

SUBURBAN PROPANE PARTNERS LP  
Form 424B3  
July 31, 2012  
Table of Contents

Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-181314

## **SUBURBAN PROPANE PARTNERS, L.P.**

**Up to 14,200,422 Common Units**

**Representing Limited Partner Interests**

Suburban Propane Partners, L.P. ( **Suburban** ) is registering the issuance and distribution of up to 14,200,422 common units representing limited partnership interests. Our common units are listed on the New York Stock Exchange under the symbol **SPH**. On July 26, 2012 the last reported sale price of our common units on the New York Stock Exchange was \$43.61 per common unit.

We are issuing an aggregate of up to 14,200,422 common units to Inergy, L.P. ( **Inergy** ) and Inergy Sales & Service, Inc. ( **Inergy Sales** ), a wholly owned subsidiary of Inergy, in connection with the Inergy Propane Acquisition (as defined herein). Inergy Sales will distribute any and all common units it receives in connection with the Inergy Propane Acquisition to Inergy. Thereafter, in connection with the Inergy Propane Acquisition, Inergy will distribute up to 14,058,418 of our common units to its unitholders of record as of the Record Date (as defined herein), pro rata, for no consideration and will retain up to 142,004 common units. The Suburban common units covered by this prospectus constitute the Equity Consideration (as defined herein) to be issued by Suburban Propane to Inergy and Inergy Sales in connection with the Inergy Propane Acquisition and in accordance with the terms of the Contribution Agreement. See **Inergy Propane Acquisition and Related Transactions** The Contribution Agreement.

Inergy is deemed to be acting as an underwriter under the Securities Act of 1933, as amended (the **Securities Act** ), in connection with its distribution of up to 14,058,418 common units covered by this prospectus to the unitholders of Inergy. See **Plan of Distribution**.

We will receive no cash proceeds from our issuance or Inergy's distribution of the common units.

**Investing in our common units involves risks. See Risk Factors beginning on page 9. These risks include:**

Since weather conditions may adversely affect demand for propane, fuel oil and other refined fuels and natural gas, our results of operations and financial condition are vulnerable to warm winters.

Cash distributions are not guaranteed and may fluctuate with our performance and other external factors.

We may not be able to successfully integrate Inergy Propane's operations with our operations, which could cause our business to suffer.

## Edgar Filing: SUBURBAN PROPANE PARTNERS LP - Form 424B3

Holders of our common units have limited voting rights.

Our issuance of the common units to Inergy and Inergy Sales will be made as soon as practicable following the closing of the Inergy Propane Acquisition and the effectiveness of the registration statement (the **Form S-1**) of which this prospectus is a part. Inergy intends to distribute up to 14,058,418 of our common units to its unitholders, pro rata, as promptly as practicable following the effectiveness of the Form S-1 of which this prospectus is a part.

Subject to the approval of the board of directors of Inergy's general partner, Inergy's management expects that the distribution would be made no later than the payment date of Inergy's first regular quarterly cash distribution declared after the closing of the Inergy Propane Acquisition. Such date, as determined by the board of directors of Inergy's general partner is referred to herein as the **Distribution Date**. The board of directors of Inergy's general partner will determine a corresponding record date (the **Record Date**) for the distribution, which Inergy's management expects to be no later than the record date for Inergy's first regular quarterly cash distribution declared after the closing of the Inergy Propane Acquisition.

If you are a record holder of Inergy units as of the Record Date, you will be entitled to receive a pro rata share of the Suburban common units issued to Inergy based on the number of Inergy units you hold on the Record Date. We will issue the Suburban common units to Inergy and Inergy Sales in book-entry form, which means that we will not issue physical stock certificates.

The transfer agent will not distribute any fractional units of Suburban common units. Instead, the transfer agent will aggregate fractional units into whole units and issue those units to Inergy. Each Inergy unitholder that would have been entitled to receive a fractional unit in the distribution from Inergy will instead be entitled to receive from Inergy a cash payment equal to the value of such fractional unit based on the market price of the Suburban common units on the third trading day immediately preceding the Distribution Date (as defined herein).

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

The date of this prospectus is July 31, 2012.

**Table of Contents**

**TABLE OF CONTENTS**

<b><u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u></b>	<b>1</b>
<b><u>PROSPECTUS SUMMARY</u></b>	<b>2</b>
<b><u>Our Company</u></b>	<b>2</b>
<b><u>Inergy Propane Acquisition and Related Transactions</u></b>	<b>3</b>
<b><u>Acquisition-Related Financing Arrangements</u></b>	<b>5</b>
<b><u>Risk Factors</u></b>	<b>5</b>
<b><u>Our Company Information</u></b>	<b>5</b>
<b><u>The Issuance of Common Units</u></b>	<b>6</b>
<b><u>Organizational Structure</u></b>	<b>8</b>
<b><u>RISK FACTORS</u></b>	<b>9</b>
<b><u>Risks Related to Our Business and Industry</u></b>	<b>9</b>
<b><u>Risks Related to the Inergy Propane Acquisition and the Related Transactions</u></b>	<b>14</b>
<b><u>Risks Inherent in the Ownership of Our Common Units</u></b>	<b>17</b>
<b><u>Tax Risks to Holders of Our Common Units</u></b>	<b>19</b>
<b><u>USE OF PROCEEDS</u></b>	<b>23</b>
<b><u>CAPITALIZATION</u></b>	<b>24</b>
<b><u>PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS</u></b>	<b>25</b>
<b><u>SELECTED CONSOLIDATED HISTORICAL FINANCIAL AND OTHER DATA OF SUBURBAN</u></b>	<b>26</b>
<b><u>UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION</u></b>	<b>28</b>
<b><u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u></b>	<b>37</b>
<b><u>Executive Overview</u></b>	<b>37</b>
<b><u>Results of Operations</u></b>	<b>39</b>
<b><u>Liquidity and Capital Resources</u></b>	<b>53</b>
<b><u>Long-Term Debt Obligations and Operating Lease Obligations</u></b>	<b>59</b>
<b><u>Off-Balance Sheet Arrangements</u></b>	<b>59</b>
<b><u>Quantitative and Qualitative Disclosure about Market Risk</u></b>	<b>60</b>
<b><u>INERGY PROPANE ACQUISITION AND RELATED TRANSACTIONS</u></b>	<b>62</b>
<b><u>The Contribution Agreement</u></b>	<b>62</b>
<b><u>Acquisition-Related Financings</u></b>	<b>63</b>
<b><u>BUSINESS</u></b>	<b>65</b>
<b><u>Our Company</u></b>	<b>65</b>
<b><u>Business Segments</u></b>	<b>65</b>
<b><u>Seasonality</u></b>	<b>70</b>
<b><u>Trademarks and Tradenames</u></b>	<b>70</b>
<b><u>Government Regulation; Environmental and Safety Matters</u></b>	<b>71</b>
<b><u>Properties</u></b>	<b>73</b>
<b><u>Employees</u></b>	<b>73</b>
<b><u>Legal Proceedings</u></b>	<b>74</b>
<b><u>MANAGEMENT</u></b>	<b>75</b>
<b><u>Executive Officers and Directors</u></b>	<b>75</b>
<b><u>COMPENSATION DISCUSSION AND ANALYSIS</u></b>	<b>80</b>
<b><u>ADDITIONAL INFORMATION REGARDING EXECUTIVE COMPENSATION</u></b>	<b>95</b>
<b><u>SUPERVISORS' COMPENSATION</u></b>	<b>105</b>
<b><u>Fees and Benefit Plans for Non-Employee Supervisors</u></b>	<b>105</b>
<b><u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u></b>	<b>106</b>
<b><u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS AND SUPERVISOR INDEPENDENCE</u></b>	<b>107</b>
<b><u>Related Party Transactions</u></b>	<b>107</b>
<b><u>Supervisor Independence</u></b>	<b>107</b>
<b><u>CONFLICTS OF INTEREST AND FIDUCIARY DUTIES</u></b>	<b>108</b>
<b><u>Conflicts of Interest</u></b>	<b>108</b>
<b><u>Fiduciary Duties</u></b>	<b>109</b>

