indebtedness, the master partnership distributes all of our "available cash" each quarter to its limited partners and general partner. "Available cash" is defined in the master limited partnership's partnership agreement, and it generally means, for each fiscal quarter, all cash and cash equivalents on hand on the date of determination for that quarter less the amount of cash reserves established at the discretion of the general partner to:

- provide for the proper conduct of our business;
- comply with applicable law, the terms of any of our debt instruments or other agreements; or
- provide funds for distributions to its unitholders and general partner for any one or more of the next four calendar quarters.

Our general partner reserved available cash starting the second quarter of 2017 to preserve capital resources and liquidity and did not authorize any distributions for the last three quarters of 2017. We anticipate continuing to reserve available cash for such purposes, which, when combined with the restrictions on distributions under our revolving credit facility, will continue to affect the amount of cash available for distribution to you.

Our general partner has a limited call right that may require you to sell your common units at an undesirable time or price.

If, at any time, our general partner and its affiliates own more than 80% of the common units, our general partner will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the remaining common units held by unaffiliated persons at a price not less than their then-current market price. As a result, you may be required to sell your common units at an undesirable time or price and may not receive any return on your investment. You may also incur a tax liability upon the sale of your common units.

You may be required to repay distributions that you have received from us.

Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, we may not make a distribution to you if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Assignees who become substituted limited partners are liable for the obligations of the assignor to make contributions to the partnership. However, assignees are not liable for obligations unknown to the assignee at the time the assignee became a limited partner if the liabilities could not be determined from the partnership agreement. Liabilities to partners on account of their partnership interest and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

We have restated our prior consolidated financial statements, which may lead to additional risks and uncertainties, including loss of investor confidence and negative impacts on our stock price.

As reported in our Annual Report on Form 10-K for the year ended December 31, 2016, we have previously restated certain financial information as of December 31, 2016 and 2015 and for each of the two years in the period ended December 31, 2016 (the "Restated Periods"). The determination to restate the financial statements for the Restated Periods was approved by the Board of Directors of StoneMor GP LLC upon management's recommendation following the identification of certain errors described in that Annual Report on Form 10-K, which also included amendments to reflect the restatement of our financial statements for the Restated Periods (the "Restatement").

As a result of these events, we were subject to a number of additional costs and risks, including unanticipated costs for accounting and legal fees in connection with or related to the Restatement and the remediation of our ineffective disclosure controls and procedures and material weaknesses in internal control over financial reporting. In addition, the attention of our management team has been diverted by these efforts. We could be subject to additional unitholder, governmental or other actions in connection with the Restatement or other matters. Any such proceedings will, regardless of the outcome, consume a significant amount of management's time and attention and may result in additional legal, accounting, insurance and other costs. If we do not prevail in any such proceedings, we could be required to pay substantial damages or settlement costs. In addition, the Restatement and related matters could impair our reputation or could cause our counterparties to lose confidence in us. Each of these occurrences could have a material adverse effect on our business, results of operations, financial condition and unit price.

We have identified material weaknesses in our internal control over financial reporting and determined that our disclosure controls and procedures were not effective which could, if not remediated, result in additional material misstatements in our financial statements.

Our management is responsible for establishing and maintaining adequate disclosure controls and procedures and internal control over our financial reporting, as defined in Rules 13a- 15(e) and 13a-15(f), respectively, under the Securities Exchange Act of 1934. As disclosed in Part II, Item 9A. Controls and Procedures of this Annual Report on Form 10-K, management identified material weaknesses in our internal control over financial reporting and concluded our disclosure controls and procedures were not effective as of December 31, 2017. A material weakness is defined as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Our independent registered public accounting firm also expressed an adverse opinion on the effectiveness of our internal control over financial reporting.

We have developed and are in the process of implementing the remediation plan to address the material weaknesses in internal control over financial reporting and ineffective disclosure controls and procedures. If our remedial measures are insufficient, or if additional material weaknesses or significant deficiencies in our internal controls occur in the future, we could be required to further restate our financial results, which could materially and adversely affect our business, results of operations and financial condition, restrict our ability to access the capital markets, require us to expend significant resources to correct the weaknesses or deficiencies, harm our reputation or otherwise cause a decline in investor confidence.

Our inability to timely file periodic reports we are required to file under the Exchange Act may adversely affect our liquidity, the market for our common units and our business reputation.

We are filing this Annual Report on Form 10-K approximately four months after it was due. Because of the time required to complete and file this report, we also were unable to timely file our Quarterly Report on Form 10-Q for the Quarter Ended March 31, 2018 (the "First Quarter 10-Q") and are unlikely to timely file our Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2018 (the "Second Quarter 10-Q").

Under the terms of our Credit Agreement dated August 4, 2016 among our 100% owned subsidiary, StoneMor Operating LLC (the "Operating Company"), each of the subsidiaries of the Operating Company (together with the Operating Company, "Borrowers"), the Lenders identified therein, Capital One, National Association ("Capital One"), as Administrative Agent, Issuing Bank and Swingline Lender, Citizens Bank of Pennsylvania, as Syndication Agent, and TD Bank, N.A. and Raymond James Bank, N.A., as Co-Documentation Agent, as amended, we were required to deliver to Capital One (a) the audited financial statements included herein on or before August 31, 2018, (b) the unaudited financial statements that will be included in the First Quarter 10-Q within 90 days after this Annual Report on Form 10-K was filed (but not later than October 31, 2018), (c) the unaudited financial statements that will be included in the Second Quarter 10-Q within 60 days after the First Quarter 10-Q is filed (but not later than December 17, 2018) and (d) the unaudited financial statements to be included in its Quarterly Report on Form 10-Q for the period ending September 30, 2018 (the "Third Quarter 10-Q") within 45 days after the Second Quarter 10-Q is filed (but not later than January 31, 2019). We expect to be able to deliver to Capital One the unaudited financial statements required to be included in the First Quarter 10-Q, the Second Quarter 10-Q and the Third Quarter 10-Q by the specified dates, but there is no assurance that we will be able to do so. If we do not timely deliver the unaudited financial statements that will be included in those reports, then as a result of the event of default under the Credit Agreement, as amended: (i) each Lender's respective commitments under the Credit Agreement, including their respective commitments to make revolving loans thereunder, may be terminated effective immediately, and (ii) the loans then outstanding and all fees and other obligations due under the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement) may become immediately due and payable in whole or in part. In addition, regardless of whether either of these remedies is exercised, the Lenders would have the right to increase the interest rate on all loans outstanding under the Credit Agreement by 2%.

In addition, pursuant to the indenture under which our 7.875% Senior Notes due 2021 (the "Notes") were issued (the "Indenture"), we were required to file the First Quarter 10-Q with the SEC (or furnish to the holders of the Notes (the "Holders"), with a copy to the trustee under the Indenture (the "Trustee"), the financial information that would be required to be contained in such report) on or before May 15, 2018, and we will be required to file the Second Quarter 10-Q with the SEC (or so furnish the financial information required to be included therein) on or before August 14, 2018. Our failure to comply with the deadline for the First Quarter 10-Q constituted, and any failure to comply with the deadline for the Second Quarter 10-Q would constitue, a default under the Indenture that we will have 120 days after any written notice of such default is given to us to cure by filing such report with the SEC.

As previously disclosed, we received on April 3, 2018 a notice from NYSE Regulation, Inc. (the "NYSE") indicating that we were not in compliance with the NYSE's continued listing requirements as a result of the delay in filing this Annual Report on Form 10-K, and we remain non-compliant as a result of our failure to file the First Quarter 10-Q by May 15, 2018 and would continue to be non-compliant if we do not file the Second Quarter 10-Q by August 14, 2018. Although the NYSE's guidelines provide for an initial six-month period in which to cure a filing delinquency, the NYSE reserves the right to commence suspension or delisting procedures at any time following a filing delinquency. There can be no assurance that we will be able to file the First Quarter 10-Q and the Second Quarter 10-Q before the NYSE acts to suspend trading in or delist our common units.

As a result of our inability to timely file our periodic reports under the Exchange Act, we will not be eligible to use Form S-3 registration statements until we have timely filed such periodic reports with the SEC for a period of twelve months.

We filed our Annual Report on Form 10-K for the year ended December 31, 2016, approximately six months after it was due. We also were unable to timely file our Quarterly Reports on Form 10-Q for the Quarters Ended March 31, 2017, June 30, 2017 and September 30, 2017 when they were due.

The cumulative effect of these delayed filings may also affect the market for our common units if investors are unwilling to purchase our common units due to these filing deficiencies. The unavailability of Form S-3 registration statements may also impact our ability to raise capital in the public markets. In addition, our inability to timely file our periodic reports and the conclusion that our internal control over financial reporting is ineffective (as discussed in Part II, Item 9A. Controls and Procedures of this Annual Report on Form 10-K) may adversely affect our reputation among investors, securities analysts, customers, regulators, prospective employees and others with whom we interact on a regular basis.

We have experienced significant changes in our senior management, which may have adversely affected our operations.

In May 2017, the retirement of Lawrence Miller and resignation of Sean McGrath as our President and Chief Executive Officer and our Chief Financial Officer, respectively, became effective, and they were succeeded by R. Paul Grady and Mark Miller, respectively. Mr. Grady resigned effective March 30, 2018. In addition, in August 2016, David L. Meyers stepped down as our Chief Operating Officer. Leo J. Pound served as Acting Chief Operating Officer from April 2017 until September 2017 and currently serves as Interim Chief Executive Officer, from which he will resign when Joseph M. Redling begins service as our President and Chief Executive Officer on the business day after this Annual Report on Form 10-K is filed. We also have had several other changes in our senior management since January 1, 2017. These changes have led to diversion of time by both our management and our Board of Directors in focusing on recruiting and hiring suitable replacements and assisting in the transition of our new executives, which may have adversely affected our operations and may continue to do so until our new executives have completed their transitions into their new positions.

TAX RISKS TO COMMON UNITHOLDERS

Our tax treatment depends on our status as a partnership for federal income tax purposes as well as us not being subject to a material amount of entity-level taxation by individual states. If the Internal Revenue Service were to treat us as a corporation for federal income tax purposes or we become subject to additional amounts of entity-level taxation for state tax purposes, our cash available for distribution to you and payments on our debt obligations would be substantially reduced.

The anticipated after-tax economic benefit of an investment in our common units depends largely on us being treated as a partnership for federal income tax purposes.

Despite the fact that we are organized as a limited partnership under Delaware law, because our common units are publicly traded, we would be treated as a corporation for U.S. federal income tax purposes unless we satisfy a "qualifying income" requirement as set forth in Section 7704 of the Internal Revenue Code ("Code"). Based upon our current operations, we believe we satisfy the qualifying income requirement. However, no ruling has been or will be requested regarding our treatment as a partnership for U.S. federal income tax purposes. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated and taxed as a corporation for U.S. federal income tax purposes or otherwise subject us to taxation as an entity.

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If we were treated as a corporation for U.S. federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate. Distributions to our unitholders would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow through to our unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution to our unitholders would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to the unitholders, likely causing a substantial reduction in the value of our common units. Moreover, treatment of us as a corporation could have a material adverse effect on our ability to make payments on our debt obligations.

Additionally, several states have been evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. We currently own assets and conduct business in the majority of states and Puerto Rico, many of which impose a margin or franchise tax. In the future, we may expand our operations. Imposition of a similar tax on us in other jurisdictions to which we may expand could substantially reduce our cash available for distribution to our unitholders and payments on our debt obligations. Our partnership agreement provides that if a law is enacted, modified or interpreted in a manner that subject us to taxation as a corporation or otherwise subjects us to entity-level taxation for U.S. federal, state, local, or foreign income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law or interpretation on us.

The tax treatment of publicly traded partnerships or an investment in our units could be subject to potential legislative, judicial or administrative changes or differing interpretations, possibly applied on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. From time to time, members of Congress propose and consider substantive changes to the existing U.S. federal income tax laws that affect publicly traded partnerships. Although there is no current legislative proposal, a prior legislative proposal would have eliminated the qualifying income exception to the treatment of all publicly traded partnerships as corporations, upon which we rely for our treatment as a partnership for U.S. federal income tax purposes.

In addition, on January 24, 2017, final regulations regarding which activities give rise to qualifying income within the meaning of Section 7704 of the Code (the "Final Regulations") were published in the Federal Register. The Final Regulations are effective as of January 19, 2017, and apply to taxable years beginning on or after January 19, 2017. We do not believe the Final Regulations affect our ability to be treated as a partnership for U.S. federal income tax purposes.

However, any modification to the U.S. federal income tax laws or to the regulations under Section 7704 of the Code may be applied retroactively and could make it more difficult or impossible for us to meet the exception for certain publicly traded partnerships to be treated as partnerships for U.S. federal income tax purposes. We are unable to predict whether any of these changes or other proposals will be enacted. Any similar or future legislation could negatively impact the value of an investment in our common units.

We have subsidiaries that will be treated as corporations for federal income tax purposes and subject to corporate-level income taxes.

Some of our operations are conducted through subsidiaries that are organized as Subchapter C corporations for U.S. federal income tax purposes. Accordingly, these corporate subsidiaries are subject to corporate-level tax, which reduces the cash available for distribution to our partnership and, in turn, to you. If the IRS were to successfully assert that these corporations have more tax liability than we anticipate or legislation was enacted that increased the corporate tax rate, the cash available for distribution could be further reduced.

Audit adjustments to the taxable income of our corporate subsidiaries for prior taxable years may reduce the net operating loss carryforwards of such subsidiaries and thereby increase their tax liabilities for future taxable periods.

Our business was conducted by an affiliated group of corporations during periods prior to the completion of our initial public offering and, since the initial public offering, continues to be conducted in part by corporate subsidiaries. The amount of cash dividends we receive from our corporate subsidiaries over the next several years will depend in part upon the amount of net operating losses available to those subsidiaries to reduce the amount of income subject to federal income tax they would otherwise pay. At December 31, 2017, the Partnership had available approximately $349.4 million and $429.5 million of federal and state net operating loss carryforwards, respectively, a portion of which expires annually. Net operating losses of $1.0 million expired in 2017 and net operating losses of $5.5 million will expire in 2018 if left unused. The amount of net operating losses available to reduce the income tax liability of our corporate subsidiaries in future taxable years could be reduced as a result of audit adjustments with respect to prior taxable years. Notwithstanding any limited indemnification rights we may have, any increase in the tax liabilities of our corporate subsidiaries because of a reduction in net operating losses will reduce our cash available for distribution.

Changes in the ownership of our units may result in annual limitations on our corporate subsidiaries' ability to use their net operating loss carryforwards, which could increase their tax liabilities and decrease cash available for distribution in future taxable periods.

Our corporate subsidiaries' ability to use their net operating loss carryforwards may be limited if changes in the ownership of our units causes our corporate subsidiaries to undergo an "ownership change" under applicable provisions of the Internal Revenue Code. In general, an ownership change will occur if the percentage of our units, based on the value of the units, owned by certain unitholders or groups of unitholders increases by more than fifty percentage points during a running three-year period. Recent changes in our ownership may result in an "ownership change." A future ownership change may result from issuances of our units, sales or other dispositions of our units by certain significant unitholders, certain acquisitions of our units, and issuances, sales or other dispositions or acquisitions of interests in significant unitholders, and we will have little to no control over any such events. To the extent that an annual net operating loss limitation for any one year does restrict the ability of our corporate subsidiaries to use their net operating loss carryforwards, an increase in tax liabilities of our corporate subsidiaries could result, which would reduce the amount of cash available for distribution to you.

If the IRS were to contest the federal income tax positions we take, the market for our common units could be adversely impacted, and the cost of any such contest would reduce our cash available for distribution to our unitholders.

We have not requested a ruling from the IRS with respect to our treatment as a partnership for federal income tax purposes or any other matter affecting us. The IRS may adopt positions that differ from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with some or all of the positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. In addition, the cost of any contest between us and the IRS will result in a reduction in cash available for distribution to our unitholders and thus will be borne indirectly by our unitholders.

There are limitations on the ability of a unitholder to utilize losses, and the IRS may not agree with the manner in which we allocate income, gain and loss among the unitholders.

There are a series of tax provisions that will, for some taxpayers, either prevent or defer the deduction of any net tax losses allocated to unitholders against other income; each unitholder should consult with its own tax advisor as to the applicability of these loss limitations. Further, under Section 704(b) of the Code, which governs allocations of a partnership, an allocation of income, gain, loss or deduction to a unitholder will not be given effect for federal income tax purposes unless it has "substantial economic effect" or is in accordance with the unitholder's interest, taking into account all facts and circumstances. These allocation rules are extremely complex. If an allocation of income, gain, loss, deduction or credit is not given effect for federal income tax purposes by the Internal Revenue Service, such items may be reallocated among the unitholders. Such reallocations among the Partners could result in greater taxable income or losses being allocated to the unitholders with no change in cash flow.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced.

Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. To the extent possible under the new rules, our general partner may elect to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if we are eligible, issue a revised Schedule K-1 to each unitholder with respect to an unaudited and adjusted return. Although our general partner may elect to have our unitholders take such audit adjustment into account in accordance with their interests in us during the tax year under audit, there can be no assurance the election will be practical, permissible or effective in all circumstances. As a result, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to our unitholders could be substantially reduced. These rules are not applicable for tax years beginning on or prior to December 31, 2017.

Even if unitholders do not receive any cash distributions from us, unitholders will be required to pay taxes on their share of taxable income including their share of income from the cancellation of debt.

Unitholders are required to pay federal income taxes and, in some cases, state and local income taxes on unitholders' share of our taxable income, whether or not they receive cash distributions from us. Unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax due from them with respect to that income.

In response to current market conditions, we may engage in transactions to delever the Partnership and manage our liquidity that may result in income and gain to our unitholders without a corresponding cash distribution. For example, if we sell assets and use the proceeds to repay existing debt or fund capital expenditures, you may be allocated taxable income and gain resulting from the sale without receiving a cash distribution. Further, taking advantage of opportunities to reduce our existing debt, such as debt exchanges, debt repurchases or modifications of our existing debt, could result in "cancellation of indebtedness income" (also referred to as ("COD income") being allocated to our unitholders as taxable income. Unitholders may be allocated COD income, and income tax liabilities arising therefrom may exceed cash distributions. The ultimate effect of any such allocations will depend on each unitholder's individual tax position with respect to its units. Unitholders are encouraged to consult their tax advisors with respect to the consequences to them of COD income.

Tax gain or loss on the disposition of our common units could be more or less than unitholders expect.

If a unitholder sells common units, the unitholder will recognize gain or loss equal to the difference between the amount realized and that unitholder's tax basis in those common units. Because distributions in excess of unitholders' allocable share of our net taxable income decrease their tax basis in their common units, the amount, if any, of such prior excess distributions with respect to the units unitholders sell will, in effect, become taxable income to our unitholders if they sell such units at a price greater than their adjusted tax basis in those units, even if the price they receive is less than their original cost. In addition, because the amount realized includes a unitholder's share of our nonrecourse liabilities, if they sell their units, unitholders may incur a tax liability in excess of the amount of cash they receive from the sale.

A substantial portion of the amount realized from the sale of your common units, whether or not representing gain, may be taxed as ordinary income to you due to potential recapture items, including depreciation recapture and other items. Thus, you may recognize both ordinary income and capital loss from the sale of your units if the amount realized on a sale of your units is less than your adjusted basis in the units. Net capital loss may only offset capital gains and, in the case of individuals, up to $3,000 of ordinary income per year. In the taxable period in which you sell your units, you may recognize ordinary income from our allocations of income and gain to you prior to the sale and from recapture items that generally cannot be offset by any capital loss recognized upon the sale of units.

Tax-exempt entities and non-U.S. persons face unique tax issues from owning common units that may result in adverse tax consequences to them.

Investments in common units by tax-exempt entities, such as employee benefit plans and individual retirement accounts (or "IRAs"), and non-U.S. persons raise issues unique to them. For example, virtually all of our income allocated to unitholders that are exempt from federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Distributions to non-U.S. persons are subject to withholding taxes imposed at the highest effective tax rate applicable to such non-U.S. persons, and each non-U.S. person will be required to file U.S. federal tax returns and pay tax on its share of our taxable income. Any tax-exempt entity or non-U.S. person should consult its tax advisor before investing in our common units.

We treat each purchaser of our common units as having the same tax benefits without regard to the common units actually purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units.

Because we cannot match transferors and transferees of common units, we have adopted depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain from any sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to a unitholder's tax returns.

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month (the "Allocation Date"), instead of on the basis of the date a particular unit is transferred. Similarly, we generally allocated certain deductions for depreciation of capital additions, gain or loss realized on a sale or other disposition of our assets and, in the discretion of the general partner, any other extraordinary item of income, gain, loss or deduction based upon ownership on the Allocation Date. Treasury Regulations allow a similar monthly simplifying convention, but the regulations do not specifically authorize all aspects of our proration method. If the IRS were to challenge our proration method, we could be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

A unitholder whose units are the subject of a securities loan (e.g., a loan to a "short seller" to cover a short sale of units) may be considered to have disposed of those units. If so, the unitholder would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition.

Because there are no specific rules governing the U.S. federal income tax consequence of loaning a partnership interest, a unitholder whose units are the subject of a securities loan may be considered as having disposed of the loaned units. In that case, the unitholder may no longer be treated for tax purposes as a partner with respect to those units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan, any of our income, gain, loss or deduction with respect to those units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a securities loan are urged to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their units.

We have adopted certain valuation methodologies in determining a unitholder's allocations of income, gain, loss and deduction. The IRS may challenge these methodologies or the resulting allocations, which could adversely affect the value of our common units.

In determining the items of income, gain, loss and deduction allocable to our unitholders, we must routinely determine the fair market value of our assets. Although we may, from time to time, consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our common units as a means to measure the fair market value of our assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction.

A successful IRS challenge to these methods or allocations could adversely affect the timing or amount of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain from our unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions.

The sale or exchange of 50% or more of our capital and profits interests during any twelve-month period will result in the termination of our partnership for federal income tax purposes.

We will be considered to have terminated as a partnership for federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period. For purposes of determining whether the 50% threshold has been met, multiple sales of the same interest will be counted only once. Our termination would, among other things, result in the closing of our taxable year for all unitholders which would result in us filing two tax returns for one calendar year and could result in a significant deferral of depreciation deductions allowable in computing our taxable income. In the case of a unitholder reporting on a taxable year other than a calendar year, the closing of our taxable year may also result in more than twelve months of our taxable income or loss being includable in taxable income for the unitholder's taxable year that includes our termination. Our termination would not affect our classification as a partnership for federal income tax purposes, but it would result in us being treated as a new partnership for tax purposes. If we were treated as a new partnership, we would be required to make new tax elections and could be subject to penalties if we are unable to determine that a termination occurred. The IRS has announced a relief procedure whereby if a publicly traded partnership that has technically terminated requests and the IRS grants special relief, among other things, the partnership may be permitted to provide only a single Schedule K-1 to unitholders for the two short tax periods included in the year in which the termination occurs. This provision was eliminated starting in 2018 as a result of the new tax reform legislation.

Our unitholders will likely be subject to state and local taxes and income tax return filing requirements in jurisdictions where they do not live as a result of investing in our common units.

In addition to U.S. federal income taxes, our unitholders will likely be subject to other taxes, including foreign, state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we conduct business or own property, even if our unitholders do not live in any of those jurisdictions. Our unitholders will likely be required to file foreign, state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions. Further, our unitholders may be subject to penalties for failure to comply with those requirements.

Currently, we own assets or conduct business in the majority of states and in Puerto Rico. Most of these various jurisdictions currently impose, or may in the future impose, an income tax on individuals, corporations and other entities. As we make acquisitions or expand our business, we may own assets or do business in additional states that impose a personal income tax. It is your responsibility to file all United States federal, state and local tax returns.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

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ITEM 2. PROPERTIES

CEMETERIES AND FUNERAL HOMES

The following table summarizes the distribution of our cemetery and funeral home properties by state as of December 31, 2017 as well as the average estimated remaining sales life in years for our cemeteries based upon the number of interment spaces sold during the most recent three years:

	Cemeteries	Funeral Homes	Cemetery Net Acres	Average Estimated Net Sales Life in Years	Number of Interment Spaces Sold in 2017
Alabama	9	6	305	173	1,035
California	7	7	270	65	1,207
Colorado	2	—	12	579	22
Delaware	1	—	12	149	21
Florida	9	28	278	83	978
Georgia	7	—	135	132	499
Illinois	11	3	438	63	1,681
Indiana	11	5	1,013	212	1,343
Iowa	1	—	89	329	183
Kansas	3	2	84	214	231
Kentucky	2	—	59	81	159
Maryland	10	1	716	132	1,383
Michigan	13	—	818	280	1,207
Mississippi	2	1	44	237	20
Missouri	6	3	277	290	525
New Jersey	6	—	341	48	1,273
North Carolina	19	2	619	137	2,018
Ohio	14	2	953	222	1,731
Oregon	7	10	162	224	445
Pennsylvania	68	8	5,319	328	7,116
Puerto Rico	7	5	209	114	409
Rhode Island	2	—	70	209	33
South Carolina	8	1	395	227	432
Tennessee	11	5	657	158	1,379
Virginia	34	2	1,183	189	2,864
Washington	3	—	33	59	181
West Virginia	33	2	1,404	379	913
Wisconsin	10	—	385	266	873
Total	316	93	16,280	206	30,161

We calculated estimated remaining sales life for each of our cemeteries by dividing the number of unsold interment spaces as of December 31, 2017 by the average number of interment spaces sold at that cemetery in the three most recent fiscal years. For purposes of estimating remaining sales life, we defined unsold interment spaces as unsold burial lots and unsold spaces in existing mausoleum crypts as of December 31, 2017. We defined interment spaces sold in the three most recent fiscal years as:

- the number of burial lots sold, net of cancellations, over such period;
- the number of spaces sold over such period in existing mausoleum crypts, net of cancellations; and
- the number of spaces sold over such period in mausoleum crypts that we have not yet built, net of cancellations.

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We count the sale of a double-depth burial lot as the sale of two interment spaces since a double-depth burial lot includes two interment rights. For the same reason we count an unsold double-depth burial lot as two unsold interment spaces. Because our sales of cremation niches were immaterial, we did not include cremation niches in the calculation of estimated remaining sales life. When calculating estimated remaining sales life, we did not take into account any future cemetery expansion. In addition, sales of an unusually high or low number of interment spaces in a particular year affect our calculation of estimated remaining sales life. Future sales may differ from previous years' sales, and actual remaining sales life may differ from our estimates. We calculated the average estimated remaining sales life by aggregating unsold interment spaces and interment spaces sold on a state-by-state or company-wide basis. Based on the average number of interment spaces sold in the last three fiscal years, we estimate that our cemeteries have an aggregate average remaining sales life of 206 years.

The following table shows the cemetery properties that we owned or operated as of December 31, 2017, grouped by estimated remaining sales life:

	0 - 25 years	26 - 49 years	50 - 100 years	101 - 150 years	151 - 200 years	Over 200 years
Alabama	—	—	2	2	3	2
California	3	—	3	—	1	—
Colorado	—	—	—	1	—	1
Delaware	—	—	—	1	—	—
Florida	1	1	4	2	—	1
Georgia	1	—	2	2	—	2
Illinois	2	2	2	1	—	4
Indiana	—	—	2	2	2	5
Iowa	—	—	—	—	—	1
Kansas	—	—	2	—	—	1
Kentucky	1	—	—	—	1	—
Maryland	2	—	3	1	1	3
Michigan	—	—	2	2	3	6
Mississippi	—	—	—	—	—	2
Missouri	—	—	—	2	1	3
New Jersey	2	1	3	—	—	—
North Carolina	1	2	5	—	2	9
Ohio	—	—	3	2	1	8
Oregon	—	—	1	1	1	4
Pennsylvania	11	2	5	4	4	42
Puerto Rico	—	—	2	2	2	1
Rhode Island	—	—	—	1	—	1
South Carolina	—	1	1	1	1	4
Tennessee	—	—	3	1	1	6
Virginia	3	—	5	5	1	20
Washington	—	—	2	1	—	—
West Virginia	5	—	4	4	2	18
Wisconsin	—	—	2	1	—	7
Total	32	9	58	39	27	151

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We believe that we have either satisfactory title to or valid rights to use all of our cemetery properties. The 31 cemetery properties that we manage or operate under long-term lease, operating or management agreements have nonprofit owners. We believe that these cemeteries have either satisfactory title to or valid rights to use these cemetery properties and that we have valid rights to use these properties under the long-term agreements. Although title to the cemetery properties is subject to encumbrances such as liens for taxes, encumbrances securing payment obligations, easements, restrictions and immaterial encumbrances, we do not believe that any of these burdens should materially detract from the value of these properties or from our interest in these properties, nor should these burdens materially interfere with the use of our cemetery properties in the operation of our business as described above. Many of our cemetery properties are located in zoned regions, and we believe that cemetery use is permitted for those cemeteries: (1) as expressly permitted under applicable zoning ordinances; (2) through a special exception to applicable zoning designations; or (3) as an existing non-conforming use.

OTHER

Our home office is located in a 57,000 square foot leased space in Trevose, Pennsylvania, with a lease that expires in 2028, with certain contractual renewal options. We are also tenants under various leases covering office spaces other than our corporate headquarters.

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ITEM 3. LEGAL PROCEEDINGS

Anderson v. StoneMor Partners, LP, et al., No. 2:16-cv-06111 filed on November 21, 2016 in the United States District Court for the Eastern District of Pennsylvania. The plaintiffs in this case (as well as Klein v. StoneMor Partners, LP, et al., No. 2:16-cv-06275, filed in the United States District Court for the Eastern District of Pennsylvania on December 2, 2016, which has been consolidated with this case) brought an action on behalf of a putative class of the holders of Partnership units and allege that the Partnership made misrepresentations to investors in violation of Section 10(b) of the Securities Exchange Act of 1934 by, among other things and in general, failing to clearly disclose the use of proceeds from debt and equity offerings by making allegedly false or misleading statements concerning (a) the Partnership's strength or health in connection with a particular quarter's distribution announcement, (b) the connection between operations and distributions and (c) the Partnership's use of cash from equity offerings and its credit facility. Plaintiffs sought damages from the Partnership and certain of its officers and directors on behalf of the class of Partnership unitholders, as well as costs and attorneys' fees. Lead plaintiffs have been appointed in this case, and filed a Consolidated Amended Class Action Complaint on April 24, 2017. Defendants filed a motion to dismiss that Consolidated Amended Complaint on June 8, 2017. The motion was granted on October 31, 2017, and the court entered judgment dismissing the case on November 30, 2017. Plaintiffs filed a notice of appeal on December 29, 2017. This case is now pending in the United States Court of Appeals for the Third Circuit.

Bunim v. Miller, et al., No. 2:17-cv-00519-ER, pending in the United States District Court for the Eastern District of Pennsylvania, and filed on February 6, 2017. The plaintiff in this case brought, derivatively on behalf of the Partnership, claims that StoneMor GP's officers and directors aided and abetted in breaches of StoneMor GP's purported fiduciary duties by, among other things and in general, allegedly making misrepresentations through the use of non-GAAP accounting standards in its public filings, by allegedly failing to clearly disclose the use of proceeds from debt and equity offerings, and by allegedly approving unsustainable distributions. The plaintiff also claims that these actions and misrepresentations give rise to causes of action for gross mismanagement, unjust enrichment, and (in connection with a purportedly misleading proxy statement filed in 2014) violations of Section 14(a) of the Securities Exchange Act of 1934. The derivative plaintiff seeks an award of damages, attorneys' fees and costs in favor of the Partnership as nominal plaintiff, as well as general compliance and governance changes. This case has been stayed, by the agreement of the parties, pending final resolution of the motion to dismiss filed in the Anderson case, provided that either party may terminate the stay on 30 days' notice.

Muth v. StoneMor G.P. LLC, et al., December Term, 2016, No. 01196 and Binder v. StoneMor G.P. LLC, et al., January Term, 2017, No. 04872, both pending in the Court of Common Pleas for Philadelphia County, Pennsylvania, and filed on December 20, 2016 and February 3, 2017, respectively. In these cases, the plaintiffs brought, derivatively on behalf of the Partnership, claims that StoneMor GP's officers and directors aided and abetted in breaches of StoneMor GP's purported fiduciary duties by, among other things and in general, allegedly making misrepresentations through the use of non-GAAP accounting standards in its public filings and by failing to clearly disclose the use of proceeds from debt and equity offerings, as well as approving unsustainable distributions. The plaintiffs also claim that these actions and misrepresentations give rise to a cause of action for unjust enrichment. The derivative plaintiffs seek an award of damages, attorneys' fees and costs in favor of the Partnership as nominal plaintiff, as well as alterations to the procedures for electing members to the board of StoneMor GP, and other compliance and governance changes. These cases have been consolidated and stayed, by the agreement of the parties, pending final resolution of the motion to dismiss filed in the Anderson case, provided that either party may terminate the stay on 30 days' notice.

The Philadelphia Regional Office of the Securities and Exchange Commission, Enforcement Division, is continuing its investigation of the Partnership as to whether violations of federal securities laws have occurred. The investigation relates to, among other things, our prior restatements, financial statements, internal control over financial reporting, public disclosures, use of non-GAAP financial measures, matters pertaining to unitholder distributions and the sources of funds therefor and information relating to protection of our confidential information and our policies regarding insider trading. We are continuing to cooperate with the SEC staff.

In addition to the proceedings described above, we and certain of our subsidiaries are parties to legal proceedings that have arisen in the ordinary course of business. We do not expect such matters to have a material adverse effect on our consolidated financial position, results of operations or cash flows. We carry insurance with coverage and coverage limits that we believe to be customary in the cemetery and funeral home industry. Although there can be no assurance that such insurance will be sufficient to protect us against such contingencies, we believe that our insurance protection is reasonable in view of the nature and scope of our operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

Our common units are listed on the New York Stock Exchange ("NYSE") under the symbol "STON". As of June 20, 2018, there were approximately eighteen thousand beneficial unitholders, forty-five unitholders of record and 37,958,645 common units outstanding, representing an approximately 99% limited partner interest in us. The following table sets forth the high and low sale prices of our common units for the periods indicated, based on the daily composite listing of common unit transactions for the NYSE, as applicable, and cash distributions per unit declared on our common units.

	Price range		
Quarter Ended	High	Low	Cash Distributions per Common Unit Declared (1)
March 31, 2016	$ 29.69	$ 22.80	$ 0.6600
June 30, 2016	$ 25.59	$ 22.91	$ 0.6600
September 30, 2016	$ 26.90	$ 23.60	$ 0.6600
December 31, 2016	$ 25.36	$ 7.74	$ 0.3300
March 31, 2017	$ 11.58	$ 7.82	$ 0.3300
June 30, 2017	$ 10.15	$ 7.65	$ 0.3300
September 30, 2017	$ 9.62	$ 5.75	$ —
December 31, 2017	$ 7.20	$ 5.52	$ —

(1) Cash distributions per common unit declared during a quarter were paid within 45 days of the close of, and pertained to the performance results of, the previous quarter.

See Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of this Annual Report on Form 10-K for a discussion regarding our cash distribution policy.

On May 21, 2014, we sold to American Cemeteries Infrastructure Investors, LLC, a Delaware limited liability company ("ACII") 2,255,947 common units (the "ACII Units") at an aggregate purchase price of $55.0 million pursuant to a Common Unit Purchase Agreement (the "Common Unit Purchase Agreement"), dated May 19, 2014, by and between ACII and us. Pursuant to the Common Unit Purchase Agreement, commencing with the quarter ending June 30, 2014, the ACII Units are entitled to receive distributions equal to those that may be paid on the common units generally. Through the quarter ended June 30, 2018, any such distributions were paid in cash, paid-in-kind ("PIK") common units issued to ACII in lieu of cash distributions, or a combination of cash and PIK Units, as determined by us at our sole discretion.

For any permitted cash distributions we elected to pay through the issuance of PIK Units, the number of common units issued in connection with a quarterly cash distribution was the quotient of (i) the amount of the quarterly cash distribution paid on the common units by (ii) the volume-weighted average price of the common units for the thirty (30) trading days immediately preceding the date the quarterly cash distribution is declared with respect to the common units. The ACII Units will receive any future cash distributions on the same basis as all other common units and we will no longer have the ability to elect to pay quarterly cash distributions in PIK Units. We issued 78,342 PIK Units to ACII in lieu of cash distributions of $0.7 million during the year ended December 31, 2017. For information concerning common units authorized for issuance under our long-term incentive plan, see Part III, Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

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ITEM 6. SELECTED FINANCIAL DATA

The following tables present selected consolidated financial and operating data of the Partnership for the periods and as of the dates indicated derived from our audited consolidated financial statements. The following tables should be read in conjunction with Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and our audited historical consolidated financial statements and accompanying notes thereto set forth in Part II, Item 8. Financial Statements and Supplementary Data.

	Years Ended December 31,				
STATEMENT OF OPERATIONS DATA:	**2017**	**2016**	**2015**	**2014**	**2013**
	(in thousands, except per unit data)				
Revenues:					
Cemetery:					
Merchandise	$ 159,546	$ 150,439	$ 143,543	$ 142,568	$ 117,480
Services	62,435	57,781	59,935	54,543	47,346
Investment and other	54,715	57,506	58,769	54,472	45,549
Funeral home:					
Merchandise	27,767	27,625	27,024	21,218	18,970
Services	33,764	32,879	31,048	27,626	26,033
Total revenues	338,227	326,230	320,319	300,427	255,378
Costs and Expenses:					
Cost of goods sold	51,899	45,577	50,870	45,847	37,691
Cemetery expense	76,857	72,736	71,296	64,672	57,566
Selling expense	66,083	67,267	59,569	55,713	48,216
General and administrative expense	39,111	37,749	37,451	35,156	31,986
Corporate overhead	51,964	39,618	38,609	34,723	29,926
Depreciation and amortization	13,183	12,899	12,803	11,081	9,548
Funeral home expenses:					
Merchandise	7,131	8,193	6,928	6,659	5,569
Services	22,929	24,772	22,969	20,487	19,196
Other	19,743	20,305	17,806	12,594	10,926
Total costs and expenses	348,900	329,116	318,301	286,932	250,624
Gain on acquisitions and divestitures	858	2,614	1,540	656	2,685
Gain on settlement agreement, net	—	—	—	888	12,261
Legal settlement	—	—	(3,135)	—	—
Loss on early extinguishment of debt	—	(1,234)	—	(214)	(21,595)
Loss on goodwill impairment	(45,574)	—	—	—	—
Other losses, net	(2,045)	(2,900)	(296)	(440)	—
Interest expense	(27,345)	(24,488)	(22,585)	(21,610)	(21,070)
Loss from continuing operations before income taxes	(84,779)	(28,894)	(22,458)	(7,225)	(22,965)
Income tax benefit (expense)	9,621	(1,589)	(933)	(2,564)	6,464
Net loss	$ (75,158)	$ (30,483)	$ (23,391)	$ (9,789)	$ (16,501)
Net loss per limited partner unit (basic and diluted)	$ (1.96)	$ (0.94)	$ (0.89)	$ (0.45)	$ (0.86)

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CASH FLOW DATA:	Years Ended December 31,				
	2017	2016	2015	2014	2013
	(in thousands, except per unit data)				
Net cash provided by operating activities	$ 14,976	$ 22,767	$ 4,062	$ 19,448	$ 35,077
Net cash used in investing activities	(8,921)	(19,129)	(34,139)	(123,658)	(26,697)
Net cash provided by (used in) financing activities	(11,804)	(6,221)	34,829	102,436	(4,151)
Cash distributions paid per unit	0.66	2.31	2.58	2.43	2.39
Change in assets and liabilities:					
Net cash provided by (used in) the change to merchandise trust assets	46,695	(17,101)	(44,640)	(28,828)	(36,919)
Cash paid for capital expenditures	(10,789)	(11,382)	(15,339)	(14,574)	(12,752)

BALANCE SHEET DATA:	December 31,				
	2017	2016	2015	2014	2013
	(in thousands)				
Cemetery property	$ 333,404	$ 337,315	$ 334,457	$ 332,659	$ 309,234
Total assets	1,756,082	1,787,013	1,699,520	1,695,783	1,471,138
Deferred revenues	912,626	866,633	791,450	770,495	689,154
Total debt, net of deferred financing costs	318,695	302,126	318,839	278,540	283,624
Total partners' capital	91,696	190,354	204,711	228,942	127,003

OPERATING DATA:	Years Ended December 31,				
	2017	2016	2015	2014	2013
Interments performed	54,109	54,050	54,837	50,566	45,470
Net interment rights sold (1)					
Lots	28,235	30,150	33,262	31,774	27,339
Mausoleum crypts (including pre-construction)	1,926	1,853	2,205	2,186	2,108
Niches	1,857	1,630	1,619	1,466	1,096
Total net interment rights sold (1)	32,018	33,633	37,086	35,426	30,543
Number of pre-need cemetery contracts written	44,894	47,443	52,228	48,585	48,272
Number of at-need cemetery contracts written	59,387	59,785	61,468	55,274	48,948
Number of cemetery contracts written	104,281	107,228	113,696	103,859	97,220

(1) Net of cancellations. Sales of double-depth burial lots are counted as two sales.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion and analysis presented below provides information to assist in understanding our financial condition and results of operations and should be read in conjunction with the Partnership's selected consolidated financial data included in Part II, Item 6. Selected Financial Data and the Partnership's consolidated financial statements included in Part II, Item 8. Financial Statements and Supplementary Data.

Certain statements contained in this Annual Report on Form 10-K, including, but not limited to, information regarding our operating activities, the plans and objectives of our management, and assumptions regarding our future performance and plans are forward-looking statements. When used in this Annual Report on Form 10-K, the words "believes," "anticipates," "expects" and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on management's expectations and estimates. These statements are neither promises nor guarantees and are made subject to certain risks and uncertainties that could cause actual results to differ materially from the results stated or implied in this Annual Report on Form 10-K. We believe the assumptions underlying the consolidated financial statements are reasonable.

Our major risks are related to uncertainties associated with the cash flow from pre-need and at-need sales, trusts and financings, which may impact our ability to meet our financial projections, service our debt and pay distributions at previous or any different amounts, as well as with our ability to maintain an effective system of internal control over financial reporting and disclosure controls and procedures.

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 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 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 cyber security 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.

Our risks and uncertainties are more particularly described in Part I, Item 1A. Risk Factors of this Annual Report on Form 10-K. Readers are cautioned not to place undue reliance on forward-looking statements included in this Annual Report on Form 10-K, which speak only as of the date the statements were made. Except as required by applicable laws, we undertake no obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

BUSINESS OVERVIEW

We are a publicly-traded Delaware master-limited partnership ("MLP") and provider of funeral and cemetery products and services in the death care industry in the United States. As of December 31, 2017, we operated 316 cemeteries in 27 states and Puerto Rico, of which 285 are owned and 31 are operated under lease, management or operating agreements. We also owned, operated or managed 93 funeral homes in 17 states and Puerto Rico.

Our revenue is derived from the Cemetery Operations, Funeral Home Operations and investment income earned on cash proceeds received from sales of cemetery and funeral home merchandise and services required to be maintained in trust by state law. Our cemetery revenues are principally derived from sales of interment rights, merchandise and services, and our funeral home revenues are principally derived from sales of caskets and related items and funeral home services including family consultation, the removal and preparation of remains and the use of funeral home facilities for visitation and prayer services. These sales occur 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 funeral home operations also include revenues related to the sale of term and final expense whole life insurance on agency basis. We earn and recognize commission-related revenue streams from the sales of these policies.

The pre-need sales enhance our financial position by providing a backlog of future revenue from both trust and insurance-funded pre-need funeral and cemetery sales. We believe pre-need sales add to the stability and predictability of our revenues and cash flows. Pre-need sales are typically sold on an installment plan. While revenue on the majority of pre-need funeral sales is deferred until the time of need, sales of pre-need cemetery property interment rights provide opportunities for full current revenue recognition (to the extent we collect 10% from the customer and the plot is fully developed).

We also earn investment income on proceeds received from the sale of interment rights and pre-need sales of cemetery and funeral home merchandise and services, which are generally required to be deposited into trusts. For sales of interment rights, a portion of the cash proceeds received are required to be deposited into a perpetual care trust. While the principal balance of the perpetual care trust must remain in the trust in perpetuity, we recognize investment income on such assets as revenue, excluding realized gains and losses from the sale of trust assets. For sales of cemetery and funeral home merchandise and services, a portion of the cash proceeds received are required to be deposited into a merchandise trust until the merchandise is delivered or the services are performed, at which time the funds so deposited, along with the associated investment income, may be withdrawn. Investment income from assets held in the merchandise trust is recognized as revenue when withdrawn. Where permitted, we may deliver merchandise sold on a pre-need basis prior to death and then either install or store such merchandise for the benefit of our customers. Such constructive delivery allows us to recognize the related revenues and withdraw the corresponding merchandise trust deposits and related investment income. During the year ended December 31, 2017, the merchandise trusts distributed approximately $81.6 million in cash, of which approximately $14.4 million represented distributions resulting from our deferred revenue review as part of the restatement included in our 2016 Annual Report on Form 10-K filed in September 2017.

Our revenue depends upon the demand for funeral and cemetery services and merchandise, which can be influenced by a variety of factors, some of which are beyond our control including: demographic trends including population growth, average age, death rates and number of deaths. Our operating results and cash flows could also be influenced by our ability to remain relevant to the customer. We provide a variety of unique product and service offerings to meet the needs of our client families. The mix of services could influence operating results, as it influences the average revenue per contract. Expense management including controlling salaries, merchandise costs, and other expense categories could also impact operating results and cash flows. Lastly, economic conditions, legislative and regulatory changes, and tax law changes, all of which are beyond our control could impact our operating results including cash flow.

For further discussion of our key operating metrics, see our Results of Operations and Liquidity and Capital Resources sections below.

SUBSEQUENT EVENTS

On January 19, 2018, the Partnership acquired six cemetery properties in Wisconsin and their related assets, net of certain assumed liabilities, for consideration of $2.5 million, of which $0.8 million was paid at closing and the remaining balance is due in two equal installments in August 2018 and August 2019. These properties have been managed by the Partnership since August 2016. The Partnership has accounted for this transaction under the acquisition method of accounting in the first quarter of 2018.

On January 26, 2018, the Partnership acquired certain land for a cemetery for cash consideration of $2.4 million. This is the second installment of a larger property purchase agreement that began in 2017 with annual installments through 2025.

On March 19, 2018, an aggregate of 236,234 phantom units were awarded under the Partnership's 2014 Long Term Incentive Plan, of which an aggregate of 127,229 were subject to time-based vesting and an aggregate of 109,005 were subject to performance-based vesting. Also on March 19, 2018, 14,556 restricted units were awarded to an officer of the General Partner pursuant to his employment agreement, which units vest in 24 equal monthly installments commencing one month after the grant date.

On June 12, 2018 and July 13, 2018, the Partnership, its lenders and Capital One, as Administrative Agent, entered into a Sixth Amendment and Limited Waiver and a Seventh Amendment and Waiver, respectively, with respect to our revolving credit facility. For a discussion of the changes effected by these amendments, see Note 18 to the Partnership's audited consolidated financial statements for the year ended December 31, 2017 included in Part II, Item 8. Financial Statements and Supplementary Data of this Annual Report on Form 10-K.

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GENERAL TRENDS AND OUTLOOK

We expect our business to be affected by key trends in the death care industry, based upon assumptions made by us and information currently available. Death care industry factors affecting our financial position and results of operations include, but are not limited to, demographic trends in terms of population growth, average age and cremation trends. In addition, we are subject to fluctuations in the fair value of equity and fixed-maturity debt securities held in our trusts. These values can be negatively impacted by contractions in the credit market and overall downturns in economic activity. Our ability to make payments on our debt and our ability to make cash distributions to our unitholders depends on our success at managing operations with respect to these industry trends. To the extent our underlying assumptions about or interpretations of available information prove to be incorrect, our actual results may vary materially from our expected results.

Historically we analyzed our contract cancellations on a consolidated basis. Based on accounts receivable collection and contract cancellation analyses performed at the individual cemetery and funeral home level, we had a change in estimate regarding our allowance for contract cancellations as of December 31, 2017. This change resulted in an increase of $6.5 million in total revenues for the year ended December 31, 2017.

We operate certain cemetery and funeral home properties in Florida and Puerto Rico, which were affected by hurricanes during September 2017. We incurred property damages of $0.8 million for the year ended December 31, 2017 before considering any insurance recoveries which we may be entitled to receive.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Tax Act") was signed into law. The Tax Act makes broad and complex changes to the U.S. tax code by, among other things, reducing the federal corporate income tax rate, creating a new limitation on deductible interest expense, creating bonus depreciation that will allow for full expensing on qualified property, changing the lives of post-2017 net operating loss carryovers and imposing limitations on deductibility of certain executive compensation.

RESULTS OF OPERATIONS

We have two distinct reportable segments, Cemetery Operations and Funeral Home Operations, which are supported by corporate costs and expenses.

Cemetery Operations

Overview

We are currently the second largest owner and operator of cemeteries in the United States. As of December 31, 2017, we operated 316 cemeteries in 27 states and Puerto Rico. We own 285 of these cemeteries and we manage or operate the remaining 31 under lease, operating or management agreements. Revenues from Cemetery Operations accounted for approximately 82% of our total revenues during the year ended December 31, 2017.

Operating Results

The following table presents operating results for our Cemetery Operations for the respective reporting periods (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Merchandise	$ 159,546	$ 150,439	$ 143,543
Services	62,435	57,781	59,935
Interest income	8,261	8,949	8,671
Investment and other	46,454	48,557	50,098
Total revenues	276,696	265,726	262,247
Cost of goods sold	51,899	45,577	50,870
Cemetery expense	76,857	72,736	71,296
Selling expense	66,083	67,267	59,569
General and administrative expense	39,111	37,749	37,451
Depreciation and amortization	8,909	8,597	7,766
Total costs and expenses	242,859	231,926	226,952

Segment income	$ 33,837	$ 33,800	$ 35,295

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Year Ended December 31, 2017 Compared with the Year Ended December 31, 2016

Cemetery merchandise revenues were $159.5 million for the year ended December 31, 2017, an increase of $9.1 million from $150.4 million for the year ended December 31, 2016. This increase was primarily due to recognized sales of crypts and vaults largely related to increased focus on constructive delivery of pre-need merchandise, as well as revenues associated with properties acquired in August 2016 and the reduction of the allowance for contract cancellations due to a change in estimate.

Cemetery services revenues were $62.4 million for the year ended December 31, 2017, an increase of $4.6 million from $57.8 million for the year ended December 31, 2016. This increase was primarily due to an increase in opening and closing service revenues largely related to increased focus on constructive delivery of pre-need merchandise and related services, as well as revenues associated with properties acquired in August 2016 and the reduction of the allowance for contract cancellations due to a change in estimate.

Interest income was $8.3 million for the year ended December 31, 2017, a decrease of $0.6 million from $8.9 million for the year ended December 31, 2016.

Investment and other income was $46.5 million for the year ended December 31, 2017, a decrease of $2.1 million from $48.6 million for the year ended December 31, 2016. This decrease was primarily attributable to a $2.2 million decrease in the perpetual care trust income, which was $14.5 million for the year ended December 31, 2017 and $16.7 million for the year ended December 31, 2016. The decrease in perpetual care trust income was attributable to less favorable returns provided by income-producing securities. Merchandise trust income was $9.8 million for the year ended December 31, 2017, representing a $0.8 million increase from $9.0 million earned during the year ended December 31, 2016, primarily attributable to an increase in servicing rates for the period. A portion of deferred trust income is recognized as underlying merchandise is delivered or underlying services are performed. The remaining $0.7 million decrease in investment and other income was primarily attributable to a decrease in other fee revenue.

Cost of goods sold was $51.9 million for the year ended December 31, 2017, an increase of $6.3 million from $45.6 million for the year ended December 31, 2016. This increase was primarily driven by land sales, markers and caskets, partially offset by a decrease in costs related to vaults.

Cemetery expenses were $76.9 million for the year ended December 31, 2017, an increase of $4.2 million from $72.7 million for the year ended December 31, 2016. This increase was principally due to costs associated with properties acquired in August 2016, vault installations during the year ended December 31, 2017 and salaries and wages principally driven by temporary operating cost saving initiatives during the year ended December 31, 2016.

Selling expenses were $66.1 million for the year ended December 31, 2017, a decrease of $1.2 million from $67.3 million for the year ended December 31, 2016. This decrease was due to a reduction in advertising and marketing expenses and the favorable impact of changes in the compensation structure for sales personnel, partially offset by costs associated with properties acquired in August 2016.

General and administrative expenses were $39.1 million for the year ended December 31, 2017, an increase of $1.4 million from $37.7 million for the year ended December 31, 2016, primarily due to expenses associated with properties acquired in August 2016.

Depreciation and amortization expenses were $8.9 million for the year ended December 31, 2017, an increase of $0.3 million from $8.6 million for the year ended December 31, 2016 due to expenses associated with properties acquired in August 2016.

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Year Ended December 31, 2016 Compared with the Year Ended December 31, 2015

Cemetery merchandise revenues were $150.4 million for the year ended December 31, 2016, an increase of $6.9 million from $143.5 million for the year ended December 31, 2015. This increase was primarily due to marker sales.

Cemetery services revenues were $57.8 million for the year ended December 31, 2016, a decrease of $2.1 million from $59.9 million for the year ended December 31, 2015. This decrease was primarily due to a reduction in revenue related to opening and closing services.

Interest income was $8.9 million for the year ended December 31, 2016, an increase of $0.2 million from $8.7 million for the year ended December 31, 2015, which was primarily due to a larger average accounts receivable balance during calendar year 2016.

Investment and other income was $48.6 million for the year ended December 31, 2016, a decrease of $1.5 million from $50.1 million for the year ended December 31, 2015. This decrease was primarily attributable to a reduction in merchandise trust income, which was $9.0 million for the year ended December 31, 2016, representing a $3.8 million decrease from $12.8 million earned during the year ended December 31, 2015. A portion of deferred trust income is recognized as underlying merchandise is delivered or underlying services are performed. The pool of deferred trust revenue had decreased for the year ended December 31, 2016, due to a reduction in net income earned by the merchandise trusts as well as the impairment of trust assets during 2016 and prior periods. Perpetual care trust income was $16.7 million for the year ended December 31, 2016, representing a $0.8 million increase from $15.9 million earned during the year ended December 31, 2015. The increase in perpetual care trust income was attributable to a combination of growth in invested capital throughout 2016 and favorable returns provided by income-producing securities. The remaining $1.5 million increase in investment and other income was primarily attributable to changes in revenue derived from travel care insurance fees, permanent record fees, document-processing fees and land sales.

Cost of goods sold was $45.6 million for the year ended December 31, 2016, a decrease of $5.3 million from $50.9 million for the year ended December 31, 2015. This decrease was primarily driven by higher than usual costs during 2015, as a result of a land sale with associated costs of $1.8 million and increases in that period related to the mix of burial rights and merchandise sold, including additional costs related to increased servicing of contracts assumed in recent acquisitions.

Cemetery expenses were $72.7 million for the year ended December 31, 2016, an increase of $1.4 million from $71.3 million for the year ended December 31, 2015. This increase was principally due to higher repairs and maintenance expenses during 2016.

Selling expenses were $67.3 million for the year ended December 31, 2016, an increase of $7.7 million from $59.6 million for the year ended December 31, 2015. This increase was due to a $3.5 million increase in personnel costs, a $2.3 million increase in advertising and marketing expenses, and a $1.9 million increase in training costs.

General and administrative expenses were $37.7 million and $37.5 million, respectively, for the years ended December 31, 2016 and December 31, 2015.

Depreciation and amortization expenses were $8.6 million for the year ended December 31, 2016, an increase of $0.8 million from $7.8 million for the year ended December 31, 2015. The increase was primarily due to additional depreciation and amortization from assets acquired in 2015 and 2016 and capital leases entered into during the fiscal year 2016.

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Funeral Home Operations

Overview

As of December 31, 2017, we owned, operated or managed 93 funeral homes. These properties are located in 17 states and Puerto Rico. Revenues from Funeral Home Operations accounted for approximately 18% of our total revenues during the year ended December 31, 2017.

Operating Results

The following table presents operating results for our Funeral Home Operations for the respective reporting periods (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Merchandise	$ 27,767	$ 27,625	$ 27,024
Services	33,764	32,879	31,048
Total revenues	61,531	60,504	58,072
Merchandise	7,131	8,193	6,928
Services	22,929	24,772	22,969
Depreciation and amortization	3,080	3,378	3,257
Other	19,743	20,305	17,806
Total expenses	52,883	56,648	50,960
Segment income	$ 8,648	$ 3,856	$ 7,112

Year Ended December 31, 2017 Compared with the Year Ended December 31, 2016

Funeral home merchandise revenues were $27.8 million for the year ended December 31, 2017, an increase of $0.2 million from $27.6 million for the year ended December 31, 2016. Funeral home services revenues were $33.8 million for the year ended December 31, 2017, an increase of $0.9 million from $32.9 million for the year ended December 31, 2016. The increase in funeral home services revenues was primarily due to an increase in insurance commission revenue, partially offset by declines in merchandise trust investment returns and funeral services due to properties divested during 2017.

Funeral home expenses were $52.9 million for the year ended December 31, 2017, a decrease of $3.7 million from $56.6 million for the year ended December 31, 2016. This decrease was primarily due to operational cost saving initiatives.

Year Ended December 31, 2016 Compared with the Year Ended December 31, 2015

Funeral home merchandise revenues were $27.6 million for the year ended December 31, 2016, an increase of $0.6 million from $27.0 million for the year ended December 31, 2015. Funeral home services revenues were $32.9 million for the year ended December 31, 2016, an increase of $1.9 million from $31.0 million for the year ended December 31, 2015. Both increases were due principally to operations of properties acquired during the periods.

Funeral home expenses were $56.6 million for the year ended December 31, 2016, an increase of $5.6 million from $51.0 million for the year ended December 31, 2015. This increase principally consisted of a $4.4 million increase related to properties acquired during the periods and a $0.8 million increase in costs associated with insurance-related sales with the remaining increase in other funeral home related expenses.

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Corporate Overhead

Year Ended December 31, 2017 Compared with the Year Ended December 31, 2016

Corporate overhead expense was $52.0 million for the year ended December 31, 2017, an increase of $12.4 million from $39.6 million for the year ended December 31, 2016. This increase was primarily due to a $14.7 million increase in professional fees and recruiting costs resulting from the delayed filing of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and various changes in our senior management, as well as a $0.6 million increase in other expenses primarily related to information technology costs. The increase was partially offset by a $3.0 million decrease in acquisition costs due to less merger and acquisition activity.

Year Ended December 31, 2016 Compared with the Year Ended December 31, 2015

Corporate overhead expense was $39.6 million for the year ended December 31, 2016, an increase of $1.0 million from $38.6 million for the year ended December 31, 2015. This increase was due to a $1.5 million increase in professional fees and legal costs, partially offset by a $0.5 million decrease in information technology costs.

Corporate Depreciation and Amortization

Year Ended December 31, 2017 Compared with the Year Ended December 31, 2016

Depreciation and amortization expense was $1.2 million for the year ended December 31, 2017, an increase of $0.3 million from $0.9 million for the year ended December 31, 2016. The increase was primarily due to capital leases entered into during 2017 and equipment purchases related to information technology.

Year Ended December 31, 2016 Compared with the Year Ended December 31, 2015

Depreciation and amortization expense was $0.9 million for the year ended December 31, 2016, a decrease of $0.9 million from $1.8 million for the year ended December 31, 2015. The decrease was due to certain assets related to the previous corporate office located in Levittown, Pennsylvania being fully depreciated during the year ended December 31, 2015.

Gains and Losses

For the year ended December 31, 2017, we recorded a loss on goodwill impairment of $45.6 million related to our Funeral Home Operations reporting unit. Other losses, net for the year ended December 31, 2017 were $1.2 million, consisting of a $2.1 million loss on impairment of assets, partially offset by a net $0.9 million gain from the sales of certain cemetery and funeral home-related assets and businesses.

For the year ended December 31, 2016, we obtained additional information related to three of the acquisitions that closed during 2015. The changes resulted in an adjustment to the gain on acquisition recognized during the year ended December 31, 2015, reducing the gain by $0.6 million via a loss recognized in 2016 in accordance with GAAP. In addition, there was a $2.8 million gain from our acquisition in the third quarter of 2016. We sold a warehouse and four funeral home businesses during 2016 for a net gain of $0.5 million. Also, we wrote off deferred financing costs related to our prior line of credit in the amount of $1.2 million and incurred a loss of $2.9 million related to our cease-use expense due to the relocation of corporate headquarters to Trevose, Pennsylvania, other realignment charges and an impairment loss at one of our cemeteries.

For the year ended December 31, 2015, we had a $1.5 million gain on acquisition, a $3.1 million loss on legal settlement and a $0.3 million loss on impairment of long-lived assets. The $3.1 million loss on legal settlement recognized during calendar year 2015 pertained to the legal settlement of a Fair Labor Standards Act claim.

Interest Expense

Year Ended December 31, 2017 Compared with the Year Ended December 31, 2016

Interest expense was $27.3 million for the year ended December 31, 2017, an increase of $2.8 million from $24.5 million for the year ended December 31, 2016. This increase was principally due to a combination of the weighted average outstanding balance and the weighted average interest rate on the line of credit balance outstanding being higher compared to the prior year.

Year Ended December 31, 2016 Compared with the Year Ended December 31, 2015

Interest expense was $24.5 million for the year ended December 31, 2016, an increase of $1.9 million from $22.6 million for the year ended December 31, 2015. This increase was principally due to a higher average balance outstanding under the credit facilities compared to the prior year.

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Income Tax Benefit (Expense)

Year Ended December 31, 2017 Compared with the Year Ended December 31, 2016

Income tax benefit was $9.6 million for the year ended December 31, 2017 compared to expense of $1.6 million for the year ended December 31, 2016. The benefit for the year ended December 31, 2017 was primarily driven by $11.6 million benefit as a result of the Tax Act, including a $6.5 million benefit due to the change in the federal tax rate and effective state rates and a $5.1 million benefit based on creation of long-lived assets due to the goodwill impairment recorded in the same period, which will create future unlimited-life carryovers. Our effective tax rate differs from our statutory tax rate primarily because our legal entity structure includes different tax filing entities, including partnerships with significant income that are not subject to entity level income taxes.

Year Ended December 31, 2016 Compared with the Year Ended December 31, 2015

Income tax expense was $1.6 million for the year ended December 31, 2016 compared to $0.9 million for the year ended December 31, 2015. Our effective tax rate differs from our statutory tax rate primarily because our legal entity structure includes different tax filing entities, including a significant number of partnerships that are not subject to paying tax.

LIQUIDITY AND CAPITAL RESOURCES

General

Our primary sources of liquidity are cash generated from operations, borrowings under our revolving credit facility and capital raised through the issuance of additional limited partner units. As an MLP, our primary cash requirements, in addition to normal operating expenses, are for capital expenditures, net contributions to the merchandise and perpetual care trust funds, debt service and cash distributions. In general, as part of our operating strategy, we expect to fund:

- working capital deficits through cash generated from operations and additional borrowings;
- expansion capital expenditures, net contributions to the merchandise and perpetual care trust funds and debt service obligations through available cash, cash generated from operations, additional borrowings, the issuance of additional limited partner units or asset sales. Amounts contributed to the merchandise trust funds will be withdrawn at the time of the delivery of the product or service sold to which the contribution relates (see "Critical Accounting Policies and Estimates" regarding revenue recognition), which will reduce the amount of additional borrowings, issuance of additional limited partner units or asset sales needed; and
- any cash distributions we are permitted and determine to pay in accordance with our partnership agreement and maintenance capital expenditures through available cash and cash flows from operating activities.

While we rely heavily on our cash flows from operating activities, borrowings under our credit facility and the issuance of additional limited partner units to execute our operational strategy and meet our financial commitments and other short-term financial needs, we cannot be certain that sufficient capital will be generated through operations or available to us to the extent required and on acceptable terms. Moreover, although our cash flows from operating activities have been positive, we have experienced negative financial trends which, when considered in the aggregate, raise substantial doubt about the Partnership's ability to continue as a going concern. These negative financial trends include:

- net losses from operations due to an increased competitive environment, a decrease in the size of our sales force in 2016 (which negatively impacted our production and billing activity in 2016 and 2017), an increase in professional fees and compliance costs associated with the restatement of our historical financial statements and an increase in consulting fees associated with our planned adoption of the Accounting Standard Codification ("ASC") 606, *Revenue from Contracts with Customers*;
- a decline in billings associated with the decrease in our sales force, which in turn limited our ability to increase revenues. This decline, coupled with the increase in our professional, compliance and consulting expenses, tightened our liquidity position and increased reliance on long-term financial obligations, which in turn limited our ability to pay distributions;
- a goodwill impairment charge of $45.6 million during the fourth quarter of 2017; and

- our failure to comply with certain debt covenants required by our credit facility due to our inability to complete timely filings of our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, as well as exceeding of the maximum consolidated leverage ratio financial covenant for the quarters ended December 31, 2017 and March 31, 2018. As further discussed in the credit facility subsection under the "Long-Term Debt" section below, these failures constituted defaults that our lenders agreed to waive.

During 2017 and to date in 2018, we have implemented (and will continue to implement) various actions to improve our profitability and cash flows to fund operations. When considered in the aggregate, we believe these actions will alleviate substantial doubt about the Partnership's ability to continue as a going concern over the next twelve-month period. A summary of these actions is as follows:

- continue to manage our recurring operating expenses and seek to limit our non-recurring operating expenses over the next twelve-month period;

- complete sales of certain assets and businesses to provide supplemental liquidity as disclosed in Note 1 to the Partnership's consolidated financial statements included in Part II, Item 8. Financial Statements and Supplementary Data and pursuant to the amendment of our credit facility as further described below; and

- for the reasons disclosed above, we were not in compliance with certain of our debt covenants as of December 31, 2017, March 31, 2018 and June 30, 2018. These failures constituted defaults that the lenders agreed to waive pursuant to the Sixth Amendment and Waiver and Seventh Amendment and Waiver to our credit facility on June 12, 2018 and July 13, 2018, respectively. Refer to the credit facility subsection under the "Long-Term Debt" section below for a more detailed discussion of these amendments. Moreover, based on our forecasted operating performance, cash flows and projected plans to file financial statements on a timely basis consistent with our amended credit facility covenants, we do not believe it is probable that we will further breach our covenants under the amended credit facility for the next twelve-month period. However, there is no certainty that our actual operating performance and cash flows will not be substantially different from forecasted results, and no certainty we will not need further amendments to our credit facility in the future. Factors that could impact the significant assumptions used by the Partnership in assessing our ability to satisfy our financial covenants include the following:

    - operating performance not meeting reasonably expected forecasts;

    - failing to attract and retain qualified sales personnel and management;

    - investments in our trust funds experiencing significant declines due to factors outside our control;

    - being unable to compete successfully with other cemeteries and funeral homes in our markets;

    - the number of deaths in our markets declining; and

    - the mix of funeral and cemetery revenues between burials and cremations.

If our planned and implemented actions are not realized and we fail to improve our operating performance and cash flows, or we are not able to comply with the covenants under our amended credit facility, we may be forced to limit our business activities, implement further modifications to our operations, further amend our credit facility and/or seek other sources of capital, and we may be unable to continue as a going concern. Any of these events may have a material adverse effect on our results of operations and financial condition. The consolidated financial statements included in this Annual Report on Form 10-K do not include any adjustments that might result from the outcome of these uncertainties.

In addition, we believe the Partnership will have sufficient liquid assets, cash from operations and borrowing capacity to meet its financial commitments, debt service obligations, contingencies and anticipated capital expenditures for at least the next twelve-month period. However, as disclosed in Part I, Item 1A. Risk Factors of this Annual Report on Form 10-K, the Partnership is subject to business, operational and other risks that could adversely affect its operating performance, cash flows and filing timeliness. Accordingly, should any of these risk factors come to fruition over the next twelve-month period, we may need to seek to continue to supplement cash generation with proceeds from financing activities, including borrowings under the credit facility and other borrowings, the issuance of additional limited partner units subject to compliance with applicable securities laws and the terms of our senior credit facility, capital contributions from our general partner and the sale of assets and other transactions. We continually monitor the Partnership's financial position, liquidity and credit facility financial covenants to determine the likelihood of shortfalls in future reporting periods.

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Cash Flows

Year Ended December 31, 2017 Compared with the Year Ended December 31, 2016

Net cash provided by operating activities was $15.0 million during the year ended December 31, 2017, a decrease of $7.8 million from $22.8 million during the year ended December 31, 2016. The $7.8 million unfavorable movement in net cash provided by operating activities resulted from a $5.9 million net cash outflow to fund changes in working capital and a $1.9 million decrease in net income excluding non-cash items. The net cash outflow to fund changes in working capital was principally due to increased cash spend in payables and other liabilities. The decrease in net income excluding non-cash items was due to an increase in professional fees and recruiting costs resulting from the delayed filing of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and various changes in our senior management, partially offset by higher revenues.

Net cash used in investing activities was $8.9 million during the year ended December 31, 2017, a decrease of $10.2 million from $19.1 million during the year ended December 31, 2016. Net cash used in investing activities during 2017 consisted of $10.8 million for capital expenditures, partially offset by proceeds from divestitures and asset sales of $1.2 million and $0.6 million, respectively. Net cash used in investing activities during 2016 consisted of $10.5 million for acquisitions and $11.4 million for capital expenditures, partially offset by proceeds from asset sales of $2.8 million.