**Table of Contents**

<b><u>DESCRIPTION OF COMMON UNITS</u></b>	111
<b><u>THE PARTNERSHIP AGREEMENT</u></b>	113
<b><u>Organization and Duration</u></b>	113
<b><u>Purpose</u></b>	113
<b><u>Power of Attorney</u></b>	113
<b><u>Cash Distributions</u></b>	114
<b><u>General Partner Interest</u></b>	114
<b><u>Capital Contributions</u></b>	114
<b><u>Board of Supervisors</u></b>	114
<b><u>Voting Rights</u></b>	117
<b><u>Applicable Law</u></b>	118
<b><u>Limited Liability</u></b>	119
<b><u>Issuance of Additional Interests</u></b>	120
<b><u>Amendment of our Partnership Agreement</u></b>	120
<b><u>Merger, Consolidation, Conversion, Sale or Other Disposition of Assets</u></b>	122
<b><u>Business Combinations with Interested Unitholders</u></b>	122
<b><u>Dissolution</u></b>	124
<b><u>Liquidation and Distribution of Proceeds</u></b>	124
<b><u>Withdrawal or Removal of Our General Partner</u></b>	125
<b><u>Transfer of General Partner Units</u></b>	125
<b><u>Transfer of Ownership Interests in Our General Partner</u></b>	126
<b><u>Outside Activities of the Partners Conflicts of Interest</u></b>	126
<b><u>Loans from the General Partner; Contracts with Affiliates; Certain Restrictions on the General Partner</u></b>	126
<b><u>Meetings; Voting</u></b>	127
<b><u>Status as Limited Partner or Assignee</u></b>	127
<b><u>Non-Eligible Holders; Redemption</u></b>	128
<b><u>Indemnification</u></b>	128
<b><u>Reimbursement of Expenses</u></b>	130
<b><u>Books and Reports</u></b>	130
<b><u>Right to Inspect Our Books and Records</u></b>	130
<b><u>UNITS ELIGIBLE FOR FUTURE SALE</u></b>	132
<b><u>MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</u></b>	133
<b><u>Partnership Status</u></b>	133
<b><u>Tax Treatment of Unitholders</u></b>	134
<b><u>Tax Treatment of Operations</u></b>	139
<b><u>Disposition of Common Units</u></b>	139
<b><u>Tax-Exempt Organizations and Certain Other Investors</u></b>	142
<b><u>Administrative Matters</u></b>	142
<b><u>Recent Legislative Developments</u></b>	144
<b><u>State, Local and Other Tax Considerations</u></b>	144
<b><u>INVESTMENT IN SUBURBAN PROPANE PARTNERS, L.P. BY EMPLOYEE BENEFIT PLANS</u></b>	146
<b><u>PLAN OF DISTRIBUTION</u></b>	148
<b><u>Material U.S. federal income tax consequences of the Plan of Distribution</u></b>	150
<b><u>LEGAL MATTERS</u></b>	151
<b><u>EXPERTS</u></b>	151
<b><u>WHERE YOU CAN FIND MORE INFORMATION</u></b>	151
<b><u>INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS</u></b>	F-1
<b><u>APPENDIX A GLOSSARY OF CERTAIN TERMS</u></b>	A-1

**Table of Contents**

**You should rely only on the information contained in this document or in any free writing prospectus we may authorize to be distributed to you. Neither we nor Inergy has authorized anyone to provide you with information that is different from that contained in this prospectus or any free writing prospectus prepared by us or on our behalf. We do not, and Inergy does not, take any responsibility for, and can provide no assurances as to, the reliability of any information that others provide to you. We are issuing common units only in jurisdictions where issuances are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any issuance of the common units.**

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. Please read Risk Factors and Special Note Regarding Forward-Looking Statements.

**Industry and Market Data**

We obtained the market and competitive position data used throughout this prospectus from internal surveys, as well as market research, publicly available information and industry publications as indicated herein. Industry publications, including those referenced herein, generally state that the information presented therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal surveys and market research, while believed to be reliable, have not been independently verified, and neither Suburban nor Inergy makes any representation as to the accuracy of such information.

**Table of Contents**

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements, relating to future business expectations and predictions and financial condition and results of operations of Suburban. Some of these statements can be identified by the use of forward-looking terminology such as prospects, outlook, believes, estimates, intends, may, will, should, anticipates, expects or plans or the negative or other variation of these or similar discussion of trends and conditions, strategies or risks and uncertainties. These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those discussed or implied in such forward-looking statements (statements contained in this prospectus and identifying such risks and uncertainties are referred to as cautionary statements ). They include statements regarding the timing and expected benefits of the Inergy Propane Acquisition (as defined herein), and also include statements relating to or regarding:

the cost savings, transaction costs or integration costs that Suburban anticipates to arise from the Inergy Propane Acquisition;

various actions to be taken or requirements to be met in connection with completing the Inergy Propane Acquisition or integrating the operations of Inergy Propane (as defined herein) into Suburban s operations;

revenue, income and operations of the combined company after the Inergy Propane Acquisition is consummated;

future issuances of debt and equity securities and Suburban s ability to achieve financing in connection with the Inergy Propane Acquisition or otherwise; and

other objectives, expectations and intentions and other statements that are not historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The following factors, among others, including those discussed in the Risk Factors section of this prospectus, could cause actual results to differ materially from those described in the forward-looking statements:

expected cost savings from the Inergy Propane Acquisition may not be fully realized or realized within the expected time frame;

Suburban s revenue following the Inergy Propane Acquisition may be lower than expected;

adverse weather conditions may result in reduced demand;

costs or difficulties related to obtaining regulatory approvals for completing the Inergy Propane Acquisition and, following the consummation of the Inergy Propane Acquisition, the integration of the businesses of Inergy Propane and Suburban may be greater than expected;

general economic conditions, either internationally or nationally or in the jurisdictions in which Suburban is doing business, may be less favorable than expected;

Suburban may be unable to retain key personnel after the Inergy Propane Acquisition; and

operating, legal and regulatory risks Suburban may face.

These risks and other factors that may impact Suburban's assumptions are more particularly described under the caption "Risk Factors" in this prospectus. While Suburban believes that its assumptions are reasonable, it is very difficult to predict the impact of known factors on, and it is impossible to anticipate all factors that could affect, Suburban's actual results. All subsequent written and oral forward-looking statements attributable to Suburban or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Neither Suburban nor any other party undertakes any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

---

**Table of Contents**

**PROSPECTUS SUMMARY**

*This summary highlights information included in this prospectus. It does not contain all of the information that may be important to you as an investor in our common units. You should read carefully the entire prospectus, including the Risk Factors section herein, the consolidated historical financial statements and related notes and the unaudited pro forma condensed combined financial statements and related notes included herein. Unless the context otherwise requires, references to Suburban, the Partnership, we, us and our refer to Suburban Propane Partners, L.P. and its subsidiaries. We include a glossary of some of the terms we use to describe our business and industry and other terms used in this prospectus in Appendix A.*

**Our Company**

Suburban Propane Partners, L.P. ( **Suburban** ), a publicly traded Delaware limited partnership, is a nationwide marketer and distributor of a diverse array of products meeting the energy needs of our customers. We specialize in the distribution of propane, fuel oil and refined fuels, as well as the marketing of natural gas and electricity in deregulated markets. In support of our core marketing and distribution operations, we install and service a variety of home comfort equipment, particularly in the areas of heating and ventilation. We believe, based on *LP/Gas Magazine* dated February 2012 and after taking into effect the combination of two larger competitors earlier this year, that we are the fourth largest retail marketer of propane in the United States, measured by retail gallons sold in the calendar year 2011. As of September 24, 2011, we were serving the energy needs of approximately 750,000 residential, commercial, industrial and agricultural customers through approximately 300 locations in 30 states located primarily in the east and west coast regions of the United States, including Alaska. We sold approximately 298.9 million gallons of propane and 37.2 million gallons of fuel oil and refined fuels to retail customers during the year ended September 24, 2011. We were organized on December 18, 1995 and, together with our predecessor companies, have been continuously engaged in the retail propane business since 1928.

We conduct our business principally through Suburban Propane, L.P., a Delaware limited partnership, which operates our propane business and assets (the **Operating Partnership** ), and its direct and indirect subsidiaries. Our general partner, and the general partner of our Operating Partnership, is Suburban Energy Services Group LLC (the **General Partner** ), a Delaware limited liability company whose sole member is the Chief Executive Officer of Suburban. Since October 19, 2006, the General Partner has had no economic interest in either Suburban or the Operating Partnership (which means that the General Partner is not entitled to any cash distributions of either partnership, nor to any cash payment upon the liquidation of either partnership, nor any other economic rights in either partnership) other than as a holder of 784 common units of Suburban. Additionally, under the Third Amended and Restated Agreement of Limited Partnership (the **Partnership Agreement** ) of Suburban, there are no incentive distribution rights for the benefit of the General Partner. Suburban owns (directly and indirectly) all of the limited partner interests in the Operating Partnership. The common units represent 100% of the limited partner interests in Suburban.

Subsidiaries of the Operating Partnership include Suburban Sales and Service, Inc. (the **Service Company** ), which conducts a portion of Suburban's service work and appliance and parts businesses. The Service Company is the sole member of Gas Connection, LLC (d/b/a HomeTown Hearth & Grill), and Suburban Franchising, LLC. HomeTown Hearth & Grill sells and installs natural gas and propane gas grills, fireplaces and related accessories and supplies through two retail stores in the northwest and northeast regions as of September 24, 2011. Suburban Franchising creates and develops propane related franchising business opportunities.