Net cash used in financing activities was $11.8 million for the year ended December 31, 2017, an increase of $5.6 million from $6.2 million for the year ended December 31, 2016. Net cash used in financing activities during 2017 was driven by cash distributions to unitholders of $24.5 million and financing costs incurred of $1.6 million, partially offset by net proceeds from long-term debt of $14.3 million. Net cash used in financing activities during 2016 was driven by $79.2 million of cash distributions to unitholders, net repayments of long-term debt of $14.3 million, and financing costs incurred of $7.0 million; largely offset by proceeds from the issuance of common units of $94.3 million.

Year Ended December 31, 2016 Compared with the Year Ended December 31, 2015

Net cash provided by operating activities was $22.8 million during the year ended December 31, 2016, an increase of $18.7 million from $4.1 million during the year ended December 31, 2015. The $18.7 million favorable movement in net cash provided by operating activities resulted from a $25.1 million increase in working capital, partially offset by a $6.4 million decrease in net income excluding non-cash items. The $25.1 million increase in working capital was due principally to increased withdrawals from trusts. The unfavorable movement in net income excluding non-cash items was due principally to the decline in Funeral Home Operations segment profitability and an increase in certain expenses during 2016, including selling expenses and corporate overhead.

Net cash used in investing activities was $19.1 million during the year ended December 31, 2016, a decrease of $15.0 million from $34.1 million during the year ended December 31, 2015. Net cash used in investing activities during 2016 consisted of $10.5 million for acquisitions and $11.4 million for capital expenditures, partially offset by proceeds from asset sales of $2.8 million. Net cash used in investing activities during 2015 consisted of $18.8 million for acquisitions and $15.3 million for capital expenditures.

Net cash used in financing activities was $6.2 million for the year ended December 31, 2016 compared with net cash provided by financing activities of $34.8 million for the year ended December 31, 2015. Net cash used in financing activities during 2016 consisted of $94.3 million of net proceeds from the issuance of common units, partially offset by net repayments of long-term debt of $14.3 million, financing costs incurred of $7.0 million and cash distributions to unit holders of $79.2 million. Net cash provided by financing activities during 2015 consisted primarily of $75.2 million of net proceeds from the issuance of common units and $37.3 million of net borrowings, offset by cash distributions to unit holders of $77.5 million.

Capital Expenditures

Our capital requirements consist primarily of:

- Expansion capital expenditures – we consider expansion capital expenditures to be capital expenditures that expand the capacity of our existing operations; and

- Maintenance capital expenditures – we consider maintenance capital expenditures to be any capital expenditures that are not expansion capital expenditures – generally, this will include furniture, fixtures, equipment and major facility improvements that are capitalized in accordance with generally accepted accounting principles.

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The following table summarizes maintenance and expansion capital expenditures, excluding amounts paid for acquisitions, for the periods presented (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Maintenance capital expenditures	$ 6,894	$ 6,244	$ 7,937
Expansion capital expenditures	3,895	5,138	7,402
Total capital expenditures	$ 10,789	$ 11,382	$ 15,339

Contractual Obligations and Contingencies

We have assumed various financial obligations and commitments in the ordinary course of conducting our business. We have contractual obligations requiring future cash payments related to debt maturities, interest on debt, operating lease agreements, liabilities to purchase merchandise related to our pre-need sales contracts and capital commitments to private credit funds.

A summary of our total contractual and contingent obligations as of December 31, 2017 is presented in the table below (in thousands):

	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractual Obligations:					
Debt (1)	$ 407,678	$ 23,212	$ 45,264	$ 339,202	$ —
Cemetery land purchase obligation (2)	21,753	2,374	4,756	5,344	9,279
Operating leases	22,934	4,709	7,010	3,598	7,617
Capital leases	3,825	1,200	1,885	740	—
Lease and management agreements (3)	36,982	—	—	—	—
Deferred revenues (4)	912,626	—	—	—	—
Total contractual obligations	1,405,798	31,495	58,915	348,884	16,896
Contingent Obligations:					
Letters of credit (5)	7,478	—	—	—	—
Other investment funds (6)	144,310	—	—	—	—
Total contingent obligations	151,788	—	—	—	—
Total	$ 1,557,586	$ 31,495	$ 58,915	$ 348,884	$ 16,896

(1) Represents the interest payable and par value of debt due and does not include the unamortized debt discounts of $1.9 million at December 31, 2017. This table assumes that current amounts outstanding under our Credit Facility are not repaid until the maturity date of August 4, 2021.

(2) Represents the amounts due related to an agreement the Partnership entered into in 2017 to purchase cemetery land in annual installments beginning January 26, 2018 through January 26, 2025.

(3) Represents the aggregate future rent payments, with interest, due pertaining to the agreements with the Archdiocese of Philadelphia, from 2025 through 2049, and does not include the unamortized discount. See "Agreements with the Archdiocese of Philadelphia" section below.

(4) Total cannot be separated into periods because we are unable to anticipate when the merchandise and services will be delivered. This balance represents the revenues to be recognized from the total performance obligations on customer contracts.

(5) We are occasionally required to post letters of credit, issued by a financial institution, to secure certain insurance programs or other obligations. Letters of credit generally authorize the financial institution to make a payment to the beneficiary upon the satisfaction of a certain event or the failure to satisfy an obligation. The letters of credit are posted for one-year terms and may be renewed upon maturity until such time as we have satisfied the commitment secured by the letter of credit. We are obligated to reimburse the issuer only if the beneficiary collects on the letter of credit. We believe it is unlikely that we will be required to fund a claim under our outstanding letters of credit. As of December 31, 2017, $7.5 million of our letters of credit were supported by our Revolving Credit Facility.

(6) As of December 31, 2017, the perpetual care and merchandise trusts had $144.3 million in unfunded commitments to private credit funds. These capital commitments are callable at any time during the lockup periods which range from four to ten years with three

potential one year extensions at the discretion of the funds' general partners and will be funded using existing trust assets. This total cannot be separated into periods.

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Issuance of Common Units

On December 30, 2016, the Partnership sold to GP Holdings, the parent of the Partnership's general partner, 2,332,878 common units representing limited partner interests in the Partnership at an aggregate purchase price of $20.0 million (i.e., $8.5731 per common unit, which was equal to the volume-weighted average trading price of a common unit for the twenty trading days ending on and including December 30, 2016) pursuant to a common unit purchase agreement.

On April 20, 2016, the Partnership completed a follow-on public offering of 2,000,000 common units at a public offering price of $23.65 per unit. Additionally, the underwriters exercised their option to purchase an additional 300,000 common units. The offering resulted in net proceeds, after deducting underwriting discounts and offering expenses, of $51.5 million. The proceeds from the offering were used to pay down outstanding indebtedness under the credit facility.

ATM Equity Program

On November 19, 2015, we entered into an equity distribution agreement ("ATM Equity Program") with a group of banks (the "Agents") whereby we may sell, from time to time, common units representing limited partner interests having an aggregate offering price of up to $100,000,000. Sales of common units, if any, may be made in negotiated transactions or transactions that are deemed to be "at the market offerings" as defined in Rule 415 of the Securities Act, including sales made directly on the New York Stock Exchange, the existing trading market for the common units, or sales made to or through the market maker other than on an exchange or through an electronic communications network. We will pay each of the Agents a commission, which in each case shall not be more than 2.0% of the gross sales price of common units sold through such Agent. During the year ended December 31, 2016, we issued 903,682 common units under the ATM Equity Program for net proceeds of $23.0 million. No common units were issued under the ATM Equity Program during the year ended December 31, 2017.

Long-Term Debt

Credit Facility

On August 4, 2016, our 100% owned subsidiary, StoneMor Operating LLC (the "Operating Company") entered into a Credit Agreement (the "Original Credit Agreement") among each of the Subsidiaries of the Operating Company (together with the Operating Company, "Borrowers"), the Lenders identified therein, Capital One, National Association ("Capital One"), as Administrative Agent, Issuing Bank and Swingline Lender, Citizens Bank of Pennsylvania, as Syndication Agent, and TD Bank, N.A. and Raymond James Bank, N.A., as Co-Documentation Agents. In addition, on the same date, the Partnership, the Borrowers and Capital One, as Administrative Agent, entered into the Guaranty and Collateral Agreement (the "Guaranty Agreement," and together with the Credit Agreement, "New Agreements"). Capitalized terms which are not defined in the following description of the New Agreements shall have the meaning assigned to such terms in the New Agreements, as amended.

The New Agreements replaced the Partnership's Fourth Amended and Restated Credit Agreement, as amended with Bank of America, N.A., as Administrative Agent, Swingline Lender and L/C Issuer and other lenders party thereto (the "Prior Credit Agreement"), Second Amended and Restated Security Agreement, and Second Amended and Restated Pledge Agreement, each dated as of December 19, 2014. The Prior Credit Agreement provided for a revolving credit facility of $180.0 million, with borrowings classified as either acquisition draws or working capital draws, maturing on December 19, 2019. In connection with entering into the Credit Agreement in 2016, the Partnership incurred an extinguishment of debt charge of approximately $1.2 million recorded in "Loss on early extinguishment of debt".

On March 15, 2017, the Borrowers, Capital One, as Administrative Agent and acting in accordance with the written consent of the Required Lenders, entered into the First Amendment to Credit Agreement. Those parties subsequently entered into a Second Amendment and Limited Waiver on July 26, 2017, a Third Amendment and Limited Waiver effective as of August 15, 2017, a Fourth Amendment to Credit Agreement dated September 29, 2017, a Fifth Amendment to Credit Agreement dated as of December 22, 2017 but effective as of September 29, 2017, a Sixth Amendment and Waiver to Credit Agreement dated June 12, 2018 and a Seventh Amendment and Waiver to Credit Agreement dated July 13, 2018. We refer to the Original Credit Agreement, as amended, as the "Amended Credit Agreement."

The Amended Credit Agreement provides for up to $175.0 million initial aggregate amount of Revolving Commitments, , which are subject to borrowing base limitations until the Partnership achieves a Consolidated Leverage Ratio of less than 4.00:1.00 and a Consolidated Secured Net Leverage Ratio of less than 3.00:1.00. The Operating Company may also request the issuance of Letters of Credit for up to $15.0 million in the aggregate, of which there were $7.5 million outstanding at December 31, 2017 and $6.8 million outstanding at December 31, 2016. The Maturity Date under the Amended Credit Agreement is the earlier of (i) August 4, 2021 and (ii) the date that is six months prior to the earliest scheduled maturity date of any outstanding Permitted Unsecured Indebtedness (at present, such date is December 1, 2020, which is six months prior to June 1, 2021 maturity date of outstanding 7.875% senior notes).

As of December 31, 2017, the outstanding amount of borrowings under the Amended Credit Agreement was $153.4 million, which was used to pay down outstanding obligations under the Partnership's prior credit agreement, to pay fees, costs and expenses related to the New Agreements and to fund working capital needs. Generally, proceeds of the Loans under the Amended Credit Agreement can be used to finance the working capital needs and for other general corporate purposes of the Borrowers and Guarantors, including acquisitions and distributions permitted under the Amended Credit Agreement.

Each Borrowing under the Amended Credit Agreement is comprised of Base Rate Loans or Eurodollar Loans. The Loans comprising each Base Rate Borrowing (including each Swingline Loan) bear interest at the Base Rate plus the Applicable Rate, and the Loans comprising each Eurodollar Borrowing bear interest at the Eurodollar Rate plus the Applicable Rate.

The Applicable Rate is now determined based on the Consolidated Leverage Ratio of the Partnership and its Subsidiaries and ranges from 2.25% to 4.25% for Eurodollar Rate Loans and 1.25% to 3.25% for Base Rate Loans. As of December 31, 2017, the Applicable Rate for Eurodollar Rate Loans was 3.75% and for Base Rate Loans was 2.75%. The Amended Credit Agreement also requires the Borrowers to pay a quarterly unused commitment fee, which accrues at the Applicable Rate on the amount by which the commitments under the Amended Credit Agreement exceed the usage of such commitments, and which is included within interest expense on the Partnership's condensed consolidated statements of operations. On December 31, 2017, the weighted average interest rate on outstanding borrowings under the Amended Credit Agreement was 5.5%.

The Amended Credit Agreement contains financial covenants, pursuant to which the Partnership will not permit:

- the ratio of Consolidated Funded Indebtedness to Consolidated EBITDA, or the Consolidated Leverage Ratio, as of the last day of any fiscal quarter, commencing on September 30, 2016, determined for the period of four consecutive fiscal quarters ending on such date (the "Measurement Period"), to be greater than 4.50 to 1.00 for the period ended December 31, 2017 or 4.25 to 1.00 for the period ended March 31, 2018;

- the ratio of (a) Consolidated Funded Indebtedness secured by a Lien minus up to $5.0 million of unrestricted cash and Cash Equivalents in accounts subject to a first priority security interest in favor of the Lenders to (b) Consolidated EBITDA, or the Consolidated Secured Net Leverage Ratio, to be greater than 6.25:1.00 for the period ended June 30, 2018, 5.75:1.00 for the period ending September 30, 2018, 5.50:1.00 for the period ending December 31, 2018, 5.00:1.00 for the periods ending in 2019 and 4.50:1.00 for periods ending thereafter; and

- the ratio of Consolidated EBITDA (reduced by the sum of (a) the amount of capital expenditures not financed with debt other than Revolving Commitments and (b) taxes and restricted payments including distributions paid in cash and further adjusted for "Change in Deferred Selling and Obtaining Costs," "Change in Deferred Revenue" and "Change in Merchandise Trust" (as such terms are presented in the Partnership's consolidated statement of cash flows) to Consolidated Fixed Charges, as of the last day of any fiscal quarter, to be less than 1.00:1.00 for any period ending in 2018, 1.10:1.00 for any period ending in 2019 and 1.20:1.00 for any period ending in 2020.

Additional covenants include customary limitations, subject to certain exceptions, on, among others: (i) the incurrence of Indebtedness; (ii) granting of Liens; (iii) fundamental changes and dispositions; (iv) investments, loans, advances, guarantees and acquisitions; (v) swap agreements; (vi) transactions with Affiliates; (vii) Restricted Payments; and (viii) Sale and Leaseback Transactions.

The Borrowers' obligations under the Amended Credit Agreement are guaranteed by the Partnership and the Borrowers. Pursuant to the Guaranty Agreement, the Borrowers' obligations under the Amended Credit Agreement are secured by a first priority lien and security interest (subject to permitted liens and security interests) in substantially all of the Partnership's and Borrowers' assets, whether then owned or thereafter acquired, excluding certain excluded assets, which include, among others: (i) Trust Accounts, certain proceeds required by law to be placed into such Trust Accounts and funds held in such Trust Accounts; and (ii) Excluded Real Property, including owned and leased real property that may not be pledged as a matter of law.

The Partnership was not in compliance with the facility's maximum Consolidated Leverage Ratio for the quarters ended December 31, 2017 and March 31, 2018, which constituted defaults that the lenders agreed to waive pursuant to the Sixth Amendment and Waiver. In addition, the Partnership's failure to timely file this Annual Report on Form 10-K and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 constituted defaults under our revolving credit facility. Under the Sixth Amendment and Waiver, the lenders agreed to waive such defaults and extend the dates by which such filings were required to be made, and under the Seventh Amendment and Waiver, the lenders agreed to waive our failure to timely file this Annual Report on Form 10-K on or before the previously extended filing deadline and agreed to further extend the dates by which these reports were required to be filed. See Note 18 in Part II, Item 8. Financial Statements and Supplementary Data, for further detail regarding the extended filing deadlines for such reports and our Quarterly Reports on Form 10-Q for the quarter ended June 30, 2018 and for the quarter ending September 30, 2018.

Senior Notes

On May 28, 2013, we issued $175.0 million aggregate principal amount of 7.875% Senior Notes due 2021 (the "Senior Notes"). We pay 7.875% interest per annum on the principal amount of the Senior Notes, payable in cash semi-annually in arrears on June 1 and December 1 of each year. The net proceeds from the offering were used to retire a $150.0 million aggregate principal amount of 10.25% Senior Notes due 2017 and the remaining proceeds were used for general corporate purposes. The Senior Notes were issued at 97.832% of par resulting in gross proceeds of $171.2 million with an original issue discount of approximately $3.8 million. We incurred debt issuance costs and fees of approximately $4.6 million. These costs and fees are deferred and will be amortized over the life of these notes. The Senior Notes mature on June 1, 2021.

We may redeem the Senior Notes at any time, in whole or in part, at the redemption prices (expressed as percentages of the principal amount) set forth below, together with accrued and unpaid interest, if any, to the redemption date, if redeemed during the 12-month period beginning June 1 of the years indicated:

Year	Percentage
2018	101.969%
2019 and thereafter	100.000%

Subject to certain exceptions, upon the occurrence of a Change of Control (as defined in the indenture governing the Senior Notes), each holder of the Senior Notes will have the right to require us to purchase that holder's Senior Notes for a cash price equal to 101% of the principal amounts to be purchased, plus accrued and unpaid interest.

The Senior Notes are jointly and severally guaranteed by certain of our subsidiaries. The indenture governing the Senior Notes contains covenants, including limitations of our ability to incur certain additional indebtedness and liens, make certain dividends, distributions, redemptions or investments, enter into certain transactions with affiliates, make certain asset sales, and engage in certain mergers, consolidations or sales of all or substantially all of our assets, among other items. As of December 31, 2017, we were in compliance with these covenants.

Cash Distribution Policy

Our partnership agreement requires that we distribute 100% of available cash to our common unitholders and general partner within 45 days following the end of each calendar quarter in accordance with their respective percentage interests. Available cash consists generally of all of our cash receipts, less cash disbursements. Our general partner is granted discretion under the partnership agreement to establish, maintain and adjust reserves for future operating expenses, debt service, maintenance capital expenditures and distributions for the next four quarters. These reserves are not restricted by magnitude, but only by type of future cash requirements with which they can be associated.

Available cash is distributed to the common limited partners and the general partner in accordance with their ownership interests, subject to the general partner's incentive distribution rights if quarterly cash distributions per limited partner unit exceed specified targets. Incentive distribution rights are generally defined as all cash distributions paid to our general partner that are in excess of its general partner ownership interest. The incentive distribution rights will entitle our general partner to receive the following increasing percentage of cash distributed by us as it reaches certain target distribution levels:

- 13.0% of all cash distributed in any quarter after each common unit has received $0.5125 for that quarter;
- 23.0% of all cash distributed in any quarter after each common unit has received $0.5875 for that quarter; and
- 48.0% of all cash distributed in any quarter after each common unit has received $0.7125 for that quarter.

On April 28, 2017, we announced a quarterly cash distribution of $0.33 per common unit pertaining to the results for the first quarter of 2017. The distribution was paid on May 15, 2017 to common unit holders of record as of the close of business on May 8, 2017. A part of or all of this quarterly cash distribution may be deemed to have been a return of capital for our limited partners if such quarterly cash distribution, when combined with all other cash distributions made during the calendar year, exceeds the partner's share of taxable income for the corresponding period, depending upon the individual limited partner's specific tax position. Because the Partnership's general and limited partner interests have cumulative net losses as of the end of the period, the distribution represented a return of capital to those interests in accordance with US GAAP.

Given the Partnership's level of cash and cash equivalents, to preserve capital resources and liquidity, the Board of Directors of the General Partner concluded that it was not in the best interest of unitholders to pay distributions to unitholders after the first quarter of 2017. In addition, our revolving credit facility prohibits us from making distributions to unitholders unless we have at least $25.0 million of availability under that facility and we satisfy certain leverage ratios.

We historically have sought to include in our distributions to unitholders for a particular financial reporting period the profit we anticipate the Partnership will generate with respect to the sales, including pre-need sales, of interment rights, merchandise and services, and trust returns during the applicable period. However, we currently expect that any future distributions we do pay will be based on our cash flow from operating activities. We anticipate that we will use any cash generated from borrowings or asset sales during this period to reduce our outstanding indebtedness and provide a reserve to enhance our financial condition relative to the financial covenants in the Amended Credit Agreement and to fund acquisitions.

Agreements with the Archdiocese of Philadelphia

In accordance with the lease and management agreements with the Archdiocese of Philadelphia, we have agreed to pay to the Archdiocese aggregate fixed rent of $36.0 million in the following amounts:

Lease Years 1-5 (May 28, 2014-May 31, 2019)	None
Lease Years 6-20 (June 1, 2019-May 31, 2034)	$1,000,000 per Lease Year
Lease Years 21-25 (June 1, 2034-May 31, 2039)	$1,200,000 per Lease Year
Lease Years 26-35 (June 1, 2039-May 31, 2049)	$1,500,000 per Lease Year
Lease Years 36-60 (June 1, 2049-May 31, 2074)	None

The fixed rent for lease years 6 through 11, an aggregate of $6.0 million is deferred. If, prior to May 31, 2024, the Archdiocese terminates the agreements pursuant to its right to do so in its sole discretion during lease year 11 or we terminate the agreements as a result of a default by the Archdiocese, we are entitled to retain the deferred fixed rent. If the agreements are not terminated, the deferred fixed rent will become due and payable on or before June 30, 2024.

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CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires making estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of actual revenue and expenses during the reporting period. Although we base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances, actual results may differ from the estimates on which our financial statements are prepared at any given point of time. Changes in these estimates could materially affect our financial position, results of operations or cash flows. Significant items that are subject to such estimates and assumptions include revenue and expense accruals, depreciation and amortization, merchandise trust and perpetual care trust asset valuation, allowance for cancellations, unit-based compensation, deferred revenues, deferred merchandise trust investment earnings, deferred selling and obtaining costs, assets and liabilities obtained through business combinations, income taxes, hurricane-related losses and goodwill including any interim assessment for impairment. A summary of the significant accounting policies we have adopted and followed in the preparation of our consolidated financial statements is included in Note 1 of Part II, Item 8. Financial Statements and Supplementary Data included in this report. The critical accounting policies and estimates we have identified are discussed below.

Cemetery Operations Revenue Recognition

Our cemetery revenues are principally derived from sales of interment rights, merchandise and services. These sales occur 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. Pre-need sales are typically sold on an installment plan. At-need cemetery sales and pre-need merchandise and services sales are recognized as revenue when the merchandise is delivered or the service is performed. For pre-need sales of interment rights, we recognize the associated revenue when we have collected 10% of the sales price from the customer. We consider our cemetery merchandise delivered to our customer when it is either installed or ready to be installed and delivered to a third-party storage facility until it is needed, with ownership transferred to the customer at that time. Pre-need sales that have not yet been recognized as revenue are recognized as deferred revenues, a liability on our consolidated balance sheet. Direct costs associated with pre-need sales that are recognized as deferred revenues, such as sales commissions, are recognized as deferred selling and obtaining costs, an asset on our consolidated balance sheet, until the merchandise is delivered or the services are performed.

Funeral Home Operations Revenue Recognition

Our funeral home revenues are principally derived from at-need and pre-need sales of merchandise and services. Pre-need sales are typically sold on an installment plan. Both at-need and pre-need funeral home sales are recognized as revenue when the merchandise is delivered or the service is performed. Pre-need sales that have not yet been recognized as revenue are recognized as deferred revenues, a liability on our consolidated balance sheet. Direct costs associated with pre-need sales that are recognized as deferred revenues, such as sales commissions, are recognized as deferred selling and obtaining costs, an asset on our consolidated balance sheet, until the merchandise is delivered or the services are performed. Our funeral home operations also include revenues related to the sale of term and final expense whole life insurance. As an agent for these insurance sales, we earn and recognize commission-related revenue streams from the sales of these policies.

Trust Investment Income Recognition

Sales of cemetery and funeral home merchandise and services are subject to state law. Under these laws, which vary by state, a portion of the cash proceeds received from the sale of interment rights and pre-need sales of cemetery and funeral home merchandise and services are required to be deposited into trusts. For sales of interment rights, a portion of the cash proceeds received are required to be deposited into a perpetual care trust. While the principal balance of the perpetual care trust must remain in the trust in perpetuity, we recognize investment income on such assets as revenue, excluding realized gains and losses from the sale of trust assets. For sales of cemetery and funeral home merchandise and services, a portion of the cash proceeds received are required to be deposited into a merchandise trust until the merchandise is delivered or the services are performed, at which time the funds so deposited, along with the associated investment income, may be withdrawn. Investment income from assets held in the merchandise trust is recognized as revenue when withdrawn. Amounts deposited into trusts may be invested by third-party investment managers who are selected by the Trust and Compliance Committee of the Board of Directors of our general partner (the "Trust Committee"). These investment managers are required to invest our trust funds in accordance with applicable state law and internal investment guidelines adopted by the Trust Committee. Our investment managers are monitored by investment advisors selected by the Trust Committee, who advise the Trust Committee on the determination of asset allocations, evaluate the investment managers and provide detailed monthly reports on the performance of each merchandise and perpetual care trust.

Deferred Revenues

Revenues from the sale of services and merchandise, as well as any investment income from the merchandise trusts, is deferred until such time that the services are performed or the merchandise is delivered. In addition to amounts deferred on new contracts, investment income and unrealized gains and losses on our merchandise trusts, deferred revenues includes deferred revenues from pre-need sales that were entered into by entities prior to the acquisition of those entities by us, including entities that were acquired by Cornerstone Family Services, Inc. upon its formation in 1999. We provide for a profit margin for these deferred revenues to account for the projected future costs of delivering products and providing services on pre-need contracts that we acquired through acquisitions. These revenues and their associated costs are recognized when the related merchandise is delivered or the services are performed and are presented on a gross basis on the consolidated statements of operations.

Accounts Receivable Allowance for Cancellations

At the time of a pre-need sale, we record an account receivable in an amount equal to the total contract value less any cash deposit paid net of an estimated allowance for cancellations. The allowance for cancellations is established based upon our estimate of expected cancellations and historical experiences, and is currently approximately 9% of total contract values. Future cancellation rates may differ from this current estimate. We will continue to evaluate cancellation rates and will make changes to the estimate should the need arise.

Other-Than-Temporary Impairment of Trust Assets

Assets held in our merchandise trusts are carried at fair value. Any change in unrealized gains and losses is reflected in the carrying value of the assets and is recognized as deferred revenue. Any and all investment income streams, including interest, dividends or gains and losses from the sale of trust assets, are offset against deferred revenue until such time that we deliver the underlying merchandise. Investment income generated from our merchandise trust is included in "Cemetery investment and other revenues".

Pursuant to state law, a portion of the proceeds from the sale of cemetery property is required to be paid into perpetual care trusts. All principal must remain in this trust in perpetuity while interest and dividends may be released and used to defray cemetery maintenance costs, which are expensed as incurred. Assets in our perpetual care trusts are carried at fair value. Any change in unrealized gains and losses is reflected in the carrying value of the assets and is offset against perpetual care trust corpus.

We evaluate whether or not the assets in our merchandise and perpetual care trusts have an other-than-temporary impairment on a security-by-security basis. We determine whether or not the impairment of a fixed maturity debt security is other-than-temporary by evaluating each of the following:

- Whether it is our intent to sell the security. If there is intent to sell, the impairment is considered to be other-than-temporary.

- If there is no intent to sell, we evaluate if it is not more likely than not that we will be required to sell the debt security before its anticipated recovery. If we determine that it is more likely than not that we will be required to sell an impaired investment before its anticipated recovery, the impairment is considered to be other-than-temporary.

We further evaluate whether or not all assets in the trusts have other-than-temporary impairments based upon a number of criteria including the severity of the impairment, length of time a security has been in a loss position, changes in market conditions and concerns related to the specific issuer.

If an impairment is considered to be other-than-temporary, the cost basis of the security is adjusted downward to its fair value. For assets held in the perpetual care trusts, any reduction in the cost basis due to an other-than-temporary impairment is offset with an equal and opposite reduction in the perpetual care trust corpus and has no impact on earnings. For assets held in the merchandise trusts, any reduction in the cost basis due to an other-than-temporary impairment is recorded in deferred revenue.

Valuation of Assets Acquired and Liabilities Assumed

Tangible and intangible assets acquired and liabilities assumed are recorded at their fair value and goodwill or bargain gain is recognized for any difference between the price of acquisition and our fair value determination. We have customarily estimated our purchase costs and other related transactions known to us at closing of the acquisition. To the extent that information not available to us at the closing date subsequently became available during the measurement period, we have adjusted our goodwill or bargain gain, assets, or liabilities associated with the acquisition.

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Goodwill

Goodwill represents the excess of the purchase price over the fair value of identifiable net assets acquired. We test goodwill for impairment by comparing the fair value of the reporting unit to its carrying amount, including goodwill. We determine the fair value of each reporting unit using a market multiple method to corroborate the value derived from using the income approach.

In the fourth quarter of 2017, the Partnership early adopted ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350)* which simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Instead, impairment is defined as the amount by which the carrying value of the reporting unit exceeds its fair value, up to the total amount of goodwill. We do not record an impairment of goodwill in instances where the fair value of a reporting unit exceeds its carrying amount.

The Partnership conducts its evaluation of goodwill impairment at the reporting unit level on an annual basis, and more frequently if events or circumstances indicate that the carrying value of a reporting unit exceeds its fair value. Prior to December 31, 2017, the reporting units with assigned goodwill were the Cemetery Operations and Funeral Home Operations segments. Goodwill impairment testing involves management judgment, requiring an assessment of whether the carrying value of the reporting unit can be supported by the fair value of the individual reporting unit using widely accepted valuation techniques, such as the market approach (earnings and price-to-book value multiples of comparable public companies) and/or the income approach (discounted cash flow (DCF) method).

The Partnership applied the DCF method and utilized a number of factors, including actual operating results, future business plans, economic projections, volatility of earnings, changes in senior management and market data. The DCF method of the income approach incorporated the reporting units' forecasted cash flows, including a terminal value to estimate the fair value of cash flows beyond the final year of the forecasts. The discount rates utilized to obtain the net present value of the reporting units' cash flows were estimated using the capital asset pricing model. Significant inputs to this model include a risk-free rate of return, beta (which is a measure of the level of non-diversifiable risk associated with comparable companies for each specific reporting unit), market equity risk premium and in certain cases an unsystematic (Partnership-specific) risk factor. The unsystematic risk factor is the input that specifically addresses uncertainty related to the Partnership's projections of earnings and growth, including the uncertainty related to loss expectations. The Partnership utilized discount rates that it believes adequately reflect the risk and uncertainty in the financial markets generally and specifically in its internally developed forecasts. The Partnership estimated expected rates of equity returns based on historical market returns and risk/return rates for similar industries of the reporting unit. The Partnership uses its internal forecasts to estimate future cash flows, and actual results may differ from forecasted results. Substantial value may arise from the ability to take advantage of synergies and other benefits that flow from control over another entity. Consequently, measuring the fair value of a collection of assets and liabilities that operate together in a controlled entity is different from measuring the fair value of that entity on a stand-alone basis. In most industries, including the Partnership's, an acquiring entity typically is willing to pay more for equity securities that give it a controlling interest than an investor would pay for a number of equity securities representing less than a controlling interest. Therefore, once the above fair value calculations have been determined, the Partnership's management also considers the inclusion of a control premium within the calculations. This control premium is judgmental and based on, among other items, observed acquisitions in the Partnership's industry. The resultant fair values calculated for the reporting units are compared to observable metrics on large mergers and acquisitions in the Partnership's industry to determine whether those valuations appear reasonable in management's judgment.

The fair value determinations mentioned above require considerable judgment and are sensitive to changes in underlying assumptions and factors. As a result, there can be no assurance that the estimates and assumptions made for purposes of the annual goodwill impairment test will prove to be accurate predictions of the future. Examples of events or circumstances that could reasonably be expected to negatively affect the underlying key assumptions and ultimately impact the estimated fair value of the aforementioned reporting units may include such items as follows:

- a prolonged downturn in the business environment in which the reporting units operate;
- reporting unit performance which significantly differs from our assumptions;
- volatility in equity and debt markets resulting in higher discount rates; and
- unexpected regulatory changes.

The Partnership completed its annual goodwill impairment assessment as of December 31, 2017. As a result of such assessment, management concluded that the fair value of the Partnership's Funeral Home Operations reporting unit did not exceed its carrying value and, accordingly, concluded that a loss on impairment for the full amount of reporting unit goodwill should be recorded. This impairment charge will not result in any current or future cash expenditures. Consideration was given within the analysis of the Funeral Home Operations reporting unit to the changes made during the year to the pre-need sales funding structure, erosion of market capitalization and achievability of the reporting unit's forecasted EBITDA margin relative to its historical operating performance.

The Partnership also calculated that the fair value of its Cemetery Operations reporting unit exceeded its carrying value by approximately 13%. While historical performance and current expectations have resulted in fair value of its Cemetery Operations reporting unit in excess of its carrying value, if our assumptions are not realized, it is possible that in the future an impairment charge may need to be recorded. The Partnership has sensitized certain key assumptions used to calculate Cemetery Operations reporting unit fair value, and note that either a 80% or greater shortfall of actual revenue growth to forecasted revenue growth or a 6% or greater increase in the discount rate would trigger impairment of the reporting unit. However, it is not possible at this time to determine if an impairment charge would result or if any such charge would be material.

Income Taxes

Our corporate subsidiaries are subject to both federal and state income taxes. We record deferred tax assets and liabilities to recognize temporary differences between the bases of assets and liabilities in our tax and GAAP balance sheets and for federal and state net operating loss carryforwards and alternative minimum tax credits.

We record a valuation allowance against our deferred tax assets if we deem that it is more likely than not that some portion or all of the recorded deferred tax assets will not be realizable in future periods.

In evaluating our ability to recover deferred tax assets, we consider all available positive and negative evidence, including our past operating results, recent cumulative losses and our forecast of future taxable income. In determining future taxable income, we make assumptions for the amount of taxable income, the reversal of temporary differences and the implementation of feasible and prudent tax planning strategies. These assumptions require us to make judgments about our future taxable income and are consistent with the plans and estimates we use to manage our business. Any reduction in estimated future taxable income may require us to record an additional valuation allowance against our deferred tax assets. An increase in the valuation allowance would result in additional income tax expense in the period and could have a significant impact on our future earnings.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Tax Act") was signed into law. The Tax Act makes broad and complex changes to the U.S. tax code by, among other things, reducing the federal corporate income tax rate, creating a new limitation on deductible interest expense, creating bonus depreciation that will allow for full expensing on qualified property and imposing limitations on deductibility of certain executive compensation.

The SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting for the income tax effects of certain elements of the Tax Act. In accordance with SAB 118, we have recognized the provisional tax impacts related to the remeasurement of deferred tax assets and liabilities and included these amounts in our consolidated financial statements for the year ended December 31, 2017. The ultimate impact may differ from these provisional amounts, possibly materially, due to, among other things, additional analysis, changes in interpretations and assumptions we have made, additional regulatory guidance that may be issued and actions we may take as a result of the Tax Act. For further information on the impacts of the Tax Act, see Note 10 in Part II, Item 8. Financial Statements and Supplementary Data.

As of December 31, 2017, our taxable corporate subsidiaries had federal and state net operating loss carryforwards of approximately $349.4 million and $429.5 million, respectively, a portion of which expires annually. Our ability to use such federal net operating loss carryforwards may be limited by changes in the ownership of our units deemed to result in an "ownership change" under the applicable provisions of the Internal Revenue Code of 1986, as amended.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The primary objective of the following information is to provide forward-looking quantitative and qualitative information about our potential exposure to market risks. The term "market" risk refers to the risk of gains or losses arising from changes in interest rates and prices of marketable securities. The disclosures are not meant to be precise indicators of expected future gains or losses, but rather indicators of reasonably possible gains or losses. This forward-looking information provides indicators of how we view and manage our ongoing market risk exposures. All of our market risk-sensitive instruments were entered into for purposes other than trading.

The trusts are invested in assets with the primary objective of maximizing income and distributable cash flow for trust distributions, while maintaining an acceptable level of risk. Certain asset classes which the Partnership invests in for the purpose of maximizing yield are subject to an increased market risk. This increased market risk will create volatility in the unrealized gains and losses of the trust assets from period to period.

INTEREST-BEARING INVESTMENTS

Our fixed-income securities subject to market risk consist primarily of certain investments in our merchandise trusts and perpetual care trusts. As of December 31, 2017, the fair value of fixed-income securities in our merchandise trusts and perpetual care trusts represented 0.2% and 1.7%, of the fair value of total trust assets, respectively. The aggregate of the quoted fair value of these fixed-income securities was $1.1 million and $5.8 million in the merchandise trusts and perpetual care trusts, respectively, as of December 31, 2017. Holding all other variables constant, a hypothetical 1% change in variable interest rates on these fixed-income securities would change the fair market value of the assets in both our merchandise trusts and perpetual care trusts by less than $0.1 million based on discounted expected future cash flows. If these securities are held to maturity, no change in fair market value will be realized. Our money market and other short-term investments subject to market risk consist primarily of certain investments in our merchandise trusts and perpetual care trusts. As of December 31, 2017, the fair value of money market and short-term investments in our merchandise trusts and perpetual care trusts represented 2.0% and 2.8%, respectively, of the fair value of total trust assets. The aggregate of the quoted fair value of these money market and short-term investments was $10.4 million and $9.5 million in the merchandise trusts and perpetual care trusts, respectively, as of December 31, 2017. Holding all other variables constant, a hypothetical 1% change in variable interest rates on these money market and short-term investments would change the fair market value of the assets in both our merchandise trusts and perpetual care trusts by approximately $0.1 million, based on discounted expected future cash flows.

MARKETABLE EQUITY SECURITIES

Our marketable equity securities subject to market risk consist primarily of certain investments held in our merchandise trusts and perpetual care trusts. These assets consist of investments in both individual equity securities as well as closed and open-ended mutual funds. As of December 31, 2017, the fair value of marketable equity securities in our merchandise trusts and perpetual care trusts represented 4.7% and 6.5%, of the fair value of total trust assets, respectively. The aggregate of the quoted fair market value of these individual equity securities was $24.2 million and $22.2 million in our merchandise trusts and perpetual care trusts, respectively, as of December 31, 2017, based on final quoted sales prices. Holding all other variables constant, a hypothetical 10% change in variable interest rates of the equity securities would change the fair market value of the assets in our merchandise trusts and perpetual care trusts by approximately $2.4 million and $2.2 million, respectively, based on discounted expected future cash flows. As of December 31, 2017, the fair value of marketable closed and open-ended mutual funds in our merchandise trusts represented 56.3% of the fair value of total merchandise trust assets, 76.7% of which pertained to fixed-income mutual funds. As of December 31, 2017, the fair value of marketable closed and open-ended mutual funds in our perpetual care trusts represented 51.6% of total perpetual care trust assets, 81.4% of which pertained to fixed-income mutual funds. The aggregate of the quoted fair market value of these closed and open-ended mutual funds was $290.4 million and $175.5 million in the merchandise trusts and perpetual care trusts, respectively, as of December 31, 2017, based on final quoted sales prices, of which $222.8 million and $142.8 million, respectively, pertained to fixed-income mutual funds. Holding all other variables constant, a hypothetical 10% change in the average market prices of the closed and open-ended mutual funds would change the fair market value of the assets in our merchandise trusts and perpetual care trusts by approximately $29.0 million and $17.5 million, respectively, based on discounted expected future cash flows.

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OTHER INVESTMENT FUNDS

Other investment funds are measured at fair value using the net asset value per share practical expedient. This asset class is composed of fixed income funds and equity funds, which have a redemption period ranging from 1 to 90 days, and private credit funds, which have lockup periods ranging from four to ten years with three potential one year extensions at the discretion of the funds' general partners. This asset class has an inherent valuation risk as the values provided by investment fund managers may not represent the liquidation values obtained by the trusts upon redemption or liquidation of the fund assets. As of December 31, 2017, the fair value of other investment funds in our merchandise trusts and perpetual care trusts represented 33.2% and 37.3%, respectively, of the fair value of total trust assets. The fair market value of the holdings in these funds was $171.2 million and $126.8 million in our merchandise trusts and perpetual care trusts, respectively, as of December 31, 2017, based on net asset value quotes.

DEBT INSTRUMENTS

Certain borrowings under our Amended Credit Facility bear interest at a floating rate, based on LIBOR, which is adjusted quarterly. This subjects us to increases in interest expense resulting from movements in interest rates. As of December 31, 2017, we had $153.4 million of borrowings outstanding under our credit facility, which generally bears interest at a variable rate. Holding all other variables constant, a hypothetical 1% change in variable interest rates would change our consolidated interest expense for the year ended December 31, 2017 by approximately $1.5 million.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of StoneMor GP LLC and Unitholders of StoneMor Partners L.P.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of StoneMor Partners L.P. and subsidiaries (the "Partnership") as of December 31, 2017 and 2016, the related consolidated statements of operations, partners' capital, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated July 16, 2018, expressed an adverse opinion on the Partnership's internal control over financial reporting because of material weaknesses.

Basis for Opinion

These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP
Philadelphia, Pennsylvania
July 16, 2018

We have served as the Partnership's auditor since 1999.

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STONEMOR PARTNERS L.P.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	$ 6,821	$ 12,570
Accounts receivable, net of allowance	79,116	77,253
Prepaid expenses	4,580	5,532
Assets held for sale	1,016	—
Other current assets	21,453	23,466
Total current assets	112,986	118,821
Long-term accounts receivable, net of allowance	105,935	98,886
Cemetery property	333,404	337,315
Property and equipment, net of accumulated depreciation	114,090	118,281
Merchandise trusts, restricted, at fair value	515,456	507,079
Perpetual care trusts, restricted, at fair value	339,928	333,780
Deferred selling and obtaining costs	126,398	116,890
Deferred tax assets	84	64
Goodwill	24,862	70,436
Intangible assets	63,244	65,438
Other assets	19,695	20,023
Total assets	$ 1,756,082	$ 1,787,013
Liabilities and Partners' Capital		
Current liabilities:		
Accounts payable and accrued liabilities	$ 43,023	$ 35,547
Accrued interest	1,781	1,571
Current portion, long-term debt	1,002	1,775
Total current liabilities	45,806	38,893
Long-term debt, net of deferred financing costs	317,693	300,351
Deferred revenues	912,626	866,633
Deferred tax liabilities	9,638	20,058
Perpetual care trust corpus	339,928	333,780
Other long-term liabilities	38,695	36,944
Total liabilities	1,664,386	1,596,659
Commitments and contingencies		
Partners' capital (deficit):		
General partner interest	(2,959)	(1,914)
Common limited partners' interest	94,655	192,268
Total partners' capital	91,696	190,354
Total liabilities and partners' capital	$ 1,756,082	$ 1,787,013

See Accompanying Notes to Consolidated Financial Statements.

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STONEMOR PARTNERS L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per unit data)

	Years Ended December 31,		
	2017	**2016**	**2015**
Revenues:			
Cemetery:			
Merchandise	$ 159,546	$ 150,439	$ 143,543
Services	62,435	57,781	59,935
Investment and other	54,715	57,506	58,769
Funeral home:			
Merchandise	27,767	27,625	27,024
Services	33,764	32,879	31,048
Total revenues	338,227	326,230	320,319
Costs and Expenses:			
Cost of goods sold	51,899	45,577	50,870
Cemetery expense	76,857	72,736	71,296
Selling expense	66,083	67,267	59,569
General and administrative expense	39,111	37,749	37,451
Corporate overhead	51,964	39,618	38,609
Depreciation and amortization	13,183	12,899	12,803
Funeral home expenses:			
Merchandise	7,131	8,193	6,928
Services	22,929	24,772	22,969
Other	19,743	20,305	17,806
Total costs and expenses	348,900	329,116	318,301
Gain on acquisitions and divestitures	858	2,614	1,540
Legal settlement	—	—	(3,135)
Loss on early extinguishment of debt	—	(1,234)	—
Loss on goodwill impairment	(45,574)	—	—
Other losses, net	(2,045)	(2,900)	(296)
Interest expense	(27,345)	(24,488)	(22,585)
Loss from continuing operations before income taxes	(84,779)	(28,894)	(22,458)
Income tax benefit (expense)	9,621	(1,589)	(933)
Net loss	$ (75,158)	$ (30,483)	$ (23,391)
General partner's interest	$ (782)	$ 2,016	$ 3,607
Limited partners' interest	$ (74,376)	$ (32,499)	$ (26,998)
Net loss per limited partner unit (basic and diluted)	$ (1.96)	$ (0.94)	$ (0.89)
Weighted average number of limited partners' units outstanding (basic and diluted)	37,948	34,602	30,472

See Accompanying Notes to Consolidated Financial Statements.

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STONEMOR PARTNERS L.P.
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(dollars in thousands)

	Partners' Capital			
	Outstanding Common Units	Common Limited Partners	General Partner	Total
December 31, 2014	29,203,595	$ 227,459	$ 1,483	$ 228,942
Issuance of common units	2,692,667	80,976	—	80,976
Common unit awards under incentive plans	7,716	1,516	—	1,516
Net income (loss)	—	(26,998)	3,607	(23,391)
Cash distributions	—	(72,902)	(4,610)	(77,512)
Unit distributions paid in kind	204,804	(5,820)	—	(5,820)
December 31, 2015	32,108,782	204,231	480	204,711
Issuance of common units	5,536,560	99,354	—	99,354
Common unit awards under incentive plans	12,067	1,147	—	1,147
Net income (loss)	—	(32,499)	2,016	(30,483)
Cash distributions	—	(74,754)	(4,410)	(79,164)
Unit distributions paid in kind	206,087	(5,211)	—	(5,211)
December 31, 2016	37,863,496	192,268	(1,914)	190,354
Issuance of common units	—	744	—	744
Common unit awards under incentive plans	16,098	1,045	—	1,045
Net income (loss)	—	(74,376)	(782)	(75,158)
Cash distributions	—	(24,282)	(263)	(24,545)
Unit distributions paid in kind	78,342	(744)	—	(744)
December 31, 2017	37,957,936	$ 94,655	$ (2,959)	$ 91,696

See Accompanying Notes to Consolidated Financial Statements.

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STONEMOR PARTNERS L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended December 31,		
	2017	2016	2015
Cash Flows From Operating Activities:			
Net loss	$ (75,158)	$ (30,483)	$ (23,391)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Cost of lots sold	10,525	9,581	13,103
Depreciation and amortization	13,183	12,899	12,803
Provision for cancellations	6,244	10,681	9,430
Non-cash compensation expense	1,045	1,147	1,516
Non-cash interest expense	4,479	4,430	2,949
Gain on acquisitions and divestitures	(858)	(2,614)	(1,540)
Loss on early extinguishment of debt	—	1,234	—
Loss on goodwill impairment	45,574	—	—
Other losses, net	1,843	1,947	296
Changes in assets and liabilities:			
Accounts receivable, net of allowance	(17,074)	(22,816)	(18,303)
Merchandise trust fund	46,695	(17,101)	(44,640)
Other assets	1,410	(562)	(4,216)
Deferred selling and obtaining costs	(9,508)	(10,775)	(13,052)
Deferred revenues	(9,049)	54,135	66,673
Deferred taxes, net	(10,439)	743	(18)
Payables and other liabilities	6,064	10,321	2,452
Net cash provided by operating activities	14,976	22,767	4,062
Cash Flows From Investing Activities:			
Cash paid for capital expenditures	(10,789)	(11,382)	(15,339)
Cash paid for acquisitions	—	(10,550)	(18,800)
Proceeds from divestitures	1,241	—	—
Proceeds from asset sales	627	2,803	—
Net cash used in investing activities	(8,921)	(19,129)	(34,139)
Cash Flows From Financing Activities:			
Cash distributions	(24,545)	(79,164)	(77,512)
Proceeds from borrowings	103,292	229,595	148,295
Repayments of debt	(88,951)	(243,984)	(111,034)
Proceeds from issuance of common units, net of costs	—	94,314	75,156
Cost of financing activities	(1,600)	(6,982)	(76)
Net cash provided by (used in) financing activities	(11,804)	(6,221)	34,829
Net increase (decrease) in cash and cash equivalents	(5,749)	(2,583)	4,752
Cash and cash equivalents—Beginning of period	12,570	15,153	10,401
Cash and cash equivalents—End of period	$ 6,821	$ 12,570	$ 15,153
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	$ 22,901	$ 20,124	$ 19,352
Cash paid during the period for income taxes	$ 2,756	$ 2,875	$ 4,294
Non-cash investing and financing activities:			
Acquisition of assets by financing	$ 2,705	$ 3,829	$ 874

Acquisition of assets by assumption of directly related liability	$ —	$ —	$ 876
Classification of assets as held for sale	$ 1,016	$ —	$ —

See Accompanying Notes to Consolidated Financial Statements.

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STONEMOR PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Nature of Operations

StoneMor Partners L.P. (the "Partnership") is a provider of funeral and cemetery products and services in the death care industry in the United States. As of December 31, 2017, the Partnership operated 316 cemeteries in 27 states and Puerto Rico, of which 285 are owned and 31 are operated under lease, management or operating agreements. The Partnership also owned and operated 93 funeral homes, including 44 located on the grounds of cemetery properties that we own, in 17 states and Puerto Rico.

Basis of Presentation

The consolidated financial statements included in this Annual Report on Form 10-K have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Principles of Consolidation

The consolidated financial statements include the accounts of each of the Partnership's 100% owned subsidiaries. These statements also include the accounts of the merchandise and perpetual care trusts in which the Partnership has a variable interest and is the primary beneficiary. The Partnership operates 31 cemeteries under long-term lease, operating or management agreements. The operations of 16 of these managed cemeteries have been consolidated.

The Partnership operates 15 cemeteries under long-term leases and other agreements that do not qualify as acquisitions for accounting purposes. As a result, the Partnership did not consolidate all of the existing assets and liabilities related to these cemeteries. The Partnership has consolidated the existing assets and liabilities of the merchandise and perpetual care trusts associated with these cemeteries as variable interest entities since the Partnership controls and receives the benefits and absorbs any losses from operating these trusts. Under the long-term leases, and other agreements associated with these properties, which are subject to certain termination provisions, the Partnership is the exclusive operator of these cemeteries and earns revenues related to sales of merchandise, services and interment rights, and incurs expenses related to such sales, including the maintenance and upkeep of these cemeteries. Upon termination of these agreements, the Partnership will retain all of the benefits and related contractual obligations incurred from sales generated during the agreement period. The Partnership has also recognized the existing customer contract-related performance obligations that it assumed as part of these agreements.

Total revenues derived from the cemeteries under these agreements totaled approximately $59.0 million, $57.0 million and $53.1 million for the years ended December 31, 2017, 2016 and 2015, respectively.

Uses and Sources of Liquidity

The Partnership's primary sources of liquidity are cash generated from operations, borrowings under its revolving credit facility and capital raised through the issuance of additional limited partner units. As an MLP, the Partnership's primary cash requirements, in addition to normal operating expenses, are for capital expenditures, net contributions to the merchandise and perpetual care trust funds, debt service and cash distributions. In general, as part of its operating strategy, the Partnership expects to fund:

- working capital deficits through cash generated from operations and additional borrowings;
- expansion capital expenditures, net contributions to the merchandise and perpetual care trust funds and debt service obligations through available cash, cash generated from operations, additional borrowings, the issuance of additional limited partner units or asset sales. Amounts contributed to the merchandise trust funds will be withdrawn at the time of the delivery of the product or service sold to which the contribution relates (see "Summary of Significant Accounting Policies" section below regarding revenue recognition), which will reduce the amount of additional borrowings, issuance of additional limited partner units or asset sales needed; and
- any cash distributions the Partnership is permitted and determines to pay in accordance with its partnership agreement and maintenance capital expenditures through available cash and cash flows from operating activities.

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While the Partnership relies heavily on its cash flows from operating activities, borrowings under its credit facility and the issuance of additional limited partner units to execute its operational strategy and meet its financial commitments and other short-term financial needs, the Partnership cannot be certain that sufficient capital will be generated through operations or available to the Partnership to the extent required and on acceptable terms. Moreover, although the Partnership's cash flows from operating activities have been positive, the Partnership has experienced negative financial trends which, when considered in the aggregate, raise substantial doubt about the Partnership's ability to continue as a going concern. These negative financial trends include:

- net losses from operations due to an increased competitive environment, a decrease in the size of the Partnership's sales force in 2016 (which negatively impacted the Partnership's production and billing activity in 2016 and 2017), an increase in professional fees and compliance costs associated with the restatement of the Partnership's historical financial statements and an increase in consulting fees associated with the Partnership's planned adoption of the Accounting Standard Codification ("ASC") 606, *Revenue from Contracts with Customers*;

- a decline in billings coupled with the increase in professional, compliance and consulting expenses, tightened the Partnership's liquidity position and increased reliance on long-term financial obligations, which in turn limited the Partnership's ability to pay distributions;

- a goodwill impairment charge of $45.6 million during the fourth quarter of 2017; and

- the Partnership's failure to comply with certain debt covenants required by the Partnership's credit facility due to the Partnership's inability to complete timely filings of its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, as well as exceeding of the maximum consolidated leverage ratio financial covenant for the quarters ended December 31, 2017 and March 31, 2018. As further disclosed in the credit facility subsection in Note 9, these failures constituted defaults that the Partnership's lenders agreed to waive.

During 2017 and to date in 2018, the Partnership has implemented (and will continue to implement) various actions to improve profitability and cash flows to fund operations. When considered in the aggregate, the Partnership believes these actions will alleviate substantial doubt about the Partnership's ability to continue as a going concern over the next twelve-month period. A summary of these actions is as follows:

- continue to manage recurring operating expenses and seek to limit non-recurring operating expenses over the next twelve-month period;

- complete sales of certain assets and businesses to provide supplemental liquidity as disclosed in the Assets Held for Sale section below and pursuant to the Sixth Amendment; and

- for the reasons disclosed above, the Partnership was not in compliance with certain of its amended credit facility covenants as of December 31, 2017 and March 31, 2018. These failures constituted defaults that the lenders agreed to waive pursuant to the Sixth Amendment and Waiver and Seventh Amendment and Waiver to the Partnership's credit facility on June 12, 2018 and July 13, 2018, respectively, as disclosed in the credit facility subsection in Note 9. Moreover, based on the Partnership's forecasted operating performance, cash flows and projected plans to file financial statements on a timely basis consistent with the debt covenants, the Partnership does not believe it is probable that the Partnership will further breach the covenants under its amended credit facility for the next twelve-month period. However, there is no certainty that the Partnership's actual operating performance and cash flows will not be substantially different from forecasted results, and no certainty the Partnership will not need further amendments to its credit facility in the future. Factors that could impact the significant assumptions used by the Partnership in assessing its ability to satisfy its financial covenants include the following:

    - operating performance not meeting reasonably expected forecasts;

    - failing to attract and retain qualified sales personnel and management;

    - investments in the Partnership's trust funds experiencing significant declines due to factors outside its control;

    - being unable to compete successfully with other cemeteries and funeral homes in the Partnership's markets;

    - the number of deaths in the Partnership's markets declining; and

    - the mix of funeral and cemetery revenues between burials and cremations.

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If the Partnership's planned and implemented actions are not realized and the Partnership fails to improve its operating performance and cash flows, or the Partnership is not able to comply with the covenants under its amended credit facility, the Partnership may be forced to limit its business activities, implement further modifications to its operations, further amend its credit facility and/or seek other sources of capital, and the Partnership may be unable to continue as a going concern. Additionally, a failure to generate additional liquidity could negatively impact the Partnership's access to inventory or services that are important to the operation of the Partnership's business. Moreover, the Partnership's ability to declare or pay future distributions may be impacted. Given the Partnership's level of cash and cash equivalents, to preserve capital resources and liquidity, the Board of Directors of the General Partner concluded that it was not in the best interest of unitholders to pay distributions to unitholders after the first quarter of 2017. In addition, the Partnership's revolving credit facility prohibits the Partnership from making distributions to unitholders unless the Partnership has at least $25.0 million of availability under that facility and the Partnership satisfies certain leverage ratios. Any of these events may have a material adverse effect on the Partnership's results of operations and financial condition. The consolidated financial statements included in this Annual Report on Form 10-K do not include any adjustments that might result from the outcome of these uncertainties.

Summary of Significant Accounting Policies

Use of Estimates

The preparation of the Partnership's consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements, as well as the reported amounts of revenue and expense during the reporting periods. The Partnership's consolidated financial statements are based on a number of significant estimates, including revenue and expense accruals, depreciation and amortization, merchandise trust and perpetual care trust asset valuation, allowance for cancellations, unit-based compensation, deferred revenues, deferred merchandise trust investment earnings, deferred selling and obtaining costs, assets and liabilities obtained through business combinations, income taxes, hurricane-related losses and goodwill including any interim assessment for impairment. As a result, actual results could differ from those estimates.

Cash and Cash Equivalents

The Partnership considers all highly liquid investments purchased with an original maturity of three months or less from the time they are acquired to be cash equivalents.

Accounts Receivable, Net of Allowance

The Partnership sells pre-need cemetery contracts whereby the customer enters into arrangements for future merchandise and services prior to the time of need. These sales are usually made using interest-bearing installment contracts not to exceed 60 months. The interest income is recorded as revenue when the interest amount is considered realizable and collectible, which typically coincides with cash payment. Interest income is not recognized until payments are collected in accordance with the contract. At the time of a pre-need sale, the Partnership records an account receivable in an amount equal to the total contract value less unearned finance income and any cash deposit paid, net of an estimated allowance for customer cancellations. The Partnership recognizes an allowance for cancellation of these receivables based upon its historical experience, which is recorded as a reduction in accounts receivable and a corresponding offset to deferred revenues. The Partnership recognizes an allowance for cancellation of receivables related to recognized contracts as an offset to revenue.

Management evaluates customer receivables for impairment based upon its historical experience, including the age of the receivables and the customers' payment histories. Since the Partnership's receivables primarily relate to pre-need sales, the Partnership has generally not performed the related service or fulfilled all of its obligations for the related merchandise, and accordingly limited risk of loss exists regarding accounts receivable.

Historically we analyzed our contract cancellations on a consolidated basis. Based on accounts receivable collection and contract cancellation analyses performed at the individual cemetery and funeral home level, we had a change in estimate regarding our allowance for contract cancellations as of December 31, 2017. This change resulted in an increase of $6.5 million in total revenues for the year ended December 31, 2017.

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Assets Held for Sale

We classify our assets or entities as held for sale in the period in which all of the following criteria are met:

- management, having the authority to approve the action, commits to a plan to sell the asset or entity;
- the asset or entity is available for immediate sale in its present condition;
- an active program to locate a buyer and other actions required to complete the plan to sell have been initiated;
- the sale is probable and transfer is expected to be completed within one year;
- the asset or entity is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

When the disposals of an entity or components of an entity that are classified as held for sale represent a strategic shift that has, or will have, a major effect on an entity's operations and financial results, we account for such disposals as discontinued operations. Otherwise, when the held for sale criteria is met but the disposal does not meet the criteria to be treated as discontinued operations, the assets or disposal group are reclassified from the corresponding balance sheet line items to held for sale. Assets classified as held for sale are carried at the lower of cost or market, with any gain or loss recorded in "Other losses, net" in the condensed consolidated statement of operations.

The Partnership classified certain assets of two cemeteries and three funeral homes as held for sale at December 31, 2017 and no assets at December 31, 2016. The contributions of revenues and earnings by these assets in 2017 were not material. Assets held for sale consisted of the following at the date indicated (in thousands):

	December 31, 2017
Cemetery property	$ 128
Buildings and improvements	718
Funeral home land	170
Assets held for sale	$ 1,016

The Partnership recorded a loss on impairment of $1.0 million in "Other losses, net" in 2017, because the net book value of the assets of two of these funeral home properties exceeded their estimated fair value.

In addition, for those assets that do not currently meet the classification as discontinued operations or held for sale but where, as a result of strategic discussions with third parties, information is identified that an asset may be impaired, an interim assessment of impairment is performed to determine whether the carrying value is impaired. During 2017, the Partnership conducted an interim assessment with regards to certain assets held for use of two funeral homes with net book value of $0.9 million and recognized a loss on impairment of $0.4 million in "Other losses, net" on the consolidated statement of operations during the year ended December 31, 2017, resulting in an updated net book value of $0.5 million.

Cemetery Property

Cemetery property consists of developed and undeveloped cemetery land, constructed mausoleum crypts and lawn crypts and other cemetery property. Cemetery property is stated at cost or, upon acquisition of a business, at the fair value of the assets acquired.

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Property and Equipment

Property and equipment is stated at cost or, upon acquisition of a business, at the fair value of the assets acquired and depreciated on a straight-line basis. Maintenance and repairs are charged to expense as incurred, whereas additions and major replacements are capitalized and depreciation is recorded over their estimated useful lives as follows:

Buildings and improvements	10 to 40 years
Furniture and equipment	3 to 10 years
Leasehold improvements	over the shorter of the term of the lease or the life of the asset

Merchandise Trusts

Pursuant to state law, a portion of the proceeds from pre-need sales of merchandise and services is put into trust (the "merchandise trust") until such time that the Partnership meets the requirements for releasing trust principal, which is generally delivery of merchandise or performance of services. All investment earnings generated by the assets in the merchandise trusts (including realized gains and losses) are deferred until the associated merchandise is delivered or the services are performed (see Note 6).

Perpetual Care Trusts

Pursuant to state law, a portion of the proceeds from the sale of cemetery property is required to be paid into perpetual care trusts. The perpetual care trust principal does not belong to the Partnership and must remain in this trust in perpetuity, while interest and dividends may be released and used to defray cemetery maintenance costs, which are expensed as incurred. The Partnership consolidates the trust into its financial statements because the trust is considered a variable interest entity for which the Partnership is the primary beneficiary. Earnings from the perpetual care trusts are recognized in current cemetery revenues (see Note 7).

Fair Value Measurements

The Partnership measures the available-for-sale securities held by its merchandise and perpetual care trusts at fair value on a recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Partnership utilizes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1—inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2—inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument; and
- Level 3—inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The categorization of the asset or liability within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. For additional disclosures for all of our available-for-sale securities, see Note 6 and Note 7.

Inventories

Inventories are classified within other current assets on the Partnership's consolidated balance sheet and include cemetery and funeral home merchandise valued at the lower of cost or net realizable value. Cost is determined primarily on a specific identification basis using a first-in, first-out method. Inventories were approximately $12.1 million and $12.4 million at December 31, 2017 and 2016, respectively.

Impairment of Long-Lived Assets

The Partnership monitors the recoverability of long-lived assets, including cemetery property, property and equipment and other assets, based on estimates using factors such as current market value, future asset utilization, business and regulatory climate and future undiscounted cash flows expected to result from the use of the related assets, at a location level. The Partnership's policy is to evaluate an asset for impairment when events or circumstances indicate that a long-lived asset's carrying value may not be recovered. An

impairment charge is recorded to write-down the asset to its fair value if the sum of future undiscounted cash flows is less than the carrying value of the asset.

Other-Than-Temporary Impairment of Trust Assets

The Partnership determines whether or not the impairment of a fixed maturity debt security is other-than-temporary by evaluating each of the following:

- Whether it is the Partnership's intent to sell the security. If there is intent to sell, the impairment is considered to be other-than-temporary.

- If there is no intent to sell, the Partnership evaluates if it is not more likely than not that it will be required to sell the debt security before its anticipated recovery. If the Partnership determines that it is more likely than not that it will be required to sell an impaired investment before its anticipated recovery, the impairment is considered to be other-than-temporary.

The Partnership further evaluates whether or not all assets in the trusts have other-than-temporary impairments based upon a number of criteria including the severity of the impairment, length of time a security has been in a loss position, changes in market conditions and concerns related to the specific issuer.

If an impairment is considered to be other-than-temporary, the cost basis of the security is adjusted downward to its fair value.

For assets held in the perpetual care trusts, any reduction in the cost basis due to an other-than-temporary impairment is offset with an equal and opposite reduction in the perpetual care trust corpus and has no impact on earnings.

For assets held in the merchandise trusts, any reduction in the cost basis due to an other-than-temporary impairment is recorded in deferred revenue.

Goodwill

The Partnership tests goodwill for impairment at least annually or if impairment indicators arise by comparing its reporting units' estimated fair values to carrying values. Because quoted market prices for the reporting units are not available, the Partnership's management must apply judgment in determining the estimated fair value of these reporting units.

The Partnership's management uses all available information to make these fair value determinations, including the present values of expected future cash flows using discount rates commensurate with the risks involved in the Partnership's assets and the available market data of the industry group. A key component of these fair value determinations is a reconciliation of the sum of the fair value calculations to the Partnership's market capitalization. The observed market prices of individual trades of an entity's equity securities (and thus its computed market capitalization) may not be representative of the fair value of the entity as a whole. Substantial value may arise from the ability to take advantage of synergies and other benefits that flow from control over another entity. Consequently, measuring the fair value of a collection of assets and liabilities that operate together in a controlled entity is different from measuring the fair value of that entity on a stand-alone basis. In most industries, including the Partnership's, an acquiring entity typically is willing to pay more for equity securities that give it a controlling interest than an investor would pay for a number of equity securities representing less than a controlling interest. Therefore, once the above fair value calculations have been determined, the Partnership's management also considers the inclusion of a control premium within the calculations. This control premium is judgmental and is based on, among other items, observed acquisitions in the Partnership's industry. The resultant fair values calculated for the reporting units are compared to observable metrics on large mergers and acquisitions in the Partnership's industry to determine whether those valuations appear reasonable in management's judgment. Management will continue to evaluate goodwill at least annually, or more frequently if events or circumstances indicate that the carrying value of a reporting unit exceeds its fair value.

In the fourth quarter of 2017, the Partnership early adopted ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350)* which simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Instead, impairment is defined as the amount by which the carrying value of the reporting unit exceeds its fair value, up to the total amount of goodwill.

Intangible Assets

The Partnership has other acquired intangible assets, most of which have been recognized as a result of acquisitions and long-term lease, management and operating agreements. The Partnership amortizes these intangible assets over their estimated useful lives and periodically tests them for impairment.

Accounts Payable and Accrued Liabilities

The Partnership records liabilities for expenses incurred related to the current period in accounts payable and accrued liabilities on the Partnership's consolidated balance sheet. At December 31, 2017 and 2016, accounts payable and accrued liabilities was comprised of accounts payable of $18.5 million and $17.2 million, respectively, accrued expenses of $15.9 million and $9.5 million, respectively, benefits and payroll liabilities of $5.7 million and $6.6 million, respectively, and tax liabilities of $2.9 million and $2.2 million, respectively. The $6.4 million increase in accrued expenses related to increased legal and insurance-related expenses.

Deferred Revenues

Revenues from the sale of services and merchandise as well as any investment income from the merchandise trusts is deferred until such time that the services are performed or the merchandise is delivered.

In addition to amounts deferred on new contracts and investment income and unrealized gains on our merchandise trusts, deferred revenues include deferred revenues from pre-need sales that were entered into by entities prior to the Partnership's acquisition of those entities or the assets of those entities. The Partnership provides for a profit margin for these deferred revenues to account for the projected future costs of delivering products and providing services on pre-need contracts that the Partnership acquired through acquisition. These revenues and their associated costs are recognized when the related merchandise is delivered or services are performed and are presented on a gross basis on the consolidated statements of operations.

Cemetery Merchandise and Services Sales

The Partnership sells its merchandise and services on both a pre-need and at-need basis. Sales of at-need cemetery services and merchandise are recognized as revenue when the service is performed or merchandise is delivered.

Pre-need sales are usually made on an installment contract basis for a period not to exceed 60 months, with payments of principal and interest required. For those contracts that do not bear a market rate of interest, the Partnership imputes such interest based upon the prime rate plus 150 basis points, which resulted in a rate of 5.00% for contracts entered into during the three years ended December 31, 2017, in order to segregate the principal and interest component of the total contract value.

At the time of a pre-need sale, the Partnership records an account receivable in an amount equal to the total contract value less unearned finance income and any cash deposit paid, net of an estimated allowance for customer cancellations. The revenue from both the sales and interest component is deferred. Interest revenue is recognized utilizing the effective interest method.

The allowance for customer cancellations is established based on management's estimates of expected cancellations and historical experiences. Revenue from the sale of burial lots and constructed mausoleum crypts is deferred until such time that 10% of the sales price has been collected, at which time it is fully earned. Revenues from the sale of unconstructed mausoleums are recognized using the percentage-of-completion method of accounting, while revenues from cemetery merchandise and services are recognized once such merchandise is delivered (title has transferred to the customer and the merchandise is either installed or stored, at the direction of the customer, at the vendor's warehouse or a third-party warehouse at no additional cost to us) or services are performed. Cash retained related to cancellations is recognized as revenue at the time of the cancellation.

The cost of goods sold related to merchandise and services reflects the actual cost of purchasing products and performing services and the value of cemetery property depleted through the recognized sales of interment rights. The costs related to the sales of lots and crypts are determined systematically using a specific identification method under which the total value of the underlying cemetery property and the spaces available to be sold at the location are used to determine the cost per space.

The Partnership defers certain pre-need cemetery and prearranged funeral direct obtaining costs that vary with and are primarily related to the acquisition of new pre-need cemetery and prearranged funeral business. Such costs are expensed as revenues are recognized. Advertising costs are primarily expensed as incurred and included within "Selling expense" on the consolidated statement of operations.