Through an acquisition in fiscal 2004, we transformed our business from a marketer of a single fuel into one that provides multiple energy solutions, with expansion into the marketing and distribution of fuel oil and refined fuels, as well as the marketing of natural gas and electricity. Our fuel oil and refined fuels, natural gas and



## Table of Contents

electricity and services businesses are structured as either limited liability companies or corporate entities (collectively referred to as **Corporate Entities** ) and, as such, are subject to corporate level income tax.

### **Inergy Propane Acquisition and Related Transactions**

#### *Reasons for the Transaction*

Our Board of Supervisors believes that the Inergy Propane Acquisition would provide the following benefits to our business operations and our Unitholders, and that such benefits would likely not be attainable if the Inergy Propane Acquisition was not consummated. Attainment of these potential benefits is the primary reason underlying our Board of Supervisors' determination to pursue the Inergy Propane Acquisition.

***The Inergy Propane Acquisition Will Provide Us with the Support of Additional Resources*** The increased size, scale and financial resources of the combined business operations is expected to reduce our overall business risk profile.

***The Inergy Propane Acquisition Will Allow Us to Expand Our Reach*** We expect to be able to expand our customer satisfaction initiatives into a larger customer base and new geographies.

***The Inergy Propane Acquisition Offers Synergy Opportunities*** We believe that there are opportunities for significant cost savings to be achieved in combining the operations of Suburban and Inergy Propane (as defined herein).

#### *The Contribution Agreement*

On April 25, 2012, Suburban entered into a Contribution Agreement, as amended on June 15, 2012, July 6, 2012 and July 19, 2012 (the **Contribution Agreement** ), with Inergy, L.P., a Delaware limited partnership ( **Inergy** ), Inergy GP, LLC, a Delaware limited liability company ( **NRGY GP** ), and Inergy Sales & Service, Inc., a Delaware corporation ( **Inergy Sales** ).

The Contribution Agreement provides that Inergy and NRGY GP will contribute to Suburban 100% of the limited liability company interests (the **Inergy Propane Interests** ) in Inergy Propane, LLC, a Delaware limited liability company, which at the closing of the transaction will hold only the following interests: (i) 100% of the limited partner interests in Liberty Propane, L.P., a Delaware limited partnership ( **Liberty Propane** ), which in turn owns 100% of the limited liability company interests in Liberty Propane Operations, LLC, a Delaware limited liability company ( **Liberty Operations** ); and (ii) 100% of the limited liability company interests in Liberty Propane GP, LLC, a Delaware limited liability company ( **Liberty Propane GP** ), which in turn owns 100% of the general partner interest in Liberty Propane (collectively with the Inergy Propane Interests, these interests are referred to herein as the **Acquired Interests** ). Following the closing of the Inergy Propane Acquisition (as defined below), Inergy Propane, Liberty Propane, Liberty Operations and Liberty Propane GP will be indirect wholly-owned subsidiaries of Suburban. Inergy will also contribute certain assets of Inergy Sales to Suburban (the **Acquired Assets** ). Prior to the closing date of the Inergy Propane Acquisition, certain subsidiaries of Inergy Propane, LLC, which will not be contributed pursuant to the Contribution Agreement, will be distributed by Inergy Propane, LLC to Inergy. See **Inergy Propane Acquisition and Related Transactions**.

Upon contribution, transfer, assignment, and delivery of the Acquired Interests and Acquired Assets to Suburban, Suburban will issue and deliver to Inergy and Inergy Sales, as consideration in connection with the Inergy Propane Acquisition, subject to certain adjustments, an aggregate of up to 14,200,422 newly issued Suburban common units (the **Equity Consideration** ). The Equity Consideration consists of (i) the **Initial Equity Consideration** which is equal to 13,892,587 Suburban common units, and (ii) the **Additional Equity Consideration** which is equal to a number of Suburban common units determined by dividing (a) the Inergy Cash Consideration (as defined below) by (b) \$42.50, rounded to the nearest whole Suburban common unit. As of July 26, 2012 the aggregate amount of Additional Equity Consideration shall not exceed 307,835 Suburban common units. Inergy Sales will distribute any and all Suburban common units it receives in connection with the Inergy Propane Acquisition to Inergy. Thereafter, in connection with the Inergy Propane Acquisition and pursuant to the Contribution Agreement, Inergy will distribute ninety-nine percent (99%) of any and all Equity Consideration received to its unitholders and will retain one percent (1%) of any and all Equity Consideration.



**Table of Contents**

Pursuant to the Contribution Agreement, Suburban and its wholly-owned subsidiary Suburban Energy Finance Corp. commenced a private offer to exchange (the **Exchange Offers**) any and all of the outstanding unsecured 7% Senior Notes due 2018 (the **2018 Inergy Notes**), ~~the 2018~~ 2016 Senior Notes due 2021 (the **2021 Inergy Notes**), and together with the 2018 Inergy Notes, the **Inergy Notes**) issued by Inergy and Inergy Finance Corp., which have an aggregate principal amount outstanding of \$1.2 billion, for a combination of up to \$1.0 billion in aggregate principal amount of new unsecured 7 1/2% Senior Notes due 2018 and 7 3/8% Senior Notes due 2021, respectively, issued by Suburban and Suburban Energy Finance Corp. (collectively, the **SPH Notes**) and up to \$200.0 million in cash to be paid to tendering noteholders (the **Exchange Offer Cash Consideration**). Pursuant to the Contribution Agreement, we must pay Inergy the difference, if any, between \$200.0 million and the Exchange Offer Cash Consideration paid in accordance with the terms of the Exchange Offers, subject to certain adjustments (such payment, the **Inergy Cash Consideration**). Suburban will satisfy the Inergy Cash Consideration solely by delivering to Inergy the Additional Equity Consideration.

The Contribution Agreement provides that Suburban will offer approximately \$65.0 million in aggregate cash consent payments in connection with the Exchange Offers and that Inergy will pay \$36.5 million to Suburban in cash at Acquisition Closing Date (as defined herein). For more information, see Unaudited Pro Forma Condensed Combined Financial Information.

As of July 26, 2012, at 5:00 p.m. New York City time, Suburban had received tenders from holders representing approximately 98.09% of the total outstanding principal amount of the 2018 Inergy Notes, and tenders and consents from holders representing approximately 99.73% of the total outstanding principal amount of the 2021 Inergy Notes. The minimum tender condition has been satisfied with respect to the Exchange Offers and requisite consents have been received for both series of Inergy Notes. Based on the results of the Exchange Offers as of July 26, 2012, the Inergy Cash Consideration due to Inergy was approximately \$13.1 million. The Inergy Cash Consideration will be satisfied by the issuance of the Additional Equity Consideration. The Exchange Offers expire on August 1, 2012, at 12:01 a.m. New York City time (the

**Expiration Date**), subject to extension. Any additional tenders received prior to the Expiration Date (as it may be extended) will increase the Exchange Offer Cash Consideration paid to tendering noteholders and decrease the Inergy Cash Consideration. Accordingly, because the Inergy Cash Consideration will be satisfied solely through issuance of Additional Equity Consideration, any decrease in the Inergy Cash Consideration will reduce the number of Suburban common units issued as Additional Equity Consideration. Assuming that no additional tenders are received pursuant to the Exchange Offers subsequent to July 26, 2012, Inergy (i) will receive 14,200,422 Suburban common units, (ii) will subsequently distribute 14,058,418 of such Suburban common units to its unitholders as of the Record Date, pro rata, and (iii) will retain 1% of such common units, or 142,004 Suburban common units.

Consummation of the Inergy Propane Acquisition is subject to customary conditions, including, without limitation, (i) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the **HSR Act**), which condition was satisfied on June 15, 2012; and (ii) the absence of any law, order or injunction prohibiting the Inergy Propane Acquisition, Exchange Offers and the related transactions. Moreover, each party's obligation to consummate the Inergy Propane Acquisition is subject to certain other conditions, including without limitation, (x) the accuracy of the other party's representations and warranties (subject to customary materiality qualifiers), and (y) the other party's compliance with its covenants and agreements contained in the Contribution Agreement (subject to customary materiality qualifiers). The Contribution Agreement also contains termination rights for Suburban and Inergy.

The transactions described above that are contemplated by the terms of the Contribution Agreement are referred to herein as the **Inergy Propane Acquisition**. The Acquired Interests and Acquired Assets are collectively referred to herein as **Inergy Propane**.

*Appraisal Rights*

Under the Delaware Revised Uniform Limited Partnership Act, as amended, supplemented or restated from time to time, and any successor to such statute (the **Delaware Act**) and the third amended and restated partnership agreement of Inergy, Inergy unitholders have no appraisal or dissenters' rights in connection with the Inergy Propane Acquisition.

*Accounting Treatment*

Suburban prepares its financial statements in conformity with accounting principles generally accepted in the United States of America (**US GAAP**). The Inergy Propane Acquisition will be accounted for by applying the acquisition method with Suburban treated as the acquirer.

## Table of Contents

### Acquisition-Related Financing Arrangements

#### *Bank Financing*

On April 25, 2012, we entered into a commitment letter (the **Bank Commitment Letter**) with certain of our lenders who are party to the Credit Agreement (as defined herein) pursuant to which such lenders committed to provide (i) in the aggregate, subject to the satisfaction of certain conditions precedent, up to \$250.0 million senior secured 364-day incremental term loan facility (the **364-Day Facility**) and (ii) an increase in the aggregate, subject to the satisfaction of certain conditions precedent, of our existing revolving credit facility under the Credit Agreement from \$250.0 million to \$400.0 million (the **Commitment Increase**). We expect to draw \$225.0 million on the 364-Day Facility on the Acquisition Closing Date, which, together with available cash, will be used for the purposes of paying (i) the Exchange Offer Cash Consideration, (ii) costs and fees related to the Exchange Offers, and (iii) costs and expenses related to the Inergy Propane Acquisition. We intend to repay such borrowings with an equity financing in the future, subject to market conditions. On April 25, 2012, we also received consents from all of the lenders under the Credit Agreement ( **Credit Agreement Consents** ) to enable us on the Acquisition Closing Date to incur additional indebtedness, make amendments to the Credit Agreement to adjust certain covenants, and otherwise perform our obligations as contemplated by the Inergy Propane Acquisition.

In order to implement the Bank Commitment Letter and the Credit Agreement Consents, we intend to amend (the **Credit Agreement Amendment**) our Amended and Restated Credit Agreement, dated as of January 5, 2012, among Suburban Propane, L.P. (as the borrower), Suburban Propane Partners, L.P. (as the parent) and the lenders party thereto (the **Credit Agreement**), effective on the Acquisition Closing Date. The Credit Agreement Amendment will include the 364-Day Facility, the Commitment Increase, amendments to covenants relating thereto and the Credit Agreement Consents and provision for the reinstatement and increase from \$150.0 million to \$250.0 million of the existing uncommitted incremental term facility under the Credit Agreement when the 364-Day Facility is repaid or prepaid in full.

As of March 24, 2012 and without consideration of the Commitment Increase in the future, Suburban had remaining availability under the existing Credit Agreement of approximately \$103.1 million.

### Recent Developments

#### *Exchange Offer Minimum Tender Condition Satisfied*

As of July 26, 2012, at 5:00 p.m. New York City time, Suburban had received tenders and consents from holders representing approximately 98.09% of the total outstanding principal amount of the 2018 Inergy Notes, and tenders and consents from holders representing approximately 99.73% of the total outstanding principal amount of the 2021 Inergy Notes. The minimum tender condition has been satisfied with respect to the Exchange Offers and requisite consents have been received for both series of Inergy Notes. Based on the results of the Exchange Offers as of July 26, 2012, the Inergy Cash Consideration due to Inergy and Inergy Sales was approximately \$13.1 million. The Inergy Cash Consideration will be satisfied by the issuance of the Additional Equity Consideration. Completion of the Inergy Propane Acquisition is conditioned upon, among other things, satisfaction of the minimum tender condition.

#### *HSR Waiting Period Terminated*

Completion of the Inergy Propane Acquisition is also conditioned upon the receipt of required governmental consents, approvals, orders and authorizations, including the expiration or termination of the applicable waiting period under the HSR Act. Suburban and Inergy filed the required antitrust documents relating to the Inergy Propane Acquisition under the HSR Act with the Federal Trade Commission (the **FTC**) and the Department of Justice (the **DOJ**). On June 15, 2012, Suburban and Inergy received notification of the early termination of the HSR waiting period.

## Edgar Filing: SUBURBAN PROPANE PARTNERS LP - Form 424B3

### Third Quarter Financial Results

The preliminary financial data included in this registration statement has been prepared by and is the responsibility of Suburban's management. PricewaterhouseCoopers LLP has not audited, reviewed, compiled or performed any procedures with respect to the accompanying preliminary financial data. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

On or about August 2, 2012, we are scheduled to announce our results for the fiscal third quarter ended June 23, 2012. Based on continued warm weather trends impacting weather-sensitive volumes, it is anticipated that our Adjusted EBITDA for the third quarter of fiscal 2012 will be in a range of \$2 million to \$5 million compared to Adjusted EBITDA in the prior year third quarter of \$10.3 million.

Given the seasonal nature of the propane and fuel oil business, Suburban typically experiences a net loss in the fiscal third quarter. See

Management's Discussion and Analysis of Financial Condition and Results of Operations Executive Overview Seasonality. We have provided a range for the preliminary results described above primarily because our financial closing procedures for the month and quarter ended June 23, 2012 are not yet complete. We currently expect that our final results will be within the ranges described above. It is possible, however, that our final results will not be within the ranges we currently estimate.

EBITDA represents net income before deducting interest expense, income taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA excluding the unrealized net gain or loss on mark-to-market activity for derivative instruments and acquisition-related costs. Our management uses EBITDA and Adjusted EBITDA as measures of liquidity and we are including them because we believe that they provide our investors and industry analysts with additional information to evaluate our ability to meet our debt service obligations and to pay our quarterly distributions to holders of our Common Units.

In addition, certain of our incentive compensation plans covering executives and other employees utilize Adjusted EBITDA as the performance target. Moreover, our revolving credit agreement requires us to use Adjusted EBITDA as a component in calculating our leverage and interest coverage ratios. EBITDA and Adjusted EBITDA are not recognized terms under US GAAP and should not be considered as an alternative to net income or net cash provided by operating activities determined in accordance with US GAAP. Because EBITDA and Adjusted EBITDA as determined by us excludes some, but not all, items that affect net income, they may not be comparable to EBITDA and Adjusted EBITDA or similarly titled measures used by other companies.

The following table sets forth (i) our calculations of EBITDA and Adjusted EBITDA and (ii) a reconciliation of Adjusted EBITDA, as so calculated, to our net cash provided by operating activities (unaudited):

	Three Months Ended		June 25, 2011
	June 23, 2012		
	Range		
	Low	High	
	(in thousands)		
Net loss	\$ (11,200)	\$ (8,200)	\$ (6,787)
Add:			
Provision for income taxes	100	100	273
Interest expense, net	6,500	6,500	6,867
Depreciation and amortization	8,500	8,500	9,670
<b>EBITDA</b>	<b>3,900</b>	<b>6,900</b>	<b>10,023</b>
Unrealized (non-cash) (gains) losses on changes in fair value of derivatives	(8,200)	(8,200)	313
Acquisition-related costs	6,300	6,300	
<b>Adjusted EBITDA</b>	<b>2,000</b>	<b>5,000</b>	<b>10,336</b>
Add / (subtract):			
Provision for income taxes	(100)	(100)	(273)
Interest expense, net	(6,500)	(6,500)	(6,867)
Unrealized (non-cash) gains (losses) on changes in fair value of derivatives	8,200	8,200	(313)
Acquisition-related costs	(6,300)	(6,300)	
Loss on disposal of property, plant and equipment, net			67
Compensation cost recognized under Restricted Unit Plans	900	900	737
Changes in working capital and other assets and liabilities	56,200	56,200	56,316
<b>Net cash provided by operating activities</b>	<b>\$ 54,400</b>	<b>\$ 57,400</b>	<b>\$ 60,003</b>

**Risk Factors**

Investing in our common units involves a high degree of risk. You should carefully consider the risks described under **Risk Factors** included in this prospectus.

**Our Company Information**

Suburban's common units are traded on the New York Stock Exchange under the symbol **SPH**. Our principal executive offices are located at One Suburban Plaza, 240 Route 10 West, Whippany, NJ 07981, and our telephone number is (973) 887-5300. Our website address is [www.suburbanpropane.com](http://www.suburbanpropane.com). **However, the information contained on or accessible through our website is not part of this prospectus or the Form S-1.**

**Table of Contents**

**The Issuance of Common Units**

Common units to be distributed

We are issuing an aggregate of up to 14,200,422 common units to Inergy and Inergy Sales, a wholly owned subsidiary of Inergy, as Equity Consideration in connection with the Inergy Propane Acquisition. The Equity Consideration consists of (i) the Initial Equity Consideration, which is equal to 13,892,587 Suburban common units, and (ii) the Additional Equity Consideration, which is equal to a number of Suburban common units determined by dividing (a) the Inergy Cash Consideration by (b) \$42.50, rounded to the nearest whole Suburban common unit. As of July 26, 2012, the aggregate amount of Additional Equity Consideration shall not exceed 307,835 Suburban common units. Inergy Sales will distribute any and all Suburban common units it receives in connection with the Inergy Propane Acquisition to Inergy. Thereafter, in connection with the Inergy Propane Acquisition and pursuant to the Contribution Agreement, Inergy will distribute ninety-nine percent (99%) of any and all Equity Consideration received to its unitholders and will retain one percent (1%) of any and all Equity Consideration.