Funeral Home Services and Insurance Policy Sales

Revenue from funeral home services is recognized as services are performed and merchandise is delivered. The Partnership's funeral home operations also include revenues related to the sale of term and final expense whole life insurance. As an agent for these insurance sales, the Partnership earns and recognizes commission-related revenue streams from the sales of these policies. As the Partnership performs these services at the time of need, the Partnership recognizes funeral home revenues and receives the proceeds of the life insurance policies. The Partnership generally has a guarantee to perform services and deliver merchandise upon assignment of the policy proceeds at the time of need. The unfulfilled insurance-funded pre-need contract amounts are not reflected on the Partnership's consolidated balance sheet as the insurance policy, including any premium payments thereon, is between the third-party insurance company and the customer, and the costs of performing and delivering on these policies are not expected to exceed the related proceeds.

Pursuant to state law, a portion of proceeds received from pre-need funeral service contracts is put into trust while amounts used to defray the initial administrative costs are not. All investment earnings generated by the assets in the trust (including realized gains and losses) are deferred until the associated merchandise is delivered or the services are performed. The balance of the amounts in these trusts is included within the merchandise trusts above.

Income Taxes

The Partnership is not subject to U.S. federal and most state income taxes. The partners of the Partnership are liable for income tax in regard to their distributive share of the Partnership's taxable income. Such taxable income may vary substantially from net income reported in the accompanying consolidated financial statements. Certain corporate subsidiaries are subject to federal and state income tax. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and tax carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Partnership records a valuation allowance against its deferred tax assets if it deems that it is more likely than not that some portion or all of the recorded deferred tax assets will not be realizable in future periods.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Tax Act") was signed into law. The Tax Act makes broad and complex changes to the U.S. tax code by, among other things, reducing the federal corporate income tax rate, creating a new limitation on deductible interest expense, creating bonus depreciation that will allow for full expensing on qualified property, changing the lives of post-2017 net operating loss carryovers and imposing limitations on deductibility of certain executive compensation.

Net Income (Loss) per Common Unit

Basic net income (loss) attributable to common limited partners per unit is computed by dividing net income (loss) attributable to common limited partners, which is determined after the deduction of the general partner's interest, by the weighted average number of common limited partner units outstanding during the period. Net income (loss) attributable to common limited partners is determined by deducting net income (loss) attributable to participating securities, if applicable, and net income (loss) attributable to the general partner's units. The general partner's interest in net income (loss) is calculated on a quarterly basis based upon its units and incentive distributions to be distributed for the quarter, with a priority allocation of net income to the general partner's incentive distributions, if any, in accordance with the partnership agreement, and the remaining net income (loss) allocated with respect to the general partner's and limited partners' ownership interests.

The Partnership presents net income (loss) per unit under the two-class method for master limited partnerships, which considers whether the incentive distributions of a master limited partnership represent a participating security when considered in the calculation of earnings per unit under the two-class method. The two-class method considers whether the partnership agreement contains any contractual limitations concerning distributions to the incentive distribution rights that would impact the amount of earnings to allocate to the incentive distribution rights for each reporting period. If distributions are contractually limited to the incentive distribution rights' share of currently designated available cash for distributions as defined under the partnership agreement, undistributed earnings in excess of available cash should not be allocated to the incentive distribution rights. Under the two-class method, management of the Partnership believes the partnership agreement contractually limits cash distributions to available cash; therefore, undistributed earnings in excess of available cash are not allocated to the incentive distribution rights.

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The following is a reconciliation of net income (loss) allocated to the common limited partners for purposes of calculating net income (loss) attributable to common limited partners per unit (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Net loss	$ (75,158)	$ (30,483)	$ (23,391)
Less: Incentive distribution right ("IDR") payments to general partner	—	2,387	3,961
Net loss to allocate to general and limited partners	(75,158)	(32,870)	(27,352)
General partner's interest excluding IDRs	(782)	(371)	(354)
Net loss attributable to common limited partners	$ (74,376)	$ (32,499)	$ (26,998)

Diluted net income (loss) attributable to common limited partners per unit is calculated by dividing net income (loss) attributable to common limited partners, less income allocable to participating securities, by the sum of the weighted average number of common limited partner units outstanding and the dilutive effect of unit awards, as calculated by the treasury stock or if converted methods, as applicable. These awards consist of common units that are contingently issuable upon the satisfaction of certain vesting conditions and common units issuable upon the exercise of certain unit appreciation rights awards under the terms of the Partnership's long-term incentive plans (see Note 12).

The following table sets forth the reconciliation of the Partnership's weighted average number of common limited partner units used to compute basic net income (loss) attributable to common limited partners per unit with those used to compute diluted net income (loss) attributable to common limited partners per unit (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Weighted average number of common limited partner units—basic	37,948	34,602	30,472
Add effect of dilutive incentive awards (1)	—	—	—
Weighted average number of common limited partner units—diluted	37,948	34,602	30,472

(1) The diluted weighted average number of limited partners' units outstanding presented on the consolidated statement of operations does not include 289,937 units, 304,494 units and 282,093 units for the years ended December 31, 2017, 2016 and 2015, respectively, as their effects would be anti-dilutive.

Recently Issued Accounting Standard Updates - Adopted in the Current Period

In the first quarter of 2017, the FASB issued Update No. 2017-04, *Intangibles-Goodwill and Other (Topic 350)* ("ASU 2017-04") which simplifies the subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Instead, impairment is defined as the amount by which the carrying value of the reporting unit exceeds its fair value, up to the total amount of goodwill. The standard is effective for annual or any interim impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. Because this new standard simplifies the goodwill impairment test, the Partnership elected to early adopt ASU 2017-04 prospectively, effective for the annual goodwill impairment test performed for the year ended December 31, 2017. Refer to Note 8 for discussion of the adoption of ASU 2017-04.

Recently Issued Accounting Standard Updates - Not Yet Effective as of December 31, 2017

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* This ASU supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and in most industry-specific topics. In connection with this new standard, the FASB has issued several amendments to ASU 2014-09 to provide additional clarification and implementation instructions relating to (i) principal versus agent considerations, (ii) identifying performance obligations and licensing, (iii) narrow-scope improvements and practical expedients and (iv) technical corrections and improvements. The new guidance in ASU 2014-09, as well as all amendments discussed above, is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The new guidance permits two methods of adoption, full retrospective or modified retrospective.

The new guidance identifies how and when entities should recognize revenue. The new rules establish a core principle requiring the recognition of revenue to depict the transfer of promised goods or services to customers in an amount reflecting the consideration to which the entity expects to be entitled in exchange for such goods or services. The new standard will also result in enhanced revenue related disclosures around the nature, amount, timing and uncertainty of revenue arising with contracts with customers.

Management has developed an implementation plan which included establishing a steering committee, conducting a detailed review of customer contracts in order to identify the adjustments to current accounting policies and business processes and assessing the impact that the adoption will have on systems and controls necessary to support recognition and disclosure under the new guidance. Management continues to monitor modifications, clarifications and interpretations issued by the FASB.

The adoption of ASC 606 is expected to impact the timing of revenue recognition, including the recognition of nonrefundable upfront fees. Additionally, for certain cancellable pre-need sales with undelivered performance obligations, the Partnership will present the accounts receivable net of the deferred revenue on its Consolidated Balance Sheets. Management expects that the standard will have an impact on financial reporting disclosures due to the enhanced requirements and also impact internal control over financial reporting.

The Partnership has adopted the standard for our fiscal year beginning January 1, 2018, using the modified retrospective approach, which recognizes the cumulative effect of the adoption on that date. The Partnership elected to apply the modified retrospective method to contracts that are not complete as of the date of initial application. The Partnership is in the process of finalizing its assessment of the cumulative-effect adjustment of initially applying the new revenue standard.

In the first quarter of 2016, the FASB issued Update No. 2016-01, *Financial Instruments (Subtopic 825-10)* ("ASU 2016-01"). The core principle of ASU 2016-01 is that all equity investments should be measured at fair value with changes in the fair value recognized through net income. The amendment is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Early application was not permitted for the key aspects of the amendment. The Partnership has adopted the requirements of ASU 2016-01 for our fiscal year beginning January 1, 2018, and expects the adoption will not have a material impact on its financial position, results of operations and related disclosures.

In the first quarter of 2016, the FASB issued Update No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). The core principle of ASU 2016-02 is that all leases create an asset and a liability for lessees and recognition of those lease assets and lease liabilities represents an improvement over previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. The amendment is effective for annual reporting periods beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted. The Partnership plans to adopt the requirements of ASU 2016-02 upon its effective date of January 1, 2019, and is evaluating the potential impact of the adoption on its financial position, results of operations and related disclosures.

In the second quarter of 2016, the FASB issued Update No. 2016-13, *Credit Losses (Topic 326)* ("ASU 2016-13"). The core principle of ASU 2016-13 is that all assets measured at amortized cost basis should be presented at the net amount expected to be collected using historical experience, current conditions and reasonable and supportable forecasts as a basis for credit loss estimates, instead of the probable initial recognition threshold used under current GAAP. The amendment is effective for annual reporting periods beginning after December 15, 2019, including interim periods within those fiscal years. Early application is permitted. The Partnership plans to adopt the requirements of ASU 2016-13 upon its effective date of January 1, 2020, and is evaluating the potential impact of the adoption on its financial position, results of operations and related disclosures.

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In the third quarter of 2016, the FASB issued Update No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"). The core principle of ASU 2016-15 is to provide cash flow statement classification guidance. The amendment is effective for annual reporting periods beginning after December 15, 2017, including interim periods within those fiscal years. The Partnership has adopted the requirements of ASU 2016-15 for our fiscal year beginning January 1, 2018, and expects the adoption will not have a material impact on its financial position, results of operations and related disclosures.

In the first quarter of 2017, the FASB issued Update No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*, which clarifies the definition of a business. The amendments affect all companies and other reporting organizations that must determine whether they have acquired or sold a business. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The amendments are intended to help companies and other organizations evaluate whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments are effective for annual periods beginning after December 15, 2017, including interim periods within those periods. The Partnership will apply this guidance toward future transactions.

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2. ACQUISITIONS

2017 Acquisitions

The Partnership did not complete any acquisitions during the year ended December 31, 2017.

2016 Acquisitions

During the year ended December 31, 2016, the Partnership acquired the following properties and related assets, net of certain assumed liabilities:

- Three funeral homes for cash consideration of $1.5 million on April 6, 2016; and
- Ten cemeteries and one granite company for cash consideration of $9.1 million on August 12, 2016.

The Partnership accounted for these transactions under the acquisition method of accounting. Accordingly, the Partnership evaluated the identifiable assets acquired and liabilities assumed at their respective acquisition date fair values. All other costs incurred associated with the acquisition of the assets noted were expensed as incurred. The following table presents the Partnership's values assigned to the assets acquired and liabilities assumed in the acquisitions (in thousands):

Assets:		
Accounts receivable	$	791
Cemetery property		4,612
Property and equipment		4,527
Inventory		1,900
Merchandise trusts, restricted		4,426
Perpetual care trusts, restricted		5,631
Intangible assets		508
Other assets		13
Total assets		22,408
Liabilities:		
Deferred revenues		4,231
Perpetual care trust corpus		5,631
Deferred taxes		313
Total liabilities		10,175
Fair value of net assets acquired		12,233
Consideration paid—cash		10,550
Total consideration paid		10,550
Gain on bargain purchase	$	2,766
Goodwill from purchase	$	1,083

The Partnership recorded goodwill of $1.1 million in the Funeral Home Operations reporting segment for the properties acquired in 2016. The third quarter acquisition resulted in the recognition of a gain of $2.8 million. This gain was recorded within the consolidated statement of operations. Goodwill associated with the Funeral Home Operations reporting unit was subsequently written off in 2017 as part of our annual goodwill impairment analysis as described in Note 8.

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2015 Acquisitions

During the year ended December 31, 2015, the Partnership acquired the following properties and related assets, net of certain assumed liabilities:

- One funeral home for cash consideration of $0.9 million on July 21, 2015;
- Three funeral homes and one cemetery for cash consideration of $5.7 million on August 6, 2015;
- Two cemeteries for cash consideration of $1.5 million on August 20, 2015;
- One funeral home for cash consideration of $5.0 million on August 31, 2015, and an additional $1.0 million paid in 5 annual installments beginning on the 1st anniversary of the closing date; and
- One cemetery and two funeral homes for cash consideration of $5.7 million on December 1, 2015.

The Partnership accounted for these transactions under the acquisition method of accounting. Accordingly, the Partnership evaluated the identifiable assets acquired and liabilities assumed at their respective acquisition date fair values. All other costs incurred associated with the acquisition of the assets noted were expensed as incurred. The following table presents the Partnership's values assigned to the assets acquired and liabilities assumed in the acquisitions (in thousands):

Assets:	
Accounts receivable	$ 2,634
Cemetery property	5,249
Property and equipment	7,710
Inventory	53
Merchandise trusts, restricted	15,075
Perpetual care trusts, restricted	4,134
Intangible assets	406
Total assets	35,261
Liabilities:	
Deferred revenues	21,026
Perpetual care trust corpus	4,134
Other liabilities	21
Total liabilities	25,181
Fair value of net assets acquired	10,080
Consideration paid—cash	18,800
Deferred cash consideration	876
Total consideration paid	19,676
Gain on bargain purchase	$ 921
Goodwill from purchase	$ 10,517

Certain provisional amounts pertaining to the 2015 acquisitions were adjusted in the second, third and fourth quarters of 2016 as the Partnership obtained additional information related to three of the acquisitions. The changes resulted in an adjustment to the gains on acquisition originally recognized during the year ended December 31, 2015, reducing the gain by $0.5 million via a loss recognized in the year ended December 31, 2016 in accordance with GAAP. The Partnership recorded goodwill of $0.7 million and $9.8 million in the Cemetery Operations and Funeral Home Operations reporting segments, respectively, with regard to the properties acquired during the year ended December 31, 2015. The original gains and related adjustments pertaining to the 2015 acquisitions were recorded within the consolidated statement of operations.

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The following table presents pro forma revenues, net income (loss) and basic and diluted net income (loss) per unit for the Partnership as if the acquisitions consummated during the years ended December 31, 2016 and 2015, including the related financings, had occurred the first day of the year preceding the acquisition dates. The Partnership prepared these pro forma unaudited financial results for comparative purposes only. The results may not be indicative of the results that would have occurred if the acquisitions consummated during the years ended December 31, 2016 and 2015 and the related financings had occurred the first day of the year preceding the acquisition dates or the results that will be attained in future periods (in thousands, except per unit data):

	Years Ended December 31,	
	2016	2015
Revenue	$ 328,538	$ 324,253
Net loss	(34,346)	(24,199)
Net loss per limited partner unit (basic and diluted)	$ (1.04)	$ (0.91)

Since their respective dates of acquisition, the properties acquired in 2016 have contributed $1.2 million of revenue and $1.4 million of net loss for the year ended December 31, 2016. The properties acquired in 2015 have contributed $8.7 million of revenue and $0.2 million of net income for the year ended December 31, 2016 and $2.1 million of revenue and $0.2 million of net income for the year ended December 31, 2015.

3. ACCOUNTS RECEIVABLE, NET OF ALLOWANCE

Long-term accounts receivable, net, consisted of the following at the dates indicated (in thousands):

	December 31,	
	2017	2016
Customer receivables	$ 225,380	$ 223,326
Unearned finance income	(20,534)	(21,034)
Allowance for contract cancellations	(19,795)	(26,153)
Accounts receivable, net of allowance	185,051	176,139
Less: Current portion, net of allowance	79,116	77,253
Long-term portion, net of allowance	$ 105,935	$ 98,886

Activity in the allowance for contract cancellations was as follows (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Balance, beginning of period	$ 26,153	$ 23,985	$ 22,138
Provision for cancellations	6,244	10,681	9,430
Cancellations	(12,602)	(8,513)	(7,583)
Balance, end of period	$ 19,795	$ 26,153	$ 23,985

The allowance for contract cancellations includes $12.9 million, $17.4 million and $15.6 million related to deferred revenues as of December 31, 2017, 2016, and 2015, respectively.

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4. CEMETERY PROPERTY

Cemetery property consisted of the following at the dates indicated (in thousands):

	December 31,	
	2017	2016
Cemetery land	$ 256,856	$ 257,914
Mausoleum crypts and lawn crypts	76,548	79,401
Cemetery property	$ 333,404	$ 337,315

Due to the hurricanes in Florida and Puerto Rico during September 2017, the Partnership incurred damages at certain locations of $0.8 million.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at the dates indicated (in thousands):

	December 31,	
	2017	2016
Buildings and improvements	$ 125,337	$ 125,442
Furniture and equipment	57,514	56,408
Funeral home land	14,185	11,527
Property and equipment, gross	197,036	193,377
Less: Accumulated depreciation	(82,946)	(75,096)
Property and equipment, net of accumulated depreciation	$ 114,090	$ 118,281

Depreciation expense was $10.9 million, $10.6 million and $10.6 million for the years ended December 31, 2017, 2016 and 2015, respectively.

6. MERCHANDISE TRUSTS

At December 31, 2017 and 2016, the Partnership's merchandise trusts consisted of investments in debt and equity marketable securities and cash equivalents, both directly as well as through mutual and investment funds.

All of these investments are classified as Available for Sale and accordingly, all of the assets are carried at fair value. All of these investments subject to the fair value hierarchy (see Note 1) are considered either Level 1 or Level 2 assets pursuant to the three-level hierarchy described in Note 14. There were no Level 3 assets.

The merchandise trusts are variable interest entities for which the Partnership is the primary beneficiary. The assets held in the merchandise trusts are required to be used to purchase the merchandise and provide the services to which they relate. If the value of these assets falls below the cost of purchasing such merchandise and providing such services, the Partnership may be required to fund this shortfall.

The Partnership included $9.1 million and $8.6 million of investments held in trust by the West Virginia Funeral Directors Association at December 31, 2017 and December 31, 2016, respectively in its merchandise trust assets. As required by law, the Partnership deposits a portion of certain funeral merchandise sales in West Virginia into a trust that is held by the West Virginia Funeral Directors Association. These trusts are recognized at their account value, which approximates fair value.

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A reconciliation of the Partnership's merchandise trust activities for the years ended December 31, 2017 and 2016 is presented below (in thousands):

	Years Ended December 31,	
	2017	2016
Balance—beginning of period	$ 507,079	$ 472,368
Contributions	59,983	67,526
Distributions	(81,634)	(70,277)
Interest and dividends	24,762	23,977
Capital gain distributions	1,149	2,069
Realized gains and losses, net	17,762	9,428
Other than temporary impairment	—	(25,900)
Taxes	(1,272)	(1,747)
Fees	(3,095)	(3,051)
Unrealized change in fair value	(9,278)	32,686
Balance—end of period	$ 515,456	$ 507,079

During the years ended December 31, 2017 and 2016, purchases of available for sale securities were approximately $374.5 million and $125.6 million, respectively. During the years ended December 31, 2017 and 2016, sales, maturities and paydowns of available for sale securities were approximately $368.1 million and $94.2 million, respectively. Cash flows from pre-need contracts are presented as operating cash flows in our consolidated statement of cash flows.

The cost and market value associated with the assets held in the merchandise trusts as of December 31, 2017 and 2016 were as follows (in thousands):

December 31, 2017	Fair Value Hierarchy Level	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term investments	1	$ 10,421	$ —	$ —	$ 10,421
Fixed maturities:					
U.S. governmental securities	2	196	1	(65)	132
Corporate debt securities	2	1,204	52	(242)	1,014
Total fixed maturities		1,400	53	(307)	1,146
Mutual funds—debt securities	1	222,450	1,522	(1,211)	222,761
Mutual funds—equity securities	1	71,500	2,399	(6,292)	67,607
Other investment funds (1)		171,044	522	(401)	171,165
Equity securities	1	21,808	2,715	(277)	24,246
Other invested assets	2	9,013	—	—	9,013
Total investments		$ 507,636	$ 7,211	$ (8,488)	$ 506,359
West Virginia Trust Receivable		9,097	—	—	9,097
Total		$ 516,733	$ 7,211	$ (8,488)	$ 515,456

(1) Other investment funds are measured at fair value using the net asset value per share practical expedient and have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheet. This asset class is composed of fixed income funds and equity funds which have redemption periods ranging from 1 to 90 days, and private credit funds, which have lockup periods of 4 to 8 years with two potential one year extensions at the discretion of the funds' general partners. As of December 31, 2017, there were $52.1 million in unfunded commitments to the private credit funds, which are callable at any time.

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December 31, 2016	Fair Value Hierarchy Level	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term investments	1	$ 17,317	$ —	$ —	$ 17,317
Fixed maturities:					
U.S. governmental securities	2	172	2	(44)	130
Corporate debt securities	2	6,311	269	(202)	6,378
Total fixed maturities		6,483	271	(246)	6,508
Mutual funds—debt securities	1	236,159	1,580	(96)	237,643
Mutual funds—equity securities	1	126,215	3,361	(533)	129,043
Other investment funds (1)		60,017	603	(387)	60,233
Equity securities	1	35,079	3,640	(192)	38,527
Other invested assets	2	9,239	—	—	9,239
Total investments		$ 490,509	$ 9,455	$ (1,454)	$ 498,510
West Virginia Trust Receivable		8,569	—	—	8,569
Total		$ 499,078	$ 9,455	$ (1,454)	$ 507,079

(1) Other investment funds are measured at fair value using the net asset value per share practical expedient and have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheet. This asset class is composed of fixed income funds and equity funds which have redemption periods ranging from 30 to 90 days.

The contractual maturities of debt securities as of December 31, 2017 and 2016 were as follows below (in thousands):

December 31, 2017	Less than 1 year	1 year through 5 years	6 years through 10 years	More than 10 years
U.S. governmental securities	$ —	$ 78	$ 54	$ —
Corporate debt securities	76	801	125	11
Total fixed maturities	$ 76	$ 879	$ 179	$ 11

December 31, 2016	Less than 1 year	1 year through 5 years	6 years through 10 years	More than 10 years
U.S. governmental securities	$ 5	$ 48	$ 77	$ —
Corporate debt securities	114	5,404	845	15
Total fixed maturities	$ 119	$ 5,452	$ 922	$ 15

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Temporary Declines in Fair Value

The Partnership evaluates declines in fair value below cost for each asset held in the merchandise trusts on a quarterly basis.

An aging of unrealized losses on the Partnership's investments in debt and equity securities within the merchandise trusts as of December 31, 2017 and 2016 is presented below (in thousands):

	Less than 12 months		12 months or more		Total	
December 31, 2017	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturities:						
U.S. governmental securities	$ —	$ —	$ 112	$ 65	$ 112	$ 65
Corporate debt securities	150	50	361	192	511	242
Total fixed maturities	150	50	473	257	623	307
Mutual funds—debt securities	102,526	912	1,462	299	103,988	1,211
Mutual funds—equity securities	51,196	6,292	—	—	51,196	6,292
Other investment funds	48,140	401	—	—	48,140	401
Equity securities	2,906	255	390	22	3,296	277
Total	$ 204,918	$ 7,910	$ 2,325	$ 578	$ 207,243	$ 8,488

	Less than 12 months		12 months or more		Total	
December 31, 2016	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturities:						
U.S. governmental securities	$ —	$ —	$ 87	$ 44	$ 87	$ 44
Corporate debt securities	556	6	871	196	1,427	202
Total fixed maturities	556	6	958	240	1,514	246
Mutual funds—debt securities	6,040	61	754	35	6,794	96
Mutual funds—equity securities	7,475	357	2,578	176	10,053	533
Other investment funds	37,357	387	—	—	37,357	387
Equity securities	1,292	89	413	103	1,705	192
Total	$ 52,720	$ 900	$ 4,703	$ 554	$ 57,423	$ 1,454

For all securities in an unrealized loss position, the Partnership evaluated the severity of the impairment and length of time that a security has been in a loss position and concluded the decline in fair value below the asset's cost was temporary in nature. In addition, the Partnership is not aware of any circumstances that would prevent the future market value recovery for these securities.

Other-Than-Temporary Impairment of Trust Assets

The Partnership assesses its merchandise trust assets for other-than-temporary declines in fair value on a quarterly basis. During the year ended December 31, 2017, the Partnership determined that there were no securities with impairment considered to be other-than-temporary. During the year ended December 31, 2016, the Partnership determined that there were 121 securities with an aggregate cost basis of approximately $265.9 million and an aggregate fair value of approximately $240.0 million, resulting in an impairment of $25.9 million, with such impairment considered to be other-than-temporary. Accordingly, the Partnership adjusted the cost basis of these assets to their fair value, with a corresponding adjustment to deferred revenue, on the consolidated balance sheet. This adjustment to deferred revenue will be reflected within the Partnership's consolidated statement of operations in future periods as the underlying merchandise is delivered or the underlying service is performed.

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7. PERPETUAL CARE TRUSTS

At December 31, 2017 and 2016, the Partnership's perpetual care trusts consisted of investments in debt and equity marketable securities and cash equivalents, both directly as well as through mutual and investment funds.

All of these investments are classified as Available for Sale and accordingly, all of the assets are carried at fair value. All of the investments subject to the fair value hierarchy (see Note 1) are considered either Level 1 or Level 2 assets pursuant to the three-level hierarchy described in Note 14. There were no Level 3 assets. The perpetual care trusts are VIEs for which the Partnership is the primary beneficiary.

A reconciliation of the Partnership's perpetual care trust activities for the years ended December 31, 2017 and 2016 is presented below (in thousands):

	Years Ended December 31,	
	2017	2016
Balance—beginning of period	$ 333,780	$ 307,804
Contributions	9,505	15,701
Distributions	(17,491)	(17,007)
Interest and dividends	17,978	18,418
Capital gain distributions	708	1,400
Realized gains and losses, net	1,061	(859)
Other than temporary impairment	—	(4,000)
Taxes	(252)	(82)
Fees	(2,280)	(2,125)
Unrealized change in fair value	(3,081)	14,530
Balance—end of period	$ 339,928	$ 333,780

During the years ended December 31, 2017 and 2016, purchases of available for sale securities were approximately $86.0 million and $266.2 million, respectively. During the years ended December 31, 2017 and 2016, sales, maturities and paydowns of available for sale securities were approximately $69.2 million and $231.5 million, respectively. Cash flows from perpetual care trust related contracts are presented as operating cash flows in our consolidated statement of cash flows.

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The cost and market value associated with the assets held in the perpetual care trusts as of December 31, 2017 and 2016 were as follows (in thousands):

December 31, 2017	Fair Value Hierarchy Level	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term investments	1	$ 9,456	$ —	$ —	$ 9,456
Fixed maturities:					
U.S. governmental securities	2	506	4	(46)	464
Corporate debt securities	2	5,365	148	(191)	5,322
Total fixed maturities		5,871	152	(237)	5,786
Mutual funds—debt securities	1	141,511	1,974	(712)	142,773
Mutual funds—equity securities	1	32,707	1,757	(1,771)	32,693
Other investment funds (1)		124,722	2,630	(533)	126,819
Equity securities	1	22,076	1,648	(1,570)	22,154
Other invested assets	2	247	—	—	247
Total investments		$ 336,590	$ 8,161	$ (4,823)	$ 339,928

(1) Other investment funds are measured at fair value using the net asset value per share practical expedient and have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheet. This asset class is composed of fixed income funds and equity funds, which have a redemption period ranging from 1 to 90 days, and private credit funds, which have lockup periods ranging from four to ten years with three potential one year extensions at the discretion of the funds' general partners. As of December 31, 2017 there were $92.2 million in unfunded commitments to the private credit funds, which are callable at any time.

December 31, 2016	Fair Value Hierarchy Level	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Short-term investments	1	$ 16,113	$ —	$ —	$ 16,113
Fixed maturities:					
U.S. governmental securities	2	483	14	(23)	474
Corporate debt securities	2	12,598	380	(152)	12,826
Total fixed maturities		13,081	394	(175)	13,300
Mutual funds—debt securities	1	127,033	1,187	(669)	127,551
Mutual funds—equity securities	1	30,708	1,940	(26)	32,622
Other investment funds (1)		119,196	2,672	(622)	121,246
Equity securities	1	20,978	2,150	(432)	22,696
Other invested assets	2	252	—	—	252
Total investments		$ 327,361	$ 8,343	$ (1,924)	$ 333,780

(1) Other investment funds are measured at fair value using the net asset value per share practical expedient and have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the balance sheet. This asset class is composed of fixed income funds and equity funds, which have a redemption period ranging from 30 to 90 days, and private credit funds, which have lockup periods ranging from six to ten years with three potential one year extensions at the discretion of the funds' general partners. As of December 31, 2016 there were $45.1 million in unfunded commitments to the private credit funds, which are callable at any time.

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The contractual maturities of debt securities as of December 31, 2017 and 2016, were as follows below (in thousands):

December 31, 2017	Less than 1 year	1 year through 5 years	6 years through 10 years	More than 10 years
U.S. governmental securities		$ 263	$ 163	$ 38
Corporate debt securities	708	4,280	338	97
Total fixed maturities	$ 708	$ 4,543	$ 501	$ 135

December 31, 2016	Less than 1 year	1 year through 5 years	6 years through 10 years	More than 10 years
U.S. governmental securities	$ 110	$ 99	$ 219	$ 46
Corporate debt securities	340	10,865	1,545	76
Total fixed maturities	$ 450	$ 10,964	$ 1,764	$ 122

Temporary Declines in Fair Value

The Partnership evaluates declines in fair value below cost of each individual asset held in the perpetual care trusts on a quarterly basis.

An aging of unrealized losses on the Partnership's investments in debt and equity securities within the perpetual care trusts as of December 31, 2017 and 2016 is presented below (in thousands):

	Less than 12 months		12 months or more		Total	
December 31, 2017	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturities:						
U.S. governmental securities	$ —	$ —	$ 399	$ 46	$ 399	$ 46
Corporate debt securities	994	20	2,271	171	3,265	191
Total fixed maturities	994	20	2,670	217	3,664	237
Mutual funds—debt securities	37,090	289	12,793	423	49,883	712
Mutual funds—equity securities	16,668	1,754	36	17	16,704	1,771
Other investment funds	42,606	533	—	—	42,606	533
Equity securities	9,516	1,510	112	60	9,628	1,570
Total	$ 106,874	$ 4,106	$ 15,611	$ 717	$ 122,485	$ 4,823

	Less than 12 months		12 months or more		Total	
December 31, 2016	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed maturities:						
U.S. governmental securities	$ —	$ —	$ 283	$ 23	$ 283	$ 23
Corporate debt securities	747	10	2,980	142	3,727	152
Total fixed maturities	747	10	3,263	165	4,010	175
Mutual funds—debt securities	24,026	620	1,908	49	25,934	669
Mutual funds—equity securities	3,836	16	452	10	4,288	26
Other investment funds	37,577	622	—	—	37,577	622
Equity securities	4,532	409	145	23	4,677	432
Total	$ 70,718	$ 1,677	$ 5,768	$ 247	$ 76,486	$ 1,924

For all securities in an unrealized loss position, the Partnership evaluated the severity of the impairment and length of time that a security has been in a loss position and concluded the decline in fair value below the asset's cost was temporary in nature. In addition,

the Partnership is not aware of any circumstances that would prevent the future market value recovery for these securities.

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Other-Than-Temporary Impairment of Trust Assets

The Partnership assesses its perpetual care trust assets for other-than-temporary declines in fair value on a quarterly basis. During the year ended December 31, 2017, the Partnership determined that there were no securities with impairment considered to be other-than-temporary. During the year ended December 31, 2016, the Partnership determined that there were 82 securities with an aggregate cost basis of approximately $66.2 million and an aggregate fair value of approximately $62.2 million, resulting in an impairment of $4.0 million, with such impairment considered to be other-than-temporary. Accordingly, the Partnership adjusted the cost basis of these assets to their current value and offset this change against the liability for perpetual care trust corpus.

8. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The Partnership has recorded goodwill of approximately $24.9 million and $70.4 million as of December 31, 2017 and 2016, respectively. This amount represents the excess of the purchase price over the fair value of identifiable net assets acquired.

The changes in the carrying amounts of goodwill by reportable segment were as follows (in thousands):

	Cemetery Operations	Funeral Home Operations	Total
Balance at December 31, 2015	$ 25,320	$ 44,531	$ 69,851
Goodwill from acquisitions during 2015	(458)	(40)	(498)
Goodwill from acquisitions during 2016	—	1,083	1,083
Balance at December 31, 2016	24,862	45,574	70,436
Impairment of goodwill	—	(45,574)	(45,574)
Balance at December 31, 2017	$ 24,862	$ —	$ 24,862

The Partnership adjusted preliminary amounts relating to 2015 acquisitions during the second and fourth quarters of 2016 as the Partnership obtained additional information. These updates resulted in a decrease in goodwill acquired from 2015 acquisitions.

The Partnership tests goodwill for impairment at each year end by comparing its reporting units' estimated fair values to carrying values. The Partnership completed its annual goodwill impairment assessment as of December 31, 2017. As a result of such assessment, management concluded that the carrying amount of the goodwill related to the Funeral Home Operations reporting unit was greater than its fair value. Based on the discounted cash flow method of the income approach to valuation, management and the audit committee determined the fair value of the Funeral Home Operations reporting unit and concluded that the goodwill was fully impaired. This impairment charge will not result in any current or future cash expenditures. Consideration was given within the valuation of the Funeral Home Operations reporting unit to the changes made during 2017 to the pre-need sales funding structure, erosion of market capitalization and achievability of the reporting unit's forecasted EBITDA margin relative to its historical operating performance.

The Partnership also completed its annual goodwill impairment assessment of its Cemetery Operations reporting unit and concluded that goodwill was not impaired. The Partnership will continue to evaluate the goodwill of its Cemetery Operations reporting unit at least annually or if impairment indicators arise.

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Intangible Assets

The Partnership has intangible assets with finite lives recognized in connection with acquisitions and long-term lease, management and operating agreements. The Partnership amortizes these intangible assets over their estimated useful lives.

The following table reflects the components of intangible assets at December 31, 2017 and 2016 (in thousands):

	December 31, 2017			December 31, 2016		
	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets	Gross Carrying Amount	Accumulated Amortization	Net Intangible Assets
Lease and management agreements	$ 59,758	$ (3,569)	$ 56,189	$ 59,758	$ (2,573)	$ 57,185
Underlying contract value	6,239	(1,326)	4,913	6,239	(1,170)	5,069
Non-compete agreements	5,016	(4,156)	860	5,656	(3,956)	1,700
Other intangible assets	1,777	(495)	1,282	1,777	(293)	1,484
Total intangible assets	$ 72,790	$ (9,546)	$ 63,244	$ 73,430	$ (7,992)	$ 65,438

Amortization expense for intangible assets was $2.2 million, $2.3 million and $2.2 million for the years ended December 31, 2017, 2016 and 2015, respectively. The following is estimated amortization expense related to intangible assets with finite lives for the periods noted below (in thousands):

2018	$ 1,769
2019	$ 1,451
2020	$ 1,278
2021	$ 1,213
2022	$ 1,210

9. LONG-TERM DEBT

Total debt consisted of the following at the dates indicated (in thousands):

	December 31,	
	2017	2016
Credit facility	$ 153,423	$ 137,125
7.875% Senior Notes, due June 2021	173,098	172,623
Notes payable—acquisition debt	304	502
Notes payable—acquisition non-competes	378	928
Insurance and vehicle financing	1,280	1,807
Less deferred financing costs, net of accumulated amortization	(9,788)	(10,859)
Total debt	318,695	302,126
Less current maturities	(1,002)	(1,775)
Total long-term debt	$ 317,693	$ 300,351

Credit Facility

On August 4, 2016, StoneMor Operating LLC (the "Operating Company"), a 100% owned subsidiary of the Partnership, entered into a Credit Agreement (the "Original Credit Agreement") among each of the Subsidiaries of the Operating Company (together with the Operating Company, "Borrowers"), the Lenders identified therein, Capital One, National Association ("Capital One"), as Administrative Agent, Issuing Bank and Swingline Lender, Citizens Bank of Pennsylvania, as Syndication Agent, and TD Bank, N.A. and Raymond James Bank, N.A., as Co-Documentation Agents. In addition, on the same date, the Partnership, the Borrowers and Capital One, as Administrative Agent, entered into the Guaranty and Collateral Agreement (the "Guaranty Agreement," and together

with the Credit Agreement, "New Agreements"). Capitalized terms which are not defined in the following description of the New Agreements shall have the meaning assigned to such terms in the New Agreements, as amended.

The New Agreements replaced the Partnership's Fourth Amended and Restated Credit Agreement, as amended with Bank of America, N.A., as Administrative Agent, Swingline Lender and L/C Issuer and other lenders party thereto (the "Prior Credit Agreement"), Second Amended and Restated Security Agreement, and Second Amended and Restated Pledge Agreement, each dated as of December 19, 2014. The Prior Credit Agreement provided for a revolving credit facility of $180.0 million, with borrowings classified as either acquisition draws or working capital draws, maturing on December 19, 2019. In connection with entering into the Credit Agreement in 2016, the Partnership incurred an extinguishment of debt charge of approximately $1.2 million recorded in "Loss on early extinguishment of debt".

On March 15, 2017, the Borrowers, Capital One, as Administrative Agent and acting in accordance with the written consent of the Required Lenders, entered into the First Amendment to Credit Agreement. Those parties subsequently entered into a Second Amendment and Limited Waiver on July 26, 2017, a Third Amendment and Limited Waiver effective as of August 15, 2017, a Fourth Amendment to Credit Agreement dated September 29, 2017 and a Fifth Amendment to Credit Agreement dated as of December 22, 2017 but effective as of September 29, 2017. We refer to the Original Credit Agreement, as amended, as the "Amended Credit Agreement." On June 12, 2018 and July 13, 2018, those parties also entered into a Sixth Amendment and Waiver to Credit Agreement and a Seventh Amendment and Waiver, respectively (the "2018 Amendments"). See Note 18 for a detailed discussion of the changes to the Amended Credit Agreement effected by the 2018 Amendments.

Prior to the 2018 Amendments, the Amended Credit Agreement provided for up to $200.0 million initial aggregate amount of Revolving Commitments, which could have been increased, from time to time, in minimum increments of $5.0 million so long as the aggregate amount of such increases does not exceed $100.0 million. The Operating Company may also request the issuance of Letters of Credit for up to $15.0 million in the aggregate, of which there were $7.5 million outstanding at December 31, 2017 and $6.8 million outstanding as of December 31, 2016. The Maturity Date under the Amended Credit Agreement is the earlier of (i) August 4, 2021 and (ii) the date that is six months prior to the earliest scheduled maturity date of any outstanding Permitted Unsecured Indebtedness (at present, such date is December 1, 2020, which is six months prior to June 1, 2021 maturity date of outstanding 7.875% senior notes).

As of December 31, 2017, the outstanding amount of borrowings under the Amended Credit Agreement was $153.4 million, which was used to pay down outstanding obligations under the Prior Credit Agreement, to pay fees, costs and expenses related to the New Agreements and to fund working capital needs. Generally, proceeds of the Loans under the Amended Credit Agreement can be used to finance the working capital needs and for other general corporate purposes of the Borrowers and Guarantors, including acquisitions and distributions permitted under the Amended Credit Agreement.

Each Borrowing under the Amended Credit Agreement is comprised of Base Rate Loans or Eurodollar Loans. The Loans comprising each Base Rate Borrowing (including each Swingline Loan) bear interest at the Base Rate plus the Applicable Rate, and the Loans comprising each Eurodollar Borrowing bear interest at the Eurodollar Rate plus the Applicable Rate.

Prior to the 2018 Amendments, the Applicable Rate was determined based on the Consolidated Leverage Ratio of the Partnership and its Subsidiaries and ranged from 1.75% to 3.75% for Eurodollar Rate Loans and 0.75% to 2.75% for Base Rate Loans. Based on our Consolidated Leverage Ratio for the compliance period ended December 31, 2017, the Applicable Rate for Eurodollar Rate Loans was 3.75% and for Base Rate Loans was 2.75%. The Amended Credit Agreement also requires the Borrowers to pay a quarterly unused commitment fee, which accrues at the Applicable Rate on the amount by which the commitments under the Amended Credit Agreement exceed the usage of such commitments, and which is included within interest expense on the Partnership's consolidated statements of operations. On December 31, 2017, the weighted average interest rate on outstanding borrowings under the Amended Credit Agreement was 5.5%.

The Amended Credit Agreement contains financial covenants, pursuant to which, prior to the 2018 Amendments, the Partnership could not permit:

- the ratio of Consolidated Funded Indebtedness to Consolidated EBITDA, or the Consolidated Leverage Ratio, as of the last day of any fiscal quarter, commencing on September 30, 2016, determined for the period of four consecutive fiscal quarters ending on such date (the "Measurement Period"), to be greater than 4.50 to 1.00 for the period ended December 31, 2017, 4.25 to 1.00 for periods ending in 2018, and 4.00 to 1.00 for periods thereafter, which may be increased after January 1, 2019 to 4.25 to 1.00 (in case of a Designated Acquisition made subsequent to the last day of the immediately preceding fiscal quarter) as of the last day of the fiscal quarter in which such Designated Acquisition occurs and as of the last day of the immediately succeeding fiscal quarter;

- the ratio of Consolidated EBITDA to Consolidated Debt Service, or the Consolidated Debt Service Coverage Ratio, as of the last day of any fiscal quarter, commencing on September 30, 2016 to be less than 2.50 to 1.00 for any Measurement Period; and

- the ratio of Consolidated EBITDA (reduced by the amount of capital expenditures not financed with debt other than Revolving Commitments, taxes and restricted payments including distributions paid in cash) to Consolidated Fixed Charges, or the Consolidated Fixed Charge Coverage Ratio, as of the last day of any fiscal quarter, commencing on December 31, 2017, to be less than 1.20 to 1.00 for any Measurement Period.

Additional covenants under the Amended Credit Agreement include customary limitations, subject to certain exceptions, on, among others: (i) the incurrence of Indebtedness; (ii) granting of Liens; (iii) fundamental changes and dispositions; (iv) investments, loans, advances, guarantees and acquisitions; (v) swap agreements; (vi) transactions with Affiliates; (vii) Restricted Payments; and (viii) Sale and Leaseback Transactions.

The Borrowers' obligations under the Amended Credit Agreement are guaranteed by the Partnership and the Borrowers. Pursuant to the Guaranty Agreement, the Borrowers' obligations under the Amended Credit Agreement are secured by a first priority lien and security interest (subject to permitted liens and security interests) in substantially all of the Partnership's and Borrowers' assets, whether then owned or thereafter acquired, excluding certain assets, which include, among others: (i) Trust Accounts, certain proceeds required by law to be placed into such Trust Accounts and funds held in such Trust Accounts; and (ii) Excluded Real Property, including owned and leased real property that may not be pledged as a matter of law.

The Partnership was not in compliance with the facility's maximum Consolidated Leverage Ratio for the quarters ended December 31, 2017 and March 31, 2018, which constituted defaults that the lenders agreed to waive pursuant to the Sixth Amendment and Waiver. In addition, the Partnership's failure to timely file this Annual Report on Form 10-K and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 constituted defaults under our revolving credit facility. Under the Sixth Amendment and Waiver, the lenders agreed to waive such defaults and extend the dates by which such filings were required to be made, and under the Seventh Amendment and Waiver, the lenders agreed to waive our failure to timely file this Annual Report on Form 10-K on or before the previously extended filing deadline and agreed to further extend the dates by which these reports were required to be filed. See Note 18 in Part II, Item 8. Financial Statements and Supplementary Data, for further detail regarding the extended filing deadlines for such reports and our Quarterly Reports on Form 10-Q for the quarter ended June 30, 2018 and for the quarter ending September 30, 2018.

Senior Notes

On May 28, 2013, the Partnership issued $175.0 million aggregate principal amount of 7.875% Senior Notes due 2021 (the "Senior Notes"). The Partnership pays 7.875% interest per annum on the principal amount of the Senior Notes, payable in cash semi-annually in arrears on June 1 and December 1 of each year. The net proceeds from the offering of the Senior Notes were used to retire a $150.0 million aggregate principal amount of 10.25% Senior Notes due 2017 and the remaining proceeds were used for general corporate purposes. The Senior Notes were issued at 97.832% of par resulting in gross proceeds of $171.2 million with an original issue discount of approximately $3.8 million. The Partnership incurred debt issuance costs and fees of approximately $4.6 million. These costs and fees are deferred and will be amortized over the life of the Senior Notes. The Senior Notes mature on June 1, 2021.

The Partnership may redeem the Senior Notes at any time, in whole or in part, at the redemption prices (expressed as percentages of the principal amount) set forth below, together with accrued and unpaid interest, if any, to the redemption date, if redeemed during the 12-month period beginning June 1 of the years indicated:

Year	Percentage
2018	101.969%
2019 and thereafter	100.000%

Subject to certain exceptions, upon the occurrence of a Change of Control (as defined in the Indenture), each holder of the Senior Notes will have the right to require the Partnership to purchase that holder's Senior Notes for a cash price equal to 101% of the principal amounts to be purchased, plus accrued and unpaid interest.

The Senior Notes are jointly and severally guaranteed by certain of the Partnership's subsidiaries. The Indenture governing the Senior Notes contains covenants, including limitations of the Partnership's ability to incur additional indebtedness and liens, make certain dividends, distributions, redemptions or investments, enter into certain transactions with affiliates, make certain asset sales, and engage in certain mergers, consolidations or sales of all or substantially all of the Partnership's assets, among other items. As of December 31, 2017, the Partnership was in compliance with these covenants.

10. INCOME TAXES

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Tax Act") was signed into law. The Tax Act makes broad and complex changes to the U.S. tax code by, among other things, reducing the federal corporate income tax rate, creating a new limitation on deductible interest expense, creating bonus depreciation that will allow for full expensing on qualified property, changing the lives of post-2017 net operating loss carryovers and imposing limitations on deductibility of certain executive compensation.

The Tax Act reduces the U.S. corporate income tax rate from a maximum of 35% to a flat 21% rate, effective January 1, 2018. As a result of the reduction in the U.S. corporate income tax rate, the Partnership remeasured its ending net deferred tax liabilities at December 31, 2017 at the rate at which they are expected to reverse in the future and recognized a non-cash tax benefit of $6.5 million. The Partnership is still analyzing certain aspects of the Tax Act, which could potentially affect the measurement of these balances or potentially give rise to new deferred tax amounts.

The Partnership is not subject to U.S. federal and most state income taxes. The partners of the Partnership are liable for income tax in regard to their distributive share of the Partnership's taxable income. Such taxable income may vary substantially from net income reported in the accompanying consolidated financial statements. Certain corporate subsidiaries are subject to federal and state income tax. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and tax carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Partnership records a valuation allowance against its deferred tax assets if it deems that it is more likely than not that some portion or all of the recorded deferred tax assets will not be realizable in future periods.

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Income tax benefit (expense) for the years ended December 31, 2017, 2016 and 2015 consisted of the following (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Current provision:			
State	$ (681)	$ (735)	$ (723)
Federal	—	—	—
Foreign	(137)	(112)	(229)
Total	(818)	(847)	(952)
Deferred provision:			
State	(373)	111	378
Federal	10,898	(852)	(235)
Foreign	(86)	(1)	(124)
Total	10,439	(742)	19
Total income tax benefit (expense)	$ 9,621	$ (1,589)	$ (933)

A reconciliation of the federal statutory tax rate to the Partnership's effective tax rate is as follows:

	Years Ended December 31,		
	2017	2016	2015
Computed tax provision (benefit) at the applicable statutory tax rate	35.0 %	35.0 %	35.0 %
State and local taxes net of federal income tax benefit	(1.1)%	(1.8)%	(2.6)%
Tax exempt (income) loss	(1.2)%	(3.4)%	(4.1)%
Change in current year valuation allowance	(24.1)%	(54.5)%	(65.5)%
Partnership earnings not subject to tax	6.3 %	19.7 %	33.0 %
Changes in tax due to Tax Act	(7.7)%	— %	— %
Changes in valuation allowance due to Tax Act	15.1 %	— %	— %
Permanent differences	(10.9)%	(0.5)%	0.2 %
Other	— %	— %	(0.2)%
Effective tax rate	11.4 %	(5.5)%	(4.2)%

The rate adjustment related to the change in valuation allowance due to the Tax Act was caused by changes in the federal tax rate and effective state rates and the creation of future unlimited-life deferred tax assets that are available to offset existing long-term deferred tax liabilities.

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Significant components of the deferred tax assets and liabilities were as follows (in thousands):

	December 31,	
	2017	2016
Deferred tax assets:		
Prepaid expenses	$ 5,538	$ 9,570
State net operating loss	19,305	14,557
Federal net operating loss	74,109	104,578
Foreign net operating loss	2,306	2,306
Other	55	67
Valuation allowance	(73,759)	(88,156)
Total deferred tax assets	27,554	42,922
Deferred tax liabilities:		
Property, plant and equipment	4,104	11,883
Deferred revenue related to future revenues and accounts receivable	27,175	42,128
Deferred revenue related to cemetery property	5,829	8,905
Total deferred tax liabilities	37,108	62,916
Net deferred tax liabilities	$ 9,554	$ 19,994

Net deferred tax assets and liabilities were classified on the consolidated balance sheets as follows (in thousands):

	December 31,	
	2017	2016
Deferred tax assets	$ 84	$ 64
Noncurrent assets	84	64
Deferred tax assets	27,470	42,858
Deferred tax liabilities	37,108	62,916
Noncurrent liabilities	9,638	20,058
Net deferred tax liabilities	$ 9,554	$ 19,994

At December 31, 2017, the Partnership had available less than $0.1 million of alternative minimum tax credit carryforwards and approximately $349.4 million and $429.5 million of federal and state net operating loss carryforwards, respectively, a portion of which expires annually.

Management periodically evaluates all evidence both positive and negative in determining whether a valuation allowance to reduce the carrying value of deferred tax assets is required. The vast majority of the Partnership's taxable subsidiaries continue to accumulate deferred tax assets that on a more likely than not basis will not be realized. A full valuation allowance continues to be maintained on these taxable subsidiaries. The valuation allowance decreased from 2016 to 2017 primarily due to a decrease in deferred tax liabilities that will reverse outside the carryforward period for our deferred tax assets, partially offset by an increase in net deferred tax assets that are not more likely than not to be realized.

At December 31, 2017, based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believed it was more likely than not that the Partnership will realize the benefits of these deductible differences. The amount of deferred tax assets considered realizable could be reduced in the future if estimates of future taxable income during the carryforward period are reduced.

In accordance with applicable accounting standards, the Partnership recognizes only the impact of income tax positions that, based upon their merits, are more likely than not to be sustained upon audit by a taxing authority. To evaluate its current tax positions in order to identify any material uncertain tax positions, the Partnership developed a policy of identifying and evaluating uncertain tax positions that considers support for each tax position, industry standards, tax return disclosures and schedules and the significance of each

position. It is the Partnership's policy to recognize interest and penalties, if any, related to unrecognized tax benefits in income tax expense. At December 31, 2017 and 2016, the Partnership had no material uncertain tax positions.

The Partnership is not currently under examination by any federal or state jurisdictions. The federal statute of limitations and certain state statutes of limitations are open from 2013 forward.

11. DEFERRED REVENUES

The Partnership defers revenues and all direct costs associated with the sale of pre-need cemetery merchandise and services until the merchandise is delivered or the services are performed. The Partnership recognizes deferred merchandise and service revenues as deferred revenues within long-term liabilities on its consolidated balance sheet. The Partnership recognizes deferred direct costs associated with pre-need cemetery merchandise and service revenues as deferred selling and obtaining costs within long-term assets on its consolidated balance sheet. The Partnership also defers the costs to obtain new pre-need cemetery and new prearranged funeral business as well as the investment earnings on the prearranged services and merchandise trusts.

Deferred revenues and related costs consisted of the following at the dates indicated (in thousands):

	December 31,	
	2017	2016
Deferred contract revenues	$ 808,549	$ 782,120
Deferred merchandise trust revenue	105,354	76,512
Deferred merchandise trust unrealized gains (losses)	(1,277)	8,001
Deferred revenues	$ 912,626	$ 866,633
Deferred selling and obtaining costs	$ 126,398	$ 116,890

Deferred revenues presented in the table above are net of the allowance for contract cancellations disclosed in Note 3.

12. LONG-TERM INCENTIVE AND RETIREMENT PLANS

2014 Long-Term Incentive Plan

During the year ended December 31, 2014, the General Partner's Board of Directors (the "Board") and the Partnership's unitholders approved a 2014 Long-Term Incentive Plan ("2014 LTIP"). The Compensation and Nominating and Governance Committee of the Board (the "Compensation Committee") administers the 2014 LTIP. The 2014 LTIP permits the grant of awards, which may be in the form of phantom units, restricted units, unit appreciation rights ("UAR"), unit options or other equity awards, including performance factors for each, covering an aggregate of 1,500,000 common units, a number that the Board may increase by up to 100,000 common units per year. At December 31, 2017, the estimated number of common units to be issued upon vesting of outstanding awards under this plan, assuming the satisfaction of the maximum conditions for performance factors, was 108,602. A cumulative number of 33,327 common units have been issued, leaving 1,358,071 common units available for future grants under the plan, assuming no increases by the Board.

Phantom Unit Awards

Phantom units represent contingent rights to receive a common unit or an amount of cash, or a combination of both, based upon the value of a common unit. Phantom units become payable, in cash or common units, at the Partnership's election, upon the separation of directors and executives from service or upon the occurrence of certain other events specified in the underlying agreements. Phantom units are subject to terms and conditions determined by the Compensation Committee. In tandem with phantom unit grants, the Compensation Committee may grant distribution equivalent rights ("DERs"), which are the right to receive an amount in cash or common units equal to the cash distributions made by the Partnership with respect to common unit during the period that the underlying phantom unit is outstanding. All phantom units outstanding under the 2014 LTIP at December 31, 2017 contain tandem DERs.

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The following table sets forth the 2014 LTIP phantom unit award activity for the years ended December 31, 2017, 2016 and 2015, respectively:

	Years Ended December 31,		
	2017	2016	2015
Outstanding, beginning of period	117,630	102,661	2,189
Granted (1)	41,732	131,852	122,154
Settled in common units or cash (1)	(16,098)	(2,774)	(14,455)
Performance vesting forfeiture	(34,662)	(114,109)	(7,227)
Outstanding, end of period (2)	108,602	117,630	102,661

(1) The weighted-average grant date fair value for the unit awards on the date of grant was $8.11, $24.06 and $26.94 for the years ended December 31, 2017, 2016 and 2015, respectively. The intrinsic values of unit awards vested during the years ended December 31, 2017, 2016 and 2015 were $0.4 million, $0.4 million and $0.6 million, respectively.

(2) Based on the closing price of the common units on December 31, 2017, the estimated intrinsic value of the outstanding unit awards was $0.7 million at December 31, 2017.

2004 Long-Term Incentive Plan

The Compensation Committee administers the Partnership's 2004 Long-Term Incentive Plan ("2004 LTIP"). The 2004 LTIP permitted the grant of awards, which were permitted to be in the form of phantom units, restricted units, unit appreciation rights ("UAR") or other equity awards. At December 31, 2017, the estimated number of common units to be issued upon vesting and exercise of outstanding awards under this plan was 219,306, based upon the closing price of our common units at December 31, 2017. A cumulative number of 626,188 common units have been issued under the 2004 LTIP. There were no awards available for grant under the 2004 LTIP at December 31, 2017 because the plan expired in 2014.

Phantom Unit Awards

Phantom units were credited to participants' mandatory deferred compensation accounts in connection with DERs accruing on phantom units received under the 2004 LTIP. These DERs continue to accrue until the underlying securities are issued. The following table sets forth the 2004 LTIP activity related to DERs credited as phantom units to the participant's accounts for the years ended December 31, 2017, 2016 and 2015, respectively:

	Years Ended December 31,		
	2017	2016	2015
Outstanding, beginning of period	205,510	184,457	169,122
Granted (1)	13,796	21,053	15,335
Settled in common units or cash	—	—	—
Outstanding, end of period (2)	219,306	205,510	184,457

(1) The weighted-average grant date fair value for the phantom unit awards on the date of grant was $9.70, $20.27 and $28.42 for the years ended December 31, 2017, 2016 and 2015, respectively. The intrinsic values of phantom unit awards vested during the years ended December 31, 2017, 2016 and 2015 were $0.1 million, $0.4 million and $0.9 million, respectively.

(2) Based on the closing price of the common units on December 31, 2017, the estimated intrinsic value of the outstanding restricted phantom units was $1.4 million.

Total compensation expense for phantom unit awards under both the 2004 and 2014 plans was approximately $0.4 million, $0.7 million and $1.0 million for the years ended December 31, 2017, 2016 and 2015, respectively.

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Unit Appreciation Rights Awards

UAR awards represent a right to receive an amount equal to the closing price of the Partnership's common units on the date preceding the exercise date less the exercise price of the UARs, to the extent the closing price of the Partnership's common units on the date preceding the exercise date is in excess of the exercise price. This amount is then divided by the closing price of the Partnership's common units on the date preceding the exercise date to determine the number of common units to be issued to the participant. UAR awards are subject to terms and conditions determined by the Compensation Committee, which may include vesting restrictions. UAR awards granted through December 31, 2017 have a five-year contractual term beginning on the grant date and vest ratably over a period of 48 months beginning on the grant date. Of the UARs outstanding at December 31, 2017, 1,563 UARs will vest within the following twelve months. The following table sets forth the UAR award activity for the years ended December 31, 2017, 2016 and 2015, respectively:

	Years Ended December 31,		
	2017	2016	2015
Outstanding, beginning of period	66,355	66,793	123,000
Granted	—	—	—
Exercised	—	—	(50,477)
Forfeited	(7,709)	(438)	(5,730)
Outstanding, end of period (1)	58,646	66,355	66,793
Exercisable, end of period	57,081	52,967	33,092

(1) Based on the closing price of the common units on December 31, 2017 the estimated intrinsic value of the outstanding UARs was less than $0.1 million. The weighted average remaining contractual life for outstanding UAR awards at December 31, 2017 was 0.7 years.

At December 31, 2017, the Partnership had approximately $0.1 million of unrecognized compensation expense related to unvested UAR awards that will be recognized through the year ended December 31, 2018. The Partnership recognized total compensation expense for UAR awards of $0.1 million for each of the years ended December 31, 2017, 2016 and 2015. The Partnership issued 7,716 common units due to exercised UAR awards for the year ended December 31, 2015.

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13. COMMITMENTS AND CONTINGENCIES

Legal

The Partnership is currently subject to class or collective actions under the Securities Exchange Act of 1934 and for related state law claims that certain of our officers and directors breached their fiduciary duty to the Partnership and its unitholders. The Partnership could also become subject to additional claims and legal proceedings relating to the factual allegations made in these actions. While management cannot reasonably estimate the potential exposure in these matters at this time, if the Partnership does not prevail in any such proceedings, the Partnership could be required to pay substantial damages or settlement costs, subject to certain insurance coverages. Management has determined that, based on the status of the claims and legal proceedings against us, the amount of the potential losses cannot be reasonably estimated at this time. These actions are summarized below.

- Anderson v. StoneMor Partners, LP, et al., No. 2:16-cv-6111, filed on November 21, 2016, in the United States District Court for the Eastern District of Pennsylvania. The plaintiffs in this case (as well as Klein v. StoneMor Partners, LP, et al., No. 2:16-cv-6275, filed in the United States District Court for the Eastern District of Pennsylvania on December 2, 2016, which has been consolidated with this case) brought an action on behalf of a putative class of the holders of Partnership units and allege that the Partnership made misrepresentations to investors in violation of Section 10(b) of the Securities Exchange Act of 1934 by, among other things and in general, failing to clearly disclose the use of proceeds from debt and equity offerings by making allegedly false or misleading statements concerning (a) the Partnership's strength or health in connection with a particular quarter's distribution announcement, (b) the connection between operations and distributions and (c) the Partnership's use of cash from equity offerings and its credit facility. Plaintiffs sought damages from the Partnership and certain of its officers and directors on behalf of the class of Partnership unitholders, as well as costs and attorneys' fees. Lead plaintiffs have been appointed in this case, and filed a Consolidated Amended Class Action Complaint on April 24, 2017. Defendants filed a motion to dismiss that Consolidated Amended Complaint on June 8, 2017. The motion was granted on October 31, 2017, and the court entered judgment dismissing the case on November 30, 2017. Plaintiffs filed a notice of appeal on December 29, 2017. This case is now pending in the United States Court of Appeals for the Third Circuit.

- Bunim v. Miller, et al., No. 2:17-cv-519-ER, pending in the United States District Court for the Eastern District of Pennsylvania, and filed on February 6, 2017. The plaintiff in this case brought, derivatively on behalf of the Partnership, claims that StoneMor GP's officers and directors aided and abetted in breaches of StoneMor GP's purported fiduciary duties by, among other things and in general, allegedly making misrepresentations through the use of non-GAAP accounting standards in its public filings, by allegedly failing to clearly disclose the use of proceeds from debt and equity offerings, and by allegedly approving unsustainable distributions. The plaintiff also claims that these actions and misrepresentations give rise to causes of action for gross mismanagement, unjust enrichment, and (in connection with a purportedly misleading proxy statement filed in 2014) violations of Section 14(a) of the Securities Exchange Act of 1934. The derivative plaintiff seeks an award of damages, attorneys' fees and costs in favor of the Partnership as nominal plaintiff, as well as general compliance and governance changes. This case has been stayed, by the agreement of the parties, pending final resolution of the motion to dismiss filed in the Anderson case, provided that either party may terminate the stay on 30 days' notice.

- Muth v. StoneMor G.P. LLC, et al., December Term, 2016, No. 1196 and Binder v. StoneMor G.P. LLC, et al., January Term, 2017, No. 4872, both pending in the Court of Common Pleas for Philadelphia County, Pennsylvania, and filed on December 20, 2016 and February 3, 2017, respectively. In these cases, the plaintiffs brought, derivatively on behalf of the Partnership, claims that StoneMor GP's officers and directors aided and abetted in breaches of StoneMor GP's purported fiduciary duties by, among other things and in general, allegedly making misrepresentations through the use of non-GAAP accounting standards in its public filings and by failing to clearly disclose the use of proceeds from debt and equity offerings, as well as approving unsustainable distributions. The plaintiffs also claim that these actions and misrepresentations give rise to a cause of action for unjust enrichment. The derivative plaintiffs seek an award of damages, attorneys' fees and costs in favor of the Partnership as nominal plaintiff, as well as alterations to the procedures for electing members to the board of StoneMor GP, and other compliance and governance changes. These cases have been consolidated and stayed, by the agreement of the parties, pending final resolution of the motion to dismiss filed in the Anderson case, provided that either party may terminate the stay on 30 days' notice.

The Philadelphia Regional Office of the Securities and Exchange Commission, Enforcement Division, is continuing its investigation of the Partnership as to whether violations of federal securities laws have occurred. The investigation relates to, among other things, our prior restatements, financial statements, internal control over financial reporting, public disclosures, use of non-GAAP financial measures, matters pertaining to unitholder distributions and the sources of funds therefor and information relating to protection of our confidential information and our policies regarding insider trading. We are continuing to cooperate with the SEC staff.

The Partnership is party to other legal proceedings in the ordinary course of its business but does not expect the outcome of any proceedings, individually or in the aggregate, to have a material adverse effect on its financial position, results of operations or cash flows. The Partnership carries insurance with coverage and coverage limits that it believes to be customary in the cemetery and funeral home industry. Although there can be no assurance that such insurance will be sufficient to protect the Partnership against all contingencies, management believes that the insurance protection is reasonable in view of the nature and scope of the operations.

Leases

In 2017, the Partnership entered into capital leases that had aggregate gross and net asset values of $2.0 million and $1.7 million, respectively, at December 31, 2017. The Partnership has noncancelable leases for equipment and office space that expire at various dates with initial terms ranging from one to twenty-four years. Certain leases provide the Partnership with the option to renew for additional periods. Where leases contain escalation clauses, rent abatements, and/or concessions, the Partnership applies them in the determination of straight-line rent expense over the lease term. Leasehold improvements are amortized over the shorter of the lease term or asset life, which may include renewal periods where the renewal is reasonably assured, and is included in the determination of straight-line rent expense. Rent expense for operating leases for the years ended December 31, 2017, 2016 and 2015 was $4.5 million, $4.0 million and $3.4 million, respectively. The aggregate amount of remaining future minimum lease payments as of December 31, 2017 is as follows (in thousands):

	Operating	Capital
2018	$ 4,709	$ 1,200
2019	4,249	1,101
2020	2,761	784
2021	2,098	558
2022	1,500	182
Thereafter	7,617	—
Total	$ 22,934	$ 3,825
Less: Interest on capital leases		(751)
Total principal payable on capital leases		$ 3,074

Other

During 2016, the Partnership moved its corporate headquarters to Trevose, Pennsylvania. Due to the relocation, a cease-use expense of $2.4 million was recorded in "Other gains and losses, net" on the consolidated statement of operations. This charge represents the net recognition of the discounted liability for future rent payments due under the lease on the previous headquarters, net of deferred rent and lease incentives pertaining to the previous corporate office location.

In connection with the Partnership's 2014 lease and management agreements with the Archdiocese of Philadelphia, it has committed to pay aggregate fixed rent of $36.0 million in the following amounts:

Lease Years 1-5 (May 28, 2014-May 31, 2019)	None
Lease Years 6-20 (June 1, 2019-May 31, 2034)	$1,000,000 per Lease Year
Lease Years 21-25 (June 1, 2034-May 31, 2039)	$1,200,000 per Lease Year
Lease Years 26-35 (June 1, 2039-May 31, 2049)	$1,500,000 per Lease Year
Lease Years 36-60 (June 1, 2049-May 31, 2074)	None

The fixed rent for lease years 6 through 11, an aggregate of $6.0 million, is deferred. If, prior to May 31, 2024, the Archdiocese terminates the agreements pursuant to a lease year 11 termination or the Partnership terminates the agreements as a result of a default by the Archdiocese, the Partnership is entitled to retain the deferred fixed rent. If the agreements are not terminated, the deferred fixed rent will become due and payable on or before June 30, 2024.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has established a hierarchy to measure the Partnership's financial instruments at fair value, which requires it to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Observable inputs represent market data obtained from independent sources; whereas, unobservable inputs reflect the Partnership's own market assumptions, which are used if observable inputs are not reasonably available without undue cost and effort. The hierarchy defines three levels of inputs that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical, unrestricted assets or liabilities that the reporting entity has the ability to access at the measurement date.

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset and liability or can be corroborated with observable market data for substantially the same contractual term of the asset or liability.

- Level 3 – Unobservable inputs that the entity's own assumptions about the assumptions market participants would use in the pricing of the asset or liability and are consequently not based on market activity but rather through particular valuation techniques.

The Partnership's current assets and liabilities and customer receivables on its consolidated balance sheets are similar to cash basis financial instruments, and their estimated fair values approximate their carrying values due to their short-term nature and thus are categorized as Level 1. The Partnership's merchandise and perpetual care trusts consist of investments in debt and equity marketable securities and cash equivalents, are carried at fair value, and are considered either Level 1 or Level 2 (see Note 6 and Note 7). Where quoted prices are available in an active market, securities are classified as Level 1 investments pursuant to the fair value measurement hierarchy.

Where quoted market prices are not available for the specific security, fair values are estimated by using either quoted prices of securities with similar characteristics or an income approach fair value model with observable inputs that include a combination of interest rates, yield curves, credit risks, prepayment speeds, rating, and tax-exempt status. These securities are classified as Level 2 investments pursuant to the fair value measurements hierarchy. Certain investments in the merchandise and perpetual care trusts are excluded from the fair value leveling hierarchy in accordance with GAAP. These funds are measured at fair value using the net asset value per share practical expedient and have not been categorized in the fair value hierarchy.

The Partnership's other financial instruments at December 31, 2017 and 2016 consist of its Senior Notes and outstanding borrowings under its revolving credit facility (see Note 9). The estimated fair values of the Partnership's Senior Notes at December 31, 2017 and 2016 were $173.3 million and $168.0 million, respectively, based on trades made on those dates, compared with the carrying amounts of $173.1 million and $172.6 million , respectively. At December 31, 2017 and 2016, the carrying values of outstanding borrowings under the Partnership's revolving credit facility (see Note 9), which bears interest at variable interest rates with maturities of 90 days or less, approximated their estimated fair values. The Senior Notes and the credit facility are valued using Level 2 inputs.

The Partnership may be required to measure certain assets and liabilities at fair value on a nonrecurring basis in accordance with GAAP from time to time. These adjustments to fair value usually result from impairment charges. In 2017, as discussed in Note 8, in connection with its annual goodwill impairment assessment, the Partnership recorded a loss on goodwill impairment of $45.6 million related to our Funeral Home Operations reporting unit. This impairment was recorded by comparing the estimated fair value of the reporting unit to its carrying value. The fair value of the reporting unit was derived using discounted cash flow analyses based on Level 3 inputs.

The lower of cost or estimated fair value of assets held for sale was $1.0 million with an original net book value of $1.9 million prior to an adjustment of $0.9 million during 2017. Assets held for sale are valued at lower of cost or estimated fair value based on broker comparables and estimates at the time the assets are classified as held for sale. These assets held for sale are classified as Level 3 pursuant to the fair value measurement hierarchy. In addition, the Partnership had $0.9 million of assets held for use that were impaired by $0.4 million during 2017, resulting in an updated net book value of $0.5 million.