Assuming that no additional tenders are received pursuant to the Exchange Offers subsequent to the date hereof, Inergy (i) will receive 14,200,422 Suburban common units, (ii) will subsequently distribute 14,058,418 of such Suburban common units to its unitholders as of the Record Date, pro rata, and (iii) will retain 1% of such common units, or 142,004 Suburban common units. See Inergy Propane Acquisition and Related Transactions and Plan of Distribution.

Common units to be outstanding immediately after this issuance and distribution

Up to 49,747,240 common units (based on 35,546,818 common units outstanding as of July 26, 2012), assuming that no additional tenders are received pursuant to the Exchange Offers subsequent to the date hereof. Additional tenders by Inergy noteholders will reduce the number of Suburban common units issued as Equity Consideration in connection with the Inergy Propane Acquisition and, consequently, the number of Suburban common units outstanding immediately after this issuance and distribution.

Distribution Date

Subject to the approval of the board of directors of Inergy's general partner, Inergy's management expects that the distribution would be made no later than the payment date of Inergy's first regular quarterly cash distribution declared after the closing of the Inergy Propane Acquisition. Such date, as determined by the board of directors of Inergy's general partner is referred to herein as the **Distribution Date**.

Record Date

The board of directors of Inergy's general partner will determine a corresponding record date (the **Record Date**) for the distribution, which Inergy's management expects to be no later than the record date for Inergy's first regular quarterly cash distribution declared after the closing of the Inergy Propane Acquisition.

Use of proceeds

We will not receive any cash proceeds from the issuance of common units. The common units are being issued as consideration in connection with the Inergy Propane Acquisition and pursuant to the Contribution Agreement. See Use of Proceeds and Inergy Propane Acquisition and Related Transactions.

Distribution policy

## Edgar Filing: SUBURBAN PROPANE PARTNERS LP - Form 424B3

Under our Partnership Agreement, we must distribute all of our cash on hand at the end of each quarter, less reserves established by our Board of Supervisors in its discretion. We refer to this cash as available cash, and we define its meaning in our Partnership Agreement.

On April 18, 2012, we declared a quarterly cash distribution for the quarter ended March 24, 2012 of \$0.8525 per common unit, or \$3.41 per common unit on an annualized basis. The distribution attributable to the quarter ended March 24, 2012 was paid May 8, 2012 to holders of record of our common units as of May 1, 2012.

On April 25, 2012, our Board of Supervisors approved an increase in our annualized distribution rate to \$3.50 per common unit (conditioned on the closing of the Inergy Propane Acquisition). The distribution at this increased rate will be effective for the quarterly distribution paid in respect of our first quarter of fiscal 2013, ending December 29, 2012 (assuming closing of the Inergy Propane Acquisition by the applicable record date).

On July 17, 2012, our Board of Supervisors declared a quarterly cash distribution for the quarter ended June 23, 2012 of \$0.8525 per common unit, or \$3.41 per common unit on an annualized basis. The distribution is payable on August 7, 2012 to holders of record of our common units as of July 31, 2012.



**Table of Contents**

The Distribution	On the Distribution Date, the Suburban common units will be distributed to Inergy unitholders. The transfer agent will distribute our common units in book-entry form. We will not issue any physical certificates. The transfer agent, or your bank, broker or other nominee, will credit your Suburban common units to your book-entry account, or your bank, brokerage or other account, on or shortly after the Distribution Date. You will not be required to make any payment, surrender or exchange your Inergy units or take any other action to receive your Suburban common units. Please note that if you sell your Inergy units on or before the Distribution Date, the buyer of those units may in some circumstances be entitled to receive the Suburban common units issuable in respect of the Inergy units that you sold.
Distribution ratio	Each recordholder of Inergy units will receive a pro rata share of the Suburban common units issued to Inergy, net of Suburban common units retained by Inergy, based on the number of Inergy units such recordholder holds on the Record Date.
Fractional units	Only whole Suburban common units will be distributed to Inergy unitholders. See Plan of Distribution for more detail. The transfer agent will not distribute any fractional Suburban common units to Inergy's unitholders. Instead, the transfer agent will aggregate fractional units into whole units and issue those units to Inergy. Each Inergy unitholder that would have been entitled to receive a fractional unit in the distribution will instead be entitled to receive from Inergy a cash payment equal to the value of such fractional unit based on the market price of the Suburban common units on the third trading day immediately preceding the Distribution Date.
Issuance of additional units	Our Partnership Agreement generally allows us to issue additional limited partner interests and other equity securities without the approval of our unitholders. See Units Eligible for Future Sale and The Partnership Agreement Issuance of Additional Interests.
Limited voting rights	A Board of Supervisors manages our operations. Our unitholders have only limited voting rights on matters affecting our business, including the right to elect members of our Board of Supervisors every three years.
New York Stock Exchange symbol	SPH
Material U.S. federal income tax considerations	For a discussion of material U.S. federal income tax considerations that may be relevant to potential holders of our common units, please see Material U.S. Federal Income Tax Considerations.
Risk factors	For a discussion of risks relating to our business and to holders of our common units, see Risk Factors.

**Table of Contents**

**Organizational Structure**

The following chart provides a simplified overview of our organization structure. Our General Partner holds 784 common units in us. The chart also reflects the inclusion of Inergy Propane, following the consummation of the Inergy Propane Acquisition.

---

**Table of Contents**

**RISK FACTORS**

*Investing in our common units involves a high degree of risk. The most significant risks include those described below; however, additional risks that we currently do not know about or that we currently believe to be immaterial may also impair our business operations. You should carefully consider the following risk factors, as well as the other information in this prospectus. If any of the following risks actually occurs, our business, results of operations and financial condition could be materially adversely affected. In this case, the trading price of our common units would likely decline and you might lose part or all of the value in our common units.*

**Risks Related to Our Business and Industry**

*Since weather conditions may adversely affect demand for propane, fuel oil and other refined fuels and natural gas, our results of operations and financial condition are vulnerable to warm winters.*

Weather conditions have a significant impact on the demand for propane, fuel oil and other refined fuels and natural gas for both heating and agricultural purposes. Many of our customers rely on propane, fuel oil or natural gas primarily as a heating source. The volume of propane, fuel oil and natural gas sold is at its highest during the six-month peak heating season of October through March and is directly affected by the severity of the winter. Typically, we sell approximately two-thirds of our retail propane volume and approximately three-fourths of our retail fuel oil volume during the peak heating season.

Actual weather conditions can vary substantially from year to year, significantly affecting our financial performance. For example, average temperatures in our service territories were 1%, 5% and 1% warmer than normal for fiscal 2011, fiscal 2010 and fiscal 2009, respectively, as measured by the number of heating degree days reported by the National Oceanic and Atmospheric Administration ( **NOAA** ). In addition, for the six month period from October 2011 through March 2012, average temperature in our service territories was 14% warmer than normal, which period has been reported by NOAA as the warmest on record in the contiguous United States. Furthermore, variations in weather in one or more regions in which we operate can significantly affect the total volume of propane, fuel oil and other refined fuels and natural gas we sell and, consequently, our results of operations. Variations in the weather in the northeast, where we have a greater concentration of propane accounts and substantially all of our fuel oil and natural gas operations, generally have a greater impact on our operations than variations in the weather in other markets. We can give no assurance that the weather conditions in any quarter or year will not have a material adverse effect on our operations, or that our available cash will be sufficient to pay principal and interest on our indebtedness and distributions to holders of our common units.

*Sudden increases in the price of propane, fuel oil and other refined fuels and natural gas due to, among other things, our inability to obtain adequate supplies from our usual suppliers, may adversely affect our operating results.*

Our profitability in the retail propane, fuel oil and refined fuels and natural gas businesses is largely dependent on the difference between our product cost and retail sales price. Propane, fuel oil and other refined fuels and natural gas are commodities, and the unit price we pay is subject to volatile changes in response to changes in supply or other market conditions over which we have no control, including the severity of winter weather and the price and availability of competing alternative energy sources. In general, product supply contracts permit suppliers to charge posted prices at the time of delivery or the current prices established at major supply points, including Mont Belvieu, Texas, and Conway, Kansas. In addition, our supply from our usual sources may be interrupted due to reasons that are beyond our control. As a result, the cost of acquiring propane, fuel oil and other refined fuels and natural gas from other suppliers might be materially higher at least on a short-term basis. Since we may not be able to pass on to our customers immediately, or in full, all increases in our wholesale cost of propane, fuel oil and other refined fuels and natural gas, these increases could reduce our profitability. We engage in transactions to manage the price risk associated with certain of our product costs from time to time in an attempt to reduce cost volatility and to help ensure availability of product. We can give no assurance that future volatility in propane, fuel oil and natural gas supply costs will not have a material adverse

## **Table of Contents**

effect on our profitability and cash flow, or that our available cash will be sufficient to pay principal and interest on our indebtedness and distributions to holders of our common units.

***High prices for propane, fuel oil and other refined fuels and natural gas can lead to customer conservation, resulting in reduced demand for our product.***

Prices for propane, fuel oil and other refined fuels and natural gas are subject to fluctuations in response to changes in wholesale prices and other market conditions beyond our control. Therefore, our average retail sales prices can vary significantly within a heating season or from year to year as wholesale prices fluctuate with propane, fuel oil and natural gas commodity market conditions. During periods of high propane, fuel oil and other refined fuels and natural gas product costs our selling prices generally increase. High prices can lead to customer conservation, resulting in reduced demand for our product.

***Because of the highly competitive nature of the retail propane and fuel oil businesses, we may not be able to retain existing customers or acquire new customers, which could have an adverse impact on our operating results and financial condition.***

The retail propane and fuel oil industries are mature and highly competitive. We expect overall demand for propane and fuel oil to be relatively flat to moderately declining over the next several years. Year-to-year industry volumes of propane and fuel oil are expected to be primarily affected by weather patterns and from competition intensifying during warmer than normal winters, as well as from the impact of a sustained higher commodity price environment on customer conservation and the impact of continued weakness in the economy on customer buying habits.

Propane and fuel oil compete with electricity, natural gas and other existing and future sources of energy, some of which are, or may in the future be, less costly for equivalent energy value. For example, natural gas is a significantly less expensive source of energy than propane and fuel oil on an equivalent British Thermal Unit ( **BTU** ) basis. As a result, except for some industrial and commercial applications, propane and fuel oil are generally not economically competitive with natural gas in areas where natural gas pipelines already exist. The gradual expansion of the nation's natural gas distribution systems has made natural gas available in many areas that previously depended upon propane or fuel oil. We expect this trend to continue. Propane and fuel oil compete to a lesser extent with each other due to the cost of converting from one to the other.

In addition to competing with other sources of energy, our propane and fuel oil businesses compete with other distributors of those respective products principally on the basis of price, service and availability. Competition in the retail propane business is highly fragmented and generally occurs on a local basis with other large full-service multi-state propane marketers, thousands of smaller local independent marketers and farm cooperatives. Our fuel oil business competes with fuel oil distributors offering a broad range of services and prices, from full service distributors to those offering delivery only. In addition, our existing fuel oil customers, unlike our existing propane customers, generally own their own tanks, which can result in intensified competition for these customers.

As a result of the highly competitive nature of the retail propane and fuel oil businesses, our growth within these industries depends on our ability to acquire other retail distributors, open new customer service centers, add new customers and retain existing customers. We can give no assurance that we will be able to acquire other retail distributors, add new customers and retain existing customers. For risks relating to customer retention, see **Risks Related to the Inergy Propane Acquisition and the Related Transactions**. We may not be able to successfully integrate Inergy Propane's operations with our operations, which could cause our business to suffer.

## **Table of Contents**

***Energy efficiency, general economic conditions and technological advances have affected and may continue to affect demand for propane and fuel oil by our retail customers.***

The national trend toward increased conservation and technological advances, including installation of improved insulation and the development of more efficient furnaces and other heating devices, has adversely affected the demand for propane and fuel oil by our retail customers which, in turn, has resulted in lower sales volumes to our customers. In addition, continued weakness in the economy may lead to additional conservation by retail customers seeking to further reduce their heating costs, particularly during periods of sustained higher commodity prices. Future technological advances in heating, conservation and energy generation and continued economic weakness may adversely affect our volumes sold, which, in turn, may adversely affect our financial condition and results of operations.

***Current conditions in the global capital and credit markets, and general economic pressures, may adversely affect our financial position and results of operations.***

Our business and operating results are materially affected by worldwide economic conditions. Current conditions in the global capital and credit markets and general economic pressures have led to declining consumer and business confidence, increased market volatility and widespread reduction of business activity generally. As a result of this turmoil, coupled with increasing energy prices, our customers may experience cash flow shortages which may lead to delayed or cancelled plans to purchase our products, and affect the ability of our customers to pay for our products. In addition, disruptions in the U.S. residential mortgage market, increases in mortgage foreclosure rates and failures of lending institutions may adversely affect retail customer demand for our products (in particular, products used for home heating and home comfort equipment) and our business and results of operations.

***Our operating results and ability to generate sufficient cash flow to pay principal and interest on our indebtedness, and to pay distributions to holders of our common units, may be affected by our ability to continue to control expenses.***

The propane and fuel oil industries are mature and highly fragmented with competition from other multi-state marketers and thousands of smaller local independent marketers. Demand for propane and fuel oil is expected to be affected by many factors beyond our control, including, but not limited to, the severity of weather conditions during the peak heating season, customer conservation driven by high energy costs and other economic factors, as well as technological advances impacting energy efficiency. Accordingly, our propane and fuel oil sales volumes and related gross margins may be negatively affected by these factors beyond our control. Our operating profits and ability to generate sufficient cash flow may depend on our ability to continue to control expenses in line with sales volumes. We can give no assurance that we will be able to continue to control expenses to the extent necessary to reduce the effect on our profitability and cash flow from these factors.

***The risk of terrorism, political unrest and the current hostilities in the Middle East or other energy producing regions may adversely affect the economy and the price and availability of propane, fuel oil and other refined fuels and natural gas.***

Terrorist attacks, political unrest and the current hostilities in the Middle East or other energy producing regions may adversely impact the price and availability of propane, fuel oil and other refined fuels and natural gas, as well as our results of operations, our ability to raise capital and our future growth. The impact that the foregoing may have on our industry in general, and on us in particular, is not known at this time. An act of terror could result in disruptions of crude oil or natural gas supplies and markets (the sources of propane and fuel oil), and our infrastructure facilities could be direct or indirect targets. Terrorist activity may also hinder our ability to transport propane, fuel oil and other refined fuels if our means of supply transportation, such as rail or pipeline, become damaged as a result of an attack. A lower level of economic activity could result in a decline in energy consumption, which could adversely affect our revenues or restrict our future growth. Instability in the financial markets as a result of terrorism could also affect our ability to raise capital. Terrorist activity, political unrest and

## **Table of Contents**

hostilities in the Middle East or other energy producing regions could likely lead to increased volatility in prices for propane, fuel oil and other refined fuels and natural gas. We have opted to purchase insurance coverage for terrorist acts within our property and casualty insurance programs, but we can give no assurance that our insurance coverage will be adequate to fully compensate us for any losses to our business or property resulting from terrorist acts.

***Our financial condition and results of operations may be adversely affected by governmental regulation and associated environmental and health and safety costs.***

Our business is subject to a wide and ever increasing range of federal, state and local laws and regulations related to environmental and health and safety matters including those concerning, among other things, the investigation and remediation of contaminated soil and groundwater and transportation of hazardous materials. These requirements are complex, changing and tend to become more stringent over time. In addition, we are required to maintain various permits that are necessary to operate our facilities, some of which are material to our operations. There can be no assurance that we have been, or will be, at all times in complete compliance with all legal, regulatory and permitting requirements or that we will not incur significant costs in the future relating to such requirements. Violations could result in penalties, or the curtailment or cessation of operations.

Moreover, currently unknown environmental issues, such as the discovery of additional contamination, may result in significant additional expenditures, and potentially significant expenditures also could be required to comply with future changes to environmental laws and regulations or the interpretation or enforcement thereof. Such expenditures, if required, could have a material adverse effect on our business, financial condition or results of operations.

***We are subject to operating hazards and litigation risks that could adversely affect our operating results to the extent not covered by insurance.***

Our operations are subject to all operating hazards and risks normally associated with handling, storing and delivering combustible liquids such as propane, fuel oil and other refined fuels. We have been, and are likely to continue to be, a defendant in various legal proceedings and litigation arising in the ordinary course of business, both as a result of these operating hazards and risks and as a result of other aspects of our business. We are self-insured for general and product, workers' compensation and automobile liabilities up to predetermined amounts above which third-party insurance applies. We cannot guarantee that our insurance will be adequate to protect us from all material expenses related to potential future claims for personal injury and property damage or that these levels of insurance will be available at economical prices, or that all legal matters that arise will be covered by our insurance programs.