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15. SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL INFORMATION

The Partnership's Senior Notes are guaranteed by StoneMor Operating LLC and its 100% owned subsidiaries, other than the co-issuer, as described below. The guarantees are full, unconditional, joint and several. The Partnership, or the "Parent," and its 100% owned subsidiary, Cornerstone Family Services of West Virginia Subsidiary Inc., are the co-issuers of the Senior Notes. The Partnership's consolidated financial statements as of and for the years ended December 31, 2017, 2016 and 2015 include the accounts of cemeteries operated under long-term lease, operating or management agreements. For the purposes of this note, these entities are deemed non-guarantor subsidiaries, as they are not 100% owned by the Partnership. The Partnership's consolidated financial statements also contain merchandise and perpetual care trusts that are also non-guarantor subsidiaries for the purposes of this note.

The financial information presented below reflects the Partnership's standalone accounts, the combined accounts of the subsidiary co-issuer, the combined accounts of the guarantor subsidiaries, the combined accounts of the non-guarantor subsidiaries, the consolidating adjustments and eliminations and the Partnership's consolidated accounts as of and for the years ended December 31, 2017, 2016 and 2015. For the purpose of the following financial information, the Partnership's investments in its subsidiaries and the guarantor subsidiaries' investments in their respective subsidiaries are presented in accordance with the equity method of accounting (in thousands):

CONDENSED CONSOLIDATING BALANCE SHEETS

December 31, 2017	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ —	$ —	$ 4,216	$ 2,605	$ —	$ 6,821
Assets held for sale	—	—	1,016	—	—	1,016
Other current assets	—	3,882	83,901	17,366	—	105,149
Total current assets	—	3,882	89,133	19,971	—	112,986
Long-term accounts receivable	—	2,179	89,275	14,481	—	105,935
Cemetery and funeral home property and equipment	—	738	411,936	34,820	—	447,494
Merchandise trusts	—	—	—	515,456	—	515,456
Perpetual care trusts	—	—	—	339,928	—	339,928
Deferred selling and obtaining costs	—	6,171	98,639	21,588	—	126,398
Goodwill and intangible assets	—	—	26,347	61,759	—	88,106
Other assets	—	—	16,995	2,784	—	19,779
Investments in and amounts due from affiliates eliminated upon consolidation	159,946	82,836	556,783	—	(799,565)	—
Total assets	$ 159,946	$ 95,806	$ 1,289,108	$ 1,010,787	$ (799,565)	$ 1,756,082
Liabilities and Partners' Capital						
Current liabilities	$ —	$ 72	$ 44,380	$ 1,354	$ —	$ 45,806
Long-term debt, net of deferred financing costs	68,250	104,848	144,595	—	—	317,693
Deferred revenues	—	33,469	773,516	105,641	—	912,626
Perpetual care trust corpus	—	—	—	339,928	—	339,928
Other long-term liabilities	—	—	34,149	14,184	—	48,333
Due to affiliates	—	—	173,098	576,025	(749,123)	—
Total liabilities	68,250	138,389	1,169,738	1,037,132	(749,123)	1,664,386
Partners' capital	91,696	(42,583)	119,370	(26,345)	(50,442)	91,696
Total liabilities and partners' capital	$ 159,946	$ 95,806	$ 1,289,108	$ 1,010,787	$ (799,565)	$ 1,756,082

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CONDENSED CONSOLIDATING BALANCE SHEETS (continued)

December 31, 2016	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ —	$ —	$ 9,145	$ 3,425	$ —	$ 12,570
Other current assets	—	4,567	83,765	17,919	—	106,251
Total current assets	—	4,567	92,910	21,344	—	118,821
Long-term accounts receivable	—	1,725	83,993	13,168	—	98,886
Cemetery and funeral home property and equipment	—	930	420,077	34,589	—	455,596
Merchandise trusts	—	—	—	507,079	—	507,079
Perpetual care trusts	—	—	—	333,780	—	333,780
Deferred selling and obtaining costs	—	5,668	91,252	19,970	—	116,890
Goodwill and intangible assets	—	—	72,963	62,911	—	135,874
Other assets	—	—	17,244	2,843	—	20,087
Investments in and amounts due from affiliates eliminated upon consolidation	258,417	182,060	557,455	—	(997,932)	—
Total assets	$ 258,417	$ 194,950	$ 1,335,894	$ 995,684	$ (997,932)	$ 1,787,013
Liabilities and Partners' Capital						
Current liabilities	$ —	$ 320	$ 38,336	$ 237	$ —	$ 38,893
Long-term debt, net of deferred financing costs	68,063	104,560	127,728	—	—	300,351
Deferred revenues	—	30,321	738,184	98,128	—	866,633
Perpetual care trust corpus	—	—	—	333,780	—	333,780
Other long-term liabilities	—	—	45,802	11,200	—	57,002
Due to affiliates	—	—	172,623	581,427	(754,050)	—
Total liabilities	68,063	135,201	1,122,673	1,024,772	(754,050)	1,596,659
Partners' capital	190,354	59,749	213,221	(29,088)	(243,882)	190,354
Total liabilities and partners' capital	$ 258,417	$ 194,950	$ 1,335,894	$ 995,684	$ (997,932)	$ 1,787,013

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CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

Year Ended December 31, 2017	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenues	$ —	$ 7,788	$ 279,399	$ 58,981	$ (7,941)	$ 338,227
Total costs and expenses	—	(12,306)	(290,850)	(53,685)	7,941	(348,900)
Other loss	—	—	(46,761)	—	—	(46,761)
Net loss from equity investment in subsidiaries	(69,724)	(71,281)	—	—	141,005	—
Interest expense	(5,434)	(8,348)	(12,623)	(940)	—	(27,345)
Income (loss) from continuing operations before income taxes	(75,158)	(84,147)	(70,835)	4,356	141,005	(84,779)
Income tax benefit	—	—	9,621	—	—	9,621
Net income (loss)	$ (75,158)	$ (84,147)	$ (61,214)	$ 4,356	$ 141,005	$ (75,158)

Year Ended December 31, 2016	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenues	$ —	$ 7,854	$ 270,407	$ 57,201	$ (9,232)	$ 326,230
Total costs and expenses	—	(12,131)	(272,191)	(54,026)	9,232	(329,116)
Other loss	—	—	(1,520)	—	—	(1,520)
Net loss from equity investment in subsidiaries	(25,049)	(33,493)	—	—	58,542	—
Interest expense	(5,434)	(8,348)	(9,859)	(847)	—	(24,488)
Income (loss) from continuing operations before income taxes	(30,483)	(46,118)	(13,163)	2,328	58,542	(28,894)
Income tax expense	—	—	(1,589)	—	—	(1,589)
Net income (loss)	$ (30,483)	$ (46,118)	$ (14,752)	$ 2,328	$ 58,542	$ (30,483)

Year Ended December 31, 2015	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Total revenues	$ —	$ 5,813	$ 272,193	$ 52,612	$ (10,299)	$ 320,319
Total costs and expenses	—	(10,715)	(265,881)	(52,004)	10,299	(318,301)
Other loss	—	—	(1,891)	—	—	(1,891)
Net loss from equity investment in subsidiaries	(17,957)	(21,819)	—	—	39,776	—
Interest expense	(5,434)	(8,348)	(8,075)	(728)	—	(22,585)
Loss from continuing operations before income taxes	(23,391)	(35,069)	(3,654)	(120)	39,776	(22,458)
Income tax expense	—	—	(933)	—	—	(933)
Net loss	$ (23,391)	$ (35,069)	$ (4,587)	$ (120)	$ 39,776	$ (23,391)

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS

Year Ended December 31, 2017	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	$ 24,545	$ 103	$ 28,488	$ 167	$ (38,327)	$ 14,976
Cash Flows From Investing Activities:						
Cash paid for acquisitions and capital expenditures, net of proceeds from divestitures and asset sales	—	(103)	(7,831)	(987)	—	(8,921)
Net cash used in investing activities	—	(103)	(7,831)	(987)	—	(8,921)
Cash Flows From Financing Activities:						
Cash distributions	(24,545)	—	—	—	—	(24,545)
Payments to affiliates	—	—	(38,327)	—	38,327	—
Net borrowings and repayments of debt	—	—	14,341	—	—	14,341
Other financing activities	—	—	(1,600)	—	—	(1,600)
Net cash used in financing activities	(24,545)	—	(25,586)	—	38,327	(11,804)
Net decrease in cash and cash equivalents	—	—	(4,929)	(820)	—	(5,749)
Cash and cash equivalents—Beginning of period	—	—	9,145	3,425	—	12,570
Cash and cash equivalents—End of period	$ —	$ —	$ 4,216	$ 2,605	$ —	$ 6,821

Year Ended December 31, 2016	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	$ 25,985	$ 154	$ 33,635	$ 2,760	$ (39,767)	$ 22,767
Cash Flows From Investing Activities:						
Cash paid for acquisitions and capital expenditures, net of proceeds from divestitures and asset sales	—	(154)	(16,296)	(2,679)	—	(19,129)
Investment in affiliate	(41,135)	—	—	—	41,135	—
Net cash used in investing activities	(41,135)	(154)	(16,296)	(2,679)	41,135	(19,129)
Cash Flows From Financing Activities:						
Cash distributions	(79,164)	—	—	—	—	(79,164)
Payments to affiliates	—	—	1,368	—	(1,368)	—
Net borrowings and repayments of debt	—	—	(14,389)	—	—	(14,389)
Proceeds from issuance of common units	94,314	—	—	—	—	94,314
Other financing activities	—	—	(6,982)	—	—	(6,982)
Net cash provided by (used in) financing activities	15,150	—	(20,003)	—	(1,368)	(6,221)
Net increase (decrease) in cash and cash equivalents	—	—	(2,664)	81	—	(2,583)
Cash and cash equivalents—Beginning of period	—	—	11,809	3,344	—	15,153
Cash and cash equivalents—End of period	$ —	$ —	$ 9,145	$ 3,425	$ —	$ 12,570

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (continued)

Year Ended December 31, 2015	Parent	Subsidiary Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by operating activities	$ 2,356	$ 284	$ 14,569	$ 2,991	$ (16,138)	$ 4,062
Cash Flows From Investing Activities:						
Cash paid for acquisitions and capital expenditures, net of proceeds from divestitures and asset sales	—	(284)	(30,864)	(2,991)	—	(34,139)
Net cash used in investing activities	—	(284)	(30,864)	(2,991)	—	(34,139)
Cash Flows From Financing Activities:						
Cash distributions	(77,512)	—	—	—	—	(77,512)
Payments from affiliates	—	—	(16,138)	—	16,138	—
Net borrowings and repayments of debt	—	—	37,261	—	—	37,261
Proceeds from issuance of common units	75,156	—	—	—	—	75,156
Other financing activities	—	—	(76)	—	—	(76)
Net cash provided by (used in) financing activities	(2,356)	—	21,047	—	16,138	34,829
Net increase in cash and cash equivalents	—	—	4,752	—	—	4,752
Cash and cash equivalents—Beginning of period	—	—	7,057	3,344	—	10,401
Cash and cash equivalents—End of period	$ —	$ —	$ 11,809	$ 3,344	$ —	$ 15,153

16. ISSUANCES OF LIMITED PARTNER UNITS

On November 19, 2015, the Partnership entered into an equity distribution agreement ("ATM Equity Program") with a group of banks (the "Agents") whereby it may sell, from time to time, common units representing limited partner interests having an aggregate offering price of up to $100,000,000. No common units were issued under the ATM Equity Program during the year ended December 31, 2017. During the year ended December 31, 2016, the Partnership issued 903,682 common units under the ATM Equity Program for net proceeds of $23.0 million. During the year ended December 31, 2015, the Partnership issued 277,667 common units under the ATM Equity Program for net proceeds of $7.5 million.

Pursuant to a Common Unit Purchase Agreement, dated May 19, 2014, by and between the Partnership and American Cemeteries Infrastructure Investors, LLC, a Delaware limited liability company ("ACII"), the Partnership issued 78,342 paid-in-kind units to ACII in lieu of cash distributions of $0.7 million during the year ended December 31, 2017.

On April 20, 2016, the Partnership completed a follow-on public offering of 2,000,000 common units at a public offering price of $23.65 per unit. Additionally, the underwriters exercised their option to purchase an additional 300,000 common units. The offering resulted in net proceeds, after deducting underwriting discounts and offering expenses, of $51.5 million. The proceeds from the offering were used to pay down outstanding indebtedness under the credit facility.

On December 30, 2016, the Partnership sold to GP Holdings, the parent of the Partnership's general partner, 2,332,878 common units representing limited partner interests in the Partnership at an aggregate purchase price of $20.0 million (i.e., $8.5731 per common unit, which was equal to the volume-weighted average trading price of a common unit for the twenty trading days ending on and including December 30, 2016) pursuant to a common unit purchase agreement.

On July 10, 2015, the Partnership issued 2,415,000 common units in a public offering at a price of $29.63 per unit. Net proceeds from the offering, after deducting underwriting discounts and offering expenses, were approximately $67.9 million. The proceeds were used to repay outstanding borrowings under the Partnership's credit facility.

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17. SEGMENT INFORMATION

The Partnership's operations include two reportable operating segments, Cemetery Operations and Funeral Home Operations. These operating segments reflect the way the Partnership manages its operations and makes business decisions as of December 31, 2017. Operating segment data for the periods indicated was as follows (in thousands):

	Years Ended December 31,		
	2017	2016	2015
STATEMENT OF OPERATIONS DATA:			
Cemetery Operations:			
Revenues	$ 276,696	$ 265,726	$ 262,247
Operating costs and expenses	(233,950)	(223,329)	(219,186)
Depreciation and amortization	(8,909)	(8,597)	(7,766)
Segment income	$ 33,837	$ 33,800	$ 35,295
Funeral Home Operations:			
Revenues	$ 61,531	$ 60,504	$ 58,072
Operating costs and expenses	(49,803)	(53,270)	(47,703)
Depreciation and amortization	(3,080)	(3,378)	(3,257)
Segment income	$ 8,648	$ 3,856	$ 7,112
Reconciliation of segment income to net loss:			
Cemetery Operations	$ 33,837	$ 33,800	$ 35,295
Funeral Home Operations	8,648	3,856	7,112
Total segment income	42,485	37,656	42,407
Corporate overhead	(51,964)	(39,618)	(38,609)
Corporate depreciation and amortization	(1,194)	(924)	(1,780)
Loss on goodwill impairment	(45,574)	—	—
Other losses, net	(1,187)	(1,520)	(1,891)
Interest expense	(27,345)	(24,488)	(22,585)
Income tax benefit (expense)	9,621	(1,589)	(933)
Net loss	$ (75,158)	$ (30,483)	$ (23,391)
CASH FLOW DATA:			
Capital expenditures:			
Cemetery Operations	$ 10,048	$ 7,756	$ 11,853
Funeral Home Operations	426	919	580
Corporate	315	2,707	2,906
Total capital expenditures	$ 10,789	$ 11,382	$ 15,339

	December 31,		
	2017	2016	2015
BALANCE SHEET DATA:			
Assets:			
Cemetery Operations	$ 1,594,091	$ 1,573,494	$ 1,479,187
Funeral Home Operations	152,934	198,200	196,788
Corporate	9,057	15,319	23,545
Total assets	$ 1,756,082	$ 1,787,013	$ 1,699,520

Goodwill:			
Cemetery Operations	$ 24,862	$ 24,862	$ 25,320
Funeral Home Operations	—	45,574	44,531
Total goodwill	$ 24,862	$ 70,436	$ 69,851

18. SUBSEQUENT EVENTS

On January 19, 2018, the Partnership acquired six cemetery properties in Wisconsin and their related assets, net of certain assumed liabilities, for consideration of $2.5 million, of which $0.8 million was paid at closing and the remaining balance is due in two equal installments in August 2018 and August 2019. These properties have been managed by the Partnership since August 2016. The Partnership has accounted for this transaction under the acquisition method of accounting in the first quarter of 2018.

On January 26, 2018, the Partnership acquired certain land for an existing cemetery for cash consideration of $2.4 million. This is the second installment of a larger property purchase agreement that began in 2017 with annual installments through 2025.

On March 19, 2018, an aggregate of 236,234 phantom units were awarded under the Partnership's 2014 LTIP, of which an aggregate of 127,229 were subject to time-based vesting and an aggregate of 109,005 were subject to performance-based vesting. Also on March 19, 2018, 14,556 restricted units were awarded to an officer of the General Partner pursuant to his employment agreement, which units vest in 24 equal monthly installments commencing one month after the grant date.

On June 12, 2018, StoneMor Operating LLC (the "Operating Company"), a wholly-owned subsidiary of the Partnership, the Subsidiaries (as defined in the Amended Credit Agreement) of the Operating Company (together with the Operating Company, "Borrowers"), the Lenders party thereto and Capital One, National Association ("Capital One"), as Administrative Agent (in such capacity, the "Administrative Agent"), entered into the Sixth Amendment and Waiver to Credit Agreement (the "Sixth Amendment") which further amended the Credit Agreement dated August 4, 2016 (as previously amended by that certain First Amendment to Credit Agreement dated as of March 15, 2017, Second Amendment and Limited Waiver dated July 26, 2017, Third Amendment and Limited Waiver effective August 15, 2017, Fourth Amendment to Credit Agreement dated as of September 29, 2017 and Fifth Amendment to Credit Agreement dated as of December 22, 2017 but effective as of September 29, 2017, the "Original Amended Agreement"), dated as of August 4, 2016, among the Borrowers, the Lenders, Capital One, as Administrative Agent, Issuing Bank and Swingline Lender, Citizens Bank of Pennsylvania, as Syndication Agent, and TD Bank, N.A. and Raymond James Bank, N.A., as Co-Documentation Agents. On July 13, 2018, those same parties entered into a Seventh Amendment and Waiver to Credit Agreement (the "Seventh Amendment" and the Original Amended Agreement, as further amended by the Sixth Amendment and the Seventh Amendment, the "Amended Credit Agreement"). Capitalized terms not otherwise defined herein have the same meanings as specified in the Amended Credit Agreement.

The Sixth Amendment included covenants pursuant to which the Partnership agreed to deliver to the Administrative Agent (a) the consolidated financial statements included in this Annual Report on Form 10-K for the Year Ended December 31, 2017 (the "2017 Form 10-K") on or before June 30, 2018 and (b) the consolidated financial statements to be included in its Quarterly Reports on Form 10-Q for the periods ended March 31, 2018 and June 30, 2018 within 60 and 105 days, respectively, after the 2017 Form 10-K was filed. The Partnership also agreed to use reasonable commercial efforts to consummate the disposition of assets with Net Cash Proceeds of at least $12.0 million by June 30, 2019. The Sixth Amendment also amended certain terms of the Original Amended Agreement to:

- reduce the amount of the Revolving Commitments from $200.0 million to $175.0 million and eliminate the Borrowers' ability to increase the Revolving Commitments;

- add a further limitation on Revolving Credit Availability at any time prior to the date on which the Partnership shall have achieved (i) as of the last day of any fiscal quarter after the effective date of the Fourth Amendment, a Consolidated Leverage Ratio of less than 4.00:1.00 for the four consecutive fiscal quarters ending on such date and (ii) as of the last day of any fiscal quarter after the Sixth Amendment Effective Date, a Consolidated Secured Net Leverage Ratio of less than 3.00:1.00 for the four consecutive fiscal quarters ending on such date (provided Borrowers received the necessary consent to permit the occurrence of such event) by establishing a Secured Leverage Borrowing Base, which is equal to the sum of 80% of accounts receivable outstanding less than 120 days (without giving effect to the application of the Financial Accounting Standards Board's Accounting Standards Codification Topic 606) plus 40% of the book value, net of depreciation, of property, plant and equipment, and (z) the aggregate Revolving Commitments of the Lenders at such time;

- amend the definition of "Consolidated EBITDA" for purposes of calculating the various financial covenants to (A) (i) permit the Partnership to add back goodwill impairment charges; (ii) permit the Partnership to add back non-cash deferred financing fees written off in an aggregate amount for all periods after the Sixth Amendment Effective Date not to exceed $9.8 million; (iii) adjust the limit on add backs for non-recurring cash expenses, losses, costs and charges to $13.9 million for the period ended June 30, 2017, $13.6 million for the period ended September 30, 2017, $17.0 million for the period ended December 31, 2017 and $16.3 million for the period ended March 31, 2018; (iv) remove the add back for non-cash items determined in good faith by the Partnership's Financial Officer; (v) remove the add back for unrealized losses (less unrealized gains) and non-cash expenses arising from or attributable to the early termination of any Swap Agreement; (vi) remove the add back for fees incurred in unsuccessful acquisition efforts and cap the add back for fees incurred in successful acquisition efforts at $3.0 million; and (vii) remove the add back for realized losses in the trust account's investment portfolio in an aggregate amount for all periods not to exceed $53.0 million; (B) eliminate the deduction for non-cash items increasing Consolidated Net Income for the applicable period; and (C) eliminate the adjustment for "Change in Deferred Selling and Obtaining Costs" and "Change In Deferred Revenue, net" as presented in the Partnership's consolidated financial statements;

- replace the Consolidated Leverage Ratio covenant with a Consolidated Secured Net Leverage Ratio covenant that:

    - defines Consolidated Secured Net Leverage Ratio as the ratio of (i) (x) Consolidated Secured Funded Indebtedness, which is indebtedness secured by a lien, minus (y) cash and cash equivalents subject to a first priority lien in favor of the Administrative Agent in an amount not to exceed $5.0 million, to (ii) Consolidated EBITDA; and

    - establishes limitations on the Partnership's Consolidated Secured Net Leverage Ratio at 5.75:1.00 for the period ended June 30, 2018 and the period ending September 30, 2018, stepping down to 5.50:1.00 for the period ending December 31, 2018, 5.00:1.00 for periods ending in fiscal 2019 and 4.50:1.00 for periods ending in fiscal 2020;

- prohibit distributions to the Partnership's partners unless the Consolidated Leverage Ratio (which includes the effect of unsecured indebtedness) is not greater than 7.50:1.00 and the Revolving Credit Availability is at least $25.0 million;

- increase the Applicable Rate by 0.50%;

- revise the provisions relating to the Consolidated Fixed Charge Coverage Ratio by (A) reducing the minimum Consolidated Fixed Charge Coverage Ratio from 1.20:1.00 to 1.00:1.00 for fiscal 2018, stepping up to 1.10:1.00 for fiscal 2019 and returning to 1.20:1.00 for fiscal 2020 and (B) permitting the Partnership to include in calculating the ratio adjustments for "Change in Deferred Selling and Obtaining Costs," "Change In Deferred Revenue" and "Change In Merchandise Trust Fund" as presented in the Partnership's consolidated financial statements;

- remove the Consolidated Debt Service Charge Ratio;

- provide for mandatory prepayments in an amount equal to 100% of the net cash proceeds, subject to certain thresholds in certain cases, from sale/leaseback transactions and certain other permitted dispositions of real estate;

- further modify the Partnership's ability to incur additional indebtedness by: (i) decreasing the capital equipment financing basket from $10.0 million to $5.0 million; (ii) decreasing the general basket for certain permitted debt from $10.0 million to $7.5 million; (iii) eliminating the Borrowers' ability to incur subordinated debt to fund consideration payable for certain permitted acquisitions; (iv) eliminating the Borrowers' ability to incur unsecured indebtedness; and (v) permitting the Partnership to incur indebtedness of up to an aggregate of $11.0 million in the form of deferred purchase price obligations payable pursuant to certain specified agreements entered into prior to the Sixth Amendment Effective Date;

- eliminate the Partnership's (A) right to consummate, subject to certain other conditions, acquisitions if, on a pro forma basis, the Consolidated Leverage Ratio was not greater than 3.75:1.00 and (B) ability to fund acquisitions with Borrowers' own funds, except for an aggregate of up to $11.0 million of purchase price obligations pursuant to certain acquisitions for which agreements had been executed prior to the Sixth Amendment Effective Date;

- modify the scope of permitted dispositions: (i) to decrease the general basket from $10.0 million annually to $5.0 million after the Sixth Amendment Effective Date; (ii) except with respect to certain existing sale/leaseback transactions, reduce the limit on dispositions involving sale/leaseback transactions from $10.0 million during the term of the facility to $3.0 million after the Sixth Amendment Effective Date; and (iii) for dispositions that would not otherwise be permitted dispositions, change the basket from an annual aggregate limit of $10.0 million to a limit of $12.0 million from the Sixth Amendment Effective Date until June 30, 2019 and a limit of $3.0 million from July 1, 2019 until December 31, 2019 and each year thereafter (provided that such limitations will not apply to certain specified dispositions);

- reduce the amount that may be invested in non-guarantor subsidiaries from $1.0 million to $0.5 million and decrease the general basket on all other investments from $5.0 million to $2.5 million;

- decrease the limit on loans to officers or employees from $0.5 million to $0.25 million; and

- extend the deadline for filing the Partnership's Forms 10-Q for the periods ended March 31, 2018 and June 30, 2018 to 60 and 105 days, respectively, following the filing of the 2017 Form 10-K.

In addition, in the Sixth Amendment, the Administrative Agent and Lenders party thereto waived existing defaults under the Original Credit Agreement as a result of the Partnership's failure to (i) deliver the financial statements for the periods ended December 31, 2017 and March 31, 2018 and the related compliance certificates; (ii) comply with the facility's maximum Consolidated Leverage Ratio for the quarters ended December 31, 2017 and March 31, 2018; and (iii) give notice of such defaults and inaccuracies in representations and warranties resulting from such defaults. This waiver was subject to the satisfaction of certain conditions, including the payment to the Lenders of a fee in the aggregate amount of $0.9 million.

The Seventh Amendment included covenants pursuant to which the Partnership agreed to deliver to the Administrative Agent: (a) the consolidated financial statements included in this Annual Report on Form 10-K on or before August 31, 2018, (b) the consolidated financial statements to be included in its Quarterly Report on Form 10-Q for the period ended March 31, 2018 (the "First Quarter 10-Q") within 90 days after this Annual Report on Form 10-K was filed but not later than October 31, 2018, (c) the consolidated financial statements to be included in its Quarterly Report on Form 10-Q for the period ended June 30, 2018 (the "Second Quarter 10-Q") within 60 days after the First Quarter 10-Q is filed (but not later than December 17, 2018) and (d) the consolidated financial statements to be included in its Quarterly Report on Form 10-Q for the period ending September 30, 2018 within 45 days after the Second Quarter 10-Q is filed (but not later than January 31, 2019). The Seventh Amendment also increased the maximum Consolidated Secured Net Leverage Ratio for the period ended June 30, 2018 from 5.75:1.00 to 6.25:1.00. In addition, the Administrative Agent and the Lenders party to the Seventh Amendment also waived existing defaults under the Original Credit Agreement, as amended by the Sixth Amendment, arising from the Partnership's failure to timely deliver the consolidated financial statements included in this Annual Report on Form 10-K on or before June 30, 2018. The Partnership prepaid $4.0 million of the outstanding balance of its revolving loans under the Amended Credit Facility as a condition to the foregoing waivers and amendments, and also paid the lenders a fee in the aggregate amount of $0.2 million.

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19. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following summarizes certain quarterly results of operations:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(in thousands, except per unit data)			
Year Ended December 31, 2017				
Revenues	$ 82,946	$ 85,952	$ 84,034	$ 85,295
Gross loss	(1,049)	(3,113)	(2,348)	(4,163)
Net loss (1)	(8,561)	(11,582)	(9,576)	(45,439)
General partner's interest in net loss for the period	(89)	(121)	(99)	(473)
Limited partners' interest in net loss for the period	(8,472)	(11,461)	(9,477)	(44,966)
Net loss per limited partner unit (basic and diluted)	$ (0.22)	$ (0.30)	$ (0.25)	$ (1.18)
Year Ended December 31, 2016				
Revenues	$ 78,172	$ 78,978	$ 80,773	$ 88,307
Gross profit (loss)	539	(1,746)	(3,678)	1,999
Net loss	(6,393)	(8,144)	(9,949)	(5,997)
General partner's interest in net income (loss) for the period	1,101	1,091	(111)	(65)
Limited partners' interest in net loss for the period	(7,494)	(9,235)	(9,838)	(5,932)
Net loss per limited partner unit (basic and diluted)	$ (0.23)	$ (0.27)	$ (0.28)	$ (0.14)

(1) Net loss in the fourth quarter of 2017 includes loss on goodwill impairment of $45.6 million.

Gross profit (loss) is computed based upon total revenues less total costs and expenses per the consolidated statements of operations for each quarter.

Net income (loss) per limited partner unit is computed independently for each quarter and the full year based upon respective average units outstanding. Therefore, the sum of the quarterly per unit amounts may not equal the annual per share amounts.

20. SUPPLEMENTAL CONSOLIDATED CASH FLOW INFORMATION

The tables presented below provide supplemental information to the consolidated statements of cash flows regarding contract origination and maturity activity included in the pertinent captions on the Partnership's consolidated statements of cash flows (in thousands):

	Years Ended December 31,		
	2017	2016	2015
Pre-need/at-need contract originations (sales on credit)	$ (104,896)	$ (114,304)	$ (124,313)
Cash receipts from sales on credit (post-origination)	87,822	91,488	106,010
Changes in Accounts receivable, net of allowance	$ (17,074)	$ (22,816)	$ (18,303)
Deferrals:			
Cash receipts from customer deposits at origination, net of refunds	$ 146,624	$ 151,461	$ 144,682
Withdrawals of realized income from merchandise trusts during the period	12,551	14,397	14,682
Pre-need/at-need contract originations (sales on credit)	104,896	114,304	124,313
Undistributed merchandise trust investment earnings, net	(36,461)	11,056	16,048
Recognition:			
Merchandise trust investment income, net withdrawn as of end of period	(11,738)	(11,051)	(14,313)

Recognized maturities of customer contracts collected as of end of period	(199,074)	(196,123)	(190,744)
Recognized maturities of customer contracts uncollected as of end of period	(25,847)	(29,909)	(27,995)
Changes in Deferred revenues	$ (9,049)	$ 54,135	$ 66,673

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Partnership maintains disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure.

Our management, including the CEO and CFO, evaluated the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) under the Exchange Act as of December 31, 2017. Based on such evaluation, our CEO and CFO concluded the disclosure controls and procedures were not effective due to the material weaknesses in internal control over financial reporting described below.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Management's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Partnership; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that receipts and expenditures of the Partnership are being made only in accordance with authorizations of management and directors of the Partnership; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Partnership's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

A **material weakness** is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Partnership's annual or interim financial statements will not be prevented or detected on a timely basis.

Management previously identified and reported material weaknesses in its December 31, 2016 Annual Report on Form 10-K filed on September 18, 2017. We conducted an evaluation of the effectiveness of the Partnership's internal control over financial reporting as of December 31, 2017 based on the criteria set forth in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our assessment, we concluded that the Partnership did not maintain effective internal control over financial reporting as of December 31, 2017 as a result of the material weaknesses described below:

A. *Control environment, control activities and monitoring:*

The Partnership did not design and maintain effective internal control over financial reporting related to control environment, control activities and monitoring based on the criteria established in the COSO Framework including more specifically:

- *Competency of resources*: Management did not effectively execute a strategy to hire, train and retain a sufficient complement of personnel with an appropriate level of training, knowledge and experience in certain areas important to financial reporting; and

- *Deployment and oversight of control activities*: Management did not implement effective oversight to support deployment of control activities due to (a) failure to establish clear accountability for the performance of internal control over financial reporting responsibilities in certain areas important to financial reporting and (b) failure to prioritize and implement related corrective actions in a timely manner.

B. *Establishment and review of certain accounting policies:*

The Partnership's controls applicable to establishment, periodic review for ongoing relevance and consistent application of material accounting policies in conformity with GAAP including (i) revenue recognition, (ii) insurance-related assets and liabilities and (iii) financial statement presentation, were not appropriately designed. Additionally, the Partnership's review controls did not operate at the appropriate level of precision to identify all instances of material non-compliance with GAAP.

As noted above, the Partnership reported a material weakness in control environment relating to *Competency of resources* and *Deployment and oversight of control activities*, which contributed to this material weakness.

C. *Reconciliation of certain general ledger accounts to supporting details:*

The Partnership's controls over the reconciliation of amounts recorded in the general ledger to relevant supporting details for "Cemetery property" and "Deferred revenues" on the consolidated balance sheet were not designed appropriately or failed to operate effectively. Management has identified that the specified general ledger account balances were not always reconciled to supporting documentation. Further, the review of reconciliations, and analysis of corresponding trends in account balances, was not carried out at a sufficiently detailed level to prevent or detect a material misstatement.

As noted above, the Partnership reported a material weakness in control environment relating to *Competency of resources* and *Deployment and oversight of control activities*, which contributed to this material weakness.

D. Accurate and timely relief of deferred revenues and corresponding recognition of income statement impacts:

The Partnership's internal controls designed to prevent a material misstatement in the recognized amount of "Deferred revenues" as of the balance sheet date were not designed appropriately. Specifically, the Partnership concluded that it did not design effective controls that would lead to a timely identification of a material error in "Deferred revenues" due to failure to accurately and timely relieve the liability when the service was performed or merchandise was delivered. Further, the Partnership's review controls designed to detect such errors did not operate at the appropriate level of precision to identify such error.

As noted above, the Partnership reported a material weakness in control environment relating to *Competency of resources* and *Deployment and oversight of control activities*, which contributed to this material weakness.

E. Review of financial statement disclosures:

The Partnership did not design and maintain adequate controls over the preparation and review of the consolidated statements of cash flows and the financial statement disclosures in Note 3, *Accounts Receivable, Net of Allowance* ("Note 3"), and Note 15, *Supplemental Condensed Consolidating Financial Information* ("Note 15"), to the consolidated financial statements included in Part II, Item 8. Financial Statements and Supplementary Data to provide reasonable assurance as to the accuracy and proper presentation of the financial statement disclosures in accordance with GAAP.

As noted above, the Partnership reported a material weakness in control environment relating to *Competency of resources* and *Deployment and oversight of control activities*, which contributed to this material weakness.

Our management communicated the results of its assessment to the Audit Committee of the Board of Directors of our General Partner. Our independent registered public accounting firm, Deloitte & Touche LLP, has expressed an adverse opinion on our internal control over financial reporting as of December 31, 2017 in the audit report that appears below.

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REMEDIATION EFFORTS

Management is committed to the remediation of the material weaknesses described above, as well as the continued improvement of our internal control over financial reporting. We have identified and implemented, and continue to implement, the actions described below to remediate the underlying causes of the control deficiencies that gave rise to the material weaknesses. As we continue our evaluation and improve our internal control over financial reporting, management may modify the actions described below or identify and take additional measures to address control deficiencies. Until the remediation efforts described below, including any additional measures management identifies as necessary, are completed, the material weaknesses described above will continue to exist.

A. To address the material weakness in control environment, control activities and monitoring, the Partnership is in the process of:

- hiring additional personnel who possess the requisite skillsets in certain areas important to financial reporting;
- assessing the required training needs to ascertain continuous development of existing personnel;
- performing a comprehensive review of current procedures to ensure compliance with the Partnership's accounting policies and GAAP;
- enhancing the existing and developing more appropriate monitoring controls to provide reasonable assurance that the Partnership maintains sufficient oversight of the performance of internal control over financial reporting responsibilities; and
- reassessing its existing framework used to identify and implement corrective actions on a timely, prioritized basis with defined accountability.

Management will continue to review such actions and progress with the Audit Committee. The remediation of this weakness in the control environment will contribute to the remediation of each of the additional material weaknesses described above.

B. To address the material weakness associated with the establishment and periodic review of certain accounting policies for compliance with applicable GAAP that gave rise to inappropriate and untimely revenue recognition, accounting for insurance-related assets and liabilities and financial statement presentation, the Partnership is performing a comprehensive review of both the Partnership's existing accounting policies to provide reasonable assurance of compliance with GAAP and the Partnership's existing procedures to address compliance with the Partnership's policies and GAAP. This includes adequately monitoring and training personnel in the appropriate application of the relevant guidance and enhancing its existing accounting policies and procedures as necessary.

C. To address the material weakness associated with controls over the reconciliation of amounts in certain general ledger accounts to relevant supporting details, the Partnership is in the process of reassessing its existing policies and designing procedures to govern the completion and review of business unit level account reconciliations. This includes automation of processes and designing and implementing enhanced controls over the preparation, analysis and review of significant accounts that operate at the appropriate level of precision to prevent or detect a material misstatement of such balances at period end. The Partnership is refining its monitoring controls over the maintenance of cemetery property records to address the associated material weakness. The Partnership is refining system controls to assist with timely and accurate recognition of revenue and related costs and detective controls to appropriately monitor and review the recording of transactions.

D. To address the material weakness regarding accurate and timely relief of deferred revenue and corresponding income statement impacts, the Partnership will reassess the existing monitoring controls designed to identify material misstatements within "Deferred revenues". The Partnership will refine system controls and introduce additional controls operating at an appropriately low level of detail intended to identify material misstatements in "Deferred revenues".

E. To address the material weakness associated with the review of financial statement disclosures regarding the consolidated statements of cash flows and Note 3 and Note 15, the Partnership is designing and implementing additional controls over the preparation and review of the consolidated statements of cash flows and Note 3 and Note 15 at a detailed level to ensure accurate and proper presentation of the financial statement disclosures in accordance with GAAP.

We believe these measures will remediate the material weaknesses noted. While we have completed some of these measures as of the date of this report, we have not completed and tested all of the planned corrective processes, enhancements, procedures and related evaluation that we believe are necessary to determine whether the material weaknesses have been fully remediated. We believe the corrective actions and controls need to be in operation for a sufficient period of time for management to conclude that the control environment is operating effectively and has been adequately tested through audit procedures. Accordingly, the material weaknesses have not been fully remediated as of the date of this report. As we continue to evaluate and work to remediate the control deficiencies that gave rise to the material weaknesses, we may determine that additional measures or time are required to address the control deficiencies or that we need to modify or otherwise adjust the remediation measures described above. We will continue to assess the effectiveness of our remediation efforts in connection with our evaluation of our internal control over financial reporting.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Our remediation efforts were ongoing during our last fiscal quarter ended December 31, 2017. Other than the remediation steps described above, there were no other material changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) and 15d-15(d) of the Exchange Act during the quarter ended December 31, 2017 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of StoneMor GP LLC and Unitholders of StoneMor Partners L.P.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of StoneMor Partners L.P. and subsidiaries (the "Partnership") as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, because of the effect of the material weaknesses identified below on the achievement of the objectives of the control criteria, the Partnership has not maintained effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2017, of the Partnership and our report dated July 16, 2018, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment:

A. The Partnership did not design and maintain effective internal control over financial reporting related to control environment, control activities and monitoring, including competency of resources and deployment and oversight of control activities.

B. The Partnership's controls applicable to establishment, periodic review for ongoing relevance and consistent application of certain material accounting policies in conformity with accounting principles generally accepted in the United States of America ("GAAP") including (i) revenue recognition, (ii) insurance-related assets and liabilities and (iii) financial statement presentation, were not appropriately designed.

C. The Partnership's controls over the reconciliation of certain amounts recorded in the general ledger to relevant supporting details for "Cemetery property" and "Deferred revenues" on the consolidated balance sheet were not designed appropriately or failed to operate effectively.

D. The Partnership's internal controls designed to prevent a material misstatement in the accurate and timely relief of "Deferred revenues" as of the balance sheet date were not designed appropriately.

E. The Partnership did not design and maintain adequate controls over the preparation and review of the consolidated statements of cash flows and the financial statement disclosures in Note 3, *Accounts Receivable, Net of Allowance*, and Note 15, *Supplemental Condensed Consolidating Financial Information*, to the consolidated financial statements included in Part II, Item 8. Financial Statements and Supplementary Data to provide reasonable assurance as to the accuracy and proper presentation of the financial statement disclosures in accordance with GAAP.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements as of and for the year ended December 31, 2017, of the Partnership and this report does not affect our report on such financial statements.

/s/ Deloitte & Touche LLP
Philadelphia, Pennsylvania
July 16, 2018

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ITEM 9B. OTHER INFORMATION

None.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

PARTNERSHIP STRUCTURE AND MANAGEMENT

StoneMor GP, as our general partner, manages our operations and activities. Unitholders are not entitled to participate, directly or indirectly, in our management or operations.

Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business. Unitholders do not have the 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 the vote of the holders of at least 66 2/3% of the outstanding common units, including units owned by our general partner and its affiliates. Robert B. Hellman, Jr. is the sole Trustee (the "Trustee") under a Trust (the "Trust") established pursuant to a Voting and Investment Trust Agreement by and between American Cemeteries Infrastructure Investors, LLC, a Delaware limited liability company ("ACII"), and Mr. Hellman, as Trustee, dated as of May 9, 2014, for the pecuniary benefit of ACII. In his capacity as Trustee, Mr. Hellman has exclusive voting and investment power over approximately 89.01% of membership interests in StoneMor GP Holdings LLC, a Delaware limited liability company ("GP Holdings"), which is the sole member of StoneMor GP. ACII is an affiliate of American Infrastructure Funds, L.L.C., an investment adviser registered with the SEC. Mr. Hellman, a director of our general partner, is a managing member of American Infrastructure Funds, L.L.C. and he is affiliated with (i) entities that own membership interests in ACII and (ii) AIM Universal Holdings, LLC which is the manager of ACII. Jonathan A. Contos, who served as a director of our general partner until February 9, 2018, was a Principal of American Infrastructure Funds, L.L.C. Robert A. Sick, a director of our general partner, has been an Operating Director of American Infrastructure Funds, L.L.C. since 2015. In addition to the Trust's holdings of GP Holdings, Lawrence Miller, Vice Chairman of the Board of Directors of StoneMor GP (3.96%, inclusive of family partnership holdings), William Shane, a former director of StoneMor GP (3.12%, inclusive of family partnership holdings), Allen Freedman, a former director of StoneMor GP (0.06%), and Martin Lautman (0.24%, along with Mr. Lautman's spouse), a director of StoneMor GP, Michael Stache and Robert Stache (each owning 1.8% through trusts with their respective spouses), retired executive officers of StoneMor GP, collectively hold approximately 10.99% of membership interests in GP Holdings.

Pursuant to the Second Amended and Restated Limited Liability Company Agreement of StoneMor GP LLC, dated May 21, 2014, as amended (the "Second Amended and Restated LLC Agreement"), GP Holdings, as the sole member of StoneMor GP, is entitled to elect all directors of StoneMor GP, except that Messrs. Miller and Shane acting collectively have the right to designate Mr. Miller as a director until November 2019.

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DIRECTORS AND EXECUTIVE OFFICERS OF STONEMOR GP LLC

The following table shows information regarding the directors and executive officers of our general partner as of July 17, 2018. Each director is elected for one-year terms until his or her successor is duly elected and qualified or until his or her earlier resignation or removal.

Name	Age	Positions with StoneMor GP LLC
Leo J. Pound (1)	63	Interim Chief Executive Officer and Director
Mark L. Miller (2)	58	Chief Financial Officer and Senior Vice President
James S. Ford (3)	63	Chief Operating Officer and Senior Vice President
Austin K. So	45	General Counsel, Chief Legal Officer and Secretary
Kenneth E. Lee, Jr.	59	National Vice-President of Operations
Robert B. Hellman, Jr.	58	Chairman of the Board of Directors
Lawrence Miller (4)	69	Vice Chairman of the Board of Directors
Martin R. Lautman, Ph.D.	71	Director
Stephen J. Negrotti (5)	66	Director
Robert A. Sick (6)	58	Director
Fenton R. Talbott	76	Director
Patricia D. Wellenbach (5)	61	Director

(1) R. Paul Grady served as President, Chief Executive Officer and a Member of the Board of Directors from May 17, 2017 until March 30, 2018. Mr. Pound served as Acting Chief Operating Officer from April 16, 2017 until September 29, 2017 and has served as Interim Chief Executive Officer since March 30, 2018.
(2) Mr. Miller was appointed Chief Financial Officer and Senior Vice President effective as of May 16, 2017.
(3) Mr. Ford was appointed Chief Operating Officer and Senior Vice President effective as of March 1, 2018.
(4) Mr. Miller served as Chief Executive Officer, President and Chairman of the Board of Directors until May 17, 2017.
(5) Mr. Negrotti and Ms. Wellenbach were appointed as members of the Board of Directors effective as of April 2, 2018.
(6) Mr. Sick was appointed a member of the Board of Directors effective as of May 17, 2017.

EXECUTIVE OFFICERS AND BOARD MEMBERS

A brief biography for each executive officer who serves as a director of our general partner is included below.

Leo J. Pound has served as Interim Chief Executive Officer of our general partner since March 30, 2018. He also served as Acting Chief Operating Officer of our general partner from April 16, 2017 until September 29, 2017 and has served on the Board of Directors of our general partner since August 2014. As previously announced, Mr. Pound will be resigning as the Interim Chief Executive Officer of our general partner on the first business day after this Annual Report on Form 10-K is filed, when Joseph M. Redling will commence serving as the President and Chief Executive Officer and a director of our general partner. Mr. Pound has been a Principal of Pound Consulting Inc., which provides management-consulting services to both public and private enterprises, since July 2000. From February 1999 to July 2000, Mr. Pound was Chief Financial Officer of Marble Crafters, a stone importer and fabricator. From October 1995 to February 1999, he was Chief Financial Officer of Jos. H. Stomel & Sons, a wholesale distributor. Since 2013, Mr. Pound has served as the Chairman of the Audit Committee of Alliance Holdings, a private equity firm. From 2012 through December 2015, Mr. Pound had been a director at Turner Long/Short Equity Offshore, an investment partnership managed by Turner Investments, Inc. He also serves as the Chairman of the Audit Committee and as a member of the Compensation Committee and Nominating Committee of Nixon Uniform Service & Medical Wear, a textile rental company. In December 2015, Mr. Pound joined the Board of Directors of Empire Petroleum Partners, a private wholesale fuel distributor. He is also the Chairman of the Audit Committee at Empire Petroleum Partners. Mr. Pound previously served on the Board of Directors of NCO Group, Inc., an international provider of business process outsourcing services, from 2000 until 2011. Mr. Pound chaired the Audit Committee and was a member of the Nominating and Corporate Governance Committee of the Board of Directors of NCO Group, Inc. Mr. Pound is a Certified Public Accountant and a member of the American and Pennsylvania Institutes of Certified Public Accountants. Mr. Pound received a degree in Business Administration from LaSalle University where he majored in Accounting. Mr. Pound brings to the Board of Directors of our general partner broad knowledge of audit practices and financial controls and systems and financial leadership experience.

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ADDITIONAL DIRECTORS

A brief biography for each non-executive director of our general partner is included below.

Robert B. Hellman, Jr., has served on the Board of Directors of our general partner since our formation in April 2004. Mr. Hellman co-founded American Infrastructure Funds ("AIM") in 2006 and has been an infrastructure and private real assets investor for over 25 years. He has been an investor and director in a wide variety of industries, including agriculture, building materials, forest products, energy production and distribution, death care, entertainment, health and fitness, and real estate. On behalf of AIM, he currently holds three patents on the application of the design of innovative financial security structures. Bob began his private equity career at McCown DeLeeuw in 1987, and previously was a consultant with Bain & Company, where he was one of the founding members of Bain's Tokyo office. Bob serves on the board of a number of private companies. He is also a member of the Board of the Stanford Institute for Economic Policy Research (SIEPR) and President of Stanford's DAPER Investment Fund. He received an M.B.A. from the Harvard Business School with Baker Scholar honors, an M.S. in economics from the London School of Economics, and a B.A. in economics from Stanford University. Mr. Hellman brings to the Board of Directors of our general partner extensive investment management and capital raising experience, combined with excellent leadership and strategic skills.

Lawrence Miller founded our Company and served as Chief Executive Officer, President and Chairman of the Board of Directors of our general partner from our formation in April 2004 until May 17, 2017. He also served as the Chief Executive Officer and President of Cornerstone, from March 1999 through April 2004. Prior to joining Cornerstone, Mr. Miller was employed by The Loewen Group, Inc. (now known as the Alderwoods Group, Inc.), where he served in various management positions, including Executive Vice President of Operations from January 1997 until June 1998, and President of the Cemetery Division from March of 1995 until December 1996. Prior to joining The Loewen Group, Mr. Miller served as President and Chief Executive Officer of Osiris Holding Corporation, a private consolidator of cemeteries and funeral homes of which Mr. Miller was a one-third owner, from November 1987 until March 1995, when Osiris was sold to The Loewen Group. Mr. Miller served as President and Chief Operating Officer of Morlan International, Inc., one of the first publicly traded cemetery and funeral home consolidators from 1982 until 1987, when Morlan was sold to Service Corporation International. Mr. Miller has also been a director of GP Holdings, the sole member of our general partner, since May 2014. Mr. Miller brings to the Board of Directors of our general partner extensive operating and managerial expertise in the death care industry, excellent leadership skills and significant experience in advancing growth strategies, including acquisitions and strategic alliances.

Martin R. Lautman, Ph.D., has served on the Board of Directors of our general partner since our formation in April 2004 and as a director of Cornerstone since its formation in March 1999 through April 2004. Dr. Lautman is currently the Managing Director of Marketing Channels, Inc., a company that provides marketing and marketing research consulting services to the information industry and a partner in Musketeer Capital, a venture capital firm investing in early stage and growth stage companies. Most recently, he served as the President and CEO of GfK Custom Research North America, a division of a public worldwide marketing services company headquartered in Nuremburg, Germany. Prior to that, he was the Senior Managing Director of ARBOR a U.S.-based marketing research agency, where he held several positions including Senior Managing Director. He has also served with Numex Corporation, a public machine tool manufacturing company, as President from 1987 to 1990 and as a director from 1991 to 1997. From 1986 to 2000, Dr. Lautman served on the Board of Advisors of Bachow Inc., a private equity firm specializing in high-tech companies and software. He is currently a board member of Require, a title release tracking company and an advisor to Phoenix International, a market research firm and three early stage fund and growth stage funds. Dr. Lautman is also the former Chairman of the Board of Penn Hillel where he served for four years and is now on the board of Hillel International. Dr. Lautman has lectured on marketing in The Cornell Hotel School and The Columbia University School of Business and has taught courses in both the Executive MBA and MBA programs in marketing management and marketing strategy in The Smeal School of Business of The Pennsylvania State University. He currently teaches Entrepreneurial Marketing in both the undergraduate and MBA programs in The Wharton School of Business of The University of Pennsylvania. Dr. Lautman brings to the Board of Directors marketing, sales and strategic planning expertise and experience with corporate compensation matters.

Stephen J. Negrotti has served on the Board of Directors of our general partner since April 2018. Mr. Negrotti was most recently President and CEO of Turner Investments Inc., an investment manager, from April 2014 until October 2015. He also served as a member of the Board of Directors and President of the Turner Family of Mutual Funds during that time. Mr. Negrotti has been self-employed as an independent certified public accountant and a consultant since October 2015 and was also employed in that capacity from January 2012 until joining Turner. Mr. Negrotti has over 40 years of finance and administration experience. He joined Ernst & Young in Philadelphia in 1976 and was a Partner at Ernst & Young LLP from 1986 through 2011, coordinating services to financial industry clients and acting as an advisor in Ernst & Young's Global Private Equity practice in New York. Mr. Negrotti holds an MBA in Finance from Drexel University and a Bachelor's degree in Accounting from The Pennsylvania State University. Mr. Negrotti brings to the Board significant experience in financial oversight and accounting matters.

Robert A. Sick has served on the Board of Directors of our general partner since May 2017. Mr. Sick has been an Operating Director at American Infrastructure MLP Funds since January 2015. Prior to that, Mr. Sick was the sole member and Managing Director of White Oak Capital, LLC, which he formed in April 2004, through which he has served as a transition chief executive officer, board member, and senior adviser to more than 30 middle market companies, helping to lead them through management transitions, significant growth initiatives and other business transformations. From December 2013 through December 2014, he served as Chief Executive Officer of AutoNet Mobile Inc., a private company that makes wireless devices for use in moving vehicles. He has also served as a director of Safe Harbor Marinas LLC (September 2016 to present), Denbeste Water Solutions LLC (2014), Arrow Holdings LLC (June 2015 to present), Jacksonville Sound & Communications, Inc. (2015 to present), and Granite Holdings LLC (2015 to present), all of which are private companies. Mr. Sick brings to the Board of Directors of our general partner significant executive leadership experience and experience in driving various strategic initiatives and creating long term value.

Fenton R. "Pete" Talbott has served on the Board of Directors of our general partner since our formation in April 2004 and had served as Chairman of the Board of Cornerstone from April 2000 through April 2004. Mr. Talbott served as the President of Talbott Advisors, Inc., a consulting firm, from January 2006 through January 2010. Mr. Talbott previously served as an operating affiliate of McCown De Leeuw & Co., LLC from November 1999 to December 2004 and currently serves as an operating affiliate of American Infrastructure Funds, L.L.C. Additionally, he served as the Chairman of the Board of Telespectrum International, an international telemarketing and market-research company, from August 2000 to January 2001. Prior to 1999, Mr. Talbott held various executive positions with Comerica Bank, American Express Corporation, Bank of America, The First Boston Corp., CitiCorp., and other entities. He currently serves as a board member of the Preventative Medicine Research Institute, Kansas University Board of Trustees, and Landmark Dividend, LLC. Mr. Talbott brings to the Board of Directors of our general partner extensive operational and consulting expertise, experience with compensation matters and his significant professional contact base.

Patricia D. Wellenbach has served on the Board of Directors of our general partner since April 2018. She has been President and CEO of Philadelphia's Please Touch Museum since November 2015. In such capacity, Ms. Wellenbach is responsible for management and oversight of one of the top 10 children's museums in the country. The Museum employs 100 people and has a budget of $10.0 million. In addition, Ms. Wellenbach works closely with the Museum's Board of Trustees and is a steward of a 100,000 square foot building on the National Historic Register. The building is owned by the City of Philadelphia and as such Ms. Wellenbach works closely with city leaders on the preservation of this historic landmark building. From February 2013 to October 2015, Ms. Wellenbach was President and CEO of Green Tree School and Services, a non-residential school and behavioral health clinic for children with autism and severe emotional disturbances. In such capacity, Ms. Wellenbach oversaw a budget of $9.0 million, managed the construction of a new facility and negotiated contracts with two unions. The complexity of the medical and educational needs of the children required Ms. Wellenbach to have experience with a high level of regulatory and compliance issues. From October 2007 to January 2013, Ms. Wellenbach advised companies as President and CEO of Sandcastle Strategy Group, LLC. Ms. Wellenbach currently serves on the Boards of Thomas Jefferson University (from July 2015) and the Philadelphia Mayor's Cultural Advisory Board (from September 2016). Ms. Wellenbach previously was a member of the Board of Directors at the Reinvestment Fund, a CDFI fund that makes community impact investments in areas of work force development, charter schools, food access and other community needs, from March 2010 until December 2017. Ms. Wellenbach is also a member of the National Association of Corporate Directors, Women Corporate Directors, the Forum of Executive Women and the Pennsylvania Women's Forum. Ms. Wellenbach holds a degree from the Boston College School of Nursing and a certificate from the UCLA Anderson School of Management's Healthcare Executive Program. Ms. Wellenbach brings to the Board significant experience in managing complex businesses in transition and restructuring, merger and acquisition experience both as a chief executive officer and as a board member, and experience with risk, regulatory and compliance issues.

EXECUTIVE OFFICERS (NON-BOARD MEMBERS)

A brief biography for each executive officer who does not serve as a director of our general partner is included below.

Mark L. Miller has served as Chief Financial Officer and Senior Vice President of our general partner since May 2017 and was a consultant to our general partner since February 2017. From October 2016 to February 2017, Mr. Miller provided consulting services to a distributor of flooring material. Mr. Miller was on sabbatical from full-time work endeavors from July 2015 to September 2016. From July 2012 through March 2015, Mr. Miller was Chief Financial Officer and Treasurer of CrossAmerica GP, LLC, the general partner of CrossAmerica Partners LP (formerly Lehigh Gas Partners LP), a NYSE-listed limited partnership and a wholesale and retail distributor of motor fuel and a leasee and subleasee of motor fuel retail distribution stores, convenience stores and gas stations. Thereafter, he assisted CrossAmerica for a transition period from March 2015 to June 2015. Prior to his experience with Cross America, Mr. Miller was Vice President of Acquisitions at Dunne Manning Inc. (formerly Lehigh Gas Corporation), where he managed acquisitions, divestitures, acquisition financing and working capital requirements since 2004. Prior to joining Dunne Manning Inc., Mr. Miller was the Chief Financial Officer for several middle market companies in various industries. Mr. Miller also spent six years with Deloitte & Touche LLP. Mr. Miller holds a Bachelor of Science degree in Accounting from Northeastern University and was a Certified Public Accountant.

James S. Ford has served as Chief Operating Officer and Senior Vice President of our general partner since March 1, 2018. Prior to joining StoneMor, Mr. Ford had most recently served as Senior Vice President and Chief Customer Officer of Foundation Partners Group, which owns and operates funeral homes and cemeteries in the United States, where he was employed from September 2014 through January 2018. In such capacity, Mr. Ford was responsible for all operations, sales and marketing activities of Foundation Partners Group. He previously held the position of Vice President, Business Optimization, at Foundation Partners Group where he led efforts to formulate and implement business strategies that drove organizational growth and expansion. Prior to his employment with Foundation Partners Group, Mr. Ford was Senior Vice President and Chief Operating Officer of Cremation Services with the Neptune Society in Plantation, Florida, a provider of cremation services, from June 2004 to November 2013. In such capacity, Mr. Ford's responsibilities included oversight of Neptune Society's operations and sales. Before his employment with Neptune Society, Mr. Ford held several senior management positions with Service Corporation International (SCI), a provider of funeral goods and services as well as cemetery property and services, during his 16 years with that company. Mr. Ford has served on the Boards of Directors of the Illinois, Michigan, and Wisconsin Cemetery Associations and the Board of Directors of the Indiana Funeral Directors Association. Mr. Ford attended Loyola University in Los Angeles where he studied Biology and was a licensed Funeral Director in California.

Austin K. So has served as General Counsel, Chief Legal Officer and Secretary of our general partner since July 5, 2016. Prior to joining our general partner, Mr. So was the Division General Counsel and Secretary of Heraeus Incorporated, a global manufacturing conglomerate, from 2012 to 2016. Leading a team of lawyers based in Germany, China and the U.S., Mr. So oversaw litigation, mergers and acquisitions, commercial transactions, government investigations, compliance, export control, trade law and other legal matters. From 2002 to 2012, Mr. So practiced both transactional law and litigation at corporate law firms in New York City. Mr. So received an A.B. from Harvard College and a J.D. from The University of Pennsylvania Law School.

Kenneth E. Lee, Jr. has served as National Vice-President of Operations of our general partner since September 2017 and served as Vice-President of Funeral Operations from April 1999 until September 2017. Mr. Lee was part of the management team in place when StoneMor became a public company and was instrumental in growing the funeral home business unit from 5 funeral homes to 98. Earlier in his career, as Vice-President of Combination Funeral/Cemetery Operations at the Loewen Group, Mr. Lee was responsible for more than 135 combination operations. His career spans more than 40 years in the funeral home industry and includes extensive cemetery operations experience.

BOARD MEETINGS AND EXECUTIVE SESSIONS, COMMUNICATIONS WITH DIRECTORS AND BOARD COMMITTEES

In 2017, the Board of Directors of our general partner held four meetings. All directors then in office attended all of these meetings, either in person or by teleconference.

Our Board of Directors holds regular executive sessions, in which non-management board members meet without any members of management present. Mr. Hellman, Chairman of the Board of Directors and its Lead Director, presides at regular sessions of the non-management members of our Board of Directors.

Interested parties, including unitholders, may contact one or more members of our Board of Directors, including non-management directors individually or as a group, by writing to the director or directors in care of the Secretary of our general partner at our principal executive offices. A communication received from an interested party or unitholder will be promptly forwarded to the director or directors to whom the communication is addressed. We will not, however, forward sales or marketing materials or correspondence primarily commercial in nature, materials that are abusive, threatening or otherwise inappropriate, or correspondence not clearly identified as interested party or unitholder correspondence.

The Board of Directors of our general partner has an Audit Committee, a Conflicts Committee, a Trust and Compliance Committee and a Compensation and Nominating and Governance Committee. During 2017, the Board of Directors of our general partner approved the establishment of an Executive Search Committee. The Board of Directors of our general partner appoints the members of such committees. The members of the committees and a brief description of the functions performed by each committee are set forth below.

Audit Committee

The current members of the Audit Committee are Messrs. Lautman and Negrotti (Chairman) and Ms. Wellenbach. The primary responsibilities of the Audit Committee are to assist the Board of Directors of our general partner in its general oversight of our financial reporting, internal controls and audit functions, and it is directly responsible for the appointment, retention, compensation and oversight of the work of our independent auditors. The Audit Committee's charter is posted on our website at www.stonemor.com under the "Investors" section. Information on our website does not constitute a part of this Annual Report on Form 10-K.

All current committee members qualify as "independent" under applicable standards established by the SEC and NYSE for members of audit committees. In addition, Mr. Negrotti has been determined by the Board of Directors of our general partner to have accounting or related financial management expertise and meet the qualifications of "audit committee financial experts" in accordance with NYSE listing standards and SEC rules, as applicable. The "audit committee financial expert" designation is a disclosure requirement of the SEC related to Mr. Negrotti's experience and understanding with respect to certain accounting, and auditing matters. The designation does not impose any duties, obligations or liabilities that are greater than those generally imposed on Mr. Negrotti as a member of the Audit Committee and the Board of Directors of our general partner and it does not affect the duties, obligations or liabilities of any other member of the Board of Directors.

Conflicts Committee

The primary responsibility of the Conflicts Committee is to review matters that the directors believe may involve potential conflicts of interest. Members of the Conflicts Committee are appointed and the Conflicts Committee meets on an as-needed basis and determines if a proposed resolution of the conflict of interest is fair and reasonable to us. Members of the Conflicts Committee may not be officers or employees of our general partner or directors, officers, or employees of its affiliates and must meet the independence standards to serve on an audit committee of a board of directors established by the NYSE and certain other requirements. Any matters approved by the Conflicts Committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners, and not a breach by our general partner of any duties it may owe us or our unitholders.

Conflicts of interest may arise between us and our unitholders, on the one hand, and our general partner and its affiliates, on the other hand. As previously announced, Ms. Wellenbach and Mr. Negrotti have been appointed as members of the Conflicts Committee for the purpose of considering, reviewing and making recommendations as to whether a change in our structure from a master limited partnership to a publicly traded Delaware corporation would be in the best interest of the Partnership and our public unitholders. The Board of Directors has approved a fixed fee of $75,000 for their service on the Conflicts Committee, of which $25,000 has been paid and the two remaining installments of $25,000 will be paid on August 31, 2018 and the earlier of October 31, 2018 or the date, if any, on which a change in our structure is completed.

Trust and Compliance Committee

The current members of the Trust and Compliance Committee are Messrs. Hellman (Chairman) and Sick and Ms. Wellenbach. The primary responsibilities of the Trust and Compliance Committee are to assist the Board in fulfilling its responsibility in the oversight management of merchandise trusts and perpetual care trusts (merchandise trusts together with perpetual care trusts, the "Trusts") and to review and recommend an investment policy for the Trusts, including (i) asset allocation, (ii) acceptable risk levels, (iii) total return or income objectives and (iv) investment guidelines relating to eligible investments, diversification and concentration restrictions, and performance objectives for specific managers or other investments. The Trust and Compliance Committee also oversees matters of non-financial compliance, including our overall compliance with applicable legal and regulatory requirements.

Compensation and Nominating and Governance Committee

The current members of the Compensation and Nominating and Governance Committee (the "Compensation Committee") are Messrs. Sick (Chairman), Hellman and Pound. The primary responsibilities of the Compensation Committee are to oversee compensation decisions for the non-management directors of our general partner and executive officers of our general partner (in the event they are to be paid by our general partner), as well as our long-term incentive plan, to select and recommend nominees for election to the Board of Directors of our general partner.

Executive Search Committee

The members of the Executive Search Committee were Howard L. Carver (Chair), a former director, and Messrs. Hellman and Pound. The purpose of the Executive Search Committee was to recruit and recommend to the Board of Directors of our general partner candidates for the vacancies in the positions of Chief Executive Officer, Chief Operating Officer and Chief Financial Officer. The Executive Search Committee was disbanded after the appointments of Messrs. Grady and Miller in May 2017.

CODE OF ETHICAL CONDUCT FOR FINANCIAL MANAGERS, CODE OF BUSINESS CONDUCT AND ETHICS FOR DIRECTORS, THE CODE OF ETHICS POLICY, AND THE CORPORATE GOVERNANCE GUIDELINES

We adopted a Code of Ethical Conduct for Financial Managers which is applicable to our financial managers, including our principal financial officer, principal accounting officer or controller or persons performing similar functions. The Code of Ethical Conduct for Financial Managers incorporates guidelines designed to deter wrongdoing and to promote honest and ethical conduct and compliance with applicable laws and regulations. If any amendments are made to the Code of Ethical Conduct for Financial Managers or if we or our general partner grants any waiver, including any implicit waiver, from a provision of the code to any of its financial managers, we will disclose the nature of such amendment or waiver on our website (www.stonemor.com) or in a report on Form 8-K. We also adopted the Code of Business Conduct and Ethics for Directors, the Code of Ethics Policy applicable to our officers and other employees, and the Corporate Governance Guidelines, which constitute the framework for our corporate governance.

The Code of Ethical Conduct for Financial Managers, the Code of Business Conduct and Ethics for Directors, the Code of Ethics Policy, and the Corporate Governance Guidelines are publicly available on our website under the "Investors" section at www.stonemor.com. Information on our website does not constitute a part of this Annual Report on Form 10-K.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Our general partner’s directors, officers and beneficial owners of more than 10% of common units, if any, are required to file reports of ownership and reports of changes in ownership with the SEC. Directors, officers and beneficial owners of more than 10% of our common units are also required to furnish us with copies of all such reports that are filed. Based solely on our review of copies of such forms and amendments and on written representations from reporting individuals, we believe that all of the directors and executive officers of our general partner filed the required reports on a timely basis under Section 16(a) of the Exchange Act during the year ended December 31, 2017, except that Mr. Lautman failed to file a late Form 4 or Form 5 to report one direct acquisition of 1,110 common units and three indirect acquisitions of an aggregate of 2,400 common units by his spouse and trusts for his children.

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ITEM 11. EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The following is a brief overview of the more detailed discussion and analysis set forth in this section, which focuses on compensation paid to our named executive officers in 2017. Whenever we refer in this Annual Report on Form 10-K to the "named executive officers," we are referring to those executive officers of our general partner that we identified in the Summary Compensation Table below: R. Paul Grady, our President and Chief Executive Officer from May 17, 2017 through March 30, 2018; Lawrence Miller, our former Chief Executive Officer, President and Chairman of the Board; Mark L. Miller, our Chief Financial Officer and Senior Vice President; Sean P. McGrath, our former Chief Financial Officer and Secretary; Austin K. So, our General Counsel, Chief Legal Officer and Secretary; Dina S. Kelly, our former National Vice President of Sales and Marketing; and Kenneth E. Lee, Jr., our National Vice President of Operations, along with Leo J. Pound, who served as our Acting Chief Operating Officer from April 16, 2017 through September 29, 2017 and is now serving as our Interim Chief Executive Officer.

Our Compensation Process

Our business is managed by the officers and other employees of our general partner. We have no employees of our own. The Compensation and Nominating and Governance Committee, pursuant to the authority delegated to it by the Board, approves the annual compensation, including salary, bonus, equity compensation, other incentive compensation, and benefits for each executive officer, subject to the Board's oversight, and oversees all executive officer compensation programs, plans and policies, including those involving the issuance of equity securities.

Our general partner does not receive any management fee or other compensation for managing our business, but it is reimbursed by us for all expenses incurred on our behalf. These expenses include all expenses necessary or appropriate to the conduct of our business and allocable to us. The partnership agreement provides that our general partner will determine in good faith the expenses that are allocable to us. All items of cash compensation reflected in the tables below were incurred on our behalf by our general partner and reimbursed by us.

Objectives and Overview of Our Compensation Programs

Our compensation programs are designed by the board and Compensation Committee to attract, motivate and retain high quality executive officers, who will advance our overall business strategies and goals to create and return value to our unitholders. Our business goals are to increase our revenues, profits and cash distributions from existing operations, facilitate our growth through acquisitions, promote a cohesive team effort and provide a workplace environment that fosters compliance with the laws and regulations applicable to our business. We believe that an effective executive compensation program should maximize the value of our unitholders' investment by aligning the interests of our executive officers with the interests of our unitholders. We also believe that such program should provide competitive total compensation at a reasonable cost.

Our compensation programs include short-term elements, such as annual base salaries and cash bonuses, as well as longer-term elements such as equity-based awards. Some of our executive officers may also receive health, disability and life insurance benefits and automobile allowances, and are entitled to defer a portion of their compensation pursuant to our 401(k) retirement plan. We do not match any contributions under that plan. We have no formula for allocating between long or short-term compensation, cash or non-cash compensation, or among different forms of non-cash compensation, all of which allocations are determined at the discretion of the Compensation Committee.

Role of the Board, the Compensation Committee and Management

The board appointed the Compensation Committee to assist the board in discharging its responsibilities relating to compensation matters, including compensation of directors and executive officers of our general partner. The Compensation Committee is responsible for reviewing, evaluating and approving agreements, plans, policies and programs utilized to compensate the officers, directors and employees of our general partner.

In 2017, the Compensation Committee determined the compensation of our executive officers without the input of any compensation consultants. Compensation decisions for individual executive officers are the result of the subjective analysis of a number of factors, including the executive officer's experience, skills and tenure with us as well as the input of our Chief Executive Officer (except in the case of his compensation). In making individual compensation decisions, the Compensation Committee relies on the judgment and experience of its members as well as information that is reasonably available to committee members, including, but not limited to, comparable company data.

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The Compensation Committee considers the amount of each executive officer's current compensation as a base against which it determines whether increases are appropriate in order to provide continuing performance incentives. In addition, the Compensation Committee evaluates the compensation that would be appropriate to attract and retain executive officers in light of the competition. The Compensation Committee considers the impact of accounting and tax treatments to us and the recipients in determining executive officers' compensation.

Elements of Our Executive Compensation Program

The following table sets forth the primary elements of our executive compensation program and the objective each element is designed to achieve.

Element	Characteristics	Purpose
Base Salary	Fixed annual cash compensation. Executive officers are eligible for periodic increases based on performance and such other factors as the Compensation Committee may determine.	Helps attract and retain executives with skills and experience necessary to execute our business strategy.
Bonuses	Annual cash incentives earned based on performance and such other factors as the Compensation Committee may determine.	Rewards executives for successful management of the business and achieving performance objectives.
Long-Term Equity Incentive Awards	Equity based grants motivating executives to consider our long-term objectives.	Aligns executive officers' performance with unitholders' interests and rewards executives for increasing unitholder value over the long-term.
Health, Welfare and Retirement Benefits	Health and disability insurance benefits are available to our executive officers and all other regular full-time employees. Executive officers as well as other full-time employees can defer a portion of their compensation pursuant to our 401(k) retirement plan.	Provides benefits to our executive officers and other employees to meet their health, wellness and retirement needs.
Perquisites	Represent an immaterial element of our executive compensation program.	Encourage long-term retention of executives.

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Base Salary

Base salary is the guaranteed element of our executive officers' compensation. The respective base salaries of our named executive officers described below reflect the subjective assessment of the Compensation Committee and the board, taking into consideration the experience of the executive, the competitive market for similarly skilled executives, the complexity of the executive's job, our financial capabilities and business goals. The base salaries of our named executive officers for the year ended December 31, 2017 were as follows:

Name	Base Salary
R. Paul Grady	$600,000
Lawrence Miller	$528,000
Mark L. Miller	$450,000
Sean P. McGrath	$350,000
Austin K. So	$375,000 (1)
Dina S. Kelly	$325,000 (2)
Kenneth E. Lee, Jr.	$275,000 (3)
Leo J. Pound	N/A (4)

(1) Mr. So's base salary was increased from $275,000 to $375,000 effective February 1, 2017.

(2) Ms. Kelly's base salary was increased from $285,000 to $325,000 effective February 1, 2017.

(3) Mr. Lee's base salary was increased from $200,000 to $220,000 effective April 6, 2017 and to $275,000 effective September 5, 2017.

(4) Mr. Pound did not receive a base salary. He was compensated as a consultant at a rate of $70,000 per month for serving as our Acting Chief Operating Officer.

Bonuses

Annual bonuses are designed to motivate our executives to achieve our short-term earnings growth and provide awards for successful management of the business. Such bonuses and the identity of the recipients are determined at the discretion of the Compensation Committee, after considering the recommendations of our Chief Executive Officer related to other executive officers and employees. The Compensation Committee considers the following factors in determining the amount of discretionary bonus payable to an executive officer: our overall performance in light of economic conditions experienced during the fiscal year, the executive's contribution to our annual and long-term strategic objectives and the quality of the executive's work. Based on the Partnership's performance during 2017, Mark L. Miller received a bonus in the form of 14,556 restricted common units pursuant to his employment agreement plus a cash bonus of $50,000, and Mr. So received a cash bonus of $93,750.

The Compensation Committee also recognized that 2017 was a year of significant transition for the Partnership. To compensate Mr. So for his efforts during the first quarter of 2017, which the Compensation Committee considered to be substantially beyond the scope of his normal duties, the Compensation Committee awarded him a special bonus of $100,000. In addition, the Compensation Committee established a retention bonus program for Messrs. So and Lee and Ms. Kelly pursuant to which they are entitled to the following quarterly retention bonuses provided that they remain employed as of the end of such quarter: $50,000 and $25,000 in 2017 and 2018, respectively, for Mr. So and Ms. Kelly and $12,500 for Mr. Lee in 2017.

As our National Vice President of Sales and Marketing, Ms. Kelly also participated in a sales bonus program prior to the termination of her employment pursuant to which she was entitled to a bonus equal to a percentage of her base salary based on the extent to which the Partnership's sales budget was achieved, with performance being measured and the bonus being paid on a quarterly basis. For 2017, Ms. Kelly earned a bonus of $30,469 pursuant to this program. Ms. Kelly also received the second $50,000 installment of her hire bonus in 2017.

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Long-Term Equity Incentive Plan Awards

Awards under our long-term incentive plans are designed to motivate our executives to remain employed by us for a sufficient period to achieve our longer-term business goals and increase unitholder value. Unless otherwise specified in the award agreements or determined by the Compensation Committee, unvested awards under the long-term incentive plans are forfeited upon an executive's termination of employment. Pursuant to certain key employee restricted phantom unit agreements and unit appreciation rights agreements with our executives, unvested awards under our long-term incentive plans are forfeited if employment terminates for any reason other than a change of control, death, permanent disability or retirement. The grant of awards under our long-term incentive plans is made at the discretion of the Board of Directors or the Compensation Committee, as applicable, after considering recommendations of our Chief Executive Officer related to other executive officers and employees.

For 2017, the Compensation Committee intended to grant phantom units in the form of Time Vested Units ("TVUs") and Performance Vested Units ("PVUs") to the executive team to enhance the alignment of the executives' performance with unitholders' interests and to reward executives for achieving long-term strategic goals. However, due to the delay in filing our periodic reports with the Securities and Exchange Commission, these awards (the "Delayed 2017 Awards") were not made until March 19, 2018, on which date the Compensation Committee also finalized 2017 performance levels and determined that no such performance levels had been achieved. The TVUs included in the Delayed 2017 Awards vest ratably over three years and the PVUs included in such awards are subject to annual vesting in 2018 and 2019 at threshold and target levels of performance. Upon vesting, the executive is entitled to one common unit for each vested TVU or PVU.

The following table sets forth the number of TVUs and PVUs awarded pursuant to the Delayed 2017 Awards, which figures do not include applicable distribution equivalent rights ("DERs"). The information in the table below reflect the number of PVUs that each executive may receive pursuant to such awards with respect to each of 2018 and 2019, depending on whether the threshold or target level of performance is achieved. The Compensation Committee endeavors to establish the applicable threshold and target level of performance within the first 90 days of each calendar year. If performance conditions are not determinable on or before December 31 of the applicable calendar year, PVUs will vest at the target level.

Name(1)	Number of TVUs	Annual PVUs at Threshold Level	Annual PVUs at Target Level
Mark L. Miller	13,889	2,315	4,630
Austin K. So	11,574	1,929	3,858
Dina J. Kelly	10,031	1,672	3,344
Kenneth E. Lee, Jr.	4,244	707.5(2)	1,415

(1) No awards were made to the other named executive officers because they had either ceased serving in such capacities or had announced their intention to resign prior to the date on which the Delayed 2017 Awards were made.

(2) Actual number will be rounded down to nearest whole unit on a cumulative basis.

On March 19, 2018, the Compensation Committee granted additional phantom units to Dina Kelly that had been contemplated by her original offer letter in 2016 but never granted. The grant consisted of 2,951 TVUs, vesting one third on grant and the balance in two equal installments on each of August 15, 2018 and 2019 (the second and third anniversaries of her start date), and PVUs subject to vesting as of December 31, 2018 at threshold (492 units), target (additional 492 units) and maximum (additional 984 units) levels of performance for 2018.

The unvested TVUs and PVUs described above are not entitled to receive distributions made by us to holders of common units until such units have vested. However, we maintain a DER account for each executive which is credited with the distributions that would have been paid on the unvested TVUs and PVUs had such units been outstanding from and after the grant date.

Except as may be otherwise provided in an executive's employment or award agreement, in the event of the termination of the employment of the executive, (whether voluntary or involuntary and regardless of the reason for the termination, or for no reason whatsoever), the unvested TVUs and PVUs are automatically forfeited. The Partnership has not yet resolved with Lawrence Miller (and neither an arbitrator nor a court has resolved) the extent to which any unvested PVUs vested and the restrictions thereon lapsed in connection with Mr. Miller's separation of employment in May 2017; his unvested TVUs vested and the restrictions thereon lapsed at that time. Mr. McGrath's unvested TVUs and PVUs were forfeited in accordance with their terms upon his separation of employment.

For additional information on awards previously made to our executive officers, see Note 12 to consolidated financial statements included in this Annual Report on Form 10-K. The board does not have a program, plan or practice to time grants of awards in coordination with release of material non-public information.

In 2017, 2,699 phantom units were credited to Lawrence Miller's mandatory deferred compensation account, pursuant to his DERs under his executive restricted phantom unit agreements. Phantom units become payable, in cash or common units, at our election, upon Mr. Miller's separation of service or upon the occurrence of certain other events specified in the applicable agreement. For each phantom unit in Mr. Miller's mandatory deferred compensation account, we credited such account, solely in phantom units, with an amount, in respect of Mr. Miller's DERs, equal to the cash distributions paid on our common units each quarter. The crediting occurred as of the date on which we paid such cash distributions on our common units. The number of phantom units credited to Mr. Miller's mandatory deferred compensation account was calculated by dividing the dollar amount of the DERs by the closing price for the common units on the trading day immediately prior to the day on which the cash distribution was paid on our common units. Each DER is the economic equivalent of one common unit.

Severance Agreements

The employment agreement for Lawrence Miller provided for severance benefits upon a separation of employment of Mr. Miller. In May 2017, Mr. Miller's retirement as President, Chief Executive Officer and Chairman of the Board of Directors of our general partner became effective. In connection with the announcement of Mr. Miller's retirement, StoneMor GP and Mr. Miller entered into a Separation Agreement and General Release. The agreement provides, among other things, that StoneMor GP will appoint Mr. Miller as Vice Chairman of the Board of Directors of StoneMor GP (the "Board") for the period commencing on the date of his retirement through the end of the period of time in which Mr. Miller is eligible to receive Separation Benefits as defined below (the "Severance Period"). Following the expiration of the Severance Period, Mr. Miller's continued service as a director of StoneMor GP will be subject to the discretion of its sole member, and Mr. Miller has agreed to resign as a director of StoneMor GP following such expiration if requested by the Chairman of StoneMor GP.

The agreement also provides that, during the Severance Period, StoneMor GP will engage Mr. Miller as a consultant and that, in such capacity, his duties will include, but not be limited to, the following (the "Consulting Services"): (i) advising the Board and management of StoneMor GP with respect to lobbying and other efforts to oppose legislative initiatives in Pennsylvania seeking to restrict pre-need sales and pre-need delivery of cemetery merchandise and services; (ii) advising StoneMor GP's management and the Executive Committee of the Board on the conversion of cemetery pre-need merchandise-and-services trust funds into fully-paid life insurance securing the obligations to deliver merchandise to and perform services for the purchasers thereof; (iii) working with StoneMor GP's management to generally serve as an ambassador for StoneMor GP within the death care industry; and (iv) continuing to be StoneMor GP's liaison to the Archdiocese of Philadelphia. StoneMor GP and Mr. Miller intend that the amount of Consulting Services performed by Mr. Miller will be an average of eight hours per week, and will, in all events be less than 20% of the average level of services provided by Mr. Miller during the 36-month period immediately preceding the cessation of Mr. Miller's employment with StoneMor GP.

In addition, the agreement provides, among other things, that Mr. Miller is entitled to the compensation and benefits set forth in Section 6.02(d) of his employment agreement, which include the following (the "Separation Benefits"): (i) base salary earned but not paid prior to May 17, 2017; (ii) payment for all accrued but unused vacation time up to May 17, 2017; (iii) payment of any earned bonus that was deferred; (iv) any bonus payable pursuant to any bonus program, to the extent already earned but not paid in the fiscal year ending December 31, 2017; (v) an amount equal to Mr. Miller's base salary in effect on May 17, 2017, multiplied by a factor of 2.50, which amount is payable in accordance with the regular payroll practices of StoneMor GP in equal installments over two and one-half years, unless Mr. Miller is a "specified employee" (within the meaning of Section 409A of the Internal Revenue Code, as amended, and pursuant to the methodology adopted by StoneMor GP) as of his termination of employment, in which case such amount shall commence to be paid within 60 days following the end of the six month period that begins on the date of Mr. Miller's termination of employment; (vi) immediate vesting of and lapsing of restrictions on all unvested stock awards; (vii) continued participation in StoneMor GP's medical, dental, hospitalization and life insurance plans, programs and/or arrangements in which Mr. Miller was participating on May 17, 2017 until the earliest of (x) two years, (y) the date Mr. Miller receives substantially equivalent coverage under the plans, programs and/or arrangements of a subsequent employer or (z) the date on which such plans are terminated, provided, however that if such coverage is not allowed under StoneMor GP's plans, Mr. Miller is entitled to a lump sum payment, less contributions, in an amount equal to the amount that StoneMor GP would have spent on Mr. Miller's premiums for the same period, based on the then-applicable premiums; and (viii) such additional benefits as may be provided under existing plans and programs of StoneMor GP (other than severance payments payable under any benefit plan). In exchange for the Separation Benefits, Mr. Miller agreed to remain employed with StoneMor GP through the effective date of his retirement and agreed to a customary release and discharge of StoneMor GP, the Partnership and each of the other Releases (as defined in the agreement) from certain employment-

related and other claims, liabilities and causes of action, whether known or unknown. The agreement also contains other terms and conditions customary for an agreement of this nature.

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On June 2, 2018, Ms. Kelly's employment as National Vice President of Sales and Marketing of our general partner was terminated. In connection with Ms. Kelly's termination and pursuant to the terms of her employment agreement, StoneMor GP and Ms. Kelly entered into a Separation Agreement and General Release. The Separation Agreement and General Release provides, among other things, that Ms. Kelly is entitled to receive, in addition to compensation vested or earned prior to her termination, payment of her base salary for a period of 12 months following her termination, to be paid in equal installments in accordance with the normal payroll practices of our general partner, commencing within 60 days following her termination, with the first payment including any amounts not paid between the date of her termination and the date of the first payment, and a pro-rata cash bonus with respect to the fiscal year of the Partnership ending December 31, 2018, if any, determined by our general partner (subject to certain restrictions), which will be payable at the same time that annual incentive cash bonuses are paid to other executives of our general partner, but in no event later than March 15, 2019. The Separation Agreement and General Release included a customary release by Ms. Kelly in favor of StoneMor GP, the Partnership and certain other related persons and entities.

The letter agreement with Mr. McGrath provided for a payment equal to one year of his base salary in case of Mr. McGrath's termination without cause, including due to a change of control. In May 2017, Mr. McGrath's resignation as Chief Financial Officer of our general partner became effective. In connection with the announcement of his resignation, StoneMor GP and Mr. McGrath entered into a Separation Agreement and General Release, pursuant to the terms of which Mr. McGrath received $100,000 following the filing of our Annual Report on Form 10-K for fiscal 2016 for his continued service as our Chief Financial Officer through May 16, 2017 and in consideration for a customary release. In addition, our general partner paid Mr. McGrath $100,000.00, less taxes and required withholding, as a buyout of his incentive interest that was set forth in his letter agreement offer, and $53,000.00, less taxes and required withholding, as a cash distribution on that incentive interest.

We believe that the foregoing arrangements are necessary to provide for personal financial security and encourage the continued attention and dedication of the management talent required to achieve our business goals.

Health and Welfare Benefits and Perquisites

Our named executive officers participate in a wide array of benefit plans that are available to all of our salaried employees, including health, life and disability insurance plans. We generally do not offer our named executive officers any material compensation in the form of perquisites. Perquisites provided to our named executive officers described in the footnotes to the Summary Compensation Table below are linked to our compensation philosophy of encouraging the long-term retention of our executives.

COMPENSATION COMMITTEE REPORT

The Compensation and Nominating and Governance Committee of the Board of Directors of our general partner has reviewed and discussed with management the Compensation Discussion and Analysis for the year ended December 31, 2017. Based on such review and discussions, the Compensation and Nominating and Governance Committee recommended to the board that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

This Compensation Committee Report shall not be deemed incorporated by reference in any document previously or subsequently filed with the SEC that incorporates by reference all or any portion of this Annual Report on Form 10-K, except to the extent that we specifically request that the report be incorporated by reference.

By the Compensation and Nominating and Governance Committee.

Robert A. Sick, Chairman
Robert B. Hellman, Jr.
Leo J. Pound

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SUMMARY COMPENSATION TABLE

The following table sets forth summary information relating to all compensation awarded to, earned by or paid to the individuals listed in the table below, collectively referred to as our "named executive officers," for all services rendered in all capacities to our subsidiaries and us during the years noted. The term "Stock" in the Summary Compensation Table and other tables included in this Part III, Item 11. Executive Compensation refer to common units of the Partnership.

Name and Principal Position	Year	Salary ($)	Bonus (1) ($)	Stock Awards (2) ($)	Non-Equity Incentive Plan Compensation	All Other Compensation (3) ($)	Total ($)
R. Paul Grady (4)	2017	$ 380,770	$ —	$ —	$ —	$ 25,000	$ 405,770
Chief Executive Officer and President							
Lawrence Miller (5)	2017	$ 191,181	$ —	$ —	$ —	$ 403,859	$ 595,040
Former Chief Executive Officer,	2016	$ 517,846	$ 264,000	$ 1,350,763	$ —	$ 47,700	$ 2,180,309
President and Chairman of the Board	2015	$ 528,000	$ —	$ 1,354,782	$ —	$ 50,494	$ 1,933,276
Mark L. Miller (6)	2017	$ 287,577	$ 150,000	$ 159,034	$ —	$ 113,575	$ 710,186
Chief Financial Officer and Senior Vice President							
Sean P. McGrath (7)	2017	$ 60,577	$ —	$ —	$ —	$ 253,510	$ 314,087
Former Chief Financial Officer	2016	$ 343,269	$ —	$ 448,016	$ —	$ 7,323	$ 798,608
and Secretary	2015	$ 87,500	$ 175,000	$ 447,944	$ —	$ —	$ 710,444
Austin K. So	2017	$ 367,308	$ 343,750	$ 132,522	$ —	$ 10,780	$ 854,360
General Counsel, Chief Legal Officer and Secretary	2016	$ 137,500	$ 12,612	$ 68,727	$ —	$ —	$ 218,839
Dina S. Kelly (8)	2017	$ 321,923	$ 250,000	$ 141,893	$ 30,469	$ 12,387	$ 756,672
National Vice President of Sales and Marketing							
Kenneth E. Lee, Jr.	2017	$ 232,981	$ 37,500	$ 48,598	$ —	$ 12,395	$ 331,474
National Vice-President of Operations							
Leo J. Pound (9)	2017	$ 420,000	$ —	$ —	$ —	$ —	$ 420,000
Acting Chief Operating Officer							

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(1) Represents bonus amounts actually paid during the applicable year except as otherwise indicated.

(2) Represents the aggregate grant date fair value of awards made during the year in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("ASC Topic 718"). In 2017, Lawrence Miller received 2,699 restricted phantom units with an aggregate fair value of $28,396. 2017 amounts also include the TVUs and PVUs received by Mark L. Miller, Austin K. So, Dina S. Kelly and Kenneth E. Lee, Jr. under the Long-Term Incentive Plan pursuant to the Delayed 2017 Awards with aggregate fair values of $159,634, $132,522, $114,860 and $48,598, respectively, assuming the target condition is met in each of the three vesting periods for the PVUs. 2017 amounts also include the delayed award of additional TVUs and PVUs granted to Ms. Kelly in March 2018 under the Long Term Incentive Plan with a fair value of $27,033 assuming the target condition is met for 2018; the value of this award is $33,794 if the maximum condition is met in 2018. In 2016, Lawrence Miller received 9,074 restricted phantom units with an aggregate fair value of $183,926. Also, Lawrence Miller, Sean P. McGrath and Austin K. So received TVUs and PVUs under the Long-Term Incentive Plan with aggregate fair values of $1,166,837, $448,016 and $68,727, respectively, assuming the target condition is met in each of the three vesting periods. The values of these awards are $1,750,281, $672,024, and $103,115, respectively, if the maximum conditions are met in each of the three vesting periods. In 2015, Mr. Miller received 6,609 restricted phantom units with an aggregate fair value of $187,830. Also, Lawrence Miller and Sean P. McGrath received TVUs and PVUs under the Long-Term Incentive Plan with aggregate fair values of $1,166,952 and $447,944, respectively, assuming the target condition is met in each of the three vesting periods. The values of these awards are $1,750,388 and $671,970, respectively, if the maximum conditions are met in each of the three vesting periods.

(3) All other compensation for 2017 includes the following personal benefits:

	Benefit			
Name	**Car**	**Cell Phone**	**Sales Trip**	**DER Cash Settlement**
Lawrence Miller	$ 6,600	$ —	$ 7,294	$ 53,146
Sean P. McGrath	$ —	$ 510	$ —	$ —
Austin K. So	$ —	$ 2,040	$ 7,991	$ 749
Dina S. Kelly	$ 1,200	$ 2,040	$ 9,147	$ —
Kenneth E. Lee, Jr.	$ 4,500	$ —	$ 7,895	$ —

(4) Mr. Grady commenced service as our Chief Executive Officer and President on May 17, 2017. The amount set forth under "All Other Compensation" is comprised of a $10,000 reimbursement for legal fees incurred in connection with the negotiation of his employment agreement and a $15,000 reimbursement for the premium for a supplemental directors' and officers' liability insurance policy.

(5) Mr. Miller's retirement as Chief Executive Officer, President and Chairman of the Board of Directors became effective on May 17, 2017. The amount set forth under "All Other Compensation" includes $336,819 in cash severance paid in 2017 but excludes the value of the TVUs to which Mr. Miller became entitled and any PVUs to which Mr. Miller may be entitled following the resolution by the Partnership and him, or a determination by an arbitrator or a court, of the extent to which his unvested PVUs vested and the restrictions thereon lapsed, in connection with his separation from employment, and the value of any DERs payable in connection therewith. For information regarding cash distributions that may be received by Mr. Miller by reasons of his ownership interests in our general partner or its affiliates see Part III, Item 13. Certain Relationships and Related Transactions, and Director Independence.

(6) Mr. Miller commenced service as our Chief Financial Officer and Senior Vice President on May 16, 2017. Mr. Miller's bonus amount represents the grant date fair value of the restricted units issued to him in March 2018 in accordance with ASC Topic 718. The amount set forth under "All Other Compensation" is comprised of $88,575 in consulting fees we paid to his consulting firm for consulting services prior to his commencement of service as our Chief Financial Officer, a $10,000 reimbursement for legal fees incurred in connection with the negotiation of his employment agreement, and a $15,000 reimbursement for the premium for a supplemental directors' and officers' liability insurance policy.

(7) Mr. McGrath's resignation as Chief Financial Officer and Secretary became effective on May 16, 2016. The amount set forth under "All Other Compensation" includes $253,000 paid to Mr. McGrath pursuant to his Separation Agreement and General Release. See 'Compensation Discussion and Analysis - Severance Agreements" above for further discussion of that agreement.

(8) Ms. Kelly served as our National Vice President of Sales and Marketing from February 2017 until June 2018 and served as National Vice President of Sales from August 2016 until February 2017.

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(9) Mr. Pound served as our Acting Chief Operating Officer from April 16, 2017 through September 29, 2017, and also served as a director of StoneMor GP throughout 2017. The amount set forth under "Salary" represents consulting fees we paid to his consulting firm for his service as Acting Chief Operating Officer. The amount set forth under "All Other Compensation" represents the compensation Mr. Pound received in 2017 for his service as a director of StoneMor GP, and is comprised of the following:

Fees Earned or Paid In Cash ($)(1)	Stock Awards ($)(2)	Total ($)
$ 126,000	$ 21,468	$ 147,468

(1) Mr. Pound was entitled to an annual retainer for services as a director of $80,000, which is received in cash, restricted phantom units or a combination of cash and restricted Phantom units, at his election. A minimum of $20,000 of the $80,000 annual retainer was required to be paid in restricted phantom units. In addition to the retainer, Mr. Pound was entitled to a meeting fee of $2,000 for each meeting of the board of directors attended in person and $1,500 for each committee meeting attended in person, a fee of $500 for participation in each board call that is greater than one hour, but less than two hours, and $1,000 for participation in each telephone board call that is two hours or more. Mr. Pound also received a fee of $50,000 for serving on the Executive Search Committee of the Board of Directors. Mr. Pound is also entitled to receive restricted phantom units pursuant to his distribution equivalent rights.

(2) The restricted phantom units awarded as retainer compensation are credited to a mandatory deferred compensation account established for Mr. Pound. In addition, for each restricted phantom unit in such account, we credit the account, solely in additional restricted phantom units, an amount of distribution equivalent rights so as to provide Mr. Pound a means of participating on a one-for-one basis in distributions made to holders of our common units. Payment of Mr. Pound's mandatory deferred compensation account will be made on the earliest of (i) his separation of service as a director, (ii) disability, (iii) unforeseeable emergency, (iv) death or (v) change of control of the Partnership or our general partners. Any such payment will be made at our election in our common units or cash. A summary of the activity in Mr. Pound's account is shown below:

Deferred Compensation Account Balance at 12/31/2016	2017 Elective Compensation	2017 Awards Pursuant to Distribution Equivalent Rights	Deferred Compensation Account Balance at 12/31/2017
2,185	2,716	154	5,055

These figures include certain restricted phantom units to which Mr. Pound would have been entitled but which have not yet been granted due to the Partnership's delinquent periodic report filings with the SEC. See the table below for further details. The fair value of each grant awarded to Mr. Pound is as follows:

Grant Date		Fair Value Per Unit (1)	Fair Value of Units Granted
2/14/2017		$ 10.52	$ 557
3/7/2017		$ 9.55	$ 5,000
5/15/2017	(2)	$ 9.02	$ 911
5/17/2017	(2)	$ 9.04	$ 5,000
8/16/2017	(2)	$ 6.10	$ 5,000
11/3/2017	(2)	$ 6.78	$ 5,000
			$ 21,468

(1) The fair value of the awards was calculated in accordance with ACS Topic 718. The fair value per unit is based on the closing price of our common units on the date immediately preceding the date of grant except that, for the units that have not been granted, the fair value is based on the closing price of our common units on the date immediately preceding the date on which Mr. Pound would have been entitled to receive them because (a) that will be the value used to determine the number of restricted phantom units to be granted and (b) no value can be calculated in accordance with ASC Topic 718 because such units have not yet been granted.

(2) These units have not yet been granted. The date listed as "Grant Date" is the date on which Mr. Pound would have been entitled to receive such units.

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GRANTS OF PLAN-BASED AWARDS DURING THE YEAR ENDED DECEMBER 31, 2017

The following table sets forth information regarding grants of plan-based awards to our named executive officers during the year ended December 31, 2017. No such awards were made to Messrs. Grady, McGrath or Pound.

		Estimated Future Payouts Under Equity Incentive Plan				
Name	Grant Date	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of	Grant Date Fair Value of Stock and Option Awards
Lawrence Miller	2/14/2017	—	—	—	2,699 (1)	$ 28,396 (2)
Mark L. Miller	3/20/2018	—	—	—	13,889 (3)	$ 95,417 (4)
	3/20/2018	4,630 (3)	9,260 (3)	—	—	$ 63,616 (4)
Austin K. So	3/20/2018	—	—	—	11,574 (3)	$ 79,513 (4)
	3/20/2018	3,858	7,714 (3)	—	—	$ 53,009 (4)
Dina S. Kelly	3/20/2018	—	—	—	12,982 (3)	$ 89,186 (4)
	3/20/2018	3,836 (3)	7,180 (3)	8,164 (3)	—	$ 59,467 (4)
Kenneth E. Lee, Jr.	3/20/2018	—	—	—	4,244 (3)	$ 29,156 (4)
	3/20/2018	1,415 (3)	2,830 (3)	—	—	$ 19,442 (4)

(1) Under the executive restricted phantom unit agreements entered into under our long-term incentive plans, Mr. Miller was credited with 2,699 phantom units during 2017 pursuant to his distribution equivalent rights. The distribution equivalent rights accrue on restricted phantom units representing limited partner interests and become payable, in cash or common units, at the election of the issuer, upon the separation of the reporting person from service or upon the occurrence of certain other events. Each distribution equivalent right is the economic equivalent of one common unit representing a limited partner interest.

(2) The grant date fair value, pursuant to his distribution equivalent rights, is equal to the cumulative restricted phantom units outstanding at the time of the distribution, multiplied by the per-unit monetary distribution, divided by the closing price per common unit on the day prior to the distribution date.

(3) Represents the Delayed 2017 Awards granted to Mark L. Miller, Austin K. So, Dina S. Kelly and Kenneth E. Lee, Jr., and an additional award of phantom units to Ms. Kelly relating to the commencement of her employment. These awards consisted of both TVUs and PVUs. Excludes the 14,556 restricted common units issued in March 2018 to Mark L. Miller as partial payment of his 2017 bonus pursuant to his employment agreement. Refer to "Compensation Discussion and Analysis" above for more information about these awards.

(4) The fair value per unit is based on the closing price of our common units on the date immediately preceding the date of grant and the assumption that the target or, where applicable, maximum performance conditions were met.

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OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2017

The following table sets forth information with respect to outstanding equity awards at December 31, 2017 for our named executive officers.

	Stock Awards			
Name (1)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
Lawrence Miller	91,996 (2)	$ 603,494 (2)	—	$ —
Austin K. So	—	$ —	3,179 (3)	$ 28,325 (3)

(1) No equity awards were held at December 31, 2017 by any named executive officer not listed in this table. Excludes all equity awards granted in March 2018. Also excludes the TVUs to which Lawrence Miller became entitled in connection with his separation of employment but which have not yet been issued and any PVUs as to which the Partnership and Mr. Miller have not resolved (and neither an arbitrator nor a court has resolved) the extent to which they have vested.

(2) Consistent with prior periods, during 2017 Mr. Miller was credited with 2,699 phantom units pursuant to his distribution equivalent rights pursuant to awards granted under our long-term incentive plans. Mr. Miller is also entitled to 3,247 phantom units, which have not been credited but are included in the table above, pursuant to his distribution equivalent rights. The phantom units become payable, in cash or common units, at our election, upon the separation of the executive from service as an executive of our general partner or upon the occurrence of certain other events. The market value has been computed by multiplying the closing price of the common units on December 31, 2017 by the number of restricted phantom units held by Mr. Miller in his deferred compensation account at December 31, 2017.

(3) The market value of these outstanding awards has been computed by multiplying the closing price of the common units on December 31, 2017 by the number of unvested units held by Mr. So.

OPTION EXERCISES AND STOCK VESTED DURING YEAR ENDED DECEMBER 31, 2017

The following table provides information about the value realized by the named executive officers on the exercise of unit appreciation rights during the year ended December 31, 2017.

	Option Awards		Stock Award	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($) (1)
Lawrence Miller	—	$ —	14,935	$ 133,071
Austin K. So	—	$ —	454	$ 4,336

(1) Represents the number of units vested multiplied by the closing price of the common units on the date the units vested.

AGREEMENTS WITH NAMED EXECUTIVE OFFICERS

The following is a summary of certain material provisions of agreements between our general partner and our named executive officers.

R. Paul Grady

Mr. Grady and our general partner are parties to an employment agreement effective May 17, 2017 pursuant to which Mr. Grady served as President and Chief Executive Officer of our general partner. On February 26, 2018, Mr. Grady resigned as President, Chief Executive Officer and a director effective on March 30, 2018. Mr. Grady's base salary was $600,000 per year. The agreement provided that Mr. Grady was eligible to receive an annual incentive cash bonus provided that he was employed on the last day of the fiscal year to which such bonus relates, and provided further that he would not have been eligible for such bonus unless other senior executive team members had also earned a bonus for such fiscal year. The amount of the cash bonus was to be within a range of 0% to 150% of his base salary with respect to the applicable fiscal year. The agreement provided that, in lieu of all or a portion of any cash bonus with respect to the 2017 fiscal year, Mr. Grady would have been eligible to receive a grant of restricted common units in the Partnership with a value equal to $300,000. Such restricted common units would have vested, if at all, in equal monthly installments over the two year period following the date of grant and would have had rights to distributions consistent with fully vested common units in the Partnership. The grant of such restricted common units was to be made as promptly as practicable after the Partnership had filed all of its required reports under the Securities Exchange Act of 1934, as amended. Because Mr. Grady gave notice of his intention to resign prior to the grant of such units and such units would, as a result, have been forfeited effective upon his resignation, he did not receive any such award.

Under the agreement, Mr. Grady was also entitled to participate in the Partnership's 2014 Long-Term Incentive Plan (the "LTIP") for the 2017 fiscal year and each fiscal year thereafter, to the extent that our general partner offers the LTIP to all of its senior executives. Because Mr. Grady's resignation will be effective prior to the date on which any of the Delayed 2017 Awards would vest, Mr. Grady did not participate in the Delayed 2017 Awards. The agreement also provided that Mr. Grady was entitled to a 4% profit participation in our general partner, which was forfeited in connection with his resignation**.** Our general partner also agreed to reimburse Mr. Grady for the cost of a supplemental directors' and officers' insurance policy for up to $5,000,000 and to pay up to $10,000 in attorneys' fees incurred by Mr. Grady in connection with the review, negotiation and documentation of his agreement.

The agreement provided for certain benefits if Mr. Grady's employment was terminated by our general partner with or without "Cause" or by Mr. Grady with or without "Good Reason" or in the event of Mr. Grady's death or "Disability" of a "Change in Control" (as such terms are defined in the agreement). In connection with Mr. Grady's voluntary resignation, no such benefits were payable.

The agreement also included customary covenants running during Mr. Grady's employment and for 18 months thereafter prohibiting solicitation of employees, directors, officers, associates, consultants, agents or independent contractors, customers, suppliers, vendors and others having business relationships with our general partner and prohibiting Mr. Grady from directly or indirectly competing with our general partner. The agreement also contained provisions relating to protection of our general partner's property, its confidential information and ownership of intellectual property as well as various other covenants and provisions customary for an agreement of this nature.

Lawrence Miller

Prior to his retirement, Lawrence Miller and our general partner were parties to an amended and restated employment agreement. The agreement had an initial term of three years, subject to automatic extension for successive one-year terms unless either party gave written notice of non-renewal ninety days prior to the end of the then term.

Under the agreement, Mr. Miller received an annual base salary of $528,000, subject to increase at the discretion of our general partner's Board of Directors or the Compensation Committee. In addition, Mr. Miller was eligible to receive an annual bonus award based upon satisfaction of objectives approved by the Board of Directors or the Compensation Committee. If no objectives were established, Mr. Miller may have, at the discretion of StoneMor GP, received a bonus of up to 50% of his base salary for meeting budgeted goals. Mr. Miller was also entitled to participate in other discretionary bonus or performance-based bonus programs for senior executives as well as equity incentive plans, as determined in the discretion of the Board or the Compensation Committee.

The agreement provided that, in the event of Mr. Miller's death or "Disability," as defined in the agreement, Mr. Miller, or his estate, and/or beneficiaries, as applicable, would have been entitled to: (i) earned but unpaid base salary prior to the date of termination; (ii) payment for all accrued but unused vacation time prior to the date of termination; (iii) in the event of death, payment for any earned but deferred bonus for any year prior to the year of his death or, in the event of Disability, payment of any earned but unpaid bonus that was deferred or elected to be deferred by Mr. Miller or StoneMor GP; (iv) a pro rata portion of the bonus payable under any bonus program in effect for the year in which the termination occurs; (v) immediate vesting of and lapsing of restrictions on all unvested stock awards, if any, held as of the date of termination; (vi) continuation of personal or family medical benefits, as applicable, for two years; (vii) in the event of death, a payment of $4,875,000, or in the event of Disability, an amount equal to the product of Mr. Miller's base salary, multiplied by a factor of 2.50; and (viii) such additional benefits provided for in the then existing plans, programs and/or arrangements of StoneMor GP.

The agreement also provided that, in the event Mr. Miller's employment was terminated for "Cause," as defined in the agreement, Mr. Miller would have been entitled to: (i) earned but unpaid base salary prior to the date of termination; (ii) payment for all accrued but unused vacation time prior to the date of termination; (iii) payment of any earned bonus that was deferred; and (iv) such additional benefits as may be provided by the then existing plans, programs and/or arrangements of StoneMor GP.

The agreement provided that, in the event Mr. Miller's employment was terminated by StoneMor GP without Cause or by Mr. Miller for "Good Reason," as defined in the Amended and Restated Employment Agreement, Mr. Miller would have been is entitled to: (i) earned but unpaid base salary prior to the date of termination; (ii) payment for all accrued but unused vacation time up to the date of termination; (iii) payment of any earned bonus that was deferred; (iv) any bonus payable pursuant to any bonus program, to the extent already earned but not paid in the year in which termination occurs; (v) an amount equal to Mr. Miller's base salary, multiplied by a factor of 2.50; (vi) immediate vesting of and lapsing of restrictions on all unvested stock awards; (vii) continued participation in StoneMor GP's medical, dental, hospitalization and life insurance plans, programs and/or arrangements in which he was participating on the date of the termination until the earlier of two years; the date he receives substantially equivalent coverage under the plans, programs and/or arrangements of a subsequent employer or the date on which such plans are terminated, provided, however that if such coverage not be allowed under StoneMor GP's plans, Mr. Miller is entitled to a lump sum payment, less contributions, in an amount equal to the amount that StoneMor GP would have spent on Mr. Miller's premiums for the same period; and (viii) such additional benefits provided under existing plans and programs of StoneMor GP (other than severance payments payable under any benefit plan).

In May 2017, Mr. Miller's retirement as President, Chief Executive Officer and Chairman of the Board of Directors of our general partner became effective. In connection with the announcement of Mr. Miller's retirement, StoneMor GP and Mr. Miller entered into a Separation Agreement and General Release. See "Compensation Discussion and Analysis-Severance Agreements" above for a discussion of the terms of the Separation Agreement and General Release.

Mark L. Miller

Mark L. Miller and our general partner are parties to an employment agreement effective as of May 16, 2017 pursuant to which Mr. Miller serves as Chief Financial Officer and Senior Vice President of our general partner. Mr. Miller's initial base salary under the agreement is $450,000 per year, which base salary is subject to annual review by the Board. Any decrease in base salary shall be made only to the extent StoneMor GP contemporaneously and proportionately decreases the base salaries of all of its senior executives.

The agreement provides that Mr. Miller is eligible to receive an annual incentive cash bonus with respect to each fiscal year of StoneMor GP, provided that he will not be eligible to receive such bonus if he is not employed on the last day of the fiscal year to which such bonus relates and, further, he will not be eligible for such bonus unless other senior executive team members have also earned a bonus for such fiscal year. The amount of the cash bonus will be within a range of 0% to 75% of his base salary with respect to the applicable fiscal year. With respect to fiscal year 2017, the agreement provides that Mr. Miller was eligible for a pro-rated cash bonus based upon the time Mr. Miller was employed by StoneMor GP during fiscal year 2017. In addition, the agreement provides that, to the extent that the cash bonus payable to Mr. Miller with respect to the 2017 fiscal year, if any, is determined to exceed $100,000, only the amounts in excess of $100,000 shall be payable to Mr. Miller in cash.

The agreement provides that, in lieu of all or a portion of any cash bonus with respect to the 2017 fiscal year, Mr. Miller was entitled to receive a grant of restricted common units in the Partnership with a value equal to $100,000. Such restricted common units will vest, if at all, in equal monthly installments over the two year period following the date of grant and will have rights to distributions consistent with fully vested common units in the Partnership. The grant of such restricted common units was made on March 19, 2018, and is subject to such other terms and conditions as are set forth in the Executive Restricted Unit Agreement entered into between Mr. Miller and StoneMor GP at the time of grant.

Under the agreement, Mr. Miller is also entitled to participate in the LTIP for the 2017 fiscal year and each fiscal year thereafter, to the extent that StoneMor GP offers the LTIP to all senior executives of StoneMor GP. Mr. Miller's participation in the LTIP with respect to the 2017 fiscal year and in any future fiscal year, if offered by StoneMor GP, shall be in an annual amount equal to 50% of his base salary, with 50% of such annual amount vesting in equal annual installments over three years and 50% of the annual amount vesting based upon attainment of performance goals as determined by the Executive Committee of the Board, in consultation with the Compensation Committee.

The agreement also provides that Mr. Miller shall be entitled to a 1% profit participation in StoneMor GP, with the terms of such profit participation (including, but not limited to, vesting terms and distribution participation rights) being subject to and governed by the agreement to be entered into promptly following the effective date**.** StoneMor GP also agreed to reimburse Mr. Miller for the cost of a supplemental directors' and officers' insurance policy for up to $5,000,000.

If Mr. Miller's employment is terminated by StoneMor GP for "Cause" or by Mr. Miller without "Good Reason" or in the event of Mr. Miller's death or "Disability" (as such terms are defined in the agreement), Mr. Miller will be entitled to receive the following: (i) any base salary for days actually worked through the date of termination; (ii) reimbursement of all expenses for which Mr. Miller is entitled to be reimbursed pursuant to the agreement, but for which he has not yet been reimbursed; (iii) any vested accrued benefits under StoneMor GP's employee benefit plans and programs in accordance with the terms of such plans and programs, as accrued through the date of termination; (iv) vested but unissued equity in StoneMor GP or the Partnership; (v) any bonus or other incentive (or portion thereof) for any preceding completed fiscal year that has been awarded by StoneMor GP to Mr. Miller, but has not been received by him prior to the date of termination; and (vi) accrued but unused vacation, to the extent Mr. Miller is eligible in accordance with StoneMor GP's policies.

If Mr. Miller's employment is terminated by StoneMor GP without "Cause" or by Mr. Miller for "Good Reason" (as such terms are defined in the agreement), and provided that Mr. Miller enters into a release as provided for in the agreement, Mr. Miller would be entitled to receive, in addition to the benefits described in the preceding paragraph, the following: (i) payment of his base salary for a period of 12 months following the effective date of his termination, to be paid in equal installments in accordance with the normal payroll practices of StoneMor GP, commencing within 60 days following the date of termination, with the first payment including any amounts not yet paid between the date of termination and the date of the first payment and (ii) a pro-rata cash bonus for the fiscal year in which such termination occurs, if any, determined by StoneMor GP (subject to certain the restrictions as set forth above), which shall be paid at the same time that annual incentive cash bonuses are paid to other executives of StoneMor GP, but in no event later than March 15 of the fiscal year following the fiscal year in which the date of termination occurs.

In the event of a "Change in Control" (as such term is defined in the agreement), all outstanding equity interests granted to Mr. Miller that are subject to time-based vesting provisions and that are not fully vested shall become fully vested as of the date of such Change in Control. The agreement also includes customary covenants running during Mr. Miller's employment and for 12 months thereafter prohibiting solicitation of employees, directors, officers, associates, consultants, agents or independent contractors, customers, suppliers, vendors and others having business relationships with StoneMor GP and prohibiting Mr. Miller from directly or indirectly competing with StoneMor GP. The agreement also contains provisions relating to protection of StoneMor GP's property, its confidential information and ownership of intellectual property as well as various other covenants and provisions customary for an agreement of this nature.

Sean P. McGrath

Prior to his resignation, Mr. McGrath was party to a letter agreement with our general partner that provided for Mr. McGrath to receive an annual base salary of $350,000 per year and an annual incentive bonus of $175,000 for his services in 2015 and 2016. Pursuant to the letter agreement, Mr. McGrath was also eligible to receive, subject to mutually agreed terms and conditions: (i) an annual incentive bonus, with a target bonus equal to 75% of his annual base salary; (ii) an annual equity incentive award targeted at 75% of Mr. McGrath's base salary; (iii) a 1% interest in our general partner; and (iv) a payment equal to one year of base salary in case of Mr. McGrath's termination without cause, including due to a change of control. Mr. McGrath also entered into a Confidentiality and Non-Compete Agreement with our general partner, which contains customary non-solicitation, non-competition and confidentiality covenants.

In May 2017, Mr. McGrath's resignation as Chief Financial Officer of our general partner became effective. In connection with the announcement of his resignation, StoneMor GP and Mr. McGrath entered into a Separation Agreement and General Release. See "Compensation Discussion and Analysis-Severance Agreements" above for a discussion of the terms of the Separation Agreement and General Release.

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Austin K. So

In May 2016, Mr. So entered into a letter agreement with our general partner, which provided that Mr. So would receive an annual base salary of $275,000. Pursuant to the letter agreement, Mr. So was also eligible to receive, subject to mutually agreed terms and conditions: (i) an annual incentive bonus, with a target bonus equal to 25% of his annual base salary; (ii) an annual equity incentive award targeted at 25% of Mr. So's base salary, which was subsequently increased to 50% in the discretion of the Compensation Committee; and (iii) salary continuation for a period of 6 months in case of Mr. So's termination without cause, provided that he has been employed with the Company for a period of at least 12 months, but less than 24 months. Mr. So also entered into a Confidentiality, Nondisclosure, and Restrictive Covenant Agreement with our general partner, which contains customary non-solicitation, non-competition and confidentiality covenants.

In January 2017, Mr. So entered into a letter agreement with our general partner which provided that, effective as of February 1, 2017, his annual base salary increased to $375,000. In addition, Mr. So received a cash bonus of $100,000 in connection with the execution of this letter agreement. The letter agreement also provides that Mr. So is eligible to receive a quarterly retention bonus of $50,000 per quarter, payable in cash after the end of each quarter in 2017, and a quarterly retention bonus of $25,000 per quarter, payable in cash after the end of each quarter in 2018. In order to be eligible to receive a quarterly retention bonus with respect to a particular quarter, Mr. So must be employed by the general partner on the day the general partner pays the applicable retention bonus.

On June 15, 2018, Mr. So and our general partner entered into an employment agreement pursuant to which Mr. So continues to serve as General Counsel, Chief Legal Officer and Secretary of our general partner. The agreement superseded the letter agreements described above. Mr. So's base salary under the agreement remains $375,000 per year, which base salary is subject to annual review by the Board. Any decrease in base salary shall be made only to the extent StoneMor GP contemporaneously and proportionately decreases the base salaries of all of its senior executives.

The agreement provides that Mr. So is eligible to receive an annual incentive cash bonus with respect to each fiscal year of StoneMor GP, provided that he will not be eligible to receive such bonus if he is not employed on the last day of the fiscal year to which such bonus relates and, further, he will not be eligible for such bonus unless other senior executive team members have also earned a bonus for such fiscal year. The amount of the cash bonus will be targeted at 50% of his base salary with respect to the applicable fiscal year. Mr. So remains entitled to receive a quarterly retention bonus of $25,000 per quarter, payable in cash after the end of each quarter in 2018, provided that he is employed by the general partner on the day the general partner pays the applicable retention bonus.

Under the agreement, Mr. So is also entitled to participate in the LTIP to the extent that StoneMor GP offers the LTIP to all senior executives of StoneMor GP. Mr. So's participation in the LTIP, if offered by StoneMor GP, shall be in an annual amount equal to 50% of his base salary, with 50% of such annual amount vesting in equal annual installments over three years and 50% of the annual amount vesting based upon attainment of performance goals as determined by the Compensation Committee. To the extent Mr. So's employment terminates on account of "Retirement" (as such term is defined in the agreement) during a performance period applicable to a particular LTIP grant, the portion of such LTIP grant that is subject to performance goals shall be earned pro-rata based on actual performance and the number of months that Mr. So was employed during the performance period. To be eligible for a pro-rated portion of the LTIP grant in the event of a retirement, Mr. So must execute a release substantially in the form attached to his agreement.

If Mr. So's employment is terminated by StoneMor GP for "Cause" or by Mr. So without "Good Reason" or in the event of Mr. So's death or "Disability" (as such terms are defined in the agreement), Mr. So will be entitled to receive the following: (i) any base salary for days actually worked through the date of termination; (ii) reimbursement of all expenses for which Mr. So is entitled to be reimbursed pursuant to the agreement, but for which he has not yet been reimbursed; (iii) any vested accrued benefits under StoneMor GP's employee benefit plans and programs in accordance with the terms of such plans and programs, as accrued through the date of termination; (iv) vested but unissued equity in StoneMor GP or the Partnership; (v) any bonus or other incentive (or portion thereof) for any preceding completed fiscal year that has been awarded by StoneMor GP to Mr. So, but has not been received by him prior to the date of termination; and (vi) accrued but unused vacation, to the extent Mr. So is eligible in accordance with StoneMor GP's policies.

If Mr. So's employment is terminated by StoneMor GP without "Cause" or by Mr. So for "Good Reason" (as such terms are defined in the agreement), and provided that Mr. So enters into a release as provided for in the agreement, Mr. So would be entitled to receive, in addition to the benefits described in the preceding paragraph, the following: (i) payment of his base salary for a period of 12 months following the effective date of his termination, to be paid in equal installments in accordance with the normal payroll practices of StoneMor GP, commencing within 60 days following the date of termination, with the first payment including any amounts not yet paid between the date of termination and the date of the first payment and (ii) a pro-rata cash bonus for the fiscal year in which such termination occurs, if any, determined by StoneMor GP (subject to certain the restrictions as set forth above), which shall be paid at the same time that annual incentive cash bonuses are paid to other executives of StoneMor GP, but in no event later than March 15 of the fiscal year following the fiscal year in which the date of termination occurs.

In the event of a "Change in Control" (as such term is defined in the agreement), all outstanding equity interests granted to Mr. So that are subject to time-based vesting provisions and that are not fully vested shall become fully vested as of the date of such Change in Control. The agreement also includes customary covenants running during Mr. So's employment and for 12 months thereafter prohibiting solicitation of employees, directors, officers, associates, consultants, agents or independent contractors, customers, suppliers, vendors and others having business relationships with StoneMor GP and prohibiting Mr. So from directly or indirectly competing with StoneMor GP. The agreement also contains provisions relating to protection of StoneMor GP's property, its confidential information and ownership of intellectual property as well as various other covenants and provisions customary for an agreement of this nature.

Dina S. Kelly

In July 2016, Ms. Kelly entered into a letter agreement with our general partner, which provided that Ms. Kelly would receive an annual base salary of $285,000. Pursuant to the letter agreement, Ms. Kelly was also eligible to receive, subject to mutually agreed terms and conditions: (i) a guaranteed first year bonus of $100,000, payable $50,000 after 30 days and $50,000 in February 2017; (ii) an annual equity incentive award targeted at 50% of her base salary; and (iii) a 2017 incentive bonus equal to 75%, 50% or $40% of her base salary if the Partnership achieved 100%, 99% or 98%, respectively, of its sales budget. Ms. Kelly also entered into a Confidentiality, Nondisclosure, and Restrictive Covenant Agreement with our general partner, which contains customary non-solicitation, non-competition and confidentiality covenants.

In January 2017, Ms. Kelly entered into a letter agreement with our general partner which provided that, effective as of February 1, 2017, her annual base salary increased to $325,000. The letter agreement also provides that Ms. Kelly is eligible to receive a quarterly retention bonus of $50,000 per quarter, payable in cash after the end of each quarter in 2017, and a quarterly retention bonus of $25,000 per quarter, payable in cash after the end of each quarter in 2018. In order to be eligible to receive a quarterly retention bonus with respect to a particular quarter, Ms. Kelly must be employed by the general partner on the day the general partner pays the applicable retention bonus.

On May 10, 2018, Ms. Kelly and our general partner entered into an employment agreement pursuant to which Ms. Kelly continued to serve as National Vice President of Sales and Marketing of our general partner. The agreement superseded the letter agreements described above. Ms. Kelly's base salary under the agreement remained $325,000 per year, which base salary was subject to annual review by the Board. Any decrease in base salary would be made only to the extent our general partner contemporaneously and proportionately decreased the base salaries of all of its senior executives.

The agreement provided that Ms. Kelly was eligible to receive an annual incentive cash bonus with respect to each fiscal year of our general partner, provided that she would not be eligible to receive such bonus if she was not employed on the last day of the fiscal year to which such bonus relates and, further, she would not be eligible for such bonus unless other senior executive team members have also earned a bonus for such fiscal year.

Under the agreement, Ms. Kelly was also entitled to participate in the LTIP to the extent that StoneMor GP offered the LTIP to all senior executives of StoneMor GP. Ms. Kelly's participation in the LTIP, if offered by StoneMor GP, would have been in an annual amount equal to 50% of her base salary, with 50% of such annual amount vesting in equal annual installments over three years and 50% of the annual amount vesting based upon attainment of performance goals as determined by the Compensation Committee. Ms. Kelly would have been entitled to receive a quarterly retention bonus of $25,000 per quarter, payable in cash after the end of each quarter in 2018, provided that she was employed by the general partner on the day the general partner pays the applicable retention bonus.

In the event of Ms. Kelly's death or "Disability" (as such term was defined in the agreement), Ms. Kelly would have been entitled to receive the following: (i) any base salary for days actually worked through the date of termination; (ii) reimbursement of all expenses for which Ms. Kelly was entitled to be reimbursed pursuant to the agreement, but for which she had not yet been reimbursed; (iii) any vested accrued benefits under StoneMor GP's employee benefit plans and programs in accordance with the terms of such plans and programs, as accrued through the date of termination; (iv) vested but unissued equity in StoneMor GP or the Partnership; (v) any bonus or other incentive (or portion thereof) for any preceding completed fiscal year that had been awarded by our general partner to Ms. Kelly, but had not been received by her prior to the date of termination; and (vi) accrued but unused vacation, to the extent Ms. Kelly was eligible in accordance with StoneMor GP's policies.

In the event Ms. Kelly's employment was terminated by our general partner or by Ms. Kelly for any reason other than as described in the preceding paragraph, and provided that Ms. Kelly entered into a release as provided for in the agreement, Ms. Kelly would have been entitled to receive, in addition to the benefits described in the preceding paragraph, the following: (i) payment of her base salary for a period of 12 months following the effective date of her termination, to be paid in equal installments in accordance with the normal payroll practices of our general partner, commencing within 60 days following the date of termination, with the first payment including any amounts not paid between the date of termination and the date of the first payment and (ii) a pro-rata cash bonus for the fiscal year in which such termination occurs, if any, determined by our general partner (subject to certain the restrictions as set forth above), which would have been paid at the same time that annual incentive cash bonuses are paid to other executives of our general partner, but in no event later than March 15 of the fiscal year following the fiscal year in which the date of termination occurred.

In the event of a "Change in Control" (as such term is defined in the agreement), all outstanding equity interests granted to Ms. Kelly that were subject to time-based vesting provisions and that were not fully vested would have become fully vested as of the date of such Change in Control. The agreement also included customary covenants running during Ms. Kelly's employment and for 12 months thereafter prohibiting solicitation of employees, directors, officers, associates, consultants, agents or independent contractors, customers, suppliers, vendors and others having business relationships with StoneMor GP and prohibiting Ms. Kelly from directly or indirectly competing with StoneMor GP. The agreement also contained provisions relating to protection of StoneMor GP's property, its confidential information and ownership of intellectual property as well as various other covenants and provisions customary for an agreement of this nature.

The agreement contained a general release pursuant to which Ms. Kelly and Ms. Kelly's agents, successors, assigns and legal representatives, for and in consideration of the obligations set forth in the agreement, waived, released and forever discharged the Company and other "Released Parties" (as such term was defined in the agreement), to the maximum extent permitted by law, from any and all suits, claims, demands, rights, actions, or causes of action of whatever kind or nature, in law or in equity, direct or indirect, known or unknown, matured or not matured. The general release does not extend to certain types of claims and is subject to certain other customary limitations and exceptions.

In June 2018, Ms. Kelly's employment as National Vice President of Sales and Marketing of our general partner was terminated. In connection with her termination, StoneMor GP and Ms. Kelly entered into a Separation Agreement and General Release pursuant to which, in consideration for a customary release, she will be entitled to continue receiving her base salary for a period of twelve months plus a pro rata portion of any bonus the Company determines to pay for 2018.

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POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

The following table describes the potential payments and benefits to which any named executive officer would have been entitled under his or her respective employment arrangements described above upon termination of employment or upon a change in control had such event occurred as of December 31, 2017, except that for Lawrence Miller and Sean P. McGrath, the amounts reflect the amounts actually payable in connection with their separation from the Partnership.

Name	Cash Severance Payment ($)	Continuation of Medical / Welfare Benefits (Present Value) ($)	Acceleration and Continuation of Equity Awards ($)	Total Termination Benefits ($)
R. Paul Grady (1)	$ 900,000	$ —	$ —	$ 900,000
Lawrence Miller (2)	$ 1,320,000	$ 21,218	$ —	$ 1,341,218
Mark L. Miller (1)	$ 450,000	$ —	$ —	$ 450,000
Sean P. McGrath	$ 253,000	$ —	$ —	$ 253,000
Austin K. So (3)	$ 375,000	$ —	$ 210,408	$ 585,408
Dina S. Kelly (4)	$ 325,000	$ —	$ —	$ 325,000

(1) Represents the amount that the named executive officer would have been entitled had he terminated his employment for Good Reason or been terminated by StoneMor GP Without Cause, in each case as of December 31, 2017 and as such terms are defined in his respective employment agreement. Such amount would have been paid over 18 months and 12 months for Mr. Grady and Mr. Miller, respectively, in accordance with StoneMor GP's normal payroll practices. Excludes any value attributable to the acceleration of vesting of any time-vested awards under our long-term incentive plans because no such awards had been made as of December 31, 2017.

(2) Under the terms of his Separation Agreement, Mr. Miller is entitled to receive his base salary for 30 months, payable in accordance with StoneMor GP's normal payroll practices, and continuation of medical, dental, hospitalization and life insurance for 24 months, subject to certain exceptions. The amounts set forth for Mr. Miller do not include the value of the acceleration of TVUs to which Mr. Miller became entitled, or any PVUs to which he may be entitled upon resolution by Mr. Miller and the Partnership, or a determination by an arbitrator or a court, of the extent to which his unvested PVUs vested and the restrictions thereon lapsed, in connection with his separation, or the value of any related DERs..

(3) Represents the cash severance payment to which Mr. So would have been entitled had his employment been terminated by StoneMor GP without cause or by Mr. So for good reason on December 31, 2017 had his June 15, 2018 employment agreement been in effect on such date. Under that agreement, the vesting of any units awarded to Mr. So that were subject to vesting based on time would have been accelerated.

(4) Represents the cash severance payment to which Ms. Kelly would have been entitled had her employment been terminated by StoneMor GP or by her for any reason other than death or disability on December 31, 2017 and had her May 10, 2018 employment agreement been in effect on such date. Without giving effect to such employment agreement, as of December 31, 2017, Ms. Kelly would have been entitled to continue receiving her base salary for six months if she was terminated by StoneMor GP without cause before August 15, 2018.

Lawrence Miller's retirement as President, Chief Executive Officer and Chairman of the Board of Directors of our general partner was effective in May 2017. Mr. McGrath's resignation as Chief Financial Officer was effective in May 2017. See "Compensation Discussion and Analysis-Severance Agreements" above for a discussion of the terms of their respective severance packages.

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DIRECTOR COMPENSATION

The following table sets forth compensation information for 2017 for each member of our general partner's Board of Directors, except for Lawrence Miller, who served as Chief Executive Officer, President and Chairman of the Board of our general partner during 2016 and who does not receive additional compensation for serving on the board, and Leo J. Pound, who served as Acting Chief Operating Officer for a portion of 2017. See "Summary Compensation Table" for compensation disclosures related to Messrs. Miller and Pound.

Name (1)	Fees Earned or Paid in Cash ($)	Stock Awards ($) (5)	Total ($)
Howard L. Carver (2)	$ 114,000	$ 57,631	$ 171,631
Jonathan A. Contos (3)	$ 95,000	$ —	$ 95,000
Allen R. Freedman (2)	$ 40,000	$ 102,859	$ 142,859
Robert B. Hellman, Jr.	$ 103,000	$ —	$ 103,000
Martin R. Lautman, Ph.D.	$ 52,000	$ 69,877	$ 121,877
William R. Shane (4)	$ 30,000	$ 26,425	$ 56,425
Robert A. Sick	$ 44,000	$ —	$ 44,000
Fenton R. Talbott	$ 84,500	$ 36,295	$ 120,795

(1) Each director denoted was entitled to an annual retainer of $80,000, which could be received in cash, restricted phantom units or a combination of cash and restricted phantom units at the director's election. A minimum of $20,000 of the $80,000 annual retainer was required to be paid in restricted phantom units to each director. Following the Reorganization, the board determined that this minimum did not apply to Messrs. Hellman and Contos, who were compensated in cash thereafter. In addition to the retainers, the same directors were entitled to a meeting fee of $2,000 for each meeting of the board of directors attended in person and $1,500 for each committee meeting attended in person, a fee of $500 for participation by telephone in any board or committee meeting that is greater than one hour, but less than two hours, and $1,000 for participation by telephone in any board or committee meeting that is two hours or more. In addition, Mr. Freedman received an annual retainer of $15,000 as the Chairman of the Audit Committee, Mr. Talbott receives an annual retainer of $10,000 for serving as the Chairman of our Compensation and Nominating and Governance Committee and Mr. Carver received a fee of $50,000 for serving on the Executive Search Committee. Lastly, each director is entitled to receive restricted phantom units pursuant to their distribution equivalent rights. The cash amounts shown in the table above are those earned during 2017. For information regarding cash distributions that may be received by our directors by reasons of their ownership interests in our general partner or its affiliates see Part III, Item 13. Certain Relationships and Related Transactions, and Director Independence.

(2) The terms of Messrs. Carver and Freedman as directors expired May 1, 2018.

(3) Mr. Contos resigned as a director effective February 9, 2018.

(4) Mr. Shane resigned as a director effective May 17, 2017.

(5) The restricted phantom units awarded as retainer compensation are credited to a mandatory deferred compensation account established for each such person. In addition, for each restricted phantom unit in such account, we credit the account, solely in additional restricted phantom units, an amount of distribution equivalent rights so as to provide the restricted phantom unit holders a means of participating on a one-for-one basis in distributions made to holders of our common units. Payments of the participant's mandatory deferred compensation account will be made on the earliest of (i) separation of the participant from service as a director, (ii) disability, (iii) unforeseeable emergency, (iv) death or (v) change of control of the Partnership or our general partner. Any such payment will be made at our election in our common units or cash. A summary of activity in these accounts is shown below:

	Restricted Phantom Units (1)				
	Deferred Compensation Account Balance at 12/31/2016	2017 Elective Compensation	2017 Awards Pursuant to Distribution Equivalent Rights	Conversion to Common Units Upon Resignation	Deferred Compensation Account Balance at 12/31/2017
Howard L. Carver	26,289	5,268	1,823	—	33,380
Jonathan A. Contos	—	—	—	—	—
Allen R. Freedman	34,078	10,535	2,367	—	46,980
Robert B. Hellman, Jr.	5,857	—	—	—	5,857
Martin R. Lautman, Ph.D.	29,638	6,584	2,056	—	38,278
William R. Shane	24,495	1,077	1,696	—	27,268
Robert A. Sick	—	—	—	—	—
Fenton R. Talbott	24,302	2,634	1,682	—	28,618

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(1) This table includes certain restricted phantom units to which the recipient would have been entitled but which have not yet been granted due to the Partnership's delinquent periodic report filings with the SEC. See the table below for further details.

The grant date fair value of each grant awarded to each director of our general partner, who was not also an executive officer of our general partner, is as follows:

		Fair Value of Units Granted							
Grant Date	Fair Value per Unit (1)	Howard Carver	Jonathan Contos	Allen Freedman	Robert Hellman	Martin Lautman	William Shane	Robert Sick	Fenton Talbott
2/14/2017	$ 10.52	$ 8,348	$ —	$ 10,590	$ —	$ 9,371	$ 7,920	$ —	$ 7,856
3/7/2017	$ 9.55	$ 10,000	$ —	$ 20,000	$ —	$ 12,500	$ 5,000	$ —	$ 5,000
5/15/2017 (2)	$ 9.02	$ 9,283	$ —	$ 12,269	$ —	$ 10,506	$ 8,505	$ —	$ 8,439
5/17/2017 (2)	$ 9.04	$ 10,000	$ —	$ 20,000	$ —	$ 12,500	$ 5,000	$ —	$ 5,000
8/16/2017 (2)	$ 6.10	$ 10,000	$ —	$ 20,000	$ —	$ 12,500	$ —	$ —	$ 5,000
11/3/2017 (2)	$ 6.78	$ 10,000	$ —	$ 20,000	$ —	$ 12,500	$ —	$ —	$ 5,000
Total		$ 57,631	$ —	$ 102,859	$ —	$ 69,877	$ 26,425	$ —	$ 36,295

(1) The fair value of awards was calculated in accordance with ASC Topic 718, The fair value per unit is based on the closing price of our common units on the date immediately preceding the date of grant except that, for the units that have not been granted, the fair value is based on the closing price of our common units on the date immediately preceding the date on which the recipient would have been entitled to receive them because (a) that will be the value used to determine the number of restricted phantom units to be granted and (b) no value can be calculated in accordance with ASC Topic 718 because such units have not yet been granted.

(2) These units have not yet been granted. The date listed as "Grant Date" is the date on which the recipient would have been entitled to receive such units.

During the third quarter of 2014, Messrs. Hellman and Contos elected to have all compensation pertaining to their services rendered paid directly to ACII. Mr. Sick has also elected to have all compensation pertaining to his services rendered paid directly to ACII.

LONG-TERM INCENTIVE PLANS

In 2004, our general partner adopted the StoneMor Partners L.P. Long-Term Incentive Plan, as amended (the "2004 long-term incentive plan), for employees, consultants and directors of our general partner and its affiliates. The 2004 long-term incentive plan permits the grant of awards covering an aggregate of 1,124,000 common units in the form of unit options, unit appreciation rights, restricted units and phantom units. The 2004 long-term incentive plan expired on September 10, 2014 pursuant to its terms. Although outstanding awards under the 2004 long-term incentive plan continue in effect upon such expiration, we were unable to grant new awards under the 2004 long-term incentive plan after September 10, 2014. The Board of Directors of our general partner unanimously approved the StoneMor Partners L.P. 2014 Long-Term Incentive Plan (the "2014 Plan") effective September 24, 2014, subject to unitholder approval, and on November 13, 2014, at a special meeting of unitholders, the 2014 Plan was approved by unitholders. Generally, the terms of the 2014 Plan and the 2004 long-term incentive plan are similar. The 2014 Plan provides us with more flexibility in granting various types of awards and includes, for example, unit awards, which were not part of the 2004 long-term incentive plan.

The 2014 Plan is intended to promote the interests of the Partnership, our general partner and their respective affiliates by providing to employees, consultants and directors of our general partner and its affiliates incentive compensation awards to encourage superior performance. The 2014 Plan is also contemplated to enhance our ability and the ability of our general partner and its affiliates to attract and retain the services of individuals who are essential for our growth and profitability and to encourage them to devote their best efforts to advancing our business.

Subject to adjustments due to recapitalization or reorganization, the maximum aggregate number of common units which may be issued pursuant to all awards under the 2014 Plan is 1,500,000 common units. The Board of Directors may increase such maximum aggregate number of common units by up to 100,000 common units per year. Common units withheld from an award or surrendered by a recipient to satisfy certain tax withholding obligations of the Partnership or an affiliate or in connection with the payment of an exercise price with respect to an award will not be considered to be common units delivered under the 2014 Plan. If any award is forfeited, canceled, exercised, settled in cash or otherwise terminates or expires without the actual delivery of common units pursuant to the award, the common units subject to such award will be again available for awards under the 2014 Plan.

The 2014 Plan is administered by the Compensation Committee of the Board of Directors of our general partner. The Compensation Committee has full power and authority to: (i) designate participants; (ii) determine the type or types of awards to be granted to a participant; (iii) determine the number of common units to be covered by awards; (iv) determine the terms and conditions of any award, including, without limitation, provisions relating to acceleration of vesting or waiver of forfeiture restrictions; (v) determine whether, to what extent, and under what circumstances awards may be vested, settled, exercised, canceled or forfeited; (vi) interpret and administer the 2014 Plan and any instrument or agreement relating to an award made under the 2014 Plan; (vii) establish, amend, suspend or waive such rules and regulations and delegate to and appoint such agents as it deems appropriate for the proper administration of the 2014 Plan; and (viii) make any other determination and take any other action that the Compensation Committee deems necessary or desirable for the administration of the 2014 Plan. The committee may correct any defect or supply any omission or reconcile any inconsistency in the 2014 Plan or an award agreement, as the committee deems necessary or appropriate.