***If we are unable to make acquisitions on economically acceptable terms or effectively integrate such acquisitions into our operations, our financial performance may be adversely affected.***

The retail propane and fuel oil industries are mature. We expect overall demand for propane and fuel oil to be relatively flat to moderately declining over the next several years. With respect to our retail propane business, it may be difficult for us to increase our aggregate number of retail propane customers except through acquisitions. As a result, we expect the success of our financial performance to depend, in part, upon our ability to acquire other retail propane and fuel oil distributors or other energy-related businesses and to successfully integrate them into our existing operations and to make cost saving changes. The competition for acquisitions is intense and we can make no assurance that we will be able to acquire other propane and fuel oil distributors or other energy-related businesses on economically acceptable terms or, if we do, to integrate the acquired operations effectively.

## **Table of Contents**

*The adoption of climate change legislation could result in increased operating costs and reduced demand for the products and services we provide.*

In December 2009, the EPA issued an Endangerment Finding under the Clean Air Act, determining that emissions of GHGs present an endangerment to public health and the environment because emissions of such gases may be contributing to warming of the earth's atmosphere and other climatic changes. Based on these findings, the EPA has begun adopting and implementing regulations to restrict emissions of GHGs and require reporting by certain regulated facilities on an annual basis.

Both Houses of the United States Congress also have considered adopting legislation to reduce emissions of GHGs. In June 2009, the American Clean Energy and Security Act of 2009, also known as the Waxman-Markey Bill, passed in the U.S. House of Representatives, but the U.S. Senate's version, The Clean Energy Jobs and American Power Act, or the Boxer-Kerry Bill, did not pass. Both bills sought to establish a cap and trade system for restricting GHG emissions. Under such system, certain sources of GHG emissions would be required to obtain GHG emission allowances corresponding to their annual emissions of GHGs. The number of emission allowances issued each year would decline as necessary to meet overall emission reduction goals. As the number of GHG emission allowances declines each year, the cost or value of allowances is expected to escalate significantly.

The adoption of federal or state climate change legislation or regulatory programs to reduce emissions of GHGs could require us to incur increased capital and operating costs, with resulting impact on product price and demand. We cannot predict whether or in what form cap-and-trade provisions and renewable energy standards may be enacted. In addition, a possible consequence of climate change is increased volatility in seasonal temperatures. It is difficult to predict how the market for our fuels would be affected by increased temperature volatility, although if there is an overall trend of warmer temperatures, it could adversely affect our business.

*The adoption of derivatives legislation by Congress could have an adverse impact on our ability to hedge risks associated with our business.*

On July 21, 2010, the Dodd-Frank Act was signed into law. The Dodd-Frank Act regulates derivative transactions, which include certain instruments used in our risk management activities.

The Dodd-Frank Act requires the Commodity Futures Trading Commission (the **CFTC**) and the Securities and Exchange Commission (the **SEC**) to promulgate rules and regulations relating to, among other things, swaps, participants in the derivatives markets, clearing of swaps and reporting of swap transactions. In general, the Dodd-Frank Act subjects swap transactions and participants to greater regulation and supervision by the CFTC and the SEC and will require many swaps to be cleared through a CFTC- or SEC-registered clearing facility and executed on a designated exchange or swap execution facility. There are some exceptions to these requirements for entities that use swaps to hedge or mitigate commercial risk. While we may ultimately be eligible for such exceptions, the scope of these exceptions currently is somewhat uncertain, pending further definition through rulemaking.

Among the other provisions of the Dodd-Frank Act that may affect derivative transactions are those relating to establishment of capital and margin requirements for certain derivative participants, establishment of business conduct standards, recordkeeping and reporting requirements; and imposition of position limits.

Although the Dodd-Frank Act imposes significant new regulatory requirements with respect to derivatives, the impact of the requirements will not be known definitively until new regulations have been adopted by the CFTC and the SEC. The new legislation and regulations promulgated thereunder could increase the operational and transactional cost of derivatives contracts and affect the number and/or creditworthiness of counterparties available to us.

## Table of Contents

### **Risks Related to the Inergy Propane Acquisition and the Related Transactions**

*We may not be able to successfully integrate Inergy Propane's operations with our operations, which could cause our business to suffer.*

In order to obtain all of the anticipated benefits of the Inergy Propane Acquisition, we will need to combine and integrate the businesses and operations of Inergy Propane with ours. The combination of two large businesses is a complex and costly process. As a result, after the Inergy Propane Acquisition, we will be required to devote significant management attention and resources to integrating the business practices and operations of Suburban and Inergy Propane. The integration process may divert the attention of our executive officers and management from day-to-day operations and disrupt the business of Suburban and, if implemented ineffectively, preclude realization of the expected benefits of the transaction.

Our failure to meet the challenges involved in successfully integrating Inergy Propane's operations with our operations or otherwise to realize any of the anticipated benefits of the Inergy Propane Acquisition could adversely affect our results of operations. In addition, the overall integration of Suburban and Inergy Propane may result in unanticipated problems, expenses, liabilities and competitive responses. The loss of customer relationships may be above historical norms not only with respect to existing Suburban customers but also as to the Inergy Propane customers who will be serviced by Suburban upon completion of the Inergy Propane Acquisition. We expect the difficulties of combining our operations to include, among others:

operating a significantly larger combined company with operations in more geographic areas;

maintaining employee morale and retaining key employees;

developing and implementing employment policies to facilitate workforce integration, and, where applicable, labor and union relations;

preserving important strategic and customer relationships;

the diversion of management's attention from ongoing business concerns;

the integration of multiple information systems;

regulatory, legal, taxation and other unanticipated issues in integrating operating and financial systems;

coordinating marketing functions;

consolidating corporate and administrative infrastructures and eliminating duplicative operations; and

integrating the cultures of Suburban and Inergy Propane.

In addition, even if we are able to successfully integrate our businesses and operations, we may not fully realize the expected benefits of the Inergy Propane Acquisition within the intended time frame, or at all. Further, our post-acquisition results of operations may be affected by factors different from those existing prior to the Inergy Propane Acquisition and may suffer as a result of the Inergy Propane Acquisition. As a result, we cannot assure you that the combination of our business and operations with Inergy Propane will result in the realization of the full



benefits anticipated from the Inergy Propane Acquisition.

***We expect to incur substantial expenses related to the Inergy Propane Acquisition.***

We expect to incur substantial expenses in connection with completing the Inergy Propane Acquisition and integrating the business, operations, networks, systems, technologies, policies and procedures of Suburban and Inergy Propane. There are a large number of systems that must be integrated, including billing, management information, information systems, purchasing, accounting and finance, sales, payroll and benefits, fixed assets, lease administration and regulatory compliance. Although Suburban and Inergy Propane have assumed that a certain level of transaction and integration expenses would be incurred, there are a number of factors beyond their control that could affect the total amount or the timing of these integration expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. Due to these factors,

**Table of Contents**

the transaction and integration expenses associated with the Inergy Propane Acquisition could, particularly in the near term, exceed the savings that we expect to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the integration of the businesses following the completion of the acquisition. As a result of these expenses, both Suburban and Inergy Propane expect to take charges against their earnings before and after the completion of the Inergy Propane Acquisition. The charges taken in connection with the Inergy Propane Acquisition are expected to be significant, although the aggregate amount and timing of such charges are uncertain at present.

***Whether or not the Inergy Propane Acquisition is completed, the pendency of the transaction could cause disruptions in the businesses of Suburban and Inergy Propane, which could have an adverse effect on both businesses and financial results.***

In response to the announcement of the Inergy Propane Acquisition, Suburban's or Inergy Propane's customers may delay or defer purchasing decisions. Any delay or deferral of purchasing decisions by customers could negatively affect the business and results of operations of each of Suburban and Inergy Propane, regardless of whether the Inergy Propane Acquisition is ultimately completed. Similarly, current and prospective employees of Suburban and Inergy Propane may experience uncertainty about their future roles with the companies until after the Inergy Propane Acquisition is completed or if the Inergy Propane Acquisition is not completed. This may adversely affect the ability of Suburban and Inergy Propane to attract and retain key management, marketing and technical personnel. In addition, the diversion of the attention of the companies' respective management teams away from the day-to-day operations during the pendency of the transaction could have an adverse effect on the financial condition and operating results of either or both companies.

***If Suburban or Inergy fails to obtain all required consents and waivers, third parties may terminate or alter existing contracts.***

Certain agreements with suppliers, customers, licensors or other business partners may require Suburban or Inergy to obtain the approval or waiver of these other parties in connection with the Inergy Propane Acquisition.

## Table of Contents

Suburban and Inergy have agreed to use commercially reasonable efforts to secure the necessary approvals and waivers. However, we cannot assure you that Suburban and/or Inergy will be able to obtain all of the necessary approvals and waivers, and failure to do so could have a material adverse effect on our business after the Inergy Propane Acquisition.