Awards under the 2014 Plan may be in the form of: (i) phantom units; (ii) restricted units (including unit distribution rights, referred to as "UDRs"); (iii) options to acquire common units; (iv) UARs; (v) DERs; (vi) unit awards and cash awards; and (viii) performance awards. Awards under the 2014 Plan may be granted either alone or in addition to, in tandem with or in substitution for any other award granted under the 2014 Plan. Awards granted in addition to or in tandem with other awards may be granted at either the same time as or at a different time from the other award. If an award is granted in substitution or exchange for another award, the Compensation Committee shall require the recipient to surrender the original award in consideration for the grant of the new award. Awards under the 2014 Plan may be granted in lieu of cash compensation, including in lieu of cash amounts payable under other plans of our general partner, our Partnership or any affiliates, in which the value of common units subject to the award is equivalent in value to the cash compensation or in which the exercise price, grant price, or purchase price of the award in the nature of a right that may be exercised is equal to the fair market value of the underlying common units minus the value of the cash compensation surrendered. Summaries of the different types of awards are provided below:

Phantom Unit

A phantom unit entitles the grantee to receive a common unit upon the vesting of the phantom unit or, at the discretion of our Compensation Committee, the cash equivalent of the fair market value of a common unit. The Compensation Committee determines the number of phantom units to be granted, the period of time when the phantom units are subject to forfeiture, vesting or forfeiture conditions, which may include accelerated vesting upon the achievement of certain performance goals, and such other terms and conditions the Compensation Committee may establish, including whether DERs are granted with respect to phantom units.

Restricted Unit

A restricted unit is subject to a restricted period established by the Compensation Committee, during which the award remains subject to forfeiture or is either not exercisable by or payable to the recipient of the award. The Compensation Committee determines the number of restricted units to be granted, the period of time when the restricted units are subject to forfeiture, vesting or forfeiture conditions, which may include accelerated vesting upon the achievement of certain performance goals, and such other terms and conditions the Compensation Committee may establish. Upon or as soon as reasonably practical following the vesting of a restricted unit, the participant is entitled to have the restrictions removed from the unit certificate so that the unit will be unrestricted.

Option

The Compensation Committee determines the number of common units underlying each option, whether DERs also are to be granted with the common unit option, the exercise price and the conditions and limitations applicable to the exercise of the common unit option.

UAR

A UAR entitles the grantee to receive the excess of the fair market value of a common unit on the exercise date over the exercise price established for such UAR, which may be paid in cash or common units at the discretion of the Compensation Committee. The Compensation Committee determines the number of common units to be covered by each grant, whether DERs are granted with respect to such UAR, the exercise price and the conditions and the limitations applicable to the exercise of the UAR, which may include accelerated vesting upon the achievement of certain performance goals.

DER

A DER entitles the grantee to receive an amount, payable either in cash or common units at the discretion of the Compensation Committee, equal to the cash distributions we make with respect to a unit during the period the award is outstanding. At the discretion of the Compensation Committee, any award, other than a restricted unit or unit award, may include a tandem grant of DERs, which may provide that the DERs will be paid directly to the participant, be reinvested into additional awards, be credited to an account subject to the same restrictions as the tandem award, if any, or be subject to such other provisions and restrictions as determined by the Compensation Committee.

UDR

A UDR is a distribution made by us with respect to a restricted unit. At the discretion of the Compensation Committee, a grant of restricted units may also provide for a UDR, which will be subject to the same forfeiture and other restrictions as the restricted units. If restricted, the distributions will be held, without interest, until the restricted unit vests or is forfeited with the UDR being paid or forfeited at the same time, as the case may be. The Compensation Committee may also provide that distributions be used to acquire additional restricted units. When there is no restriction on the UDRs, UDRs will be paid to the holder of the restricted unit without restriction at the same time as cash distributions are paid by our Partnership to unitholders.

Unit Award

A unit award is a grant of a common unit, which is not subject to a restricted period during which the award remains subject to forfeiture or is either not exercisable by or payable to the recipient of the award. Unit awards are granted at the discretion of the Compensation Committee as a bonus or additional compensation or in lieu of cash compensation the recipient would otherwise be entitled to receive, in such amounts as the Compensation Committee determines to be appropriate.

Other Unit Based and Cash Awards

Other awards, denominated or payable in, valued in whole or in part by reference to or otherwise based on, or related to, common units, may be granted by the Compensation Committee, including convertible or exchangeable debt securities, other rights convertible or exchangeable into common units, purchase rights for common units and awards with value and payment contingent upon performance of our Partnership or any other factors designated by the Compensation Committee. The Compensation Committee determines the terms and conditions of such other unit based awards. Additionally, cash awards may also be granted by the Compensation Committee, either as an element of or supplement to another award or independent of another award.

Performance Award

A performance award is an award under which the participant's right to receive a grant and to exercise or receive a settlement of any award, and the vesting or timing of such award, is subject to performance conditions specified by the Compensation Committee. Performance conditions consist of one or more business criteria or individual performance criteria and a targeted level or levels of performance with respect to each criterion, as determined by the Compensation Committee. The achievement of performance conditions shall be measured over a performance period of up to ten years, as specified by the Compensation Committee. At the end of the applicable performance period, the Compensation Committee shall determine the amount, if any, of the potential performance award to which the recipient is entitled. The settlement of a performance award shall be in cash, common units or other awards or property at the discretion of the Compensation Committee.

Change in Control

Upon a change of control of the Partnership or our general partner, the Compensation Committee may undertake one or more of the following actions, which may vary among individual holders and awards: (i) remove forfeiture restrictions on any award; (ii) accelerate the time of exercisability or lapse of a restricted period; (iii) provide for cash payment with respect to outstanding awards by requiring the mandatory surrender of all or some of outstanding awards; (iv) cancel awards that remain subject to a restricted period without payment to the recipient of the award; or (v) make certain adjustments to outstanding awards as the Compensation Committee deems appropriate.

If a director's membership on the Board of Directors of our general partner or an affiliate terminates for any reason, or an employee's employment with our general partner and its affiliates terminates for any reason, his or her unvested awards will be automatically forfeited unless, and then only to the extent that, our Compensation Committee or grant agreements provide otherwise.

The 2014 Plan became effective on the date of its approval by the Board of Directors of our general partner as of September 24, 2014. The 2014 Plan will continue in effect until the earliest of (i) the date determined by the Board of Directors of our general partner; (ii) the date that all common units available under the 2014 Plan have been delivered to participants; or (iii) the tenth anniversary of the approval of the 2014 Plan by the board. The authority of the Board of Directors or the Compensation Committee of our general partner's Board of Directors to amend or terminate any award granted prior to such termination, as well as the awards themselves, will extend beyond such termination date.

RISK ASSESSMENT IN COMPENSATION POLICIES AND PRACTICES FOR EMPLOYEES

The Compensation Committee reviewed the elements of our compensation policies and practices for all employees, including executive officers, in order to evaluate whether risks that may arise from such compensation policies and practices are reasonably likely to have a material adverse effect on our Partnership. The Compensation Committee concluded that the following features of our compensation programs guard against excessive risk-taking:

- compensation programs provide a balanced mix of short-term and long-term incentives in cash and equity compensation;
- base salaries are consistent with employees' duties and responsibilities;
- corporate performance goals are set at reasonable and achievable levels, and failure to achieve the goals does not result in a large percentage loss of compensation; and
- cash incentive awards are capped by the Compensation Committee.

The Compensation Committee believes that, for all employees, including executive officers, our compensation programs do not lead to excessive risk-taking and instead encourage behavior that supports sustainable value creation. We believe that risks that may arise from our compensation policies and practices for our employees, including executive officers, are not reasonably likely to have a material adverse effect on our Partnership.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the persons who served as members of the Compensation and Nominating and Governance Committee (Fenton R. Talbott, Robert B. Hellman, Jr. or Howard L. Carver) in 2017 has ever been an officer or other employee of our Partnership, or has any relationship requiring disclosure under Item 404 of Regulation S-K other than as described in Part III, Item 13. Certain Relationships and Related Transactions, and Director Independence.

Additionally, there were no compensation committee "interlocks" during 2017, which generally means that none of the executive officers of our general partner served as a director or member of the compensation committee of another entity, one of whose executive officers served as a director or member of the Compensation and Nominating and Governance Committee of the Board of Directors of our general partner.

PAY RATIO DISCLOSURE

We believe the compensation of our executive officers should be internally consistent and equitable in order to motivate our employees to seek to create value for our unitholders. As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, we calculated the ratio of the median of the annual total compensation of all of our employees except our principal executive officer and the annual total compensation of our principal executive officer.

To develop this ratio, we first identified all of our employees as of December 31, 2017. This included full-time, part-time, seasonal and temporary employees, but did not include independent contractors or workers who were employed by, and whose compensation was determined by, unaffiliated third parties with whom we contracted for such services. We then prepared a list of all such employees in order of total wages as reported in Box 1 of their respective 2017 Forms W-2 to determine our median employee. Once the median employee was identified, we calculated the median employee's annual total compensation in the same manner as we calculated "Total Compensation" for our named executive officers in the Summary Compensation Table above.

We calculated the annual total compensation of our principal executive officer by taking the "Total Compensation" set forth in the Summary Compensation Table for R. Paul Grady, who was our principal executive officer at December 31, 2017, and annualizing it for 2017.

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Based on these calculations, we estimate that the median of the annual total compensation of all of our employees except our principal executive officer for 2017 was $26,705, and we estimate that our principal executive officer's annualized total compensation, based on 229 days of employment, for 2017 was $646,751. Thus, the ratio of the estimated 2017 annual total compensation of our principal executive officer to the estimated median of the annual total compensation in 2017 of all of our employees other than our principal executive officer was 24.2:1. We believe this ratio is a reasonable estimate that was calculated in accordance with Item 402(u) of Regulation S-K.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, the beneficial ownership of the common units of StoneMor as of June 20, 2018 held by beneficial owners of 5% or more of the units, if any, by directors and named executive officers of our general partner and by all directors and executive officers of our general partner as a group. Unless otherwise indicated, the address for each unitholder is c/o StoneMor Partners L.P., 3600 Horizon Boulevard, Trevose, PA 19053. Unless otherwise indicated, the beneficial owner named in the table is deemed to have sole voting and sole dispositive power of the units set forth opposite such beneficial owner's name.

Name of Beneficial Owner	Position	Amount of Beneficial Ownership	Percent of Class
R. Paul Grady	Former President and Chief Executive Officer	—	*
Sean P. McGrath	Former Chief Financial Officer	2,512	*
Leo J. Pound (1)	Interim Chief Executive Officer and a Director	1,200	*
Mark L. Miller	Chief Financial Officer and Senior Vice President	—	*
Austin K. So	General Counsel, Chief Legal Officer and Secretary	454	*
Dina S. Kelly	Former National Vice President of Sales and Marketing	—	*
Kenneth E. Lee, Jr.	National Vice-President of Operations	18,876	*
Robert B. Hellman, Jr. (2)	Chairman of the Board of Directors	4,476,396	11.8%
Lawrence Miller (3)	Vice Chairman of the Board of Directors	323,828	*
Martin R. Lautman, Ph.D. (4)	Director	164,441	*
Stephen J. Negrotti	Director	—	*
Robert A. Sick	Director	—	*
Fenton R. Talbott (5)	Director	18,435	*
Patricia D. Wellenbach	Director	—	*
All current directors and officers as a group (12 persons)		5,003,630	13.2%
Axar Capital Management, L.P. (6) 1330 Avenue of the Americas, 30th Floor, New York, NY 10019		6,650,613	17.5%
Oaktree Capital Management LP (7) 333 S Grand Ave, 28th FL, Los Angeles, CA 90071		4,477,857	11.8%
American Cemeteries Infrastructure Investors, LLC (2) 950 Tower Lane, Suite 800, Foster City, CA 94404		2,364,162	6.2%

* Less than one percent

(1) Includes 100 common units held by Mr. Pound's spouse.

(2) Mr. Hellman's beneficial ownership includes 35,711 common units held by Mr. Hellman directly, 2,076,523 common units held by StoneMor GP Holdings, LLC, and 2,364,162 common units held by American Cemeteries Infrastructure Investors, LLC, referred to as "ACII." AIM Universal Holdings, LLC, referred to as "AUH," is the sole manager of ACII. Ms. Judy Bornstein and Messrs. Matthew P. Carbone and Robert B. Hellman Jr. are managing members of AUH, collectively referred to as the "managing members." The managing members may be deemed to share voting and dispositive power over the common units held by ACII. ACII is owned by its members: American Infrastructure MLP Fund II, L.P., referred to as "AIM II," American Infrastructure MLP Founders Fund II, L.P., referred to as "AIM FFII," and AIM II Delaware StoneMor, Inc., referred to as "AIM II StoneMor." AIM II StoneMor is owned by American Infrastructure MLP Management II, L.L.C., referred to as "AIM Management II," and AIM II Offshore, L.P., referred to as "AIM II Offshore." AIM Management II is the general partner of AIM II, AIM FFII and AIM II Offshore. Mr. Hellman is a managing member of AIM Management II and the president of AIM II StoneMor.

(3) Includes 92,418 common units held by StoneMor GP Holdings, LLC, 64,167 common units held by LDLM Associates, LP, and 28,500 common units held by Osiris Investments, LP. Mr. Miller is the grantor and trustee of the Miller Revocable Trust, which is the general partner of LDLM Associates, LP. Mr. Miller is also a limited partner of LDLM Associates, LP, holding 98% of its limited partner interests. Mr. Miller and William R. Shane, former director of StoneMor Partners L.P., are each 50% members of Osiris Investments LLC, which is the general partner of Osiris Investments LP. Mr. Miller therefore may be deemed to beneficially own all of the units beneficially owned by LDLM Associates, LP and Osiris Investments, LP.

(4) Includes 5,642 common units held by StoneMor GP Holdings, LLC, 4,500 common units held by Mr. Lautman's spouse, and 2,700 common units held in both the P. Lautman Trust and the J. Lautman Trust for the benefit of the director's children.

(5) Mr. Talbott pledged 18,435 common units as security for his assets managed accounts with Enterprise Trust Company.

(6) Information is based on a Schedule 13D filed on March 9, 2018.

(7) Information is based on a Form 4 filed on May 16, 2018.

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EQUITY COMPENSATION PLAN INFORMATION

The following table details information regarding our equity compensation plan as of December 31, 2017:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders—2004 Plan (1)	219,306	$ 5.43	278,506
Equity compensation plans approved by security holders—2014 Plan (2)	108,602	$ —	1,358,071
Equity compensation plans not approved by security holders	n/a	n/a	n/a
Total	327,908	$ 3.90	1,636,577

(1) Includes 219,306 restricted phantom units under the 2004 Long-Term Incentive Plan. Although the 2004 Long-Term Incentive Plan expired in September 2014 and we are unable to grant new awards under the 2004 plan, phantom units granted under the 2004 plan continue to accrue distribution equivalent rights each time we pay a distribution on our common units. Once phantom units vest, such phantom units as well as phantom units accrued in connection with distribution equivalent rights will be settled either in common units or cash, at our discretion.

(2) Includes 58,041 restricted phantom units awarded or to be awarded under the 2014 Long-Term Incentive Plan, a portion of which includes certain restricted phantom units to which the recipient would have been entitled but which have not yet been granted due to the Partnership's delinquent periodic report filings with the SEC. Column (c) is comprised of 1,500,000 available units approved with the 2014 Long-Term Incentive Plan, less the phantom units and unit awards awarded to date under the plan. The 2014 plan initially permits the grant of awards covering an aggregate of 1,500,000 common units, a number that the board may increase by up to 100,000 common units per year.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

INDEPENDENCE OF DIRECTORS

Even though most companies listed on the NYSE are required to have a majority of independent directors serving on the board of directors of the listed company, the NYSE does not require a listed limited partnership like us to have a majority of independent directors on the board of directors of its general partner.

RELATED PARTY TRANSACTIONS POLICY AND PROCEDURES

The Board of Directors of our general partner established the Conflicts Committee, which is authorized to exercise all of the power and authority of the Board of Directors in connection with investigating, reviewing and acting on matters referred or disclosed to it where a conflict of interest exists or arises and performing such other functions as the board may assign to the Conflicts Committee from time to time. Pursuant to the Conflicts Committee Charter, the Conflicts Committee is responsible for reviewing all matters involving a conflict of interest submitted to it by the Board of Directors or as required by any written agreement involving a conflict of interest to which we are a party. In approving or ratifying any transaction or proposed transaction, the Conflicts Committee determines whether the transaction complies with our policies on conflicts of interests.

DISTRIBUTIONS AND PAYMENTS TO OUR GENERAL PARTNER AND ITS AFFILIATES

We were formed as a Delaware limited partnership to own and operate cemetery and funeral home properties previously owned and operated by Cornerstone. The following table summarizes the distributions and payments to be made by us to our general partner and its affiliates in connection with our ongoing operation and any liquidation. These distributions and payments were determined by and among affiliated entities and, consequently, are not the result of arm's-length negotiations.

Distributions of available cash to our general partner and its affiliates	We have generally made cash distributions of approximately 98-99% to the unitholders, including our general partner, in respect of any common units that it may own, and approximately 1-2% to our general partner. As of June 20, 2018 our general partner's ownership percentage of the Partnership was 1.04%. Our general partner also holds incentive distribution rights. Pursuant to such rights, if distributions per common unit exceed target distribution levels, our general partner will be entitled to increasing percentages of the distributions above each level, up to approximately 48% of the distributions above the highest level plus its general partnership percentage interest. See Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Cash Distribution Policy.
Payments to our general partner and its affiliates	Our general partner and its affiliates do not receive any management fee or other compensation for the management of our business and affairs, but they are reimbursed for all expenses that they incur on our behalf, including general and administrative expenses and corporate overhead. As the sole purpose of the general partner is to act as our general partner, substantially all of the expenses of our general partner are incurred on our behalf and reimbursed by us or our subsidiaries. Our general partner determines the expenses that are allocable to us in good faith.
Withdrawal or removal of our general partner	If our general partner withdraws or is removed, its general partner interest and its incentive distribution rights will either be sold to the new general partner for cash or converted into common units, in each case for an amount equal to the fair market value of those interests.
Liquidation	Upon our liquidation, the unitholders and our general partner will be entitled to receive liquidating distributions according to their respective capital account balances.

OWNERSHIP INTERESTS IN OUR GENERAL PARTNER; RELATIONSHIP WITH GP HOLDINGS

Our general partner, StoneMor GP, owns our general partner interest, our incentive distribution rights and common units representing limited partner interests in the Partnership. As of June 20, 2018 (i) Mr. Hellman, as Trustee of the Trust, for the pecuniary benefit of ACII, has exclusive voting and investment power over approximately 89.01% of membership interests in GP Holdings, the sole member of StoneMor GP, and (ii) Lawrence Miller, Vice Chairman of the Board of Directors of StoneMor GP (3.96%, inclusive of family partnership holdings), William Shane, a former director of StoneMor GP (3.12%, inclusive of family partnership holdings), Allen Freedman, a former director of StoneMor GP (0.06%), and Martin Lautman (0.24%, along with Mr. Lautman's spouse), a director of StoneMor GP, Michael Stache and Robert Stache (each owning 1.8% through trusts with their respective spouses), retired executive officers of StoneMor GP, collectively hold approximately 10.99% of membership interests in GP Holdings.

RELATIONSHIP WITH ACII

On May 21, 2014, the Partnership sold to ACII, 2,255,947 common units (the "Common Units") representing limited partner interests in the Partnership (the "ACII Units") at an aggregate purchase price of $55.0 million pursuant to a Common Unit Purchase Agreement (the "Common Unit Purchase Agreement"), dated May 19, 2014, by and between the Partnership and ACII. In connection with the consummation of this private placement transaction, on May 21, 2014, the Partnership and ACII also entered into a Registration Rights Agreement (the "Registration Rights Agreement") providing ACII with certain registration rights as described below.

Pursuant to the Common Unit Purchase Agreement, commencing with the quarter ending June 30, 2014, ACII is entitled to receive distributions equal to those paid on the Common Units generally. Through the quarter ended June 30, 2018, such distributions were paid in cash, Common Units issued to ACII in lieu of cash distributions (the "PIK Units"), or a combination of cash and PIK Units, as determined by the Partnership in its sole discretion. If the Partnership elected to pay distributions through the issuance of PIK Units, the number of Common Units issued in connection with a quarterly distribution was 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. The ACII Units will receive any future 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 PIK Units. The Partnership issued 78,342 PIK Units to ACII in lieu of cash distributions of $0.7 million during the year ended December 31, 2017.

Under the Common Unit Purchase Agreement, the ACII Units are also subject to a lock up period (the "Lock-Up Period") ending on July 1, 2018. During the Lock-Up Period, ACII may not directly or indirectly (a) offer for sale, sell, pledge or otherwise dispose of the ACII Units, (b) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of the ACII Units, or (c) publicly disclose the intention to do any of the foregoing. However, ACII may transfer the ACII Units to any affiliate or any investment fund or other entity controlled or managed by ACII who agrees to be bound by the terms of the Common Unit Purchase Agreement. PIK Units are not subject to the Lock-Up Period. The Common Unit Purchase Agreement also includes various representations, warranties, covenants, indemnification and other provisions, which are customary for a transaction of this nature.

Pursuant to the Registration Rights Agreement, the Partnership was required to file a shelf registration statement (the "PIK Unit Registration Statement") with the SEC on or prior to June 5, 2014 to register the offer and sale by ACII of a good faith estimate of the total number of PIK Units that may be issued to ACII under the Common Unit Purchase Agreement, and use its commercially reasonable efforts to cause the PIK Unit Registration Statement to be declared effective as soon as practicable thereafter. The registration statement was declared effective on June 25, 2014 but, due to the Partnership's failure to timely file certain required reports with the SEC, ACII will not be able to use this registration statement to sell the shares registered thereunder until the Partnership has timely filed all reports it is required to file with the SEC under the Exchange Act for a period of twelve months. After July 1, 2018, ACII shall have the right to require the Partnership to prepare and file with the SEC a shelf registration statement (a "Demand Registration Statement") to register the offer and sale of (a) the ACII Units purchased by ACII pursuant to the Common Unit Purchase Agreement or (b) PIK Units issued to ACII pursuant to the Common Unit Purchase Agreement but not included in the PIK Unit Registration Statement.

The Registration Rights Agreement also includes piggy-back registration rights as well as indemnification and other provisions, which are customary for a transaction of this nature.

ACII is an affiliate of American Infrastructure Funds, L.L.C., an investment adviser registered with SEC. Mr. Hellman, a director of our general partner, is a managing member of American Infrastructure Funds, L.L.C. and he is affiliated with entities that own membership interests in ACII and the entity that is the manager of ACII. Mr. Hellman is also the sole Trustee (the "Trustee") under a Trust (the "Trust") established pursuant to a Voting and Investment Trust Agreement by and between ACII and Mr. Hellman, as Trustee, dated as of May 9, 2014, for the benefit of ACII. Jonathan Contos, a director of our general partner until February 9, 2018, was a Principal of American Infrastructure Funds, L.L.C.

Messrs. Hellman, Contos and Sick elected to have all compensation pertaining to their services rendered on the Board of Directors paid directly to ACII.

AGREEMENTS GOVERNING THE PARTNERSHIP

We, our general partner, our operating company and other parties have entered into various documents and agreements that effected the initial public offering transactions, including the vesting of assets in, and the assumption of liabilities by, us and our subsidiaries. These agreements are not the result of arm's-length negotiations, and we cannot assure you that they, or any of the transactions that they provide for, have been effected on terms at least as favorable to the parties to these agreements as could have been obtained from unaffiliated third parties. All of the transaction expenses incurred in connection with these transactions, including the expenses associated with transferring assets into our subsidiaries, have been paid from the proceeds of the initial public offering.

OMNIBUS AGREEMENT

On September 20, 2004, we entered into an omnibus agreement (the "Omnibus Agreement") with McCown De Leeuw, a private equity investment firm and a founder of Cornerstone, CFS, CFSI, our general partner and StoneMor Operating LLC.

Under the Omnibus Agreement, as long as our general partner is an affiliate of McCown De Leeuw, McCown De Leeuw will agree, and will cause its controlled affiliates to agree, not to engage, either directly or indirectly, in the business of owning and operating cemeteries and funeral homes (including the sales of cemetery and funeral home products and services) in the United States. On November 30, 2010, MDC IV Liquidating Trusts became successors to McCown De Leeuw, and McCown De Leeuw was subsequently terminated. The MDC IV Liquidating Trusts assumed and agreed to be bound by and perform all of the obligations and duties of McCown De Leeuw under the Omnibus Agreement.

CFSI had agreed to indemnify us for all federal, state and local income tax liabilities attributable to the operation of the assets contributed by CFSI to us prior to the 2004 closing of the public offering. CFSI had also agreed to indemnify us against additional income tax liabilities, if any, that arise from the consummation of the 2004 transactions related to our formation in excess of those believed to result at the time of the 2004 closing of our initial public offering. We had estimated that $600,000 of state income taxes and no federal income taxes would be due as a result of these formation transactions. CFSI had also agreed to indemnify us against the increase in income tax liabilities of our corporate subsidiaries resulting from any reduction or elimination of our net operating losses to the extent those net operating losses are used to offset any income tax gain or income resulting from the prior operation of the assets of CFSI contributed to us in 2004, or from our formation transactions in excess of such gain or income believed to result at the time of the 2004 closing of the initial public offering. Until all of its indemnification obligations under the Omnibus Agreement had been satisfied in full, CFSI was subject to limitations on its ability to dispose of or encumber its interest in our general partner or the common units held by it (except upon a redemption of common units by the partnership upon any exercise of the underwriters' over-allotment option) and would also be prohibited from incurring any indebtedness or other liability. An amendment to the Omnibus Agreement dated January 24, 2011 was entered into by all parties to the Omnibus Agreement (and after due consideration approved by our Conflicts Committee, which retained independent counsel; the committee was chaired by Mr. Carver). An accompanying certification by our general partner established that as of the date of the amendment, CFSI's indemnification obligations under the Omnibus Agreement were discharged and CFSI was no longer subject to the limitations and prohibition described above in this paragraph. Those indemnification obligations pertained to the taxable year 2004 of CFSI. To our knowledge, there has been no inquiry from or instigation of proceedings by any taxing authority, which could reasonably be expected to require indemnification under the Omnibus Agreement. We believe that all applicable statutes of limitations (including any extensions thereof) relating to the filing of all tax returns, which could reasonably be expected to require indemnification under the Omnibus Agreement have expired, except if there were certain omissions of gross income of more than 25% or fraud. Our general partner has certified to its knowledge there was no such omission or fraud. CFSI is also subject to certain limitations on its ability to transfer its interest in our general partner or the common units held by it if the effect of the proposed transfer would trigger an "ownership change" under the Internal Revenue Code that would limit our ability to use our federal net operating loss carryovers. Please read Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates—Income Taxes for more information.

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The Omnibus Agreement may not be further amended without the prior approval of the Conflicts Committee if our general partner determines that the proposed amendment will adversely affect holders of our common units. Any further action, notice, consent, approval or waiver permitted or required to be taken or given by us under the indemnification provisions of the Omnibus Agreement as amended must be taken or given by the Conflicts Committee of our general partner.

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ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees paid or accrued for professional services rendered by Deloitte & Touche LLP for the audit of our annual financial statements for fiscal years 2017 and 2016 and the aggregate fees paid or accrued for audit-related services and all other services rendered by Deloitte & Touche LLP for fiscal years 2017 and 2016.

	Years Ended December 31,	
	2017	2016
Audit fees	$ 2,668,693	$ 2,086,833
Audit-related fees	183,264	333,026
Tax fees	426,075	471,901
	$ 3,278,032	$ 2,891,760

The category of "Audit fees" includes fees for our annual audit, quarterly reviews and services rendered in connection with regulatory filings with the SEC, such as the issuance of comfort letters and consents. The increase in fees in 2017 was primarily the result of the audit work performed in relation to the restatement of prior year financial results within the 2016 Annual Report on Form 10-K.

The category of "Audit-related fees" includes fees for services related to employee benefit plan audits and accounting consultation.

The category of "Tax fees" includes fees for the consultation and preparation of federal, state, and local tax returns.

All above audit services, audit-related services and tax services were pre-approved by the Audit Committee, which concluded that the provision of such services by Deloitte & Touche LLP was compatible with the maintenance of that firm’s independence in the conduct of its auditing functions. The Audit Committee’s outside auditor independence policy provides for pre-approval of all services performed by the outside auditors.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements

(1) The following financial statements of StoneMor Partners L.P. are included in Part II, Item 8. Financial Statements and Supplementary Data:

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of December 31, 2017 and 2016

Consolidated Statements of Operations for the years ended December 31, 2017, 2016 and 2015

Consolidated Statements of Partners' Capital for the years ended December 31, 2017, 2016 and 2015

Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015

Notes to Consolidated Financial Statements

(2) Other schedules have not been included either because they are not applicable or because the information is included elsewhere in this Annual Report on Form 10-K.

(b) Exhibits are listed in the Exhibit Index, which is included below.

Exhibit Index

Exhibit Number	Description
3.1*	Certificate of Limited Partnership of StoneMor Partners L.P. (incorporated by reference to the Registration Statement on Form S-1 filed with the Securities and Exchange Commission on April 9, 2004 (Exhibit 3.1)).
3.2*	Second Amended and Restated Agreement of Limited Partnership of StoneMor Partners L.P. dated as of September 9, 2008, as amended by Amendment No. 1 to Second Amended Agreement of Limited Partnership of StoneMor Partners L.P. dated as of November 3, 2017 (incorporated by reference to Exhibit 3.1 of Registrant's Quarterly Report on Form 10-Q for the period ended June 30, 2017).
4.1.1*	Indenture, dated as of May 28, 2013, by and among StoneMor Partners L.P., Cornerstone Family Services of West Virginia Subsidiary, Inc., the guarantors named therein and Wilmington Trust, National Association, including Form of 7 7/8% Senior Note due 2021 (incorporated by reference to Exhibit 4.2 of Registrant's Current Report on Form 8-K filed on May 28, 2013).
4.1.2*	Registration Rights Agreement, dated as of May 28, 2013, by and among StoneMor Partners L.P., Cornerstone Family Services of West Virginia Subsidiary, Inc., the Initial Guarantors party thereto, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as representative of the initial purchasers listed on Schedule A to the Purchase Agreement (incorporated by reference to Exhibit 4.4 of Registrant's Current Report on Form 8-K filed on May 28, 2013).
4.1.3*	Supplemental Indenture No. 1, dated as of August 8, 2014, by and among Kirk & Nice, Inc., Kirk & Nice Suburban Chapel, Inc., StoneMor Operating LLC, and Osiris Holding of Maryland Subsidiary, Inc., subsidiaries of StoneMor Partners L.P. (or its successor), and Cornerstone Family Services of West Virginia Subsidiary, Inc., the Guarantors under the Indenture, dated as of May 28, 2013, and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014).
4.1.4*	Supplemental Indenture No. 2, dated as of September 1, 2016, by and among StoneMor Wisconsin LLC, StoneMor Wisconsin Subsidiary LLC, subsidiaries of StoneMor Partners L.P., and Cornerstone Family Services of West Virginia Subsidiary, Inc., the Guarantors under the Indenture, dated as of May 28, 2013, and Wilmington Trust, National

Association, as trustee (incorporated by reference to Exhibit 4.1 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016).

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4.2*	Registration Rights Agreement, dated as of May 21, 2014, by and between StoneMor Partners L.P. and American Cemeteries Infrastructure Investors, LLC (incorporated by reference to Exhibit 4.1 of Registrant's Current Report on Form 8-K filed on May 23, 2014).
10.1*†	StoneMor Partners L.P. Long-Term Incentive Plan, as amended April 19, 2010 (incorporated by reference to Appendix A to Registrant's Definitive Proxy Statement filed on June 4, 2010).
10.2*†	StoneMor Partners L.P. 2014 Long-Term Incentive Plan (incorporated by reference to Appendix A to Registrant's Definitive Proxy Statement filed on October 9, 2014).
10.3*†	Form of the Director Restricted Phantom Unit Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated November 8, 2006 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on November 15, 2006).
10.4*†	Form of the Key Employee Restricted Phantom Unit Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated November 8, 2006 (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on November 15, 2006).
10.5*†	Form of the Unit Appreciation Rights Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated as of November 27, 2006 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on December 1, 2006).
10.6*†	Director Restricted Phantom Unit Agreement by and between StoneMor GP LLC and Robert Hellman dated June 23, 2009 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on June 23, 2009).
10.7*†	Form of the Unit Appreciation Rights Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated as of December 16, 2009 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on December 22, 2009).
10.8*†	Form of the Executive Restricted Phantom Unit Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated as of December 16, 2009 (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on December 22, 2009).
10.9*†	Director Unit Appreciation Rights Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2.8 of Registrant's Annual Report on Form 10-K for the year ended December 31, 2009).
10.10*†	Form of the Unit Appreciation Rights Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated as of April 2, 2012 (incorporated by reference to Exhibit 10.2 of Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012).
10.11*†	Executive Restricted Phantom Unit Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated as of November 7, 2012 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on November 13, 2012).
10.12*†	Unit Appreciation Rights Agreement Under the StoneMor Partners L.P. Long-Term Incentive Plan, dated as of October 22, 2013 (incorporated by reference to Exhibit 10.7.11 of Registrant's Annual Report on Form 10-K for the year ended December 31, 2013).
10.13*†	Form of Director Restricted Phantom Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, dated as of November 11, 2014 (incorporated by reference to Exhibit 10.7.12 of Registrant's Annual Report on Form 10-K for the year ended December 31, 2014).
10.14*†	Key Employee Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, dated as of December 31, 2015 by and between StoneMor GP LLC and Lawrence Miller (incorporated by reference to Exhibit 10.7.13 of Registrant's Annual Report on Form 10-K for the year ended December 31, 2015).
10.15*†	Key Employee Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, dated as of December 31, 2015 by and between StoneMor GP LLC and Sean P. McGrath (incorporated by reference to Exhibit 10.7.14 of Registrant's Annual Report on Form 10-K for the year ended December 31, 2015).

10.16*† Employee Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, dated as of December 31, 2015 by and between StoneMor GP LLC and David L. Meyers (incorporated by reference to Exhibit 10.7.15 of Registrant's Annual Report on Form 10-K for the year ended December 31, 2015).

10.17*† Amended and Restated Employment Agreement, executed July 22, 2013 and retroactive to January 1, 2013, by and between StoneMor GP, LLC and Lawrence Miller (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on July 26, 2013).

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10.18*†	Form of Indemnification Agreement by and between StoneMor GP LLC and Lawrence Miller, Robert B. Hellman, Jr., Fenton R. Talbott, Martin R. Lautman, William Shane, Allen R. Freedman, effective September 20, 2004 (incorporated by reference to Exhibit 10.9 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
10.19*†	Form of Indemnification Agreement by and between StoneMor GP LLC and Howard Carver and Peter Grunebaum, effective February 16, 2007 (incorporated by reference to Exhibit 10.9 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
10.20*†	Form of Indemnification Agreement by and between StoneMor GP LLC and Leo J. Pound and Jonathan Contos, dated February 26, 2015 (incorporated by reference to Exhibit 10.1 of Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015).
10.21*†	Letter Agreement by and between Sean P. McGrath and StoneMor GP LLC (incorporated by reference to Exhibit 10.2 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015).
10.22*†	Confidentiality and Non-Compete Agreement by and between Sean P. McGrath and StoneMor GP LLC (incorporated by reference to Exhibit 10.3 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015).
10.23*	Settlement Agreement by and among StoneMor Indiana LLC, StoneMor Operating LLC, StoneMor Partners L.P., Chapel Hill Associates, Inc., Chapel Hill Funeral Home, Inc., Covington Memorial Funeral Home, Inc., Covington Memorial Gardens, Inc., Forest Lawn Memorial Chapel Inc., Forest Lawn Memory Gardens Inc., Fred W. Meyer, Jr. by James R. Meyer as Special Administrator to the Estate of Fred W. Meyer, Jr., James R. Meyer, Thomas E. Meyer, Nancy Cade, and F.T.J. Meyer Associates, LLC dated June 21, 2010 (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on June 25, 2010).
10.24*	Omnibus Agreement by and among McCown De Leeuw & Co. IV, L.P., McCown De Leeuw & Co. IV Associates, L.P., MDC Management Company IV, LLC, Delta Fund LLC, Cornerstone Family Services LLC, CFSI LLC, StoneMor Partners L.P., StoneMor GP LLC, StoneMor Operating LLC, dated as of September 20, 2004 (incorporated by reference to Exhibit 10.4 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
10.25*	Amendment No. 1 to Omnibus Agreement entered into on, and effective as of, January 24, 2011 by and among MDC IV Trust U/T/A November 30, 2010, MDC IV Associates Trust U/T/A November 30, 2010, Delta Trust U/T/A November 30, 2010 (successors respectively to McCown De Leeuw & Co. IV, L.P., a California limited partnership, McCown De Leeuw IV Associates, L.P., a California limited partnership, Delta Fund LLC, a California limited liability company, and MDC Management Company IV, LLC, a California limited liability company), Cornerstone Family Services LLC, a Delaware limited liability company, CFSI LLC, a Delaware limited liability company, StoneMor Partners L.P., a Delaware limited partnership, StoneMor GP LLC, a Delaware limited liability company, for itself and on behalf of the Partnership in its capacity as general partner of the Partnership, and StoneMor Operating LLC, a Delaware limited liability company (incorporated by reference to Exhibit 10.1 to Registrant's Current Report on Form 8-K filed on January 28, 2011).
10.26*	Contribution, Conveyance and Assumption Agreement by and among StoneMor Partners L.P., StoneMor GP LLC, CFSI LLC, StoneMor Operating LLC, dated as of September 20, 2004 (incorporated by reference to Exhibit 10.2 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004).
10.27†	Letter Agreement by and between Austin So and StoneMor GP LLC, dated January 28, 2017 (incorporated by reference to Exhibit 10.36 to Registrant's Annual Report on Form 10-K for the year ended December 31, 2016).
10.28*	Lease Agreement, dated as of September 26, 2013, by and among StoneMor Operating, LLC, StoneMor Pennsylvania LLC and StoneMor Pennsylvania Subsidiary LLC, the Archdiocese of Philadelphia, and StoneMor Partners L.P., solely in its capacity as guarantor (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on October 2, 2013).
10.29*	Amendment No. 1 to Lease Agreement, dated as of March 20, 2014, by and among StoneMor Operating, LLC, StoneMor Pennsylvania LLC and StoneMor Pennsylvania Subsidiary LLC, the Archdiocese of Philadelphia, and StoneMor Partners L.P., solely in its capacity as guarantor (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on March 26, 2014).
10.30*	Amendment No. 2 to Lease Agreement, dated as of May 28, 2014, by and among StoneMor Operating, LLC, StoneMor Pennsylvania LLC, StoneMor Pennsylvania Subsidiary LLC, the Archdiocese of Philadelphia, and StoneMor Partners

L.P. (incorporated by reference to Exhibit 10.3 of Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014).

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10.31*	Asset Sale Agreement dated April 2, 2014, by and among StoneMor Operating LLC, StoneMor Florida LLC, StoneMor Florida Subsidiary LLC, StoneMor North Carolina LLC, StoneMor North Carolina Subsidiary LLC, StoneMor North Carolina Funeral Services, Inc., Loewen [Virginia] LLC, Loewen [Virginia] Subsidiary, Inc., Rose Lawn Cemeteries LLC, Rose Lawn Cemeteries Subsidiary, Incorporated, StoneMor Pennsylvania LLC, StoneMor Pennsylvania Subsidiary LLC, CMS West Subsidiary LLC, S.E. Funeral Homes of Florida, LLC, S.E. Cemeteries of Florida, LLC, S.E. Combined Services of Florida, LLC, S.E. Cemeteries of North Carolina, Inc., S.E. Funeral Homes of North Carolina, Inc., Montlawn Memorial Park, Inc., S.E. Cemeteries of Virginia, LLC, SCI Virginia Funeral Services, Inc., George Washington Memorial Park, Inc., Sunset Memorial Park Company and S.E. Mid- Atlantic Inc. (incorporated by reference to Exhibit 2.1 of Registrant's Current Report on Form 8-K filed on April 8, 2014).
10.32*	Asset Sale Agreement dated April 2, 2014, by and among StoneMor Operating LLC, StoneMor North Carolina LLC, StoneMor North Carolina Subsidiary LLC, Laurel Hill Memorial Park LLC, Laurel Hill Memorial Park Subsidiary, Inc., StoneMor Pennsylvania LLC, StoneMor Pennsylvania Subsidiary LLC, S.E. Cemeteries of North Carolina, Inc., Clinch Valley Memorial Cemetery, Inc., and S.E. Acquisition of Pennsylvania, Inc. (incorporated by reference to Exhibit 2.2 of Registrant's Current Report on Form 8-K filed on April 8, 2014).
10.33*	Common Unit Purchase Agreement, dated as of May 19, 2014, by and between StoneMor Partners L.P. and American Cemeteries Infrastructure Investors, LLC (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on May 23, 2014).
10.34*	Underwriting Agreement, dated April 15, 2016, by and among StoneMor Partners L.P., StoneMor GP LLC, StoneMor Operating LLC, and Raymond James & Associates, Inc., as representative of the underwriters named therein (incorporated by reference to Exhibit 1.1 of Registrant's Current Report on Form 8-K filed on April 20, 2016).
10.35*†	Restricted Phantom Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, entered into as of April 1, 2016, by and between StoneMor GP LLC and William Shane (incorporated by reference to Exhibit 10.1 of Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016).
10.36*†	Letter Agreement by and between Austin So and StoneMor GP LLC, dated May 26, 2016 (incorporated by reference to Exhibit 10.2 of Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016).
10.37*†	Confidentiality, Nondisclosure and Restrictive Covenant Agreement by and between Austin So and StoneMor GP LLC, dated May 26, 2016 (incorporated by reference to Exhibit 10.3 of Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016).
10.38*†	Employment Separation Agreement, effective as of August 5, 2016, by and between StoneMor GP LLC and David Meyers (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on August 10, 2016).
10.39*†	Key Employee Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, entered into as of September 28, 2016, by and between StoneMor GP LLC and Sean McGrath (incorporated by reference to Exhibit 10.1 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016).
10.40*†	Key Employee Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, entered into as of July 5, 2016, by and between StoneMor GP LLC and Lawrence Miller (incorporated by reference to Exhibit 10.2 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016).
10.41*†	Key Employee Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, entered into as of July 5, 2016, by and between StoneMor GP LLC and Austin So (incorporated by reference to Exhibit 10.3 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016).
10.42*	Credit Agreement, dated as of August 4, 2016, by and among StoneMor Operating LLC, the other Borrowers party thereto, the Lenders party thereto, Capital One, National Association, as Administrative Agent, Issuing Bank and Swingline Lender, Citizens Bank of Pennsylvania, as Syndication Agent, and TD Bank, N.A. and Raymond James Bank, N.A., as Co-Documentation Agents (incorporated by reference to Exhibit 10.5 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016).
10.43*	First Amendment to Credit Agreement, dated as of March 15, 2017, by and among StoneMor Operating LLC, the other Borrowers party thereto, Capital One, National Association, as Administrative Agent, and the Required Lenders party

thereto (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on March 16, 2017).

10.44* Second Amendment and Limited Waiver to Credit Agreement, dated as of July 26, 2017, by and among StoneMor Operating LLC, the other Borrowers party thereto, Capital One, National Association, as Administrative Agent, and the Required Lenders party thereto (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on July 28, 2017).

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10.45*	Third Amendment and Limited Waiver to Credit Agreement, effective as of August 15, 2017, by and among StoneMor Operating LLC, the other Borrowers party thereto, Capital One, National Association, as Administrative Agent, and the Required Lenders party thereto (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on August 17, 2017).
10.46*	Fourth Amendment to Credit Agreement dated as of September 29, 2017, by and among StoneMor Operating LLC, a Delaware limited liability company, the other Borrowers party thereto, Capital One, National Association, as Administrative Agent and the Lenders party thereto (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on October 5, 2017).
10.47*	Fifth Amendment to Credit Agreement, dated as of December 22, 2017 but effective as of September 29, 2017, by and among StoneMor Operating LLC, a Delaware limited liability company, the other Borrowers party thereto, Capital One, National Association, as Administrative Agent and the Lenders party thereto (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on June 18, 2018).
10.48*	Sixth Amendment and Waiver to Credit Agreement, effective as of June 12, 2018, by and among StoneMor Operating LLC, the other Borrowers party thereto, Capital One, National Association, as Administrative Agent, and the Required Lenders party thereto (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on June 18, 2018).
10.49	Seventh Amendment and Waiver to Credit Agreement, effective as of July 13, 2018, by and among StoneMor Operating LLC, the other Borrowers party thereto, Capital One, National Association, as Administrative Agent, and the Required Lenders party thereto.
10.50*	Guaranty and Collateral Agreement, dated as of August 4, 2016, by and among StoneMor Partners L.P., StoneMor Operating LLC, the other Grantors party thereto and Capital One, National Association, as Administrative Agent (incorporated by reference to Exhibit 10.6 of Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016).
10.51*	Common Unit Purchase Agreement, dated as of December 30, 2016, by and between StoneMor Partners L.P. and StoneMor GP Holdings LLC (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on January 4, 2017).
10.52*†	Separation Agreement and General Release, dated as of February 27, 2017 by and between StoneMor GP Holdings LLC and Sean P. McGrath (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on March 3, 2017).
10.53*†	Separation Agreement and General Release, dated as of March 27, 2017, by and between StoneMor GP Holdings LLC and Lawrence Miller (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on March 28, 2017).
10.54*†	Summary of Oral Agreement between StoneMor GP LLC and Leo J. Pound (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on April 17, 2017).
10.55*†	Employment Agreement dated May 16, 2017, by and between StoneMor GP LLC and R. Paul Grady (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on May 22, 2017).
10.56*†	Indemnification Agreement, dated May 16, 2017, by and between StoneMor GP LLC and R. Paul Grady (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on May 22, 2017).
10.57*†	Employment Agreement, effective May 16, 2017, by and between StoneMor GP LLC and Mark Miller (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed on May 22, 2017).
10.58*†	Indemnification Agreement, effective May 16, 2017, by and between StoneMor GP LLC and Mark Miller (incorporated by reference to Exhibit 10.4 of Registrant's Current Report on Form 8-K filed on May 22, 2017).
10.59*†	Indemnification Agreement, effective May 16, 2017, by and between StoneMor GP LLC and Robert A. Sick (incorporated by reference to Exhibit 10.5 of Registrant's Current Report on Form 8-K filed on May 22, 2017).
10.60*†	Employment Agreement dated March 1, 2018 by and between StoneMor GP LLC and James Ford (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on March 2, 2018).

10.61*† Executive Restricted Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, entered into as of March 1, 2018, by and between StoneMor GP LLC and James Ford (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on March 2, 2018).

10.62*† Key Employee Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, dated as of March 19, 2018 by and between StoneMor GP LLC and Mark L. Miller (2017 Award) (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on March 23, 2018).

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10.63*†	Key Employee Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, dated as of March 19, 2018 by and between StoneMor GP LLC and Mark L. Miller (2018 Award) (incorporated by reference to Exhibit 10.2 of Registrant's Current Report on Form 8-K filed on March 23, 2018).
10.64*†	Key Employee Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, dated as of March 19, 2018 by and between StoneMor GP LLC and Austin K. So (2017 Award) (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed on March 23, 2018).
10.65*†	Key Employee Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, dated as of March 19, 2018 by and between StoneMor GP LLC and Austin K. So (2018 Award) (incorporated by reference to Exhibit 10.4 of Registrant's Current Report on Form 8-K filed on March 23, 2018).
10.66*†	Executive Restricted Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, entered into as of March 19, 2018, by and between StoneMor GP LLC and Mark L. Miller (incorporated by reference to Exhibit 10.5 of Registrant's Current Report on Form 8-K filed on March 23, 2018).
10.67*†	Form of 2017 Key Employee Unit Award Agreement under StoneMor Partners L.P. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.6 of Registrant's Current Report on Form 8-K filed on March 23, 2018).
10.68*†	Form of Key Employee Unit Award Agreement under StoneMor Partners L.P. 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.7 of Registrant's Current Report on Form 8-K filed on March 23, 2018).
10.69†	Letter Agreement by and between Dina S. Kelly and StoneMor GP LLC, dated July 7, 2016.
10.70†	Confidentiality, Nondisclosure and Restrictive Covenant Agreement by and between Dina S. Kelly and StoneMor GP LLC, dated August 3, 2016.
10.71†	Letter Agreement by and between Dina S. Kelly and StoneMor GP LLC, dated January 25, 2017.
10.72†	Key Employee Unit Agreement under the StoneMor Partners L.P. 2014 Long-Term Incentive Plan, dated as of March 19, 2018 by and between StoneMor GP LLC and Dina S. Kelly (2016 Award).
10.73*†	Employment Agreement by and between Austin K. So and StoneMor GP LLC, dated June 15, 2018 (incorporated by reference to Exhibit 10.3 of Registrant's Current Report on Form 8-K filed on June 18, 2018).
10.74†	Employment Agreement by and between Dina S. Kelly and StoneMor GP LLC, dated May 10, 2018.
10.75†	Separation Agreement and General Release by and between Dina S. Kelly and StoneMor GP LLC, dated June 1, 2018.
10.76*†	Director Restricted Phantom Unit Agreement effective June 15, 2018 by and between StoneMor GP LLC and Patricia D. Wellenbach (incorporated by reference to Exhibit 10.4 of Registrant's Current Report on Form 8-K filed on June 18, 2018).
10.77*†	Director Restricted Phantom Unit Agreement effective June 15, 2018 by and between StoneMor GP LLC and Stephen J. Negrotti (incorporated by reference to Exhibit 10.5 of Registrant's Current Report on Form 8-K filed on June 18, 2018).
10.78*†	Indemnification Agreement effective June 15, 2018 by and between StoneMor GP LLC and Patricia D. Wellenbach (incorporated by reference to Exhibit 10.6 of Registrant's Current Report on Form 8-K filed on June 18, 2018).
10.79*†	Indemnification Agreement effective June 15, 2018 by and between StoneMor GP LLC and Stephen J. Negrotti (incorporated by reference to Exhibit 10.7 of Registrant's Current Report on Form 8-K filed on June 18, 2018).
10.80*†	Employment Agreement by and between Joseph M. Redling and StoneMor GP LLC, dated June 29, 2018 (incorporated by reference to Exhibit 10.1 of Registrant's Current Report on Form 8-K filed on July 3, 2018).
21.1	Subsidiaries of Registrant
23.1	Consent of Deloitte & Touche LLP.
31.1	Certification pursuant to Exchange Act Rule 13a-14(a) of Leo J. Pound, Interim Chief Executive Officer.

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99.1*	Second Amended and Restated Limited Liability Company Agreement of StoneMor GP LLC, dated as of May 21, 2014, entered into by StoneMor GP Holdings, LLC (incorporated by reference to Exhibit 99.1 of Registrant's Current Report on Form 8-K filed on May 23, 2014).
99.2*	Amendment No. 1, dated as of November 17, 2015, to the Second Amended and Restated Limited Liability Company Agreement of StoneMor GP LLC, dated as of May 21, 2014, entered into by StoneMor GP Holdings, LLC (incorporated by reference to Exhibit 99.2 of Registrant's Annual Report on Form 10-K for the year ended December 31, 2015).
99.3	Amendment No. 2, dated as of May 17, 2017, to the Second Amended and Restated Limited Liability Company Agreement of StoneMor GP Holdings, LLC.
99.4	Amendment No. 3, dated as of March 19, 2018, to the Second Amended and Restated Limited Liability Company Agreement of StoneMor GP Holdings, LLC.
101	Attached as Exhibit 101 to this report are the following Interactive Data Files formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2017 and 2016; (ii) Consolidated Statements of Operations for the years ended December 31, 2017, 2016 and 2015; (iii) Consolidated Statements of Partners' Capital; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015; and (v) Notes to the Consolidated Financial Statements. Users of this data are advised pursuant to Rule 401 of Regulation S-T that the information contained in the XBRL documents is unaudited and these are not the official publicly filed financial statements of StoneMor Partners L.P.

*	**Incorporated by reference, as indicated**
†	**Management contract, compensatory plan or arrangement**

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ITEM 16. FORM 10-K SUMMARY

Not applicable.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

STONEMOR PARTNERS L.P.

By: StoneMor GP LLC, its General Partner

July 17, 2018

By: /s/ Leo J. Pound
Leo J. Pound
Interim Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Leo J. Pound Leo J. Pound (Principal Executive Officer)	Interim Chief Executive Officer and Director	July 17, 2018
/s/ Mark L. Miller Mark L. Miller (Principal Financial Officer)	Chief Financial Officer and Senior Vice President	July 17, 2018
/s/ David A. Sheaffer David A. Sheaffer (Principal Accounting Officer)	Vice President of Accounting	July 17, 2018
/s/ Robert B. Hellman, Jr. Robert B. Hellman, Jr.	Director	July 17, 2018
/s/ Martin R. Lautman, Ph.D. Martin R. Lautman, Ph.D.	Director	July 17, 2018
/s/ Lawrence Miller Lawrence Miller	Director	July 17, 2018
/s/ Stephen J. Negrotti Stephen J. Negrotti	Director	July 17, 2018
/s/ Robert A. Sick Robert A. Sick	Director	July 17, 2018
/s/ Fenton R. Talbott Fenton R. Talbott	Director	July 17, 2018
/s/ Patricia D. Wellenbach Patricia D. Wellenbach	Director	July 17, 2018

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Section 2: EX-10.49 (EXHIBIT 10.49)

Exhibit 10.49
Execution Version

SEVENTH AMENDMENT AND WAIVER
TO CREDIT AGREEMENT

This SEVENTH AMENDMENT AND WAIVER TO CREDIT AGREEMENT (this "Amendment and Waiver"), dated as of July 13, 2018, is entered into by and among STONEMOR OPERATING LLC, a Delaware limited liability company (the "Administrative Borrower"), the other Borrowers party hereto, the Lenders party hereto and CAPITAL ONE, NATIONAL ASSOCIATION, as Administrative Agent (in such capacity, the "Administrative Agent").

WHEREAS, the Borrowers, the Lenders party thereto and the Administrative Agent entered into that certain Credit Agreement dated as of August 4, 2016 (as amended, the "Credit Agreement"; unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in the Credit Agreement), whereby the Lenders have extended credit to the Borrowers on the terms and subject to the conditions described therein;

WHEREAS, Events of Default (the "Specified Events of Default") exist under Article VII of the Credit Agreement resulting from (i) the failure by the Partnership to timely prepare and the failure of the Administrative Borrower to timely deliver the financial statements required under Section 4(a) of the Sixth Amendment for the Fiscal Year ending December 31, 2017 and (ii) the failure to comply with Section 5.06(a)(i) and Section 5.06(a)(ii) of the Credit Agreement as a result of a failure to prepare the financial statements specified in clause (i) above; and

WHEREAS, the Borrowers have requested that the Administrative Agent and the Lenders, and the Administrative Agent and the Lenders party hereto have agreed to, waive the Specified Events of Default and to make certain other modifications to the Credit Agreement subject to the terms and conditions as set forth in this Amendment and Waiver.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. Amendment and Waiver.

Subject to the terms, and the timely satisfaction of each of the conditions precedent in Section 3 of this Amendment and Waiver, the Administrative Agent and the Lenders party hereto hereby waive (i) the Specified Events of Default and (ii) any Event of Default under clause (g) of Article VII of the Credit Agreement which may occur or have occurred as a result of the non-compliance by the Borrower with Section 4.02(a)(1) of the High Yield Indenture solely for the Fiscal Year 2017 and for the first three fiscal quarters of Fiscal Year 2018 without notice having been issued prior to the Seventh Amendment Effective Date by the holder or holders of any Material Indebtedness pursuant to Section 6.01(e) of the High Yield Note Indenture.

2. Amendments to the Credit Agreement. As of the Seventh Amendment Effective Date, and subject to the terms, and the timely satisfaction of each of the conditions precedent in Section 3 of this Amendment and Waiver, the Credit Agreement is hereby amended as follows:

(a) Section 1.01 of the Credit Agreement shall be amended by adding the following definitions and inserting the same in the appropriate alphabetic locations:

"Filing Waiver Fee" has the meaning assigned to such term in Section 2.11(e).

"Partnership 2017 Financials" has the meaning assigned to such term in Section 2.11(e).

"Seventh Amendment" means the Seventh Amendment and Waiver to the Credit Agreement dated as of July 13, 2018 between the Administrative Borrower, the other Borrowers party thereto, the Lenders party thereto and the Administrative Agent.

"Seventh Amendment Effective Date" has the meaning assigned to such term under the Seventh Amendment.

(b) Section 2.11 of the Credit Agreement is hereby supplemented with Section 2.11(e) that shall read as follows:

"(e) The Borrowers agree to pay to the Administrative Agent for the account of each Lender that consents to the Seventh Amendment one or more waiver fees (each, a "Filing Waiver Fee") in each amount and on each date set forth below:

(i) if the Partnership's audited consolidated balance sheet and related statements of income or operations, shareholders' equity or partners' capital and cash flows as of the end of and for the Fiscal Year ended December 31, 2017, setting forth in each case in comparative form the figures for the previous Fiscal Year, all reported on by Deloitte & Touche LLP or other independent public accountants reasonably acceptable to the Administrative Agent (the "Partnership 2017 Financials"), are not received by the Administrative Agent on or before July 17, 2018, the Administrative Agent shall receive, no later than July 17, 2018, a Filing Waiver Fee in an amount equal to 2.5 bps of each such Lender's Revolving Commitment on such date;

(ii) if the Partnership 2017 Financials are not received by the Administrative Agent on or before July 31, 2018, the Administrative Agent shall receive, no later than July 31, 2018, a Filing Waiver Fee in an amount equal to 25 bps of each such Lender's Revolving Commitment on such date; and

(iii) if the Partnership 2017 Financials are not received by the Administrative Agent on or before August 15, 2018, the Administrative Agent shall receive, no later than August 15, 2018, a Filing Waiver Fee in an amount equal to 37.5 bps of each such Lender's Revolving Commitment on such date."

(c) Section 5.01(a) of the Credit Agreement is hereby amended and restated in its entirety by deleting the text thereof and replacing it with the following:

"(a) within ninety-five (95) days (or, (A) for the Fiscal Year ending December 31, 2016, prior to July 15, 2017 and (B) for the Fiscal Year ending December 31, 2017, prior to August 31, 2018) after the end of each Fiscal Year of the Partnership (or, with respect to any Fiscal Year other than the Fiscal Year ending December 31, 2017, if earlier, the date that the Annual Report on Form 10-K of the Partnership for such Fiscal Year would be required to be filed under the rules and regulations of the SEC, giving effect to any automatic extension available thereunder for the filing of such form), commencing with the Fiscal Year ending December 31, 2016, its audited consolidated balance sheet and related statements of income or operations, shareholders' equity or partners' capital and cash flows as of the end

of and for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all reported on by Deloitte & Touche LLP or other independent public accountants reasonably acceptable to the Administrative Agent (without a "going concern" or like qualification or exception (other than a qualification in respect of any Fiscal Year in which the Maturity Date is scheduled to occur, due solely to the maturity of the Obligations) and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Partnership and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;"

(d) Section 5.01(b) of the Credit Agreement is hereby amended and restated in its entirety by deleting the text thereof and replacing it with the following:

"(b)(i) within forty-five (45) days (or, (A) for the fiscal quarter ending March 31, 2017, within forty-five (45) days after the date that the Annual Report on Form 10-K of the Partnership for the Fiscal Year ending December 31, 2016 is filed, (B) for the fiscal quarter ending June 30, 2017, within forty-five (45) days after the date that the Quarterly Report on Form 10-Q of the Partnership for the fiscal quarter ending March 31, 2017 is filed, but in any event not later than December 15, 2017, (C) for the fiscal quarter ending September 30, 2017, within forty-five (45) days after the date that the Quarterly Report on Form 10-Q of the Partnership for the fiscal quarter ending June 30, 2017 is filed, but in any event not later than January 31, 2018, (D) for the fiscal quarter ending March 31, 2018, the earlier of the date that is ninety (90) days after the date that the Annual Report on Form 10-K of the Partnership for the Fiscal Year ending December 31, 2017 is filed and October 31, 2018, (E) for the fiscal quarter ending June 30, 2018, the earlier of the date that is sixty (60) days after the date that the Quarterly Report on Form 10-Q of the Partnership for the fiscal quarter ending March 31, 2018 is filed and December 17, 2018 and (F) for the fiscal quarter ending September 30, 2018, the earlier of the date that is forty-five (45) days after the date that the Quarterly Report on Form 10-Q of the Partnership for the fiscal quarter ending June 30, 2018 is filed and January 31, 2019) after the end of each of the first three fiscal quarters of each Fiscal Year of the Partnership (or, with respect to any fiscal quarter ending on or after December 31, 2018, if earlier, by the date that the Quarterly Report on Form 10-Q of the Partnership for such fiscal quarter would be required to be filed under the rules and regulations of the SEC, giving effect to any automatic extension available thereunder for the filing of such form), commencing with the fiscal quarter ending September 30, 2016, its consolidated balance sheet and related statements of income or operations, shareholders' equity or partners' capital and cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the Fiscal Year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous Fiscal Year, all certified by a Financial Officer as presenting fairly in all material respects the financial condition and results of operations of the Partnership and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes (except for a footnote summarizing the investment of Trust Funds as at the end of the applicable fiscal quarter), (ii) within thirty-five (35) days after the end of each month of each Fiscal Year of the Partnership (or, for the month ending January 31, 2017, within thirty-five (35) days after the last day of February, 2017), commencing with the month ending January 31, 2017, its consolidated balance sheet and related statements of income or operations, shareholders' equity or partners' capital and cash flows as of the end of and for such month and the then elapsed portion of the Fiscal Year, all certified by a Financial Officer as

presenting fairly in all material respects the financial condition and results of operations of the Partnership and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes (except for a footnote summarizing the investment of Trust Funds as at the end of the applicable fiscal quarter) and monthly cash flow forecasts for the next twelve (12) months following the end of such month with a qualitative and quantitative variance analysis (with respect to both the actual cash flows of the prior month and the forecast delivered with respect to the prior month) and weekly cash flow forecasts, in each case, using reasonable assumptions and in form and scope reasonably satisfactory to the Administrative Agent;"

(e) Clause (b) of Article VII of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(b) any Loan Party shall fail to pay any interest on any Loan or any fee or any other amount (other than with respect to the Filing Waiver Fee due under Section 2.11(e) herein or any amount referred to in clause (a) of this Article VII) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of three (3) Business Days;"

(f) The first and second rows of the table set forth in Section 6.12(a) of the Credit Agreement is hereby amended to read in its entirety as follows:

Fiscal Quarter	Maximum Consolidated Secured Net Leverage Ratio
June 30, 2018	6.25:1.00

(g) Clause (d) of Article VII of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"(d) any Loan Party or any Subsidiary shall fail to observe or perform any covenant, condition or agreement contained in Section 2.11(e), Section 5.01, Section 5.02, Section 5.03 (with respect to the existence of the Partnership and the other Loan Parties), Section 5.06, Section 5.08, Section 5.11, Section 5.16 or in Article VI;

(h) Section 9.21 of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

"Non-Business Days. Subject to provisions of Section 2.18(a), if any action to be taken by the Partnership or any of its Subsidiaries hereunder or under any Loan Document shall come due on a day other than a Business Day, such action shall be deemed timely taken if taken on the next following Business Day."

3. Conditions Precedent. The waiver of the Specified Events of Default and other waivers set forth in Section 1 and the amendments to the Credit Agreement set forth in Section 2 shall become effective upon the satisfaction of the following conditions precedent (including, without limitation,

that each document to be received by the Administrative Agent shall be in form and substance satisfactory to the Administrative Agent) (such date, the "Seventh Amendment Effective Date"):

(a) receipt by the Administrative Agent of this Amendment and Waiver, duly executed and delivered by the Borrowers and the Required Lenders;

(b) each of the representations and warranties made by the Borrowers in Section 5 hereof shall be true and correct in all material respects on and as of the Seventh Amendment Effective Date with the same force and effect as if made on and as of the Seventh Amendment Effective Date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date), and the Administrative Agent shall have received a certificate of a Responsible Officer to that effect, dated the Seventh Amendment Effective Date; provided, that to the extent any such representation or warranty specifically refers to an earlier date, such representation and warranty was true and correct in all material respects on and as of such earlier date; provided, further, that any representation or warranty that is qualified as to "materiality" or "Material Adverse Effect" or similar language was true and correct (after giving effect to any qualification therein) in all respects on such respective dates;

(c) prepayment of the outstanding principal balance of the Revolving Loans in an amount equal to $4,000,000 by the Borrowers in accordance with Section 2.10(a) of the Credit Agreement; and

(d) the Administrative Agent shall have received on or before the Seventh Amendment Effective Date, for the account of each Lender that consents to this Amendment and Waiver, a waiver fee in an amount equal to 10 bps of such Lender's Revolving Commitment on such date and all other fees and expenses due and payable pursuant to this Amendment and Waiver and other Loan Documents on or before the date hereof, including, without limitation, fees and expenses of FTI Consulting Inc. and Freshfields Bruckhaus Deringer US LLP.

4. Consent, Acknowledgement and Reaffirmation of Indebtedness and Liens. By its execution hereof, each Loan Party, in its capacity under each of the Loan Documents to which it is a party (including the capacities of debtor, guarantor, grantor and pledgor, as applicable, and each other similar capacity, if any, in which such party has granted Liens on all or any part of its properties or assets, or otherwise acts as an accommodation party, guarantor, indemnitor or surety with respect to all or any part of the Secured Obligations), hereby:

(a) expressly consents to the amendments and modifications to the Credit Agreement effected hereby;

(b) expressly confirms and agrees that, notwithstanding the effectiveness of this Amendment and Waiver, each Loan Document to which it is a party is, and all of the obligations and liabilities of such Loan Party to the Administrative Agent, the Lenders and each other Secured Party contained in the Loan Documents to which it is a party (in each case, as amended and modified by this Amendment and Waiver), are and shall continue to be, in full force and effect and are hereby reaffirmed, ratified and confirmed in all respects and, without limiting the foregoing, agrees to be bound by and abide by and operate and perform under and pursuant to and comply fully with all of the terms, conditions, provisions, agreements, representations, undertakings, warranties, indemnities, guaranties, grants of security interests and covenants contained in the Loan Documents;

(c) to the extent such party has granted Liens or security interests on any of its properties or assets pursuant to any of the Loan Documents to secure the prompt and complete payment, performance and/or observance of all or any part of its Secured Obligations to the Administrative Agent, the Lenders, and/or any other Secured Party, acknowledges, ratifies, remakes, regrants, confirms and reaffirms without condition, all Liens and security interests granted by such Loan Party to the Administrative Agent for their benefit and the benefit of the Lenders, pursuant to the Credit Agreement and the other Loan Documents, and acknowledges and agrees that all of such Liens and security interests are intended and shall be deemed and construed to continue to secure the Secured Obligations under the Loan Documents, as amended, restated, supplemented or otherwise modified and in effect from time to time, including but not limited to, the Loans made or Letters of Credit issued under the Credit Agreement to the Borrower and/or the other Loan Parties under the Credit Agreement, and all extensions renewals, refinancings, amendments or modifications of any of the foregoing;

(d) agrees that this Amendment and Waiver shall in no manner impair or otherwise adversely affect any of the Liens and security interests granted in or pursuant to the Loan Documents; and

(e) acknowledges and agrees that (i) the Guaranty (as defined in the Guaranty and Collateral Agreement) and any obligations incurred thereunder, have been provided in exchange for "reasonably equivalent value" (as such term is used under Title 11 of the United States Code (11 U.S.C. 101 et seq.) and applicable state fraudulent transfer laws) and "fair consideration" (as such term is used under applicable state fraudulent conveyance laws) and (ii) each grant or perfection of a Lien or security interest on any Collateral provided in connection with Loan Documents, this Amendment and Waiver and/or any negotiations with the Administrative Agent and/or the Lenders in connection with a negotiated amendment is intended to constitute, and does constitute, a "contemporaneous exchange for new value" (as such term is used under Title 11 of the United States Code (11 U.S.C. 101 et seq.)).

5. Representations, Warranties, Covenants and Acknowledgments. To induce the Administrative Agent and the Lenders to enter into this Amendment and Waiver, each Borrower hereby:

(a) represents and warrants that (i) as of the Seventh Amendment Effective Date, after giving effect to this Amendment and Waiver, the representations and warranties of such Borrower set forth in the Credit Agreement and the other Loan Documents (after giving effect to the waiver of the Specified Events of Default) are true and correct in all material respects on and as of the Seventh Amendment Effective Date; provided, that to the extent any such representation or warranty specifically refers to an earlier date, such representation and warranty was true and correct in all material respects on and as of such earlier date; provided, further, that any representation or warranty that is qualified as to "materiality" or "Material Adverse Effect" or similar language was true and correct (after giving effect to any qualification therein) in all respects on such respective dates, (ii) as of the Seventh Amendment Effective Date, after giving effect to this Amendment and Waiver, no Default or Event of Default has occurred and is continuing, (iii) the execution and delivery of this Amendment and Waiver is within each Borrower's organizational powers and has been duly authorized by all necessary organizational actions and, if required, actions by equity holders and (iv) this Amendment and Waiver has been duly executed and delivered by such Borrower and constitutes a legal, valid and binding obligation of such Borrower, enforceable in accordance with its terms, subject to applicable Debtor Relief Laws and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law;

(b) acknowledges and agrees that (i) this Amendment and Waiver is not intended, and should not be construed, except as expressly set forth herein, as an amendment of, or any kind of waiver or consent related to, the Credit Agreement or the other Loan Documents, (ii) except as expressly set forth in this Amendment and Waiver, this Amendment and Waiver shall not represent a consent or waiver related to any future actions of any Borrower or any Subsidiary and (iii) except as expressly set forth in this Amendment and Waiver, the Administrative Agent and each Lender reserves all of their respective rights pursuant to the Credit Agreement and the other Loan Documents;

(c) further acknowledges and agrees that the Administrative Agent's and the Lenders' agreement to waive the specific matters addressed in this Amendment and Waiver, do not and shall not create (nor shall any Borrower or any Subsidiary rely upon the existence of or claim or assert that there exists) any obligation of the Administrative Agent or any Lender to consider or agree to any further waivers, consents or amendments and, in the event that the Administrative Agent or any Lender subsequently agrees to consider any further waivers, consents or amendments, neither this Amendment and Waiver nor any other conduct of the Administrative Agent or any Lender shall be of any force or effect on the Administrative Agent's or any Lender's consideration or decision with respect to any such requested waiver, consent or amendment;

(d) further acknowledges and agrees that this Amendment and Waiver shall be deemed a Loan Document for all purposes under the Credit Agreement and the other Loan Documents;

(e) (i) further acknowledges and agrees that, after giving effect to this Amendment and Waiver, no right of offset, recoupment, defense, counterclaim, claim, cause of action or objection in favor of any Borrower against the Administrative Agent or any Lender exists as of the Seventh Amendment Effective Date arising out of or with respect to this Amendment and Waiver, the Credit Agreement or any other Loan Document and (ii) expressly waives any setoff, counterclaim, recoupment, defense or other right that such Loan Party has against the Administrative Agent as of the Seventh Amendment Effective Date, any Lender or any of their respective affiliates, whether in connection with this Amendment and Waiver, the Credit Agreement and the other Loan Documents, the transactions contemplated by this Amendment and Waiver or the Credit Agreement and the Loan Documents, or any agreement or instrument relating thereto;

(f) each of the Borrower and the other Loan Parties hereby jointly and severally agrees, on demand, to reimburse the Administrative Agent and the Lenders, to the extent required under Section 9.03 of the Credit Agreement, for all reasonable and documented out-of-pocket costs and expenses of the Administrative Agent and the Lenders related to or in connection with this Amendment and Waiver and any documents, agreements or instruments referred to herein, including, without limitation, the reasonable fees and documented out-of-pocket expenses of FTI Consulting Inc. and Freshfields Bruckhaus Deringer US LLP, and any consultants, attorneys or other professionals retained by the Administrative Agent and/or the Lenders in connection with the Loan Documents, including without limitation, in connection with the negotiation and preparation of this Amendment and Waiver, the enforcement of their rights and remedies under this Amendment and Waiver, whether or not incurred prior to the date of this Amendment and Waiver. All such fees, costs and expenses shall constitute Secured Obligations under the Credit Agreement secured by the Collateral under the Collateral Documents. Nothing in this Amendment and Waiver shall be intended or construed to hold the Administrative Agent, the Lenders or any other Secured Party liable or responsible for any expense, liability or obligation of any kind or nature whatsoever (including, without limitation, attorneys' fees and expenses, other professionals' fees and expenses,

wages, salaries, payroll taxes, withholdings, benefits or other amounts payable by or on behalf of the Loan Parties);

(g) as of the date hereof, all Liens, security interests, assignments and pledges encumbering the Collateral, created pursuant to and/or referred to in the Credit Agreement or the other Loan Documents, are valid, enforceable, duly perfected to the extent required by such documents, non-avoidable, first priority liens, security interests, assignments and pledges (subject to Liens permitted by Section 6.02 of the Credit Agreement), continue unimpaired, are in full force and effect and secure and shall continue to secure all of the obligations purported to be secured in the respective Loan Documents pursuant to which such Liens were granted; and

(h) Notwithstanding anything to the contrary of the Credit Agreement or this Amendment and Waiver, it shall be an Event of Default under clause (g) of Article VII of the Credit Agreement upon the receipt by the Partnership of any notice issued pursuant to Section 6.01(e) of the High Yield Note Indenture.

6. Effect of Amendment and Waiver; Effect of Non-Compliance. Except as expressly set forth herein, this Amendment and Waiver shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Administrative Agent under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other provision of the Credit Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect.

7. Release; Indemnitees.

(a) By its execution hereof, each Loan Party (on behalf of itself and its Affiliates) and its successors-in-title, legal representatives and assignees and, to the extent the same is claimed by right of, through or under any Loan Party, for its past, present and future employees, agents, representatives, officers, directors, shareholders, and trustees (each, a "Releasing Party" and collectively, the "Releasing Parties"), does hereby remise, release and discharge, and shall be deemed to have forever remised, released and discharged, the Administrative Agent, the Lenders and each of the other Secured Parties, and the Administrative Agent's, each Lenders' and each other Secured Party's respective successors-in-title, legal representatives and assignees, past, present and future officers, directors, affiliates, shareholders, trustees, agents, employees, consultants, experts, advisors, attorneys and other professionals and all other persons and entities to whom any of the foregoing would be liable if such persons or entities were found to be liable to any Releasing Party, or any of them (collectively hereinafter the "Lender Parties"), from any and all manner of action and actions, cause and causes of action, claims, charges, demands, counterclaims, suits, covenants, controversies, damages, judgments, expenses, liens, claims of liens, claims of costs, penalties, attorneys' fees, or any other compensation, recovery or relief on account of any liability, obligation, demand or cause of action of whatever nature, whether in law, equity or otherwise (including, without limitation, any so called "lender liability" claims, claims for subordination (whether equitable or otherwise), interest or other carrying costs, penalties, legal, accounting and other professional fees and expenses and incidental, consequential and punitive damages payable to third parties, or any claims arising under 11 U.S.C. §§ 541-550 or any claims for avoidance or recovery under any other federal, state or foreign law equivalent), whether known or unknown, fixed or contingent, joint and/or several, secured or unsecured, due or not due, primary or secondary, liquidated or unliquidated, contractual or tortious, direct, indirect, or derivative, asserted or

unasserted, foreseen or unforeseen, suspected or unsuspected, existing on or before the Seventh Amendment Effective Date or which may have accrued on or before such date against any of the Lender Parties under the Credit Agreement or any of the other Loan Documents, whether held in a personal or representative capacity, and which are based on any act, fact, event or omission or other matter, cause or thing occurring at or from any time prior to and including the date hereof, in all cases of the foregoing in any way, directly or indirectly arising out of, connected with or relating to the Credit Agreement or any other Loan Document and the transactions contemplated thereby, and all other agreements, certificates, instruments and other documents and statements (whether written or oral) related to any of the foregoing (each, a "Claim" and collectively, the "Claims"), in each case, other than Claims arising from Lender Parties' gross negligence, bad faith, fraud, or willful misconduct. **Each Releasing Party further stipulates and agrees with respect to all Claims, that it hereby waives, to the fullest extent permitted by applicable law, any and all provisions, rights, and benefits conferred by any applicable U.S. federal or state law, or any principle of common law, that would otherwise limit a release or discharge of any unknown Claims pursuant to this Section 7.**

(b) By its execution hereof, each Loan Party hereby (i) acknowledges and confirms that as of the Seventh Amendment Effective Date there are no existing defenses, claims, subordinations (whether equitable or otherwise), counterclaims or rights of recoupment or setoff against the Administrative Agent, the Lenders or any other Secured Parties in connection with the Secured Obligations or in connection with the negotiation, preparation, execution, performance or any other matters relating to the Credit Agreement, the other Loan Documents or this Amendment and Waiver and (ii) expressly waives any setoff, counterclaim, recoupment, defense or other right that such Loan Party has against the Administrative Agent, any Lender or any of their respective affiliates as of the Seventh Amendment Effective Date, whether in connection with this Amendment and Waiver, the Credit Agreement and the other Loan Documents, the transactions contemplated by this Amendment and Waiver or the Credit Agreement and the Loan Documents, or any agreement or instrument relating thereto.

(c) Each Releasing Party hereby further agrees to indemnify and hold the Releasees harmless with respect to any and all liabilities, obligations, losses, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever incurred by the Releasees, or any of them, whether direct, indirect or consequential, as a result of or arising from or relating to any proceeding by, or on behalf of any Person, including, without limitation, officers, directors, agents, trustees, creditors, partners or shareholders of any Borrower or any parent, Subsidiary or Affiliate of any Borrower, whether threatened or initiated, asserting any claim for legal or equitable remedy under any statutes, regulation or common law principle arising from or in connection with the negotiation, preparation, execution, delivery, performance, administration and enforcement of this Amendment and Waiver; provided that such indemnity shall not, as to any Releasee, be available to the extent that such liabilities, obligations, losses, penalties, actions, judgments, suits, costs, expenses or disbursements (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the bad faith, gross negligence or willful misconduct of such Releasee or (y) arise out of claims or disputes between two or more Releasees (other than with respect to a Releasee acting in its capacity as Administrative Agent, Joint Lead Arranger, Syndication Agent, Co-Documentation Agent, Issuing Bank or similar role) and that does not involve an act or omission by any Loan Party or any Subsidiary. The foregoing indemnity shall survive the payment in full of the Obligations and the termination of this Amendment and Waiver, the Credit Agreement and the other Loan Documents.

8. Lender Acknowledgment. Each Lender that has signed this Amendment and Waiver shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required hereunder to be consented to or approved by or acceptable or satisfactory to a Lender, unless the Administrative Agent shall have received notice from such Lender prior to the proposed Seventh Amendment Effective Date specifying its objection thereto.

9. Miscellaneous.

(a) Counterparts; Integration; Effectiveness. This Amendment and Waiver may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment and Waiver, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Subject to the terms of Section 3 of this Amendment and Waiver, this Amendment and Waiver shall become effective when it shall have been executed by the Borrower, the Administrative Agent and the Required Lenders and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto, the Lenders and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Amendment and Waiver by telecopy, e-mailed .pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Amendment and Waiver. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to any document to be signed in connection with this Amendment and Waiver and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(b) Successors and Assigns. This Amendment and Waiver shall be binding upon the Borrowers, the Lenders and the Administrative Agent and their respective successors and assigns, and shall inure to the benefit of the Borrowers, the Lenders and the Administrative Agent and the respective successors and assigns of the Borrowers, the Lenders and the Administrative Agent.

(c) Severability. Any provision of this Amendment and Waiver held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

(d) References. All references in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement and each reference to the “Credit Agreement”, (or the defined term “Agreement”, “thereunder”, “thereof” of words of like import referring to the Credit Agreement) in the other Loan Documents shall mean and be a reference to the Credit Agreement as amended hereby and giving effect to the amendments contained in this Amendment and Waiver.

(e) Governing Law. THIS AND AMENDMENT AND WAIVER AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AMENDMENT AND WAIVER AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(f) Entire Agreement. This Amendment and Waiver, the Credit Agreement (including giving effect to the amendments set forth in Section 2 above), and the other Loan Documents (collectively, the "Relevant Documents"), set forth the entire understanding and agreement of the parties hereto in relation to the subject matter hereof and supersede any prior negotiations and agreements among the parties relating to such subject matter. No promise, condition, representation or warranty, express or implied, not set forth in the Relevant Documents shall bind any party hereto, and no such party has relied on any such promise, condition, representation or warranty. Each of the parties hereto acknowledges that, except as otherwise expressly stated in the Relevant Documents, no representations, warranties or commitments, express or implied, have been made by any party to any other party in relation to the subject matter hereof or thereof. None of the terms or conditions of this Amendment and Waiver may be changed, modified, waived or canceled orally or otherwise, except in writing and in accordance with Section 9.02 of the Credit Agreement.

(g) Full Force and Effect of Credit Agreement. This Amendment and Waiver is a Loan Document (and the Borrower and the other Loan Parties agree that the "Secured Obligations" secured by the Collateral shall include any and all obligations of the Loan Parties under this Amendment and Waiver). Except as expressly modified hereby, all terms and provisions of the Credit Agreement and all other Loan Documents remain in full force and effect and nothing contained in this Amendment and Waiver shall in any way impair the validity or enforceability of the Credit Agreement or the Loan Documents, or alter, waive, annul, vary, affect, or impair any provisions, conditions, or covenants contained therein or any rights, powers, or remedies granted therein. This Amendment and Waiver shall not constitute a modification of the Credit Agreement or any of the other Loan Documents or a course of dealing with Administrative Agent or the Lenders at variance with the Credit Agreement or the other Loan Documents such as to require further notice by Administrative Agent or any Lender to require strict compliance with the terms of the Credit Agreement and the other Loan Documents in the future, except in each case as expressly set forth herein. The Borrower acknowledges and expressly agrees that Administrative Agent and the Lenders reserve the right to, and do in fact, require strict compliance with all terms and provisions of the Credit Agreement and the other Loan Documents (subject to any qualifications set forth therein), as amended herein.

(h) Jurisdiction. Each Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of the United States District Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Amendment and Waiver, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Amendment and Waiver or any other Loan Document shall affect any right that the Administrative Agent, the Issuing Bank or any Lender may otherwise

have to bring any action or proceeding relating to this Amendment and Waiver or any other Loan Document against any Borrower or its properties in the courts of any jurisdiction.

(i) Each Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Amendment and Waiver or any other Loan Document in any court referred to in Section 9(i). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(j) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AMENDMENT AND WAIVER OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (1) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING AMENDMENT AND WAIVER AND (2) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AMENDMENT AND WAIVER BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9(j).

(k) Headings. Article and Section headings used herein are for convenience of reference only, are not part of this Amendment and Waiver and shall not affect the construction of, or be taken into consideration in interpreting, this Amendment and Waiver.

(l) Amendments.

(i) This Amendment and Waiver may be amended, supplemented or otherwise modified as set forth in Section 9.02 of the Credit Agreement.

(ii) Section 4(b) of the Sixth Amendment is hereby superseded in its entirety by the amendments to Section 5.01(b) of the Credit Agreement contained in this Seventh Amendment.

[*remainder of page intentionally blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment and Waiver to be duly executed by their respective authorized officers as of the day and year first above written.

Administrative Borrower:

STONEMOR OPERATING LLC

By: /s/ Mark L. Miller
Name: Mark L. Miller
Title: Chief Financial Officer and Senior Vice President

Partnership:

STONEMOR PARTNERS L.P.
By: STONEMOR GP LLC, as its General Partner

By: /s/ Mark L. Miller
Name: Mark L. Miller
Title: Chief Financial Officer and Senior Vice President

Signature Page to Seventh Amendment and Waiver to Credit Agreement
[StoneMor Operating LLC]

ALLEGHANY MEMORIAL PARK SUBSIDIARY, INC.
ALTAVISTA MEMORIAL PARK SUBSIDIARY, INC.
ARLINGTON DEVELOPMENT COMPANY
AUGUSTA MEMORIAL PARK PERPETUAL CARE COMPANY
BIRCHLAWN BURIAL PARK SUBSIDIARY, INC.
BRONSWOOD CEMETERY, INC.
CEDAR HILL FUNERAL HOME, INC.
CEMETERY INVESTMENTS SUBSIDIARY, INC.
CHAPEL HILL ASSOCIATES, INC.
CHAPEL HILL FUNERAL HOME, INC.
COLUMBIA MEMORIAL PARK SUBSIDIARY, INC.
CORNERSTONE FAMILY INSURANCE SERVICES, INC.
CORNERSTONE FAMILY SERVICES OF NEW JERSEY, INC.
CORNERSTONE FAMILY SERVICES OF WEST VIRGINIA SUBSIDIARY, INC.
COVENANT ACQUISITION SUBSIDIARY, INC.
COVINGTON MEMORIAL FUNERAL HOME, INC.
COVINGTON MEMORIAL GARDENS, INC.
ELOISE B. KYPER FUNERAL HOME, INC.
FOREST LAWN GARDENS, INC.
FOREST LAWN MEMORY GARDENS, INC.
FOREST LAWN MEMORIAL CHAPEL, INC.
GLEN HAVEN MEMORIAL PARK SUBSIDIARY, INC.
HENRY MEMORIAL PARK SUBSIDIARY, INC.
KIRIS SUBSIDIARY, INC.
KIRK & NICE, INC.
KIRK & NICE SUBURBAN CHAPEL, INC.
LAKEWOOD/HAMILTON CEMETERY SUBSIDIARY, INC.
LAKEWOOD MEMORY GARDENS SOUTH SUBSIDIARY, INC.
LAUREL HILL MEMORIAL PARK SUBSIDIARY, INC.
LAURELWOOD HOLDING COMPANY
LEGACY ESTATES, INC.
LOEWEN [VIRGINIA] SUBSIDIARY, INC.
LORRAINE PARK CEMETERY SUBSIDIARY, INC.

By: /s/ Mark L. Miller
Name: Mark L. Miller
Title: Chief Financial Officer and Senior Vice President of each of the above named Borrowers

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[StoneMor Operating LLC]

MODERN PARK DEVELOPMENT SUBSIDIARY, INC.
OAK HILL CEMETERY SUBSIDIARY, INC.
OSIRIS HOLDING FINANCE COMPANY
OSIRIS HOLDING OF MARYLAND SUBSIDIARY, INC.
OSIRIS HOLDING OF RHODE ISLAND SUBSIDIARY, INC.
OSIRIS MANAGEMENT, INC.
OSIRIS TELEMARKETING CORP.
PERPETUAL GARDENS.COM, INC.
PRINCE GEORGE CEMETERY CORPORATION
PVD ACQUISITIONS SUBSIDIARY, INC.
ROCKBRIDGE MEMORIAL GARDENS SUBSIDIARY COMPANY
ROSE LAWN CEMETERIES SUBSIDIARY, INCORPORATED
ROSELAWN DEVELOPMENT SUBSIDIARY CORPORATION
RUSSELL MEMORIAL CEMETERY SUBSIDIARY, INC.
SHENANDOAH MEMORIAL PARK SUBSIDIARY, INC.
SIERRA VIEW MEMORIAL PARK
SOUTHERN MEMORIAL SALES SUBSIDIARY, INC.
SPRINGHILL MEMORY GARDENS SUBSIDIARY, INC.
STEPHEN R. HAKY FUNERAL HOME, INC.
STAR CITY MEMORIAL SALES SUBSIDIARY, INC.
STITHAM SUBSIDIARY, INCORPORATED
STONEMOR ALABAMA SUBSIDIARY, INC.
STONEMOR CALIFORNIA, INC.
STONEMOR CALIFORNIA SUBSIDIARY, INC.
STONEMOR GEORGIA SUBSIDIARY, INC.
STONEMOR HAWAII SUBSIDIARY, INC.
STONEMOR NORTH CAROLINA FUNERAL SERVICES, INC.
STONEMOR OHIO SUBSIDIARY, INC.
STONEMOR PUERTO RICO CEMETERY AND FUNERAL, INC.
STONEMOR TENNESSEE SUBSIDIARY, INC.
STONEMOR WASHINGTON, INC.
SUNSET MEMORIAL GARDENS SUBSIDIARY, INC.
SUNSET MEMORIAL PARK SUBSIDIARY, INC.
TEMPLE HILL SUBSIDIARY CORPORATION
THE VALHALLA CEMETERY SUBSIDIARY CORPORATION
VIRGINIA MEMORIAL SERVICE SUBSIDIARY CORPORATION
W N C SUBSIDIARY, INC.
WICOMICO MEMORIAL PARKS SUBSIDIARY, INC.
WILLOWBROOK MANAGEMENT CORP.

By: /s/ Mark L. Miller
Name: Mark L. Miller
Title: Chief Financial Officer and Senior Vice President of each of the above named Borrowers

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[StoneMor Operating LLC]

ALLEGHANY MEMORIAL PARK LLC
ALTAVISTA MEMORIAL PARK LLC
BIRCHLAWN BURIAL PARK LLC
CMS WEST LLC
CMS WEST SUBSIDIARY LLC
CEMETERY INVESTMENTS LLC
CEMETERY MANAGEMENT SERVICES, L.L.C.
CEMETERY MANAGEMENT SERVICES OF OHIO, L.L.C.
COLUMBIA MEMORIAL PARK LLC
CORNERSTONE FAMILY SERVICES OF WEST VIRGINIA LLC
CORNERSTONE FUNERAL AND CREMATION SERVICES LLC
COVENANT ACQUISITION LLC
GLEN HAVEN MEMORIAL PARK LLC
HENLOPEN MEMORIAL PARK LLC
HENLOPEN MEMORIAL PARK SUBSIDIARY LLC
HENRY MEMORIAL PARK LLC
JUNIATA MEMORIAL PARK LLC
KIRIS LLC
LAKEWOOD/HAMILTON CEMETERY LLC
LAKEWOOD MEMORY GARDENS SOUTH LLC
LAUREL HILL MEMORIAL PARK LLC
LOEWEN [VIRGINIA] LLC
LORRAINE PARK CEMETERY LLC
MODERN PARK DEVELOPMENT LLC
OAK HILL CEMETERY LLC
OSIRIS HOLDING OF MARYLAND LLC
OSIRIS HOLDING OF PENNSYLVANIA LLC
OSIRIS HOLDING OF RHODE ISLAND LLC
PLYMOUTH WAREHOUSE FACILITIES LLC
PVD ACQUISITIONS LLC
ROLLING GREEN MEMORIAL PARK LLC
ROCKBRIDGE MEMORIAL GARDENS LLC
ROSE LAWN CEMETERIES LLC
ROSELAWN DEVELOPMENT LLC
RUSSELL MEMORIAL CEMETERY LLC
SHENANDOAH MEMORIAL PARK LLC
SOUTHERN MEMORIAL SALES LLC
SPRINGHILL MEMORY GARDENS LLC
STAR CITY MEMORIAL SALES LLC
STITHAM LLC

By: /s/ Mark L. Miller
Name: Mark L. Miller
Title: Chief Financial Officer and Senior Vice President of each of the above named Borrowers

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[StoneMor Operating LLC]

STONEMOR ALABAMA LLC
STONEMOR ARKANSAS SUBSIDIARY LLC
STONEMOR CEMETERY PRODUCTS LLC
STONEMOR COLORADO LLC
STONEMOR COLORADO SUBSIDIARY LLC
STONEMOR GEORGIA LLC
STONEMOR HAWAIIAN JOINT VENTURE GROUP LLC
STONEMOR HAWAII LLC
STONEMOR HOLDING OF PENNSYLVANIA LLC
STONEMOR ILLINOIS LLC
STONEMOR ILLINOIS SUBSIDIARY LLC
STONEMOR INDIANA LLC
STONEMOR INDIANA SUBSIDIARY LLC
STONEMOR IOWA LLC
STONEMOR IOWA SUBSIDIARY LLC
STONEMOR KANSAS LLC
STONEMOR KANSAS SUBSIDIARY LLC
STONEMOR KENTUCKY LLC
STONEMOR KENTUCKY SUBSIDIARY LLC
STONEMOR MICHIGAN LLC
STONEMOR MICHIGAN SUBSIDIARY LLC
STONEMOR MISSISSIPPI LLC
STONEMOR MISSISSIPPI SUBSIDIARY LLC
STONEMOR MISSOURI LLC
STONEMOR MISSOURI SUBSIDIARY LLC
STONEMOR NORTH CAROLINA LLC
STONEMOR NORTH CAROLINA SUBSIDIARY LLC
STONEMOR OHIO LLC
STONEMOR OKLAHOMA LLC
STONEMOR OKLAHOMA SUBSIDIARY LLC
STONEMOR OREGON LLC
STONEMOR OREGON SUBSIDIARY LLC
STONEMOR PENNSYLVANIA LLC
STONEMOR PENNSYLVANIA SUBSIDIARY LLC
STONEMOR PUERTO RICO LLC
STONEMOR PUERTO RICO SUBSIDIARY LLC
STONEMOR SOUTH CAROLINA LLC
STONEMOR SOUTH CAROLINA SUBSIDIARY LLC
STONEMOR WASHINGTON SUBSIDIARY LLC
STONEMOR WISCONSIN LLC
STONEMOR WISCONSIN SUBSIDIARY LLC

By: /s/ Mark L. Miller
Name: Mark L. Miller
Title: Chief Financial Officer and Senior Vice President of each of the above named Borrowers

Signature Page to Seventh Amendment and Waiver to Credit Agreement
[StoneMor Operating LLC]

SUNSET MEMORIAL GARDENS LLC
SUNSET MEMORIAL PARK LLC
TEMPLE HILL LLC
THE VALHALLA CEMETERY COMPANY LLC
TIOGA COUNTY MEMORIAL GARDENS LLC
VIRGINIA MEMORIAL SERVICE LLC
WNCI LLC
WICOMICO MEMORIAL PARKS LLC
WOODLAWN MEMORIAL PARK SUBSIDIARY LLC

By: /s/ Mark L. Miller
Name: Mark L. Miller
Title: Chief Financial Officer and Senior Vice President of each of the above named Borrowers

Signature Page to Seventh Amendment and Waiver to Credit Agreement
[StoneMor Operating LLC]

CORNERSTONE TRUST MANAGEMENT SERVICES LLC

By: /s/ Mark L. Miller
Name: Mark L. Miller
Title: Chief Financial Officer and Senior Vice President of the above named Borrower

Signature Page to Seventh Amendment and Waiver to Credit Agreement
[StoneMor Operating LLC]

STONEMOR FLORIDA LLC
STONEMOR FLORIDA SUBSIDIARY LLC

By: /s/ Mark L. Miller
Name: Mark L. Miller
Title: Chief Financial Officer and Senior Vice President of each of the above named Borrowers

Signature Page to Seventh Amendment and Waiver to Credit Agreement
[StoneMor Operating LLC]

CAPITAL ONE, NATIONAL ASSOCIATION,
individually as a Lender and as the Administrative Agent

By: /s/ Thomas Lawler
Name: Thomas Lawler
Title: Vice President

Signature Page to Seventh Amendment and Waiver to Credit Agreement
[StoneMor Operating LLC]

CITIZENS BANK OF PENNSYLVANIA, as a Lender

By: /s/ Dale R. Carr
Name: Dale R. Carr
Title: SVP

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[StoneMor Operating LLC]

TD BANK, N.A., as a Lender

By: /s/ Katherine Brunelle
Name: Katherine Brunelle
Title: Vice President

Signature Page to Seventh Amendment and Waiver to Credit Agreement
[StoneMor Operating LLC]

RAYMOND JAMES BANK, N.A., as a Lender

By: /s/ H. Fred Coble, Jr.
Name: H. Fred Coble, Jr.
Title: Managing Director

Signature Page to Seventh Amendment and Waiver to Credit Agreement
[StoneMor Operating LLC]

JPMORGAN CHASE BANK, N.A., as a Lender

By: /s/ Daniel K. Reagle
Name: Daniel K. Reagle
Title: Authorized Signer

Signature Page to Seventh Amendment and Waiver to Credit Agreement
[StoneMor Operating LLC]

UNIVEST BANK AND TRUST CO., as a Lender

By: /s/ Paul A. Pyfer
Name: Paul A. Pyfer
Title: S.V.P.

Signature Page to Seventh Amendment and Waiver to Credit Agreement
[StoneMor Operating LLC]

CUSTOMERS BANK, as a Lender

By: /s/ Kevin R. Cornwall
Name: Kevin R. Cornwall
Title: SVP / Director, Special Assets

Signature Page to Seventh Amendment and Waiver to Credit Agreement
[StoneMor Operating LLC]

WEBSTER BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Kent Nelson
Name: Kent Nelson
Title: SVP

Signature Page to Seventh Amendment and Waiver to Credit Agreement
[StoneMor Operating LLC]

TRISTATE CAPITAL BANK, as a Lender

By: /s/ Robert A. Rutt
Name: Robert A. Rutt
Title: SVP

Signature Page to Seventh Amendment and Waiver to Credit Agreement
[StoneMor Operating LLC]

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Section 3: EX-10.69 (EXHIBIT 10.69)

Exhibit 10.69

July 7, 2016

Ms. Dina Kelly
4 Westminster Court
Lake in the Hills, IL 60154

Re: Employment Offer

Dear Dina:

I am pleased to offer you the full-time exempt position of National Vice President of Sales for StoneMor GP LLC (the "Company"). We are pleased with your decision to join the StoneMor team, and believe that you will make a significant contribution to the success of the business. The purpose of this letter is to set forth the details of your employment. In accordance with our discussions, set forth below are the terms and conditions of your employment:

TITLE:	National Vice President of Sales
REPORTING TO:	David Meyers, Chief Operating Officer
START DATE:	Monday, August 8, 2016
BASE SALARY:	$285,000 annually (payable weekly or pursuant to standard company payroll practice).
BONUS:	You will receive a first year bonus guarantee of $100,000 ($50,000 after 30 days of employment, $50,000 at year end payable in February 2017) if still employed. For calendar year 2017, you will be eligible to receive an incentive bonus of 75% of Base Salary for reaching 100% of budget, 50% of Base Salary for 99% of budget, or 40% of Base Salary for 98% of budget.
EQUITY PARTICIPATION:	Annually, you will be eligible to receive long-term equity incentive awards, currently targeted at 50% of Base Salary, initially granted and based on the price at date of hire, subject to the Compensation Committee's approval. Half (50%) of this award will vest ratably over 3 years and the other half (50%) will vest based upon performance criteria for 2016 and 2017 subject to approval by the compensation committee.

VACATION:	Four weeks
BENEFITS:	You will be eligible to receive the same benefits as are provided to all Company employees. A Summary Plan Description of benefits will be provided to you separately.
OTHER BENEFITS:	You will receive a monthly auto allowance of $600 and a monthly cell phone allowance of $170.
RELOCATION:	StoneMor will cover cost for temporary housing through 2016 using our approved vendor, Polo Run in Yardley, PA. StoneMor will pay Polo Run directly. A reimbursement to cover normal buyer's closing costs as well as packing and moving expenses will be provided after submission of 3 competitive bids. A home within reasonable driving distance from the corporate office must be purchased by March 31, 2017 in order to receive the benefit.

The terms of employment as outlined in this offer letter do not constitute an employment contract and are subject to change at any time. Your employment with the Company will be at will, meaning either you or the Company may terminate your employment at any time, for any reason, with or without notice. Company agrees to provide you with salary continuation for a period of 6 months in the limited event that you or the Company terminate employment without cause after completing 12 months of employment but before completing 24 months of employment with the Company.

You agree to devote your exclusive attention to Company business, and will not render any service or engage I any activity that conflicts or interfered with the performance of your duties and obligations of employment. In addition, you will adhere to all of the Company's policies and procedures in place during the course of your employment.

This offer is contingent upon satisfactory completion of our standard pre-hire requirements, including completion of references, and a pre-employment background check. You will be required to sign a Confidentiality, Nondisclosure, and Restrictive Covenant Agreement as condition of employment. Further, this offer is conditioned on your representation that you are not subject to any confidentiality, noncompetition or other agreement that restricts your post employment activities or that may affect your ability to devote full time attention to your work for the Company.

Dina, I'm again looking forward to our partnership together and your contributions to the growth and success of StoneMor. Please feel free to contact me if you have further questions regarding this offer.

Best Regards,

By: /s/ David Meyers
David Meyers
Chief Operating Officer

Agreed and Accepted,
This ___day of July, 2016

By: /s/ Dina Kelly
Dina Kelly

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Section 4: EX-10.70 (EXHIBIT 10.70)

Exhibit 10.70

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

In consideration of the commencement of my employment as National Vice President of Sales at StoneMor GP LLC ("StoneMor" or "Company"), the General Partner of StoneMor Partners, L.P., as described in my offer letter, and the other consideration as described in more detail below, the receipt and sufficiency of which I hereby acknowledge, and intending to be legally bound hereby, I, Dina Kelly, state and agree as follows:

1. Business. StoneMor GP LLC, its parents, affiliates, subsidiaries, divisions, and related companies or entities, and their respective predecessors, successors and assigns, now existing or hereafter created, (collectively referred to herein as "StoneMor"), are engaged in the deathcare industry and provide a broad scope of products and services through the ownership, development, and operation of cemeteries and funeral homes (the "Business"):

a. StoneMor invests substantial time, money, and effort, on an ongoing basis, to train its employees with specialized skills and knowledge unique to StoneMor and its Business, to develop products and services for the Business, to maintain and expand its customer base, and to improve and develop its products and services;

b. From the outset of and during my employment with StoneMor, I will have access to, receive, learn, develop and/or conceive information that is proprietary and/or confidential to StoneMor;

c. This information must be kept in strict confidence to protect StoneMor's Business and maintain its competitive position in the marketplace, and this information would be useful to StoneMor's existing and potential competitors for indefinite periods of time;

d. From the outset of and during my employment with StoneMor, I will have access to and will be required to develop, maintain, and/or supervise technology, products and customer relationships and intellectual property that are valuable to StoneMor and which it has a legitimate interest in protecting;

e. StoneMor would be irreparably harmed by my subsequent work with, for or as a competitor of StoneMor, due to the possibility that there would be inadvertent or other disclosures of StoneMor's proprietary and/or confidential information or that there would be improper interference with its valuable customer relationships and goodwill;

f. The commencement of my employment with StoneMor is adequate consideration for signing this Confidentiality and Non-Compete Agreement (the "Agreement");

g. The restrictions in this Agreement are reasonable and necessary to protect StoneMor's legitimate business interests;

h. The post-termination restrictions set forth in this Agreement shall apply regardless of whether my employment is terminated with or without cause and regardless of whether the termination was initiated by me or by StoneMor; and

i. The post-termination restrictions set forth in this Agreement may limit, but do not prohibit, me from earning a satisfactory livelihood.

DSK Initial

2. Covenants.

a. No Solicitation. During my employment with StoneMor and for a period of two (2) years thereafter, I will not, directly or indirectly: (i) solicit, entice, persuade or induce any employee, director, officer, associate, consultant, agent or independent contractor of the Company to terminate his or her employment or engagement by the Company to become employed or engaged in competition with the Company by any person, firm, corporation or other business enterprise other than a member of the Company, except in furtherance of my responsibility during my employment with StoneMor; or (ii) authorize or assist in the taking of such action by any third party. For purposes of this Section 2.a, the terms "employee," "director," "officer," "associate," "consultant," "agent," and "independent contractor" shall include any person with such status at any time during my employment and for one year following my termination of employment.

b. No Competition. During my employment with StoneMor and for a period of one (1) year thereafter, I will not, directly or indirectly, engage, participate, make any financial investment in, or become employed by or render advisory or other services to or for any person, firm, corporation or other business enterprise (the "Competing Enterprise") which is engaged, directly or indirectly, during the period of my employment or at the time of the termination of my employment, as the case may be, in any Business of the type and character engaged in or competitive with that conducted by the Company in any state or marketing area in which the Company is doing business or is qualified to do business.

c. Confidentiality. During my employment and thereafter without limit as to time, I will not (other than in the regular course and in furtherance of the Company's business) divulge, furnish or make available to any person any knowledge or information with respect to the business or affairs of the Company which is confidential, including, without limitation, "know-how," trade secrets, customer lists, pricing policies, operational methods, marketing plans or strategies, product development techniques or plans, business acquisition or disposition plans, new personnel employment plans, methods, technical processes, designs and design projects, inventions and research projects and financial budgets and forecasts of the Company except (1) information which at the time is available to others in the business or generally known to the public other than as a result of disclosure by the Company not permitted hereunder, and (2) when required to do so by a court of competent jurisdiction, by any governmental agency or by any administrative body or legislative body (including a committee thereof) with purported or apparent jurisdiction to order me to divulge, disclose or make accessible such information. All memoranda, notes, lists, records, electronically stored data, recordings or videotapes and other documents (and all copies thereof) made or compiled by me or made available to me (whether during my employment by the Company or by any predecessor thereof) concerning the business of the Company or any predecessor thereof shall be the property of the Company and shall be delivered to the Company promptly upon the termination of my employment.

d. Nondisclosure. Except as set forth in Schedule A (attached hereto), I shall not disclose or utilize in my work with the Company any Intellectual Property or secret or confidential information of others (including any prior employers), or any Intellectual Property, inventions or innovations of my own which are not included within the scope of this agreement (collectively, "Prior Inventions"). For the purposes of this Agreement, "Intellectual Property" shall include, but shall not be limited to, ideas, inventions, methods, know-how, discoveries, processes, works of authorship, designs, analyses, drawings, reports, trademarks, service marks, slogans, logos, trade dress, technical, business, sales, operations and computer software

DSK Initial

innovations. If disclosure of any Prior Invention would cause me to violate any prior confidentiality agreement, I understand that I should not list such Prior Inventions in Schedule A, but I should only disclose a cursory name for each such Prior Invention, listing of the party/ies to which it belongs and the fact that full disclosure as to such Prior Inventions has not been made for that reason. If no such disclosure is attached, I represent that there are no Prior Inventions. If, in the course of my employment with the Company, I incorporate a Prior Invention into a StoneMor service, product or process, the Company is hereby granted and shall have a nonexclusive, royalty-free, irrevocable, perpetual, worldwide license (with rights to sublicense through multiple tiers of sublicenses) to make, have made, modify, use and sell such Prior Invention. Notwithstanding the foregoing, I agree that I will not incorporate, or permit to be incorporated, Prior Inventions in any StoneMor service, product or process without the Company's prior written consent and I represent that I have the right to provide all such Prior Inventions.

e. Employee Innovation. I acknowledge that all developments, including, without limitation, inventions, patentable or otherwise, trade secrets, discoveries, improvements, ideas and writings that alone or jointly with others I may conceive, make, develop or acquire during my employment by the Company and any predecessor thereof (collectively, the "Developments"), are and shall remain the sole and exclusive property of the Company and I hereby assigns to the Company all of my right, title and interest in all such Developments. I shall promptly and fully disclose all future Developments to the Company's Board, and, at any time upon request and at the expense of the Company, shall execute, acknowledge and deliver to the Company all instruments that the Company shall prepare, give evidence, and take all other actions that are necessary or desirable in the reasonable opinion of the Company's counsel, to enable the Company to file and prosecute applications for and to acquire, maintain and enforce all letters patent, trademark registrations or copyrights covering the Developments in all countries in which the same are deemed necessary.

f. Remedies. I acknowledge that the services to be rendered by me are of a special, unique and extraordinary character and, in connection with such services, I will have access to and be furnished with confidential information vital to the Company's business and that irreparable injury would be sustained by the Company in the event of my breach of any of the covenants contained in this Section 2, which injury could not be remedied adequately by the recovery of damages in an action at law. Accordingly, I agree that, upon a breach or threatened breach by me of any of such covenants, the Company shall be entitled, in addition to and not in lieu of any and all other remedies, to an injunction to be issued by any court of competent jurisdiction restraining the commission or continuance of any such breach or threatened breach upon minimal bond, with or without surety, and that such an injunction will not work an undue hardship on me. I acknowledge that the covenant periods set forth in this Section shall be extended by the period of any breach by me. Further, any proven breach by me shall result in the forfeiture of any remaining payments of benefits due to me hereunder.

g. Survival. The provisions of this Section 2 shall survive the termination of this Agreement, without regard to the reasons therefore.

3. Severability and Reformation. If any court determines that any of the provisions of this Agreement is invalid or unenforceable, the remainder of such provisions shall not thereby be

DSK Initial

affected and shall be given full effect without regard to the invalid provisions. If any court construes any of the provisions of this Agreement, or any part thereof, to be unreasonable because of the duration of such provision or the geographic scope thereof, such court shall have the power to reduce the duration or restrict the geographic scope of such provision and to enforce such provision as so reduced or restricted.

4. Waiver. A decision by StoneMor or any third-party beneficiary to enforce certain breaches of this Agreement but not others shall not be construed as a waiver of any possible remedy that StoneMor or any third-party beneficiary has for my breach of this Agreement regardless of any claims that I may have against StoneMor.

5. Modification; Termination. This Agreement may not be modified or terminated, in whole or part, except in writing signed by an authorized representative of StoneMor.

6. Choice of Law and Forum. This Agreement will be governed by Pennsylvania law applicable to contracts entered into and performed in Pennsylvania. I agree that this Agreement shall exclusively be enforced by any federal or state court of competent jurisdiction in the Commonwealth of Pennsylvania and hereby consent to the personal jurisdiction of these courts.

7. Assignment. I agree that StoneMor may assign part or all of this Agreement to any direct or indirect parent, affiliate, subsidiary, division, related company or entity of StoneMor and to any transferee of substantially all of the assets of StoneMor and that any assignee shall have the same rights as StoneMor. I understand that I have no rights to assign this Agreement.

8. No Other Agreements or Obligations. I represent that, except as stated below, I have not signed any non-competition or other contract that prohibits me from being employed by StoneMor or assigning my works and ideas to StoneMor.

[Signature Page Follows]

DSK Initial

I INTEND TO BE LEGALLY BOUND BY THIS AGREEMENT:

Dina Kelly:

Date: __8/3/16_____ __/s/ Dina S. Kelly_____

Dina Kelly

STONEMOR GP LLC

Date: _____

By:

_____

Name:
Title:

DSK Initial

SCHEDULE A

Employee Innovation and Non-Disclosure Agreement

I have set forth herein all such ideas, inventions, methods, know-how, discoveries, processes, works of authorship, designs, analyses, drawings, reports, trademarks, service marks, slogans, logos, trade dress, technical, business, sales, operations, computer software innovations, trade secrets and all other Intellectual Property which are not included within the scope of this Agreement, or a short summary of anything that cannot be listed, and I have disclosed in writing to StoneMor on or before the date of this Agreement the title or identifying criteria, and a full description, of each such item, including, without limitation, the state of completion of each such item, and whether and the extent to which each item is the subject of a trademark, service mark, or copyright application or registration, or a patent application or patent. I understand and agree that no such ideas, inventions, methods, know-how, discoveries, processes, works of authorship, designs, analyses, drawings, reports, trademarks, service marks, slogans, logos, trade dress, or technical, business, sales, operations, clinical, computer software innovations, trade secrets or other Intellectual Property will be excluded from the scope of this Agreement except to the extent disclosed and described below.

DINA KELLY:

Date: __8/3/16_____

__/s/ Dina S. Kelly_____

Dina Kelly

STONEMOR GP LLC

Date: __8/15/16_____

By: _/s/ Marquand Brown_____

Name: Marquand Brown
Title: Director, HR

DSK Initial

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Section 5: EX-10.71 (EXHIBIT 10.71)

Exhibit 10.71

STONEMOR PARTNERS, GP, LLC
3600 Horizon Blvd., Ste 100
Trevose, PA 19053

January 25, 2017 Ms. Dina Kelly

National Vice President of Sales Stonemor Partners
3600 Horizon Blvd., Ste 100

Trevose, PA 19053 Dear Dina,

As we discussed, StoneMor GP LLC ("the Company") is offering you the following:

- Effective February 1, 2017, your base salary shall increase to $325,000 annually (payable weekly or pursuant to standard Company payroll practice), effective February 1, 2017.
- Per our earlier agreement, you are eligible for a 2016 Bonus of $100,000.
- You will be eligible for a quarterly retention bonus of $50,000 to be paid after the end of each quarter in 2017. You will be eligible for a quarterly retention bonus of $25,000 to be paid after the end of each quarter in 2018. To be eligible for any retention bonus, you must be employed by the Company on the day the Company pays the applicable retention bonus.
- The Compensation Committee will be reviewing in the next couple of months the long term equity incentive awards and regular management bonus plans to ensure that they are aligned with the Company's operations and goals and will communicate with you concerning any changes applicable to you.
- All amounts paid are subject to applicable taxes and other required withholdings.

Your employment with the Company continues to be at-will, meaning either you or the Company may terminate your employment at any time, with or without cause, with or without notice.

Best Regards, *Agreed and Accepted,*

/s/ Robert B. Hellman, Jr /s/ Dina S. Kelly
Robert B. Hellman, Jr Dina Kelly

January___, 2017

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Section 6: EX-10.72 (EXHIBIT 10.72)

Exhibit 10.72

KEY EMPLOYEE UNIT AGREEMENT UNDER THE
STONEMOR PARTNERS L.P. LONG-TERM INCENTIVE PLAN

This Key Employee Unit Agreement (the "Agreement") entered into as of March 19, 2018 (the "Agreement Date"), by and between StoneMor GP LLC (the "Company"), the general partner of and acting on behalf of StoneMor Partners L.P., a Delaware limited partnership (the "Partnership"), and Dina S. Kelly, a key employee (the "Participant") of the Company or its Affiliates (as defined in the Plan).

BACKGROUND:

In order to make certain awards to key employees, directors and consultants of the Company and its Affiliates, the Company maintains on behalf of the Partnership the StoneMor Partners L.P. 2014 Long-Term Incentive Plan (the "Plan"). The Plan is administered by a Committee (as defined in the Plan) of the Board of Directors ("Board") of the Company. The Committee has determined to grant to the Participant, pursuant to the terms and conditions of the Plan, an award (the "Award") of Phantom Units (as defined in the Plan), but only effective upon and conditioned on satisfying time vesting ("Time Vested Units") and performance vesting ("Performance Vesting Units") conditions set forth in this Agreement. The Participant has determined to accept such Award. Any initially capitalized terms and phrases used in this Agreement, but not otherwise defined herein, shall have the respective meanings ascribed to them in the Plan.

NOW, THEREFORE, the Company, acting on behalf of the Partnership, and the Participant, each intending to be legally bound hereby, agree as follows:

ARTICLE 1
AWARD OF UNITS

1.1 Grant of Units and Vesting. The Participant is hereby granted the following Time Vested Units and Performance Vested Units under the Plan, but only effective upon and conditioned on satisfying the applicable vesting conditions contained herein, which will permit the Participant to receive the following number of Phantom Units of the Partnership, plus any Phantom Units acquired through the DER Account referred to in Section 1.4:

Date of Grant	March 19, 2018
Total Number of Time Vested Units for 2016, 2017 and 2018, collectively	2,951 Units
Total Number of Performance Vested Units if Threshold Condition is Satisfied or Deemed Satisfied in 2018	492 Units
Total Number of Additional Performance Vested Units if Target Condition is Satisfied or Deemed Satisfied in 2018	An additional 492 Units
Total Number of Additional Performance Vested Units if Maximum Condition is Satisfied or Deemed Satisfied in 2018	An additional 984 Units

Time Vested Units vest at a percentage rate equal to thirty-three and one-third percent (33 1/3%) of the total Time Vested Units, rounded down to the nearest cumulative whole unit, with the first tranche vesting on the date hereof and the next two tranches vesting on August 15, 2018 and 2019, respectively.

Performance Vested Units shall vest on December 31, 2018, provided the respective performance conditions have been achieved or waived in writing by the Committee for the calendar year 2018. The Committee has established performance conditions at the Threshold Condition level, the Target Condition level and the Maximum Condition. The Participant hereby acknowledges receipt of written notice of the performance conditions for 2018. The Participant further acknowledges and agrees that the Company has no obligation to grant any Performance Vested Units with respect to 2016 or 2017 because none would have vested based on the failure to achieve the performance conditions established by the Compensation Committee for such years.

Certificates for Units shall be issued to the Participant upon the vesting of any Time Vested Units or Performance Vested Units, subject to the provisions of the Plan, including, but not limited to, Sections 6(d) and 8(f) of the Plan, and further subject to the Participant paying, or making suitable arrangements to pay, all applicable foreign, federal, state and local taxes, as more fully provided in Section 2.3 hereof, not later than the period permitted by Regulation 1.409A-1(b)(4) entitled “Short-term deferrals” and any successor guidance under the Code.

1.2 Forfeiture All unvested Time Vested Units and Performance Vested Units hereunder are subject to the forfeiture provisions of Section 1.6 hereof and to the clawback provision referenced in Section 2.2 hereof.

1.3 Disability. The term “disability”, as used herein, shall refer to a “disability” as defined in the Participant’s Employment Agreement or otherwise generally applicable to employees of the Partnership or the Company.

1.4 DER Account. The unvested Phantom Units (whether Time Vested Units or Performance Vested Units) shall not be entitled to receive distributions made by the Partnership to holders of common units. However, the Company shall maintain a DER Account for each Participant which shall be credited with the distributions which would have been paid to the unvested Phantom Units had such Phantom Units been outstanding from and after the date of grant set forth in Section 1.1 hereof. No interest shall accrue on the DER Account.

1.5 Payment of DER Account.

(a) After any Phantom Units have vested, payments of the amount in the DER Account with respect to such vested Phantom Units shall commence as soon as administratively feasible (but not later than the period permitted by Regulation 1.409A-1(b)(4) entitled "Short-term deferrals" and any successor guidance under the Code), as provided in this Section 1.5. The Company may, at its option, pay up to fifty percent (50%) of the amount in the DER account in the form of Units, rather than cash, such Units to be valued at the closing price on the last business day prior to the distribution of the Units, provided such Units can be immediately sold by the Participant.

(b) All payments pursuant to this Section 1.5 shall be conditioned on the Participant paying, or by making suitable arrangements to pay, all applicable foreign, federal, state and local tax withholdings as provided in Section 2.3 hereof not later than the period permitted by Regulation 1.409A-1(b)(4) entitled "Short-term deferrals" and any successor guidance under the Code.

1.6 Forfeiture of Unvested Units Upon Termination of Employment. In the event of the termination of the employment of the Participant (whether voluntary or involuntary and regardless of the reason for the termination, or for no reason whatsoever) with the Company or its Affiliates, all Phantom Units which have not vested on the date of such termination shall be deemed to be automatically forfeited, unless the Participant's employment is on that date transferred to the Company or another Affiliate. If a Participant's employment is with an Affiliate and that entity ceases to be an Affiliate, the Participant's employment will be deemed to have terminated when the entity ceases to be an Affiliate unless the Participant transfers employment to the Company or its remaining Affiliates. Nothing contained herein shall be deemed to amend or otherwise modify any employment agreement between the Company and the Participant.

1.7 Nonalienation of Benefits. A Participant shall not have the right to sell, assign, transfer or otherwise convey or encumber in whole or in part the unvested Phantom Units or any payment of DERs under this Agreement, and the right to receive any payment hereunder shall not be subject to attachment, lien or other involuntary encumbrance.

ARTICLE 2
GENERAL PROVISIONS

2.1 No Right of Continued Employment. The receipt of this Award does not give the Participant, and nothing in the Plan or in this Agreement shall confer upon the Participant, any right to continue in the employment of the Company or any of its Affiliates. Nothing in the Plan or in this Agreement shall affect any right which the Company or any of its Affiliates may have to terminate the employment of the Participant.

2.2 Clawback. The Phantom Units and related DERs are subject to clawback under any clawback policies which are adopted by the Committee, as amended from time to time, including, but not limited to, clawback listing requirements of the New York Stock Exchange imposed by SEC rules adopted pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

2.3 Tax Withholding. The Participant is responsible to pay to the Company, or make suitable arrangements to pay, all applicable foreign, federal, state and local tax withholdings as a condition to receiving certificates for the vested Units and as a condition to receiving payment of DERs, not later than the period permitted by Regulation 1.409A-1(b)(4) entitled "Short-term deferrals" and any successor guidance under the Code.

2.4 Administration. Pursuant to the Plan, the Committee is vested with conclusive authority to interpret and construe the Plan, to adopt rules and regulations for carrying out the Plan, and to make determinations with respect to all matters relating to this Agreement, the Plan and awards made pursuant thereto. The authority to manage and control the operation and administration of this Agreement shall be likewise vested in the Committee, and the Committee shall have all powers with respect to this Agreement as it has with respect to the Plan. Any interpretation of this Agreement by the Committee, and any decision made by the Committee with respect to this Agreement, shall be final and binding and conclusive in the absence of clear and convincing evidence that such decision was made in bad faith.

2.5 Effect of Plan; Construction. The entire text of the Plan is expressly incorporated herein by this reference and so forms a part of this Agreement. In the event of any inconsistency or discrepancy between the provisions of this Agreement and the terms and conditions of the Plan under which the Phantom Units are granted, the provisions of the Plan shall govern and prevail. The Phantom Units and this Agreement are each subject in all respects to, and the Company and the Participant each hereby agree to be bound by, all of the terms and conditions of the Plan, as the same may have been amended from time to time in accordance with its terms; provided, however, that no such amendment shall deprive the Participant, without the Participant's consent, of any rights earned or otherwise due to the Participant hereunder.

2.6 Amendment, Supplement or Waiver. This Agreement shall not be amended, supplemented, or waived in whole or in part, except by an instrument in writing executed by the parties to this Agreement.

2.7 Captions. The captions at the beginning of each of the numbered Articles and Sections herein are for reference purposes only and will have no legal force or effect. Such captions will not be considered a part of this Agreement for purposes of interpreting, construing or applying this Agreement and will not define, limit, extend, explain or describe the scope or extent of this Agreement or any of its terms and conditions.

2.8 Governing Law. THE VALIDITY, CONSTRUCTION, INTERPRETATION AND EFFECT OF THIS AGREEMENT SHALL EXCLUSIVELY BE GOVERNED BY AND DETERMINED IN ACCORDANCE WITH THE LAW OF THE COMMONWEALTH OF PENNSYLVANIA (WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PRINCIPLES THEREOF).

2.9 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing, sent by facsimile, by overnight courier or by registered or certified mail, postage prepaid and return receipt requested. Notices to the Company shall be deemed to have been duly given or made upon actual receipt by the Company. Such communications shall be addressed and directed to the parties listed below (except where this Agreement expressly provides that it be directed to another) as follows, or to such other address or recipient for a party as may be hereafter notified by such party hereunder:

(a) if to the Partnership or Company: StoneMor GP LLC, 3600 Horizon Blvd, Suite 100 Trevose, PA 19053, or its then current principal office Attention: Chief Financial Officer

(b) if to the Participant: to the address for the Participant as it appears on the Company's records.

2.10 Severability. If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable, it shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision to the extent it is not prohibited or unenforceable, nor invalidate the other provisions hereof.

2.11 Entire Agreement; Counterparts; Construction. This Agreement constitutes the entire understanding and supersedes any and all other agreements, oral or written, between the parties hereto, in respect of the subject matter of this Agreement, and embodies the entire understanding of the parties with respect to the subject matter hereof. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original against any

party whose signature appears thereon. The rule of construction that ambiguities in a document are construed against the draftsperson shall not apply to this Agreement.

2.12 Binding Agreement. The terms and conditions of this Agreement shall be binding upon, and inure to the benefit of, the estate, heirs, beneficiaries and other representatives of the Participant. The terms and conditions of this Agreement shall be binding upon the Company and the Partnership and their respective successors and assigns.

2.13 Arbitration. Any dispute or disagreement with respect to any portion of this Agreement or its validity, construction, meaning, performance, or Participant's rights hereunder shall be settled by arbitration, conducted in Philadelphia, Pennsylvania, in accordance with the Commercial Arbitration Rules of the American Arbitration Association or its successor, as amended from time to time. However, prior to submission to arbitration the Participant will attempt to resolve any disputes or disagreements with the Partnership over this Agreement amicably and informally, in good faith, for a period not to exceed two weeks. Thereafter, the dispute or disagreement will be submitted to arbitration. At any time prior to a decision from the arbitrator(s) being rendered, the Participant and the Partnership may resolve the dispute by settlement. The Participant and the Partnership shall equally share the costs charged by the American Arbitration Association or its successor, but the Participant and the Partnership shall otherwise be solely responsible for their own respective counsel fees and expenses. The decision of the arbitrator(s) shall be made in writing, setting forth the award, the reasons for the decision and award and shall be binding and conclusive on the Participant and the Partnership. Further, neither Participant nor the Partnership shall appeal any such award. Judgment of a court of competent jurisdiction may be entered upon the award and may be enforced as such in accordance with the provisions of the award. THE PARTICIPANT HEREBY WAIVES ANY RIGHT TO A JURY TRIAL.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this Agreement as of the day first above written.

STONEMOR PARTNERS L.P.

By: StoneMor GP LLC

By: /s/ Mark L. Miller
Name: Mark L. Miller
Title: Chief Financial Officer and Senior Vice President

The Participant hereby acknowledges receipt of a copy of the foregoing Unit Agreement and the Plan, and having read them, hereby signifies the Participant's understanding of, and the Participant's agreement with, their terms and conditions. The Participant hereby accepts this Unit Agreement in full satisfaction of any previous written or verbal promises made to the participant by the Partnership or the Company or any of its other Affiliates with respect to awards under the Plan.

/s/ Dina S. Kelly (seal) (Date) March 19, 2018
Dina S. Kelly

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Section 7: EX-10.74 (EXHIBIT 10.74)

Exhibit 10.74

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into on May 10, 2018 (the "Effective Date"), by and between StoneMor GP LLC, a Delaware limited liability company (the "Company") and the General Partner of StoneMor Partners, L.P. (the "Partnership"), and Dina S. Kelly (the "Executive"). The Company and Executive are each sometimes referred to herein as "Party," and both of them, together, are sometimes referred to herein as the "Parties."

WHEREAS, Executive has been employed by the Company as its National Vice President of Sales and Marketing pursuant to the employment offer letters dated July 7, 2016 and January 25, 2017; and

WHEREAS, the Company wishes to continue to employ Executive in the position of National Vice President of Sales and Marketing, and Executive wishes to accept such continued employment with the Company, on the terms and conditions set forth in this Agreement; and

WHEREAS, the Company, the Partnership and each of their parents, affiliates, subsidiaries, divisions and related companies and entities, and their respective predecessors, successors and assigns, now existing or hereafter created, are engaged in the deathcare industry and provide a broad scope of products and services through the ownership, development, and operation of cemeteries and funeral homes (the "Business"); and

NOW, THEREFORE, in consideration of the facts, mutual promises and covenants contained herein and for other good and valuable consideration, and intending to be legally bound hereby, the Parties agree as follows:

1. Employment. Executive's employment with the Company as National Vice President of Sales and Marketing shall commence hereunder on the Effective Date and shall continue unless terminated by either Party.

2. Position.

(a) During her employment, Executive shall serve as the National Vice President of Sales and Marketing of the Company, and shall have such duties and authority as are customarily associated with such positions or as otherwise determined from time to time by the Board of Directors of the Company (the "Board").

(b) During her employment, Executive will devote her full business time and best efforts to the performance of her duties hereunder and will perform such duties diligently, faithfully and to the best of her abilities and will not engage in any other business, profession, or occupation, for compensation or otherwise, which would conflict with the performance of Executive's duties, either directly or indirectly, without the prior written consent of the Board. It shall not be deemed a violation of the foregoing for Executive to: (i) act or serve as an unpaid director, trustee or committee member of any civic or charitable organization; (ii) manage her personal, financial and legal affairs, including passive investments of not more than 5% of other public companies; or (iii) serve as a director of an organization that is not a civic or charitable organization with the prior consent of the Board, which consent shall not be unreasonably withheld, in each instance so long as such activities individually or in the aggregate do not

conflict with the performance of Executive's duties, either directly or indirectly, or create a business or fiduciary conflict or otherwise violate this Agreement.

(c) Executive shall be principally based in the Company's Trevose, Pennsylvania office. Executive acknowledges and agrees that Executive's duties hereunder from time to time will include, without limitation, reasonable travel, including travel to locations within and outside of the United States (at Company's expense), to attend meetings and other functions as the performance of Executive's duties hereunder may require.

(d) To the extent Executive is appointed to any officer or board position of the Company or of any related or affiliated entity, Executive agrees that upon termination of Executive's employment with the Company, regardless of the reason, Executive will immediately resign such position(s) if the Board requests that she do so.

(e) Executive affirms that she has disclosed to the Company any agreement she has signed with any prior employer which contains any post-termination restrictions of any kind and understands that she must comply with any such restrictions. Further, Executive is not subject to any agreement with any prior employer which would interfere with her ability to perform the duties under this Agreement. Executive affirms that she will not disclose to or use for the benefit of the Company any confidential and/or proprietary information which she acquired in the course of her employment with any prior employer, regardless of whether there is an agreement with any prior employer protecting such confidential and/or proprietary information.

3. Compensation.

(a) Base Salary. The Company shall pay Executive base salary, subject to annual review by the Board (such base salary, as so adjusted in accordance with the normal annual review practices for senior executives of the Company, the "Base Salary"), at the annual rate of Three Hundred Twenty-Five Thousand Dollars ($325,000.00), less applicable taxes and required withholdings, payable in accordance with the Company's usual payroll practices. Any decrease in Executive's Base Salary shall be made only if the Company contemporaneously and proportionately decreases the base salaries of all senior executives of the Company. You will also receive a monthly automobile allowance of six hundred dollars ($600.00) and a monthly cellular telephone allowance of one hundred and seventy dollars ($170.00).

(b) Bonus.

(i) Executive shall be eligible to receive an annual incentive cash bonus for each Fiscal Year ("FY") of the Company (the "Bonus"). The Bonus for each FY shall be based on specific, individual and company goals set by the Compensation Committee, in its sole discretion and communicated to Executive no later than January 31st of each FY; however, with respect to the 2018 FY Bonus, the individual and company goals shall be communicated to Executive promptly following the Effective Date. Notwithstanding the foregoing and except as provided in Section 7(c) below, Executive shall not be eligible for any Bonus if she is not employed on the last day of the FY to which the Bonus relates.

(ii) Any Bonus amounts payable under this Agreement shall be paid no later than March 15th of the year following the year with respect to which the Bonus was earned and shall be less any taxes and other applicable withholdings.

(c) Long Term Incentive Plan. Executive shall be entitled to participate in the Partnership's long-term incentive plan (the "LTIP") for each FY following the 2018 FY, to the extent that the Company offers the LTIP to all senior executives of the Company. Executive's participation in the LTIP in any such future FYs, if offered by the Company, shall be in an annual amount equal to fifty percent (50%) of Executive's Base Salary, with 50% of such annual amount vesting in equal annual installments over three years and 50% of the annual amount vesting based upon attainment of performance goals as determined by the Compensation Committee. To the extent Executive's employment terminates on account of Retirement (as defined below) during a performance period applicable to a particular LTIP grant, the portion of such LTIP grant that is subject to performance goals shall be earned pro-rata based on actual performance and the number of months that Executive was employed during the performance period. The pro-rated portion shall be determined by multiplying the number of units eligible to be earned for the performance period, by a fraction, the numerator of which is the number of months that elapsed during the period beginning on the first day of the performance period and ending on Executive's termination date, and the denominator of which is the number of months in the performance period. A partial month after the date on which the performance period begins shall count as a full month for purposes of this calculation. For purposes of this Agreement, "Retirement" means a termination of Executive's employment by Executive on or after the date that Executive attains age 62. To be eligible for a pro-rated portion of the LTIP grant in the event of a Retirement, Executive must execute (and not revoke) a Severance Agreement and General Release and Waiver of Claims, substantially in the form attached hereto as Exhibit A, with such changes that are reasonably recommended by Company's legal counsel to comply with applicable law.

(d) Retention Bonus. Executive shall be eligible for a quarterly retention bonus of Twenty-Five Thousand Dollars ($25,000.00) to be paid within fifteen (15) days following the end of each quarter in 2018 (the "Retention Bonus"). To be eligible for any Retention Bonus, Executive must be employed by the Company on the day the Company pays the applicable Retention Bonus.

(e) Change in Control. In the event of a Change in Control (as defined below), all outstanding equity interests granted to Executive by the Company that are subject to time-based vesting provisions and that are not fully vested (including, but not limited to, any LTIP participation as set forth above) shall become fully vested as of the date of such Change in Control. For purposes of this Agreement, "Change in Control" means, and shall be deemed to have occurred upon one or more of the following events:

(i) the members of the Company approve, in one or more related transactions, a plan of complete liquidation of the Company; or

(ii) the sale or other disposition by either the Company or the Partnership of all or substantially all of its assets.

For the avoidance of doubt, the parties specifically agree that there shall be no acceleration in a dilution change in control.

4. Benefits. Executive shall be entitled to participate in the Company's health, life insurance, disability, dental, retirement, savings, flexible spending accounts and other employee benefit and fringe benefit plans, programs and arrangements, if any, on the same basis as benefits are generally made available to other senior executives of the Company. Executive shall be entitled to four (4) weeks of paid vacation per calendar year in accordance with the Company's policy.

5. Business Expenses. Executive shall be eligible to be reimbursed for reasonable and documented business expenses incurred by Executive in the performance of her duties hereunder in accordance with Company policies on expense reimbursement in effect from time to time.

6. General Release.

(a) In consideration of Executive's employment with the Company hereunder, including, but not limited to, the compensation and benefits set forth in Section 3, the increased severance benefits set forth in Section 7(c), and Executive's access to Confidential Information, Executive and Executive's agents, successors, assigns and legal representatives, for and in consideration of the obligations set forth herein, do hereby waive, release and forever discharge the Company, as well as the entity doing business under the name StoneMor Partners, L.P. and any and all parents, subsidiaries, affiliates, general or limited partners, partnerships, predecessors and successors, as well as present, past, and future directors, officers, shareholders, employees, agents, representatives, attorneys, insurers, reinsurers, agents, successors, and assigns, which may include, but are not limited to, unrelated parties and subsequent purchasers, controlling corporations, and any related or affiliated companies, whether direct or indirect, its and their joint ventures and joint venturers (including its and their respective directors, officers, employees, former employees, shareholders, partners and agents, past, present, and future), and each of its and their respective successors and assigns, which may include, but are not limited to, unrelated parties and subsequent purchasers (hereinafter collectively referred to as "Released Parties"), to the maximum extent permitted by law, from any and all suits, claims, demands, rights, actions, or causes of action of whatever kind or nature, in law or in equity, direct or indirect, known or unknown, matured or not matured ("Claims"), including, but not limited to, any Claims of discrimination, retaliation and/or harassment based on age, sex, pregnancy, race, religion, color, creed, disability, handicap, failure to accommodate, citizenship, marital status, national origin, ancestry, sexual orientation, gender identity, genetic information or any other factor protected by Federal, State or Local law as enacted or amended, including suits or claims arising under the Americans with Disabilities Act of 1990, 29 U.S.C. §706 et seq.; the Civil Rights Act of 1866, 42 U.S.C. §1981 et seq.; the Consolidated Omnibus Budget Reconciliation Act of 1985, 29 USC § 1161 et seq. and 42 USC § 300bb-1 et seq.; Executive Retirement Income Security Act, 29 U.S.C. §1001 et seq.; the Equal Pay Act of 1963, 29 U.S.C. § 206 et seq.; the Fair Labor Standards Act, 29 U.S.C. §201 et seq.; the Family and Medical Leave Act, 29 U.S.C. §2601 et seq.; the Federal Civil Rights Act of 1991, 42 U.S.C. §1981a et seq.; the Labor Management Relations Act, 29 U.S.C. §141 et seq.; the National Labor Relations Act, 29 U.S.C. §151 et seq.; the Occupational Safety and Health Act of 1970, 29 U.S.C. § 651 et seq.; corollary state fair employment practices laws (e.g., the Pennsylvania Human Relations Act, 43 P.S. § 951 et seq.; the Pennsylvania Minimum Wage Act, 43 P.S. 333.101, et seq.; The Pennsylvania Wage Payment and Collection Law, 43 Pa C. S. §260.1 et seq.; the Pennsylvania Whistleblower Law, 43 P.S. § 1421 et seq.; the Philadelphia Fair Practices Ordinances, etc.); the Rehabilitation Act, 29 U.S.C. § 701 et seq.; Title VII of the Civil Rights Act of 1964, 42 U.S.C. §2000e et seq.; the Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 2101 et seq.; and/or any other federal or state law, including, without limitation, any Claim of alleged discrimination, retaliation, defamation, slander, libel, invasion of privacy, negligence, breach of contract (express or

implied, written or oral), breach of implied covenant of good faith and fair dealing, intentional or negligent infliction of emotional distress, fraud, intentional or negligent misrepresentation, negligent evaluation of Executive's work, negligent supervision, restitution, reimbursement, wrongful discharge, detrimental reliance, tortious interference with any alleged contract or business relationship (existing or prospective), and/or any Claim for severance, benefits, bonuses, incentive compensation, equity awards and interests, commissions and/or compensation of any kind (including compensation for attorneys' fees and costs), that Executive has or could assert against Released Parties, arising from any fact or circumstance occurring up to and including the date of this Agreement.

This is a **GENERAL RELEASE**.

(b) The release of rights in Section 6(a) does **NOT** extend to: (i) any claims that may arise after the date of this Agreement; (ii) any claims for vested benefits under any Company retirement, 401(k), or other deferred compensation plan (including without limitation the agreements referenced in Section 15(d)(ii)(B)-(D); (iii) any claim to enforce or to interpret, determine the scope, meaning, enforceability, or effect of this Agreement; (iv) any claim for worker's compensation benefits or unemployment compensation benefits; or (v) any other claims which, by law, Executive cannot waive.

(c) Except as otherwise provided in Section 6(d) below, Executive agrees that Executive will not initiate or institute any claim, lawsuit, or action against Released Parties asserting any claims released in Section 6 hereof. If Executive breaches Executive's promise in this Section 6 and files a claim or otherwise pursues claims that Executive has released, Executive shall pay for all costs incurred by the Released Parties, including without limitation, reasonable attorneys' fees, in defending against Executive's claim.

(d) Retained Rights. Any provision to the contrary notwithstanding, nothing in this General Release or Agreement is intended to prohibit Executive from reporting possible violations of federal, state or local law, ordinance or regulation to any governmental agency or entity, including, but not limited to, the DOJ, the SEC, Congress, or any agency Inspector General, or otherwise taking action or making disclosures that are protected under the whistleblower provisions of any federal, state, or local law, ordinance or regulation, including, but not limited to, Rule 21F-17 promulgated under the Securities Exchange Act of 1934, as amended. Executive is entitled to make reports and disclosures or otherwise take action under this section without prior authorization from or subsequent notification to the Company. Similarly, nothing set forth in this Agreement limits Executive's right to receive a monetary award for information provided to the SEC pursuant to Rule 21F-17 promulgated under the Securities Exchange Act of 1934, as amended, or for information provided to the DOL or any other government agency, commission or entity. In addition, nothing in this Agreement shall be construed to restrict or interfere with: (i) Executive's obligation to testify truthfully in any forum and/or disclose information or produce documents as required by law; (ii) Executive's right and/or obligation to contact, cooperate with, provide information or testimony to, or otherwise participate in any action, investigation, or proceeding conducted by any government agency or commission (including, but not limited, to the NLRB, EEOC, or SEC); or (iii) Executive's right to file an administrative action/charge with any government agency or commission (including, but not limited, to, the NLRB, EEOC, or SEC). Except as otherwise set forth above, however, Executive agrees that Executive shall not be entitled to, nor shall Executive accept, any monetary or other individual relief, including but not limited to attorneys' fees, that may be obtained in any such proceeding.

7. Post-Termination Payments and Benefits.

(a) Either Party can terminate the employment relationship between the Parties at any time and for any or no reason.

(b) If Executive dies or incurs a Disability (as defined below), Executive (or her estate) shall not be eligible for any severance payments or benefits from the Company subsequent to the termination of her employment other than, as applicable: (i) any Base Salary for days actually worked through the date of termination; (ii) reimbursement of all expenses for which Executive is entitled to be reimbursed pursuant to Section 5 above, but for which she has not yet been reimbursed; (iii) any vested accrued benefits under the Company's employee benefit plans programs in accordance with the terms of such plans and programs, as accrued through the date of termination; (iv) vested but unissued equity in the Company or the Partnership, including, but not limited to, any LTIP participation; (v) any bonus or other incentive (or portion thereof) for any preceding completed FY (or, with respect to the Retention Bonus, any preceding completed quarter) that has been awarded by the Company to Executive, but has not been received prior to the date of termination; and (vi) accrued but unused vacation, to the extent Executive is eligible in accordance with Company policy (together, the "Accrued Obligations"). The Accrued Obligations shall be paid as soon as practicable after the date of termination.

(c) In addition to the Accrued Obligations, if Executive's employment is terminated by the Company or by Executive for any reason other than as set forth in Section 7(b), and provided that Executive complies with Section 7(e) below (Release), Executive shall be entitled to Severance Benefits, which shall consist of: (i) payment of Executive's Base Salary for a period of twelve (12) months ("Severance Period") following the effective date of Executive's termination ("Severance Pay"), to be paid in equal installments in accordance with the normal payroll practices of the Company, commencing on the Company's first payroll date following the expiration of the revocation period (without Executive having exercised her revocation right in such period) set forth in the Severance Agreement and General Release and Waiver of Claims referenced in Section 7(e), and the first payment will include any amounts not yet paid between the date of termination and the date of the first payment, and (ii) a pro-rata Bonus for the FY of the Company in which such termination occurs, if any, determined by the Company and subject to the restrictions as set forth in Section 3(b)(i), which shall be paid at the same time that annual incentive cash bonuses are paid to other executives of the Company, but in no event later than March 15 of the FY following the FY in which the date of termination occurs.

(d) For purposes of this Agreement, "Disability" shall mean that Executive becomes eligible for benefits under the Company's disability plan or is determined by the Company, in good faith, to be unable to perform the essential functions of her position, regardless of the reason, with or without a reasonable accommodation (which must be assessed first before determining that Executive has a Disability), for a total (whether consecutive or cumulative) of twenty-six (26) weeks in any rolling fifty-two (52) week period by reason of an illness or injury, or in the event that the Company receives a medical or other certification that Executive will not be able to perform the essential functions of her position permanently or for the indefinite future.

(e) Release.

(i) Executive's entitlement to Severance Benefits in accordance with Section 7(c) above is contingent upon Executive signing, without properly revoking, a Severance Agreement and

General Release and Waiver of Claims following the termination of Executive's employment, substantially in the form attached hereto as Exhibit A, with such changes that are reasonably recommended by the Company's legal counsel to comply with applicable law. For the avoidance of doubt, Executive is entitled to the Accrued Obligations, regardless of whether Executive signs or revokes the Severance Agreement and General Release and Waiver of Claims.

(ii) The Severance Benefits described in Section 7(c) are subject to deductions and withholdings required by applicable law.

(iii) The Severance Benefits described in Section 7(c) are also contingent upon Executive complying with and continuing to comply with Executive's obligations set forth in (A) Sections 8, 9, 10, 11 and 15(e) of this Agreement, and (B) the Confidentiality and Non-Compete Agreement signed by Executive on August 3, 2016 (the "Confidentiality and Non-Compete Agreement").

8. Company Property. Executive agrees that all documents, information and equipment of any kind furnished to Executive by the Company, or developed by Executive on behalf of the Company, or at the Company's direction or for the Company's use or otherwise in connection with Executive's employment hereunder, are and shall remain the sole property of the Company, including but not limited to, data, reports, proposals, lists, specifications, drawings, blueprints, sketches, material, computer programs, software, customer information and records, business records, price lists or information, samples, or any other materials or electronic data. Upon termination of employment (or earlier, upon request of the Company), and as a condition precedent to Executive's receipt of Severance Benefits under this Agreement, Executive shall return all such Company property to the Company, retaining no copies.

9. Confidential Information.

(a) Without the prior written consent of the Board, except as shall be necessary in the performance of Executive's assigned duties, Executive shall not disclose the Company's Confidential Information (as hereinafter defined) to any third party or use the Company's Confidential Information for Executive's direct or indirect benefit or the direct or indirect benefit of any third party, and Executive shall maintain in strict confidence, both during and after Executive's employment, the confidentiality of any and all Company Confidential Information.

(b) For purposes of this Agreement, the Company's "Confidential Information" means any information (written, oral or stored in any information storage and/or retrieval medium or device) that the Company treats as confidential or proprietary, including, but not limited to, all of the Company's know how, trade secrets, technical processes, designs and design projects, inventions and research projects, pricing and business strategies and policies, operational methods, marketing and/or strategic plans, business studies; business development plans, financial information (including but not limited to regarding the budget, compensation strategy, forecasts, analyses, operating budget and indebtedness), information with respect to Company's employees and independent contractors, including, but not limited to, their skills, abilities, assignments, performance, compensation, and benefits, as well as the nature and other terms and conditions of their relationship with the Company, customer lists, price lists, contract terms, vendor contract terms, investigations, documents and/or records protected by federal, state and/or local law and other trade secrets, proprietary data or information or confidential data or information not generally known by or readily accessible to the public. Executive's obligations under this section apply during and after Executive's employment with the Company and survive the termination of Executive's

employment to the maximum extent permitted by applicable law. The definition of Confidential Information in this provision is supplemented by and in addition to any categories or examples of Confidential Information as set forth in Executive's Confidentiality and Non-Compete Agreement. This section is subject to the Retained Rights in Section 6(d).

(c) Subject to subsection (d) below, in the event Executive receives a request or demand, orally, in writing, electronically or otherwise, for the disclosure or production of confidential and/or proprietary information which Executive acquired in the course of Executive's employment (regardless of whether Executive believes the information is Confidential Information as described above), Executive must notify immediately, in writing, the Company. Any and all documents relating to the request or demand shall be included with the notification. Executive shall wait a minimum of ten (10) days (or the maximum time permitted by such legal process, if less) after sending the letter before making a disclosure or production to give the Company time to determine whether the disclosure or production involves confidential and/or proprietary information, in which event the Company may seek to prohibit and/or restrict the production and/or disclosure and/or to obtain a protective order with regard thereto. If the request or demand is in conjunction with judicial, administrative, arbitration or other adversarial proceedings, copies of all correspondence regarding the request or demand shall be included with the information sent to the Company in accordance with this section.

(d) In addition, the Defend Trade Secrets Act of 2016 (the "Act") provides that: (1) An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that – (A) is made – (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. The Act further provides that: (2) An individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual – (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

10. Restrictive Covenants. In consideration of Executive's employment with the Company hereunder, including, but not limited to, the compensation and benefits set forth in Section 3, the increased severance benefits set forth in Section 7(c), and Executive's access to Confidential Information, Executive agrees as follows, such provisions which shall supplement and be in addition to those obligations set forth in the Confidentiality and Non-Compete Agreement which shall remain in full force and effect:

(a) Non-Solicitation. Executive agrees that, during Executive's employment and for a period of twelve (12) months after the termination of Executive's employment with the Company, regardless of the reason and whether initiated by Executive or the Company. Executive shall not, for Executive's own benefit or for the benefit of any third-party, directly or indirectly, in any capacity (as an employee, independent contractor, owner, partner or otherwise) participate in any of the following:

(i) Solicit, induce, or encourage any prospective employee, director, officer, associate, consultant, agent or independent contractor of the Company not to establish an employment, contractual or other relationship with the Company or any current employee, director, officer, associate, consultant, agent or independent contractor of the Company to terminate such person's employment, contractual or other relationship with the Company;

(ii) Employ or establish a business relationship with or encourage or assist any person or entity to employ or establish a business relationship with, any person who is employed by or has a business relationship with the Company or who was employed by or had a business relationship with the Company at any time during Executive's employment and/or at the time of Executive's termination of employment. For purposes of this Section 10(a)(ii), "business relationship" means any relationship that has the purpose or effect, in whole or in part, of engaging in business or commercial activity, including, but not limited to: engagement as a consultant or contractor; financial investment; ownership; partnership; joint venture; and supplying or vending good or services; or

(iii) Any act or omission which may interfere with or adversely affect the relationship (contractual or otherwise) of the Company with any Customer, vendor, investor, or supplier of the Company, or otherwise induce or attempt to induce any such Customer, vendor, investor or supplier not to do business with, cease doing business with, reduce or otherwise limit its business with the Company. For purposes of this provision, the term "Customer" means any person or entity for whom the Company is providing any goods or services or has provided goods or services during the twelve (12) month period immediately preceding Executive's termination of employment, and any person or entity with whom the Company was communicating, at any point during the twelve (12) month period immediately preceding Executive's termination of employment, to provide goods or services, in any state or marketing area in which the Company is doing business.

(b) Non-Compete. Executive agrees that, during Executive's employment with the Company and for a period of twelve (12) months after the termination of Executive's employment with the Company, regardless of the reason and whether initiated by Executive or the Company, Executive shall not, for Executive's own benefit or for the benefit of any third-party, directly or indirectly, in any capacity (as an employee, independent contractor, owner, partner or otherwise) engage in any business activity, be employed by or otherwise be associated with (as an employee, independent contractor, owner, partner or otherwise) any person or entity which, at the time of Executive's termination, Competes (as defined below) in any way with the business activities of the Company. The term "Competes" as used in this Section 10(b) shall mean any person or entity that engages in, directly or indirectly, any Business of the type or character engaged in or competitive with that conducted by the Company in any state or marketing area in which the Company is doing business at the time of the termination of Executive's employment or at any time during the twenty-four (24) month period prior to the termination of Executive's employment. Executive acknowledges that these restrictions on competition are fair because, in the position of National Vice President of Sales and Marketing, Executive will have knowledge of and access to all business practices and information, without limitation to a specific geography, department or customer. However, this Section 10(b) shall not preclude Executive from owning up to 5% of a publicly traded company.

11. Intellectual Property.

(a) Any and all work, writings, inventions, improvements, concepts, ideas, modifications, methods, discoveries, formula, trade secrets, trademarks, domain names, copyright, know-how, processes, procedures, techniques and the like (all of the above collectively referred to herein as the "Intellectual Property"), whether or not suitable for patent, trademark or copyright, which Executive has made, created, conceived, discovered, enhanced, developed or reduced to practice, either solely or jointly with others, at any time during Executive's employment with the Company, whether or not during working hours, and whether or not at the request or upon the suggestion of the Company, and which (i)

relate to the business, work or activities of the Company and/or its affiliates, or (ii) result from or are suggested by the carrying out of Executive's duties relating to Executive's employment with the Company or from or by any information that Executive may receive as an employee of the Company shall be the sole and exclusive property of the Company. Executive shall not be entitled to any additional or special compensation or reimbursement regarding any and all Intellectual Property or intellectual property rights. Nothing herein shall be construed as a license to Executive by the Company to use any materials protected by copyright, trademark or other intellectual property rights.

(b) With respect to all work or Intellectual Property which qualify as "work(s) made for hire" under 17 U.S.C. §101, Executive and the Company agree by this written instrument that, for the purposes of Title 17 of the United States Code, the Company shall be the "person for whom the work is prepared," and that, any other written agreement between the Parties notwithstanding, the Company shall be considered the sole author of, and shall own all right, title in and to the copyrights in, such works. In this respect, all work or Intellectual Property created by Executive within the scope of this Agreement shall be considered a "work made for hire" under the United States copyright law (17 U.S.C. §101 et seq.) and any other laws of the United States or Foreign Countries and made under the course of this Agreement. Even if any Intellectual Property, work or other intellectual property rights, by operation of law or otherwise, may not be considered a "work made for hire," Executive agrees to irrevocably assign, and hereby does irrevocably assign to the Company, all right, title and interest in and to any Intellectual Property or work, including all intellectual property rights or proprietary rights arising under any United States or International laws.

(c) Executive hereby assigns, transfers and conveys to the Company all of Executive's right, title and interest in and to any and all such Intellectual Property, and agrees to take all such actions as may be requested by the Company at any time and with respect to any such Intellectual Property, to confirm or evidence such assignment, transfer and conveyance. Furthermore, at any time and from time to time, upon the request of the Company, Executive shall execute and deliver to the Company any and all instruments, documents and papers, give evidence and do any and all other acts that, in the opinion of counsel for the Company, are or may be necessary or desirable to document such assignment, transfer and conveyance or to enable the Company to file and prosecute applications for and to acquire, maintain and enforce any and all patents, trademark registrations or copyrights under United States or foreign law with respect to any such Intellectual Property, or to obtain any extension, validation, reissue, continuance or renewal of any such patent, trademark or copyright. The Company shall be responsible for the preparation of any such instruments, documents and papers and for the prosecution of any such proceedings and shall reimburse Executive for all reasonable expenses incurred by Executive in compliance with the provisions of this section.

12. Equitable Relief.

(a) Executive acknowledges and agrees that she will, in her role of National Vice President of Sales and Marketing, have access to, receive, learn, develop and/or conceive information that is confidential and/or proprietary to the Company and/or related to all aspects of its Business, including but not limited to financials, customers and contracts and will be required to develop, maintain, and/or supervise technology, products and customer relationships and intellectual property that is valuable to the Company and which must be kept in strict confidence to protect the Business and the Company's and the Partnership's competitive position in the marketplace and that such information would be useful to the Company and the Partnership's competitors for indefinite periods of time. Executive further

acknowledges and agrees that the Company and the Partnership would be irreparably harmed by Executive's subsequent work with, for, or as a competitor of the Company or the Partnership due to the possibility that there would be inadvertent or other disclosures of the confidential and/or proprietary information or that there would be improper interference with its valuable customer relationships and goodwill. Executive acknowledges and agrees that the provisions of Sections 9, 10 and 11, including the subject matter and temporal and/or geographic scope, are reasonable and necessary to protect the interests of the Company. If Executive breaches any of the provision of Sections 9, 10 or 11, the Company shall have the right and remedy, without regard to any other available remedy, to (i) have the provisions specifically enforced by any court of competent jurisdiction, and (ii) have issued an injunction or other equitable relief, including restraining any such breach of the provisions, without posting of a bond (unless a bond is required by law and in which case the Parties shall jointly request a nominal bond); it being agreed that any breach of any of the Confidentiality or Restrictive Covenants provisions would cause irreparable and material harm, loss, and damage to the Company, the amount of which cannot not be readily determined and as to which the Company will not have an adequate remedy at law or in damages.

(b) If any court determines that any of the Restrictive Covenants, or any one of them or any parts thereof, is invalid or unenforceable, then the court making such determination shall have the authority to narrow the provision or part of the provision as necessary to make it enforceable and the provision or part of the provision shall then be enforceable in its/their narrowed form. In the event that any provision or part of any provision is determined to be legally invalid or unenforceable by any court and cannot be modified to be enforceable, the affected provision or part of such provision shall be stricken, and the remaining provisions or parts of such provisions and its enforceability shall remain unaffected thereby.

(c) Executive agrees and acknowledges that the Confidentiality and Restrictive Covenants provisions contained in Sections 9, 10 and 11 do not preclude Executive from earning a livelihood or unreasonably impose limitations on Executive's ability to earn a living. In the event that Executive violates any of the covenants in Section 10 and the Company commences legal action for injunctive or other equitable relief, the Company shall have the benefit of the full period of the Restrictive Covenant such that the restriction shall have the duration of twelve (12) months computed from the date Executive ceased violation of the covenants, either by order of the court or otherwise.

(d) For all purposes of Sections 8, 9, 10, 11 and 12, the "Company" shall be construed to include the Company, the Partnership and each of their respective parents, affiliates, subsidiaries, divisions and related companies and entities, and their respective predecessors, successors and assigns, now existing or hereafter created. The provisions of Sections 6, 8, 9, 10, 11, 12, 13, 14, and 15 shall survive the termination of Executive's employment, without regard to the reasons therefore and whether initiated by the Company or by Executive.

13. Arbitration. All disputes, claims, or controversies arising out of or in connection with Executive's business relationship with the Company, the Partnership and each of their parents, affiliates, subsidiaries, divisions and related companies and entities, and their respective predecessors, successors and assigns, now existing or hereafter created, including but not limited to under this Agreement (except claims by Executive or the Company with respect to Sections 9, 10 and 11 herein, including for injunctive relief or declaratory judgment) and including but not limited to those concerning workplace discrimination and all other statutory claims, shall be finally settled by arbitration before a single arbitrator who shall be a member of and recognized by the American Arbitration Association (the "AAA") in

accordance with the AAA National Rules for the Resolution of Employment Disputes then in effect. Any arbitration commenced by either Party shall be held in Trevose, Pennsylvania. The requirement to arbitrate does not apply to the filing of an employment related claim, dispute or controversy with a federal, state or local administrative agency, including the EEOC and the Securities and Exchange Commission. However, Executive understands that by entering into this Agreement, Executive is waiving Executive's right to have a court and a jury determine Executive's rights, including under federal, state and local statutes prohibiting employment discrimination, including sexual harassment and discrimination on the basis of age, sex, race, color, religion, national origin, disability, veteran status or any other factor prohibited by governing law. The decision of the arbitrator shall contain findings of fact and conclusions of law, shall be final and binding, and shall not be appealable upon any grounds other than as permitted pursuant to the Federal Arbitration Act. The award, in the arbitrator's discretion, may include reasonable attorney's fees and costs. Judgment on the award may be entered, confirmed and enforced in any court of competent jurisdiction. There shall be no right or authority for any disputes, claims or controversies to be arbitrated on a class action or collective action basis or together with the claim of any other person. The Parties acknowledge and agree that in connection with any such arbitration, the AAA filing fee, arbitrator's costs and administrative expenses shall be borne by the Company.

14. Code Section 409A.

(a) The intent of the Parties is that payments and benefits under this Agreement comply with, or be exempt from, Section 409A of the Code ("Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. Severance benefits under the Agreement are intended to be exempt from Section 409A under the "short-term deferral" exception, to the maximum extent applicable, and then under the "separation pay" exception, to the maximum extent applicable. In no event shall the Company be liable for any additional tax, interest or penalty that may be imposed on Executive under Section 409A or damages for failing to comply with Section 409A; provided that amounts are paid in accordance with the terms set forth herein.

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

(c) If Executive is a Specified Employee, within the meaning of Section 409A, on the date of her "separation from service," as defined in Treasury Regulation Section 1.409A-1(h), any amounts payable on account of such separation from service that constitute "deferred compensation" within the meaning of Section 409A shall be paid on the date that is six (6) months following such separation from service, or the date of Executive's death, if earlier, but only to the extent necessary to avoid the imposition of additional taxes under Section 409A.

(d) To the extent that reimbursements or other in-kind benefits under this Agreement constitute "nonqualified deferred compensation" for purposes of Section 409A, (i) all such expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive, (ii) any such right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year

shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

(e) For purposes of Section 409A, Executive's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments.

(f) Notwithstanding any other provision of this Agreement to the contrary, in no event shall any payment under this Agreement that constitutes "nonqualified deferred compensation" for purposes of Section 409A be subject to offset by any other amount unless otherwise permitted by Section 409A.

15. Miscellaneous.

(a) Indemnification. To the fullest extent permitted by law and the Company's operating agreement, the Company shall promptly indemnify Executive for all amounts (including, without limitation, judgments, fines, settlement payments, losses, damages, costs and expenses (including reasonable attorneys' fees)) incurred or paid by Executive in connection with any action, proceeding, suit or investigation arising out of or relating to the performance by Executive of services for (or acting as a fiduciary of any employee benefit plans, programs or arrangements of) the Company, including as a director, officer or employee of the Company. The Company also agrees to maintain a directors' and officers' liability insurance policy covering Executive.

(b) Governing Law, Consent to Jurisdiction. This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to conflict of law provisions. Any action permitted to be brought by this Agreement, pursuant to and consistent with Section 12 of this Agreement, shall be brought in the state or federal courts in the Eastern District of Pennsylvania and Executive consents to such jurisdiction.

(c) Recitals. The introductory paragraph and the recitals set forth above are incorporated herein by reference.

(d) Entire Agreement.

(i) Subject to the provisions of Section 15(d)(ii), this Agreement contains the entire understanding of the Parties with respect to the subject matter herein. There are no restrictions, agreements, promises, warranties, covenants, or undertakings between the Parties with respect to the subject matter herein other than those expressly set forth herein. This Agreement may not be altered, modified, or amended except by written instrument signed by the Parties hereto. Without limiting the foregoing, except as provided in Section 15(d)(ii), this Agreement supersedes and extinguishes all prior, existing and contemporaneous employment and similar and/or related agreements, understandings, inducements, drafts, conditions, discussions and promises, express or implied, oral or written, between Executive and the Company, the Partnership and its affiliates and related entities (including, but not limited to, the employment offer letters signed by Executive on or about July 7, 2016 and on January 25, 2017).

(ii) Notwithstanding the foregoing provisions of Section 15(d)(i), this Agreement does not supersede or extinguish the following agreements, which remain in full force and

effect pursuant to their terms and are incorporated herein by reference: (A) the Confidentiality and Non-Compete Agreement, as supplemented by the terms of this Agreement; (B) the Key Employee Unit Agreements under the StoneMor Partners L.P. Long-Term Incentive Plan dated March 19, 2018.

(e) Non-disparagement. Subject to the retained rights set forth in Section 6(d) above, Executive covenants and agrees that, except as to communciations made in the scope of Executive's job duties in the normal course of business, Executive shall not at any point and in any form (including in writing, orally or electronically) or to any person or entity criticize, denigrate, or disparage any Released Party(ies), including but not limited to their competence, management, employees, services, character, reputation, or work environment. Upon separation from employment, Executive further agrees to not discuss at any point with any person or otherwise publicize any incidents or alleged incidents occurring prior to Executive's last date of employment (whether experienced by Executive or any third party) involving the Company or any of its employees or agents. This section is subject to the Retained Rights in Section 6(d).

(f) No Waiver. The failure of a Party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such Party's rights or deprive such Party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(g) Severability. If any provision or part or subpart of any provision in this Agreement or the application thereof is construed to be overbroad, then the court making such determination shall have the authority to narrow the provision or part or subpart of the provision as necessary to make it enforceable and the provision or part or subpart of the provision shall then be enforceable in its/their narrowed form. Moreover, each provision or part or subpart of each provision in this Agreement is independent of and severable from each other. In the event that any provision or part or subpart of any provision in this Agreement is determined to be legally invalid or unenforceable by any court of competent jurisdiction and cannot be modified to be enforceable, the affected provision or part or subpart of such provision shall be stricken from the Agreement, and the remaining provisions or parts or subparts of such provisions of the Agreement and its enforceability shall remain unaffected thereby

(h) Assignment. This Agreement shall not be assignable by Executive. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, within fifteen (15) days of such succession, expressly to assume and agree to perform this Agreement in the same manner and to the same extent as the Company would be required to perform if no such succession had taken place and Executive agrees that the covenants in Sections 9, 10, 11 and 12 of the Agreement shall likewise be enforced. Upon such assignment and assumption, the rights and obligations of the Company hereunder shall become the rights and obligations of such assignee.

(i) Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon the Company's and Executive's personal or legal representatives, executors, administrators, successors, and assigns.

(j) Notice. Any notice, consent, request, or other communication made or given in accordance with this Agreement shall be in writing and shall be deemed to have been duly given (x) in the case of personal delivery, when actually received, (y) in the case of delivery by email or telecopy, on the date of such delivery or, (z) if mailed, three (3) days after mailing by registered or certified mail, return

receipt requested, or one (1) business day after mailing by a nationally recognized express mail delivery service, with instructions for next-day delivery, addressed to her residence in the case of Executive and/or to the Company's Chief Executive Officer, with a copy to, or at such other address or person's attention as each may specify by notice to the other. Executive hereby agrees to promptly provide the Company with written notice of any change in Executive's address for as long as this Agreement remains in effect.

(k) Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state, local, or foreign taxes as may be required to be withheld pursuant to any applicable law or regulation.

(l) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(m) Review. Executive acknowledges that she has carefully read the foregoing Agreement, that she fully understands the meaning and intent of this document, that she has signed this Agreement voluntarily and knowingly, that she had a full opportunity to consult with her advisors prior to executing this Agreement, and that she intends to be legally bound by the promises contained in this Agreement.

[Signature Page Follows]

IN WITNESS HEREOF, intending to be legally bound, the Parties hereto have duly executed this Agreement as of the day and year first written above.

EXECUTIVE:

/s/ Dina S. Kelly
Dina S. Kelly

COMPANY:

StoneMor GP LLC

By: /s/ Austin K. So

EXHIBIT A

FORM OF SEVERANCE AGREEMENT AND GENERAL RELEASE AND WAIVER OF CLAIMS

See Attached

FORM SEVERANCE AGREEMENT

SUBJECT TO CHANGES REASONABLY RECOMMENDED BY STONEMOR COUNSEL TO COMPLY WITH APPLICABLE LAW

Severance Agreement and General Release and Waiver of Claims

This Agreement ("Agreement") is made effective as of [INSERT DATE], by and between StoneMor GP LLC ("the Company"), the general partner of StoneMor Partners L.P. (the "Partnership"), and Dina S. Kelly ("you"):

WHEREAS, you are currently employed as National Vice President of Sales and Marketing of the Company pursuant to an Employment Agreement with an effective date of May 10, 2018 ("Employment Agreement"), a copy of which is attached hereto Exhibit "A."

WHEREAS, pursuant to Section 7(c) of the Employment Agreement, you are eligible for severance benefits in the event that your employment is terminated by the Company or by you for any reason other than death or Disability (as defined in the Employment Agreement), conditioned upon your timely execution, without proper revocation, of this Agreement and compliance with its terms and conditions;

NOW, THEREFORE, in consideration of the mutual covenants set forth below, the parties agree as follows:

1. General Terms of Separation of Employment. Your last date of employment will be [INSERT DATE] ("Separation Date"). You will be paid your Base Salary through your last date of employment.

2. Severance Benefits. If you sign this Agreement, agreeing to be bound by the Release in Paragraph 3 below and the other terms and conditions of this Agreement described herein, the Company will provide you with the severance benefits set forth Section 7(c) of your Employment Agreement (the "Severance Benefits"), which Section 7(c) is hereby incorporated by reference, subject to the conditions set forth in the Employment Agreement, including but not limited to Section 7(e)(i) through (iii) of the Employment Agreement.

3. Release.

(a) In exchange for the Severance Benefits, you release and forever discharge, to the maximum extent permitted by law, the Company and each of the other "Releasees" as defined below, from any and all claims, causes of action, complaints, lawsuits, demands or liabilities of any kind, known or unknown by you, those that you may have already asserted or raised as well as those that you have never asserted or raised (collectively "Claims") as described below which you, your heirs, agents, administrators or executors have or may have against the Company or any of the other Releasees arising out of or relating to any conduct, matter, event or omission existing or occurring before you sign this Agreement, and any monetary or other personal relief for such Claims, including but not limited to the following: (i) any Claims having anything to do with your employment (including the cessation of your employment) with the Company and/or any of its parent, subsidiary, related

and/or affiliated companies; (ii) any Claims for severance, benefits, bonuses, incentive compensation, equity awards and interests, commissions and/or other compensation of any kind; (iii) any Claims for reimbursement of expenses of any kind; (iv) any Claims for attorneys' fees or costs; any Claims under the Employee Retirement Income Security Act ("ERISA"); **(v) any Claims of discrimination and/or harassment based on age, sex, pregnancy, race, religion, color, creed, disability, handicap, failure to accommodate, citizenship, marital status, national origin, ancestry, sexual orientation, gender identity, genetic information or any other factor protected by Federal, State or Local law as enacted or amended (such as Title VII of the Civil Rights Act of 1964, Section 1981 of the Civil Rights Act of 1866, the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, the Americans with Disabilities Act, the Equal Pay Act, the Genetic Information Non-Discrimination Act and the Pennsylvania Human Relations Act) and any Claims for retaliation under any of the foregoing laws**; (vi) any Claims under the Family and Medical Leave Act; (vii) any Claims under the Pennsylvania constitution; (viii) any whistleblower or retaliation Claims; (ix) any Claims under your Employment Agreement; and/or (x) any other statutory, regulatory, common law or other Claims of any kind, including, but not limited to, Claims for breach of contract, libel, slander, fraud, wrongful discharge, promissory estoppel, equitable estoppel, violation of public policy, invasion of privacy, misrepresentation, emotional distress or pain and suffering.

(b) Releasees. The term "Releasees" includes: the Company, the Partnership, and any and all of their respective direct or indirect parent, subsidiary, related and/ or affiliated companies, and each of their past and present employees, officers, directors, attorneys, owners, shareholders, members, managers, partners, insurers, benefit plan fiduciaries and agents, and all of their respective successors and assigns.

4. Non-Released Claims. The Release in Paragraph 3 above does not apply to: any Claims for Accrued Obligations (as defined in the Employment Agreement); any Claims to require the Company to honor its commitments in this Agreement; any Claims as an equity holder in the common units of the Partnership (as your holdings in such common units are limited and/or restricted by the terms of the Employment Agreement or any Key Employee Unit Agreement you have entered into with the Company); any Claims to interpret or to determine the scope, meaning, enforceability or effect of this Agreement; any Claims that arise after you have signed this Agreement; any other Claims that cannot be waived by a private agreement; and any Claims for indemnification under the Employment Agreement, the Company's operating agreement and/or the Indemnification Agreement between you and the Company. The Release is subject to and restricted by your Retained Rights in Paragraph 5.

5. Retained Rights.

(a) Regardless of whether or not you sign this Agreement, nothing in this Agreement is intended to or shall be interpreted to restrict or otherwise interfere with: (i) your obligation to testify truthfully in any forum; (ii) your right and/or obligation to contact, cooperate with, provide information to, file a charge with, or otherwise participate in any proceeding of, any government agency, commission or entity (including, but not limited, to the

EEOC and the SEC); or (iii) your right to disclose any information or produce any documents as is required by law or legal process. However, the Release does prevent you, to the maximum extent permitted by law, from obtaining any monetary or other personal relief for any of the Claims you have released in Paragraph 3 with regard to any charge you may file or which may be filed on your behalf.

(b) Notwithstanding the foregoing, or any other provision of this Agreement, nothing in this Agreement is intended to prohibit you from reporting possible violations of federal, state or local law, ordinance or regulation to any governmental agency or entity, including, but not limited to, the Department of Justice, the SEC, the Congress and any agency Inspector General, or otherwise taking action or making disclosures that are protected under the whistleblower provisions of any federal, state or local law, ordinance or regulation, including, but not limited to, Rule 21F-17 promulgated under the Securities Exchange Act of 1934, as amended. You are entitled to make reports and disclosures or otherwise take action under this paragraph without prior authorization from or subsequent notification to the Company. Similarly, nothing set forth in this Agreement limits your right to receive a monetary award for information provided to the SEC pursuant to Rule 21F-17 promulgated under the Securities Exchange Act of 1934, as amended, or for information provided to the DOL or any other government agency, commission or entity. Further, nothing set forth in this Agreement limits your immunity and disclosure rights in Section 8(e) of the Employment Agreement which is hereby incorporated by reference.

6. Adequacy of Consideration. You acknowledge and agree that the Company's Severance Benefits under Paragraph 2 above constitute adequate and sufficient consideration to support your Release above and fully compensate you for Claims you are releasing.

7. Duty to Notify. In the event you receive a request or demand, orally, in writing, electronically or otherwise, for the disclosure or production of confidential information which you created or acquired in the course of your employment, you must notify immediately the Company's General Counsel, Chief Legal Officer and Secretary by calling: (215) __and notify him immediately in writing, via first class mail, at the following address: StoneMor GP LLC, 3600 Horizon Blvd., Trevose, PA 19053, enclosing a copy of the request or demand as well as any and all potentially responsive documents. You shall wait at least ten (10) days (or the maximum time permitted by such legal process, if less) after sending the letter before making a disclosure or production to give the Company time to determine whether the disclosure or production involves confidential and/or proprietary information, in which event the Company may seek to prohibit and/or restrict the production and/or disclosure and/or to obtain a protective order. This obligation shall not apply in the event of requests or demands for confidential information from any government agency, commission or entity.

8. Non-disparagement. Subject to the retained rights set forth in Paragraph 5 above, you covenant and agree that you shall not in any form (including in writing, orally or electronically) or to any person or entity criticize, denigrate, or disparage any Releasees, including but not limited to their competence, management, employees, services, character, reputation, or work environment, and/or reference any action or inaction prior to the

Separation Date. You further agree to not discuss with any person or otherwise publicize any incidents or alleged incidents occurring prior to the Separation Date (whether experienced by you or any third party) involving the Releasees.

9. Post-Employment Restrictions. You remain legally bound by, and must comply with the terms, conditions and restrictions of, the non-competition, non-solicitation and confidentiality and other post-employment provisions set forth in the Confidentiality and Non-Compete Agreement as well as Sections 8, 9, 10, 11 and 12 of the Employment Agreement, which survive the cessation of your employment and are hereby incorporated by reference.

10. Cooperation Services. Both prior to and after the Separation Date, you agree to reasonably cooperate with and provide assistance to the Company (for purposes of this Paragraph 10, including the Partnership and any affiliates and/or related entities), without any additional compensation, if called upon by authorized agents of the Company or the Company's attorneys for the purposes of the transition of your responsibilities as well as with regard to any lawsuit, claim, action, investigation, inquiry, administrative action or review or otherwise, that is currently pending or that may be brought against the Company, or in connection with any internal investigation by the Company. You agree to make yourself reasonably available for interviews, meetings, depositions, hearings and/or trials without the need for subpoena or assurances by the Company, providing any and all documents in your possession that relate to the proceedings, and providing assistance in locating any and all relevant notes and/or documents as necessary. Any cooperation shall be provided by you at reasonable times and locations, with as much advance notice as possible by the Company. In any circumstance, to the extent you are required to incur out-of-pocket expenses in connection with any cooperation that the Company may request of you (such as for travel), the Company will fully reimburse you for reasonable out-of-pocket expenses upon presentation of appropriate receipts.

11. Interpretation of Agreement. Nothing in this Agreement is intended as or shall be construed as an admission or concession of liability or wrongdoing by the Company or any other Releasee as defined above. This Agreement shall be governed by and construed in accordance with the laws of Pennsylvania and without the aid of any canon, custom or rule of law requiring construction against the draftsperson. If any provision of this Agreement or application thereof is adjudicated to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement which can be given effect without the invalid or unenforceable provision or application.

12. Entire Agreement. This Agreement constitutes the entire agreement between the parties regarding the matters contained herein and supersedes any and all prior representations, agreements, written or oral, expressed or implied; except for the post-employment provisions and restrictions of your Employment Agreement, and the Confidentiality and Non-Compete Agreement signed by you on August 3, 2016, which survive the cessation of your employment and are incorporated herein by reference. This Agreement may not be modified or amended

other than by an agreement in writing signed by both parties. This Agreement shall be binding upon and be for the benefit of the parties as well as your heirs and the Company's successors and assigns.

13. Acknowledgment. You acknowledge and agree that, subsequent to the cessation of your employment, you shall not be eligible for any payments from the Company or Company-paid benefits, except as expressly set forth in this Agreement.

14. Tax Matters. To the extent that payments under this Agreement constitute nonqualified deferred compensation subject to Section 409A of the Code, the payments are intended to comply with Section 409A of the Code and any ambiguities in this Agreement shall be interpreted so as to comply. If you are a "specified employee" within the meaning of Code Section 409A(a)(2)(B)(i) at the time of your separation from service, any nonqualified deferred compensation subject to Section 409A that would otherwise have been payable under this Agreement as a result of, and within the first six (6) months following, your separation from service, will become payable six (6) months and one (1) day following the date of the your separation from service or, if earlier, the date of your death, if required by Section 409A. All references to "termination of employment," "cessation of employment," "retirement" and the like in this Agreement shall mean a "separation from service" within the meaning of Section 409A. Each payment under this Agreement shall be considered a separate payment for purposes of Section 409A. In no event may you directly or indirectly designate the calendar year of a payment under this Agreement. You acknowledge that neither the Company nor its attorneys have provided any tax advice to you.

15. Representations.

(a) You agree and represent that: (a) you have read carefully the terms of this Agreement, including the General Release; (b) you have had an opportunity to and have been encouraged to review this Agreement, including the Release, with an attorney; (c) you understand the meaning and effect of the terms of this Agreement, including the waiver of Claims as set forth in the Release (subject to the limitations in Paragraph 4 above and your Retained Rights in Paragraph 5 above); (d) you were given a period of twenty-one (21) days [or forty-five (45) days if it is a group termination] to determine whether you wished to sign this Agreement and your decision to sign this Agreement and waive any and all Claims in Paragraph 3 above is of your own free and voluntary act without compulsion of any kind; (e) no promise or inducement not expressed in this Agreement has been made to you, (f) you understand that you are waiving your Claims as set forth in Paragraph 3 above, including, but not limited to, Claims for age discrimination under the Age Discrimination in Employment Act (subject to the limitations in Paragraph 4 above and your Retained Rights in Paragraph 5 above); and (g) you have adequate information to make a knowing and voluntary waiver of any and all Claims as set forth in Paragraph 3 above.

(b) If you sign this Agreement, you will retain the right to revoke it for seven (7) days. If you revoke this Agreement, you are indicating that you have changed your mind and do not want to be legally bound by this Agreement. The Agreement shall not be effective

until after the Revocation Period has expired without your having revoked it. To revoke this Agreement, you must send a certified letter to the Company's General Counsel, Chief Legal Officer and Secretary at the following address: StoneMor Partners L.P., 3600 Horizon Blvd., Trevose, PA 1905. The letter must be post-marked within seven (7) days of your execution of this Agreement. If the seventh day is a Sunday or federal holiday, then the letter must be post-marked on the following business day.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company and you have executed this Agreement intending to be legally bound:

StoneMor GP LLC
Dina S. Kelly

By:

Name:__

Title:__

Date: Date:

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Section 8: EX-10.75 (EXHIBIT 10.75)

Exhibit 10.75

Severance Agreement and General Release and Waiver of Claims

This Agreement ("Agreement") is made effective as of June 1, 2018, by and between StoneMor GP LLC ("the Company"), the general partner of StoneMor Partners L.P. (the "Partnership"), and Dina S. Kelly ("you"):

WHEREAS, you are currently employed as National Vice President of Sales and Marketing of the Company pursuant to an Employment Agreement entered into as of May 10, 2018 ("Employment Agreement"), a copy of which is attached hereto Exhibit "A."

WHEREAS, pursuant to Section 7(c) of the Employment Agreement, you are eligible for severance benefits in the event that your employment is terminated by the Company or by you for any reason other than death or Disability (as defined in the Employment Agreement), conditioned upon your timely execution and return of this Agreement and compliance with its terms and conditions;

NOW, THEREFORE, in consideration of the mutual covenants set forth below, the parties agree as follows:

1. General Terms of Separation of Employment. Your last date of employment will be June 2, 2018 ("Separation Date"). You will be paid your Base Salary through your last date of employment.

2. Severance Benefits. If you sign this Agreement, agreeing to be bound by the Release in Paragraph 3 below and the other terms and conditions of this Agreement described herein, the Company will provide you with the severance benefits set forth Section 7(c) of your Employment Agreement (the "Severance Benefits"), which Section 7(c) is hereby incorporated by reference, subject to the conditions set forth in the Employment Agreement, including but not limited to Section 7(e)(i) through (iii) of the Employment Agreement.

3. Release.

(a) In exchange for the Severance Benefits, you release and forever discharge, to the maximum extent permitted by law, the Company and each of the other "Releasees" as defined below, from any and all claims, causes of action, complaints, lawsuits, demands or liabilities of any kind, known or unknown by you, those that you may have already asserted or raised as well as those that you have never asserted or raised (collectively "Claims") as described below which you, your heirs, agents, administrators or executors have or may have against the Company or any of the other Releasees arising out of or relating to any conduct, matter, event or omission existing or occurring before you sign this Agreement, and any monetary or other personal relief for such Claims, including but not limited to the following: (i) any Claims having anything to do with your employment (including the cessation of your employment) with the Company and/or any of its parent, subsidiary, related and/or affiliated companies; (ii) any Claims for severance, benefits, bonuses, incentive compensation, equity awards and interests, commissions and/or other compensation of any kind; (iii) any Claims for reimbursement of expenses of any kind; (iv) any Claims for attorneys' fees or costs; any Claims under the Employee Retirement Income Security Act ("ERISA"); **(v) any Claims of discrimination and/or harassment based on age, sex, pregnancy, race, religion, color, creed, disability, handicap, failure to accommodate, citizenship, marital status, national origin, ancestry, sexual orientation, gender identity, genetic information or any other factor protected by Federal, State or Local law as enacted or amended**

Exhibit 10.75

(such as Title VII of the Civil Rights Act of 1964, Section 1981 of the Civil Rights Act of 1866, the Americans with Disabilities Act, the Equal Pay Act, the Genetic Information Non-Discrimination Act and the Pennsylvania Human Relations Act) and any Claims for retaliation under any of the foregoing laws; (vi) any Claims under the Family and Medical Leave Act; (vii) any Claims under the Pennsylvania constitution; (viii) any whistleblower or retaliation Claims; (ix) any Claims under your Employment Agreement; and/or (x) any other statutory, regulatory, common law or other Claims of any kind, including, but not limited to, Claims for breach of contract, libel, slander, fraud, wrongful discharge, promissory estoppel, equitable estoppel, violation of public policy, invasion of privacy, misrepresentation, emotional distress or pain and suffering.

(b) Releasees. The term "Releasees" includes: the Company, the Partnership, and any and all of their respective direct or indirect parent, subsidiary, related and/ or affiliated companies, divisions and entities, and each of their past and present employees, officers, directors, attorneys, owners, shareholders, members, managers, partners, insurers, benefit plan fiduciaries and agents, and all of their respective successors and assigns.

4. Non-Released Claims. The Release in Paragraph 3 above does not apply to: any Claims for Accrued Obligations (as defined in the Employment Agreement); any Claims to require the Company to honor its commitments in this Agreement; any Claims as an equity holder in the common units of the Partnership (as your holdings in such common units are limited and/or restricted by the terms of the Employment Agreement or any Key Employee Unit Agreement you have entered into with the Company); any Claims to interpret or to determine the scope, meaning, enforceability or effect of this Agreement; any Claims that arise after you have signed this Agreement; any other Claims that cannot be waived by a private agreement; and any Claims for indemnification under the Employment Agreement and the Company's operating agreement. The Release is subject to and restricted by your Retained Rights in Paragraph 5.

5. Retained Rights.

(a) Regardless of whether or not you sign this Agreement, nothing in this Agreement is intended to or shall be interpreted to restrict or otherwise interfere with: (i) your obligation to testify truthfully in any forum; (ii) your right and/or obligation to contact, cooperate with, provide information to, file a charge with, or otherwise participate in any proceeding of, any government agency, commission or entity (including, but not limited, to the EEOC and the SEC); or (iii) your right to disclose any information or produce any documents as is required by law or legal process. However, the Release does prevent you, to the maximum extent permitted by law, from obtaining any monetary or other personal relief for any of the Claims you have released in Paragraph 3 with regard to any charge you may file or which may be filed on your behalf.

Exhibit 10.75

(b) Notwithstanding the foregoing, or any other provision of this Agreement, nothing in this Agreement is intended to prohibit you from reporting possible violations of federal, state or local law, ordinance or regulation to any governmental agency or entity, including, but not limited to, the Department of Justice, the SEC, the Congress and any agency Inspector General, or otherwise taking action or making disclosures that are protected under the whistleblower provisions of any federal, state or local law, ordinance or regulation, including, but not limited to, Rule 21F-17 promulgated under the Securities Exchange Act of 1934, as amended. You are entitled to make reports and disclosures or otherwise take action under this paragraph without prior authorization from or subsequent notification to the Company. Similarly, nothing set forth in this Agreement limits your right to receive a monetary award for information provided to the SEC pursuant to Rule 21F-17 promulgated under the Securities Exchange Act of 1934, as amended, or for information provided to the DOL or any other government agency, commission or entity. Further, nothing set forth in this Agreement limits your immunity and disclosure rights in Section 8(e) of the Employment Agreement which is hereby incorporated by reference.

6. Adequacy of Consideration. You acknowledge and agree that the Company's Severance Benefits under Paragraph 2 above constitute adequate and sufficient consideration to support your Release above and fully compensate you for Claims you are releasing.

7. Duty to Notify. In the event you receive a request or demand, orally, in writing, electronically or otherwise, for the disclosure or production of confidential information which you created or acquired in the course of your employment, you must notify immediately the Company's General Counsel, Chief Legal Officer and Secretary by calling: (215) 826-2814 and notify him immediately in writing, via first class mail, at the following address: StoneMor GP LLC, 3600 Horizon Blvd., Trevose, PA 19053, enclosing a copy of the request or demand as well as any and all potentially responsive documents. You shall wait at least ten (10) days (or the maximum time permitted by such legal process, if less) after sending the letter before making a disclosure or production to give the Company time to determine whether the disclosure or production involves confidential and/or proprietary information, in which event the Company may seek to prohibit and/or restrict the production and/or disclosure and/or to obtain a protective order. This obligation shall not apply in the event of requests or demands for confidential information from any government agency, commission or entity.

8. Non-Defamation.

(a) You agree that you will not, directly or indirectly, make or ratify any defamatory comments or remarks as defined by law, in writing, orally or electronically, about the Company or any other Releasee (as defined in Paragraph 3 above) and their respective products and services. This restriction is subject to and limited by your Retained Rights in Paragraph 5.

(b) The Company's Board and Chief Executive Officer will not, directly or indirectly, make or ratify any defamatory comments or remarks as defined by law, in writing, orally or electronically, about you.

(c) The restrictions in subparagraphs (a) and (b) of this Paragraph 8 are not intended to nor shall be interpreted to restrict or otherwise interfere with the Company's Board's and Chief Executive Officer's (individual and/or collective): (i) obligation and entitlement to testify truthfully in any forum; (ii) right and/or obligation to contact, cooperate with, provide information to, file a charge or other action with, or otherwise participate in any litigation and/or or other legal proceeding, including of,

Exhibit 10.75

any government agency, commission or entity (including, but not limited, to the EEOC and the SEC); or (iii) right to disclose any information or produce any documents as is required by law or legal process.

9. Post-Employment Restrictions. You remain legally bound by, and must comply with the terms, conditions and restrictions of, the non-competition, non-solicitation and confidentiality and other post-employment provisions set forth in the Confidentiality and Non-Compete Agreement signed by you on August 3, 2016 ("Confidentiality and Non-Compete Agreement") as well as Sections 8, 9, 10, 11 and 12 of the Employment Agreement, which survive the termination of your Employment Agreement and the termination of your employment and are hereby incorporated by reference.

10. Cooperation Services. Both prior to and after the Separation Date, you agree to reasonably cooperate with and provide assistance to the Company (for purposes of this Paragraph 10, including the Partnership and any affiliates and/or related entities), without any additional compensation, if called upon by authorized agents of the Company or the Company's attorneys for the purposes of the transition of your responsibilities as well as with regard to any lawsuit, claim, action, investigation, inquiry, administrative action or review or otherwise, that is currently pending or that may be brought against the Company, or in connection with any internal investigation by the Company. You agree to make yourself reasonably available for interviews, meetings, depositions, hearings and/or trials without the need for subpoena or assurances by the Company, providing any and all documents in your possession that relate to the proceedings, and providing assistance in locating any and all relevant notes and/or documents as necessary. Any cooperation shall be provided by you at reasonable times and locations, with as much advance notice as possible by the Company. In any circumstance, to the extent you are required to incur out-of-pocket expenses in connection with any cooperation that the Company may request of you (such as for travel), the Company will fully reimburse you for reasonable out-of-pocket expenses upon presentation of appropriate receipts.

11. Interpretation of Agreement. Nothing in this Agreement is intended as or shall be construed as an admission or concession of liability or wrongdoing by the Company or any other Releasee as defined above. This Agreement shall be governed by and construed in accordance with the laws of Pennsylvania and without the aid of any canon, custom or rule of law requiring construction against the draftsperson. If any provision of this Agreement or application thereof is adjudicated to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect any other provision or application of this Agreement which can be given effect without the invalid or unenforceable provision or application.

12. Entire Agreement; Survival. This Agreement constitutes the entire agreement between the parties regarding the matters contained herein and supersedes any and all prior representations, agreements, written or oral, expressed or implied; except for the post-employment provisions and restrictions of the Confidentiality and Non-Compete Agreement as well as Sections 6 and Sections 8 through 15 of your Employment Agreement and any other provision of the Employment Agreement that by its terms is intended to survive the termination of the Employment Agreement and the termination of your employment, all of which survive the termination of the Employment Agreement and the termination of your employment and are incorporated herein by reference. This Agreement may not be modified or amended other than by an agreement in writing signed by both parties. This Agreement shall be binding upon and be for the benefit of the parties as well as your heirs and the Company's successors and assigns.

Exhibit 10.75

13. Acknowledgment. You acknowledge and agree that, subsequent to the cessation of your employment, you shall not be eligible for any payments from the Company or Company-paid benefits, except as expressly set forth in this Agreement.

14. Tax Matters. To the extent that payments under this Agreement constitute nonqualified deferred compensation subject to Section 409A of the Code, the payments are intended to comply with Section 409A of the Code and any ambiguities in this Agreement shall be interpreted so as to comply. If you are a "specified employee" within the meaning of Code Section 409A(a)(2)(B)(i) at the time of your separation from service, any nonqualified deferred compensation subject to Section 409A that would otherwise have been payable under this Agreement as a result of, and within the first six (6) months following, your separation from service, will become payable six (6) months and one (1) day following the date of the your separation from service or, if earlier, the date of your death, if required by Section 409A. All references to "termination of employment," "cessation of employment," "retirement" and the like in this Agreement shall mean a "separation from service" within the meaning of Section 409A. Each payment under this Agreement shall be considered a separate payment for purposes of Section 409A. In no event may you directly or indirectly designate the calendar year of a payment under this Agreement. You acknowledge that neither the Company nor its attorneys have provided any tax advice to you.

15. Representations.

(a) You agree and represent that: (a) you have read carefully the terms of this Agreement, including the General Release; (b) you understand the meaning and effect of the terms of this Agreement, including the waiver of Claims as set forth in the Release (subject to the limitations in Paragraph 4 above and your Retained Rights in Paragraph 5 above); (c) your decision to sign this Agreement and waive any and all Claims in Paragraph 3 above is of your own free and voluntary act without compulsion of any kind; (d) no promise or inducement not expressed in this Agreement has been made to you, (e) you understand that you are waiving your Claims as set forth in Paragraph 3 above (subject to the limitations in Paragraph 4 above and your Retained Rights in Paragraph 5 above); and (f) you have adequate information to make a knowing and voluntary waiver of any and all Claims as set forth in Paragraph 3 above.

[Signature Page Follows]

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IN WITNESS WHEREOF, the Company and you have executed this Agreement intending to be legally bound:

/s/ Dina S. Kelly StoneMor GP LLC

Dina S. Kelly By: /s/ Gina Mack

Name: Gina Mack

Title: Vice President, Human Resources

Date: 6/3/18 Date: 6/5/18

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Section 9: EX-21.1 (EXHIBIT 21.1)

Exhibit 21.1

Subsidiaries (or Managed Entities*) of StoneMor Partners L.P.
(StoneMor GP LLC general partner) as of December 31, 2017

Subsidiary (or Managed Entity*) Name	Jurisdiction of Formation
Alleghany Memorial Park LLC	Virginia
Alleghany Memorial Park Subsidiary, Inc.	Virginia
Altavista Memorial Park LLC	Virginia
Altavista Memorial Park Subsidiary, Inc.	Virginia
Arlington Development Company	New Jersey
Augusta Memorial Park Perpetual Care Company	Virginia
Bethel Cemetery Association*	New Jersey
Beth Israel Cemetery Association of Woodbridge, New Jersey*	New Jersey
Birchlawn Burial Park LLC	Virginia
Birchlawn Burial Park Subsidiary, Inc.	Virginia
Bronswood Cemetery, Inc.	Illinois
Cedar Hill Funeral Home, Inc.	Maryland
Cemetery Investments LLC	Virginia
Cemetery Investments Subsidiary, Inc.	Virginia
Cemetery Management Services, L.L.C.	Delaware

Cemetery Management Services of Ohio, L.L.C.	Delaware
Chapel Hill Associates, Inc.	Michigan
Chapel Hill Funeral Home, Inc.	Indiana
Clover Leaf Park Cemetery Association*	New Jersey
CMS West LLC	Pennsylvania
CMS West Subsidiary LLC	Pennsylvania
Columbia Memorial Park LLC	Maryland
Columbia Memorial Park Subsidiary, Inc.	Maryland
Cornerstone Family Insurance Services, Inc.	Delaware
Cornerstone Family Services of New Jersey, Inc.	New Jersey
Cornerstone Family Services of West Virginia LLC	West Virginia
Cornerstone Family Services of West Virginia Subsidiary, Inc.	West Virginia
Cornerstone Funeral and Cremation Services LLC	Delaware
Cornerstone Trust Management Services LLC	Delaware
Covenant Acquisition LLC	Virginia
Covenant Acquisition Subsidiary, Inc.	Virginia
Covington Memorial Funeral Home, Inc.	Indiana
Covington Memorial Gardens, Inc.	Indiana
Crown Hill Cemetery Association*	Ohio
Eloise B. Kyper Funeral Home, Inc.	Pennsylvania
Forest Lawn Gardens, Inc.	Pennsylvania
Forest Lawn Memorial Chapel, Inc.	Indiana
Forest Lawn Memory Gardens, Inc.	Indiana
Glen Haven Memorial Park LLC	Delaware

Subsidiary (or Managed Entity*) Name	Jurisdiction of Formation
Glen Haven Memorial Park Subsidiary, Inc.	Maryland
Henlopen Memorial Park LLC	Delaware
Henlopen Memorial Park Subsidiary LLC	Delaware
Henry Memorial Park LLC	Virginia
Henry Memorial Park Subsidiary, Inc.	Virginia
Highland Memorial Park, Inc.*	Ohio
Hillside Memorial Park Association, Inc.*	Ohio
Juniata Memorial Park LLC	Pennsylvania
Kingwood Memorial Park Association*	Ohio
KIRIS LLC	Virginia
KIRIS Subsidiary, Inc.	Virginia
Kirk & Nice, Inc.	Pennsylvania
Kirk & Nice Suburban Chapel, Inc.	Pennsylvania
Lakewood/Hamilton Cemetery LLC	Tennessee
Lakewood/Hamilton Cemetery Subsidiary, Inc.	Tennessee
Lakewood Memory Gardens South LLC	Georgia
Lakewood Memory Gardens South Subsidiary, Inc.	Georgia
Laurel Hill Memorial Park LLC	Virginia
Laurel Hill Memorial Park Subsidiary, Inc.	Virginia
Laurelwood Holding Company	Pennsylvania
Legacy Estates, Inc.	New Jersey
Locustwood Cemetery Association*	New Jersey
Loewen [Virginia] LLC	Virginia
Loewen [Virginia] Subsidiary, Inc.	Virginia
Lorraine Park Cemetery LLC	Delaware
Lorraine Park Cemetery Subsidiary, Inc.	Maryland
Modern Park Development LLC	Maryland
Modern Park Development Subsidiary, Inc.	Maryland
Northlawn Memorial Gardens*	Ohio
Oak Hill Cemetery LLC	Virginia
Oak Hill Cemetery Subsidiary, Inc.	Virginia
Ohio Cemetery Holdings, Inc.*	Ohio
Osiris Holding Finance Company	Delaware
Osiris Holding of Maryland LLC	Delaware
Osiris Holding of Maryland Subsidiary, Inc.	Maryland
Osiris Holding of Pennsylvania LLC	Pennsylvania
Osiris Holding of Rhode Island LLC	Rhode Island
Osiris Holding of Rhode Island Subsidiary, Inc.	Rhode Island
Osiris Management, Inc.	New Jersey
Osiris Telemarketing Corp.	New York
Perpetual Gardens.Com, Inc.	Delaware
Plymouth Warehouse Facilities LLC	Delaware
Prince George Cemetery Corporation	Virginia
PVD Acquisitions LLC	Virginia

Subsidiary (or Managed Entity*) Name	Jurisdiction of Formation
PVD Acquisitions Subsidiary, Inc.	Virginia
Rockbridge Memorial Gardens LLC	Virginia
Rockbridge Memorial Gardens Subsidiary Company	Virginia
Rolling Green Memorial Park LLC	Pennsylvania
Rose Lawn Cemeteries LLC	Virginia
Rose Lawn Cemeteries Subsidiary, Incorporated	Virginia
Roselawn Development LLC	Virginia
Roselawn Development Subsidiary Corporation	Virginia
Russell Memorial Cemetery LLC	Virginia
Russell Memorial Cemetery Subsidiary, Inc.	Virginia
Shenandoah Memorial Park LLC	Virginia
Shenandoah Memorial Park Subsidiary, Inc.	Virginia
Sierra View Memorial Park	California
Southern Memorial Sales LLC	Virginia
Southern Memorial Sales Subsidiary, Inc.	Virginia
Springhill Memory Gardens LLC	Maryland
Springhill Memory Gardens Subsidiary, Inc.	Maryland
Star City Memorial Sales LLC	Virginia
Star City Memorial Sales Subsidiary, Inc.	Virginia
Stephen R. Haky Funeral Home, Inc.	Pennsylvania
Stitham LLC	Virginia
Stitham Subsidiary, Incorporated	Virginia
StoneMor Alabama LLC	Alabama
StoneMor Alabama Subsidiary, Inc.	Alabama
StoneMor Arkansas Subsidiary LLC	Arkansas
StoneMor California, Inc.	California
StoneMor California Subsidiary, Inc.	California
StoneMor Cemetery Products LLC	Pennsylvania
StoneMor Colorado LLC	Colorado
StoneMor Colorado Subsidiary LLC	Colorado
StoneMor Florida LLC	Florida
StoneMor Florida Subsidiary LLC	Florida
StoneMor Georgia LLC	Georgia
StoneMor Georgia Subsidiary, Inc.	Georgia
StoneMor Hawaiian Joint Venture Group LLC	Hawaii
StoneMor Hawaii LLC	Hawaii
StoneMor Hawaii Subsidiary, Inc.	Hawaii
StoneMor Holding of Pennsylvania LLC	Pennsylvania
StoneMor Illinois LLC	Illinois
StoneMor Illinois Subsidiary LLC	Illinois
StoneMor Indiana LLC	Indiana
StoneMor Indiana Subsidiary LLC	Indiana
StoneMor Iowa LLC	Iowa
StoneMor Iowa Subsidiary LLC	Iowa

Subsidiary (or Managed Entity*) Name	Jurisdiction of Formation
StoneMor Kansas LLC	Kansas
StoneMor Kansas Subsidiary LLC	Kansas
StoneMor Kentucky LLC	Kentucky
StoneMor Kentucky Subsidiary LLC	Kentucky
StoneMor Michigan LLC	Michigan
StoneMor Michigan Subsidiary LLC	Michigan
StoneMor Mississippi LLC	Mississippi
StoneMor Mississippi Subsidiary LLC	Mississippi
StoneMor Missouri LLC	Missouri
StoneMor Missouri Subsidiary LLC	Missouri
StoneMor North Carolina LLC	North Carolina
StoneMor North Carolina Subsidiary LLC	North Carolina
StoneMor North Carolina Funeral Services, Inc.	North Carolina
StoneMor Ohio LLC	Ohio
StoneMor Ohio Subsidiary, Inc.	Ohio
StoneMor Oklahoma LLC	Oklahoma
StoneMor Oklahoma Subsidiary LLC	Oklahoma
StoneMor Operating LLC	Delaware
StoneMor Oregon LLC	Oregon
StoneMor Oregon Subsidiary LLC	Oregon
StoneMor Pennsylvania LLC	Pennsylvania
StoneMor Pennsylvania Subsidiary LLC	Pennsylvania
StoneMor Puerto Rico LLC	Puerto Rico
StoneMor Puerto Rico Cemetery and Funeral, Inc.	Puerto Rico
StoneMor Puerto Rico Subsidiary LLC	Puerto Rico
StoneMor South Carolina LLC	South Carolina
StoneMor South Carolina Subsidiary LLC	South Carolina
StoneMor Tennessee Subsidiary, Inc.	Tennessee
StoneMor Washington, Inc.	Washington
StoneMor Washington Subsidiary LLC	Washington
StoneMor Wisconsin LLC	Wisconsin
StoneMor Wisconsin Subsidiary LLC	Wisconsin
Sunset Memorial Gardens LLC	Virginia
Sunset Memorial Gardens Subsidiary, Inc.	Virginia
Sunset Memorial Park LLC	Maryland
Sunset Memorial Park Subsidiary, Inc.	Maryland
Temple Hill LLC	Virginia
Temple Hill Subsidiary Corporation	Virginia
The Valhalla Cemetery Company LLC	Alabama
The Valhalla Cemetery Subsidiary Corporation	Alabama
Tioga County Memorial Gardens LLC	Pennsylvania
Virginia Memorial Service LLC	Virginia
Virginia Memorial Service Subsidiary Corporation	Virginia
WNCI LLC	Delaware

Subsidiary (or Managed Entity*) Name	Jurisdiction of Formation
W N C Subsidiary, Inc.	Maryland
Wicomico Memorial Parks LLC	Maryland
Wicomico Memorial Parks Subsidiary, Inc.	Maryland
Willowbrook Management Corp.	Connecticut
Woodlawn Memorial Park Subsidiary LLC	Pennsylvania

*Entity is not a StoneMor Partners L.P. subsidiary, but is a controlled nonprofit corporation, or a nonprofit corporation in which a StoneMor Partners L.P. subsidiary holds a voting interest, and to which management or operating services are provided by contract with a StoneMor Partners L.P. subsidiary.

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Section 10: EX-23.1 (EXHIBIT 23.1)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-192670, 333-196913 and 333-210264 on Form S-3, Registration Statement No. 333-210265 on Form S-4 and Registration Statement Nos. 333-143863, 333-176789 and 333- 203018 on Form S-8 of our reports dated July 16, 2018, relating to the consolidated financial statements of StoneMor Partners L.P. and subsidiaries, and the effectiveness of internal control over financial reporting of StoneMor Partners L.P. and subsidiaries (which report expresses an adverse opinion on the effectiveness of internal control over financial reporting of StoneMor Partners L.P. and subsidiaries because of material weaknesses), appearing in the Annual Report on Form 10-K of StoneMor Partners L.P. for the year ended December 31, 2017.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
July 16, 2018

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Section 11: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

CERTIFICATION

I, Leo J. Pound, certify that:

1. I have reviewed this annual report on Form 10-K, for the fiscal year ended December 31, 2017, of StoneMor Partners L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all

material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 17, 2018

By: /s/ *Leo J. Pound*

Leo J. Pound
Interim Chief Executive Officer
(Principal Executive Officer)

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Section 12: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

CERTIFICATION

I, Mark L. Miller, certify that:

1. I have reviewed this annual report on Form 10-K, for the fiscal year ended December 31, 2017, of StoneMor Partners L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading

with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 17, 2018

By: /s/ *Mark L. Miller*

Mark L. Miller
Chief Financial Officer and Senior Vice President
(Principal Financial Officer)

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Section 13: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of StoneMor GP, LLC, the general partner of StoneMor Partners L.P. (the "Partnership"), does hereby certify with respect to the Annual Report of the Partnership on Form 10-K for the year ended December 31, 2017 (the "Report") that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: July 17, 2018

By: /s/ *Leo J. Pound*

Leo J. Pound
Interim Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.

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Section 14: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of StoneMor GP, LLC, the general partner of StoneMor Partners L.P. (the "Partnership"), does hereby certify with respect to the Annual Report of the Partnership on Form 10-K for the year ended December 31, 2017 (the "Report") that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: July 17, 2018

By: /s/ *Mark L. Miller*

Mark L. Miller
Chief Financial Officer and Senior Vice President
(Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.

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Section 15: EX-99.3 (EXHIBIT 99.3)

Exhibit 99.3

AMENDMENT NO. 2 TO THE SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT OF STONEMOR GP LLC

This Amendment No. 2 (this "Amendment") to the Second Amended and Restated Limited Liability Company Agreement of StoneMor GP LLC, a Delaware limited liability company (the "Company"), dated as of May 21, 2014, as amended by Amendment No. 1 thereto, dated as of November 17, 2015 (collectively the "Agreement"), is made and entered into as of May 17, 2015 by StoneMor GP Holdings LLC (the "Sole Member"), the Sole Member of the Company. Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement.

RECITALS

WHEREAS, Section 7.2(a) of the Agreement provides that the number of directors constituting the Board shall be at least three and no more than nine (each a "Director" and collectively, the "Directors"); and

WHEREAS, the Sole Member desires to amend the Agreement as set forth herein to increase the maximum number of Directors of the Company to ten;.

NOW, THEREFORE, the Agreement is hereby amended as follows:

SECTION 1. The first sentence of Section 7.2(a) of the Agreement is hereby amended and restated in its entirety as follows:

The number of directors constituting the Board shall be at least three and no more than ten (each a "Director" and collectively, the "Directors").

SECTION 2. Except as expressly modified and amended herein, all of the terms and conditions of the Agreement shall remain in full force and effect.

SECTION 3. This Amendment shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, the undersigned has executed this Amendment as of May 17, 2017.

SOLE MEMBER:

STONEMOR GP HOLDINGS LLC

By: /s/ Lawrence Miller
Name: Lawrence Miller
Title: President and Chief Executive Officer

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Section 16: EX-99.4 (EXHIBIT 99.4)

Exhibit 99.4

AMENDMENT NO. 3 TO THE SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT OF STONEMOR GP LLC

This Amendment No. 3 (this "Amendment") to the Second Amended and Restated Limited Liability Company Agreement of StoneMor GP LLC, a Delaware limited liability company (the "Company"), dated as of May 21, 2014, as amended by Amendment No. 1 thereto, dated as of November 17, 2015, and Amendment No.

2 thereto, dated as of May 17, 2017 (collectively the "Agreement"), is made and entered into as of March 19, 2018 by StoneMor GP Holdings LLC, a Delaware limited liability company (the "Sole Member"), the Sole Member of the Company. Capitalized terms used but not defined herein shall have the meanings set forth in the Agreement.

RECITALS

WHEREAS, Section 7.9(d) of the Agreement provides that the Board shall have a Conflicts Committee, which may review, and approve or disapprove, transactions in which a potential conflict of interest (as therein described) may exist or arise, all in accordance with the applicable provisions of the Partnership Agreement, as more particularly set forth therein;

WHEREAS, Section 7.9(a) of the Partnership Agreement provides that the General Partner shall be authorized, but not required, in connection with its resolution of a potential conflict of interest (as therein described), to seek Special Approval (defined therein to mean approval by a majority of members of the Conflicts Committee) of such resolution, as more particularly set forth therein; and

WHEREAS, the Sole Member desires to amend the Agreement as set forth herein to clarify that the Conflicts Committee is not a standing committee but an ad hoc committee of the Board;.

NOW, THEREFORE, the Agreement is hereby amended as follows:

SECTION 1. The first sentence of Section 7.9(d) shall be revised to read as follows:

"The Board may appoint a Conflicts Committee comprised of no fewer than two Directors (the "Conflicts Committee"), all of whom shall be Independent Directors."

A sentence is added to the end of Section 7.9(d) of the Agreement as follows:

"The Conflicts Committee is an ad hoc committee of the Board and may be appointed in the event the Board chooses to seek Special Approval (as defined in the Partnership Agreement) of its resolution of a potential conflict of interest in accordance with Section 7.9(a) of the Partnership Agreement, or when the Conflicts Committee is otherwise called upon to act."

SECTION 2. Except as expressly modified and amended herein, all of the terms and conditions of the Agreement shall remain in full force and effect.

SECTION 3. This Amendment shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, the undersigned has executed this Amendment as of March 19, 2018.

SOLE MEMBER:

STONEMOR GP HOLDINGS LLC

By: /s/ Robert B. Hellman, Jr.
Name: Robert B. Hellman, Jr.
Title: Authorized Representative

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