Additionally, under certain agreements, the Inergy Propane Acquisition may constitute a change in control of Inergy Propane, LLC and, therefore, the counterparty may exercise certain rights under the agreement upon the closing of the Inergy Propane Acquisition. Certain Inergy Propane, LLC servicing contracts, leases and debt obligations have agreements subject to such provisions. Any such counterparty may request modifications of their respective agreements as a condition to granting a waiver or consent under their agreement. There is no assurance that such counterparties will not exercise their rights under the agreements, including termination rights where available, that the exercise of any such rights will not result in a material adverse effect or that any modifications of such agreements will not result in a material adverse effect.

*The Bank Commitment Letter is subject to a number of customary conditions precedent, including the absence of a material adverse effect on Suburban's business and profits at the time of funding.*

Our Bank Commitment Letter is subject to a number of customary conditions precedent, including the absence of a material adverse effect on Suburban's business and profits at the time of funding. A material adverse effect, as set forth in the Bank Commitment Letter means, a material adverse change in, or a material adverse effect upon, the operations, business, assets, properties, liabilities (actual or contingent), or condition (financial or otherwise) of Suburban Propane, L.P. and its subsidiaries taken as a whole or Suburban and its subsidiaries taken as a whole (a **Bank Commitment MAE** ). In addition, if the terms of the Contribution Agreement governing the Inergy Propane Acquisition are materially and adversely changed subsequent to the signing of the Contribution Agreement (a **Change Event** ) without the consent of the lenders having been obtained (such consent not to be unreasonably withheld, delayed or conditioned), or if litigation is, to the knowledge of Suburban, threatened or pending, which restrains or restricts the closing of the Credit Agreement Amendment or the 364-Day Facility, the lenders have the right not to fund the commitment and consummate the related amendments to the Credit Agreement. Moreover, the occurrence of certain conditions precedent may be outside of our control. In the event that a Bank Commitment MAE, Change Event or a failure to satisfy other conditions precedent specified in the Bank Commitment Letter were to occur, and Suburban was unable to raise sufficient funds, then Suburban would be unable to complete the Inergy Propane Acquisition, as contemplated.

*Following the Inergy Propane Acquisition, we may be unable to retain key employees.*

Our success after the Inergy Propane Acquisition will depend in part upon our ability to retain key Suburban employees including employees of Inergy Propane who become Suburban employees upon completion of the Inergy Propane Acquisition. Key employees may depart either before or after the Inergy Propane Acquisition because of issues relating to the uncertainty and difficulty of integration, a desire not to remain with us following the Inergy Propane Acquisition or otherwise. Accordingly, no assurance can be given that Suburban will be able to retain key employees to the same extent as in the past.

*Our future results will suffer if we do not effectively manage our expanded operations following the Inergy Propane Acquisition.*

Following the Inergy Propane Acquisition, we may continue to expand our operations through additional acquisitions and other strategic acquisitions, some of which will involve complex challenges. Our future success will depend, in part, upon our ability to manage our expansion opportunities, which pose substantial challenges for us to integrate new operations into our existing business in an efficient and timely manner, and upon our ability to successfully monitor our operations, costs, regulatory compliance and service quality and to maintain other necessary internal controls. We cannot assure you that our expansion or acquisition opportunities will be successful or that we will realize our expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits.

---

## **Table of Contents**

***Our historical audited and unaudited pro forma condensed combined financial information included elsewhere in this prospectus may not be representative of our results after the Inergy Propane Acquisition.***

Our historical audited and unaudited pro forma condensed combined financial information included elsewhere in this prospectus has been presented for informational purposes only and is not necessarily indicative of the financial position or results of operations that actually would have occurred had the Inergy Propane Acquisition been completed as of the date indicated, nor is it indicative of our future operating results or financial position. Our unaudited pro forma condensed combined financial information reflects adjustments, which are based upon preliminary estimates, to allocate the purchase price to Suburban's assets and liabilities. The purchase price allocation reflected in our unaudited pro forma condensed combined financial information included elsewhere in this prospectus is preliminary, and the final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of Inergy Propane as of the date of the completion of the Inergy Propane Acquisition. Our unaudited pro forma condensed combined financial information does not reflect future events that may occur after the Inergy Propane Acquisition, including the costs related to the planned integration of Suburban and Inergy Propane and any future nonrecurring charges resulting from the Inergy Propane Acquisition, and does not consider potential impacts of current market conditions on revenues or expense efficiencies. Our unaudited pro forma condensed combined financial information presented elsewhere in this prospectus is based in part on certain assumptions regarding the Inergy Propane Acquisition that Suburban and Inergy believe are reasonable under the circumstances. Suburban and Inergy cannot assure you that the assumptions will prove to be accurate over time.

### **Risks Inherent in the Ownership of Our Common Units**

***Cash distributions are not guaranteed and may fluctuate with our performance and other external factors.***

Cash distributions on our common units are not guaranteed, and depend primarily on our cash flow and our cash on hand. Because they are not dependent on profitability, which is affected by non-cash items, our cash distributions might be made during periods when we record losses and might not be made during periods when we record profits.

The amount of cash we generate may fluctuate based on our performance and other factors, including:

the impact of the risks inherent in our business operations, as described above;

required principal and interest payments on our debt and restrictions contained in our debt instruments;

issuances of debt and equity securities;

our ability to control expenses;

fluctuations in working capital;

capital expenditures; and

financial, business and other factors, a number which will be beyond our control.

Our Partnership Agreement gives our Board of Supervisors broad discretion in establishing cash reserves for, among other things, the proper conduct of our business. These cash reserves will affect the amount of cash available for distributions.

***We have substantial indebtedness. Our debt agreements may limit our ability to make distributions to holders of our common units, as well as our financial flexibility.***

## Edgar Filing: SUBURBAN PROPANE PARTNERS LP - Form 424B3

As of March 24, 2012, we had total outstanding borrowings of \$350.0 million, consisting of \$250.0 million in aggregate principal amount of 7.375% senior notes due 2020 issued by us and our wholly-owned subsidiary, Suburban Energy Finance Corporation (the **2020 Senior Notes** ), and \$100.0 million of borrowings outstanding under the Operating Partnership's revolving credit facility. If we consummate the Inergy Propane Acquisition, this would result in the issuance of up to \$1.0 billion of new SPH Notes pursuant to the Exchange Offers, and after giving effect to a draw down of \$225.0 million on the 364-Day Facility, we would have total outstanding borrowings of \$1.6 billion. In addition, the Commitment Increase would increase in the aggregate, subject to the satisfaction of certain conditions precedent, our existing revolving credit facility under the Credit Agreement from \$250.0 million to \$400.0 million. The payment of principal and interest on our debt will reduce the cash available to make distributions on our common units. In addition, we will not be able to make any distributions to holders of our common units if there is, or after giving effect to such distribution, there would be, an event of default under the indentures governing the 2020 Senior Notes or the new SPH Notes. The amount of distributions that we may make to holders of our common units is limited by the 2020 Senior Notes and will be limited by the new SPH Notes, and the amount of distributions that the Operating Partnership may make to us is limited by our revolving credit facility.

## **Table of Contents**

Our revolving credit facility and the 2020 Senior Notes both contain various restrictive and affirmative covenants applicable to us and the Operating Partnership, respectively, including (i) restrictions on the incurrence of additional indebtedness, and (ii) restrictions on certain liens, investments, guarantees, loans, advances, payments, mergers, consolidations, distributions, sales of assets and other transactions. Our revolving credit facility contains certain financial covenants: (a) requiring our consolidated interest coverage ratio, as defined, to be not less than 2.5 to 1.0 as of the end of any fiscal quarter; (b) prohibiting our total consolidated leverage ratio, as defined, from being greater than 4.75 to 1.0 as of the end of any fiscal quarter; and (c) prohibiting the senior secured consolidated leverage ratio, as defined, of the Operating Partnership from being greater than 3.0 to 1.0 as of the end of any fiscal quarter. Under the senior notes indenture, we are generally permitted to make cash distributions equal to available cash, as defined, as of the end of the immediately preceding quarter, if no event of default exists or would exist upon making such distributions, and our consolidated fixed charge coverage ratio, as defined, is greater than 1.75 to 1.0. We and the Operating Partnership were in compliance with all covenants and terms of the 2020 Senior Notes and our revolving credit facility as of March 24, 2012.

The amount and terms of our debt may also adversely affect our ability to finance future operations and capital needs, limit our ability to pursue acquisitions and other business opportunities and make our results of operations more susceptible to adverse economic and industry conditions. In addition to our outstanding indebtedness, we may in the future require additional debt to finance acquisitions or for general business purposes; however, credit market conditions may impact our ability to access such financing. If we are unable to access needed financing or to generate sufficient cash from operations, we may be required to abandon certain projects or curtail capital expenditures. Additional debt, where it is available, could result in an increase in our leverage. Our ability to make principal and interest payments on debt, as well as to generate available cash for distribution on our common units, depends on our future performance, which is subject to many factors, some of which are beyond our control. As interest expense increases (whether due to an increase in interest rates and/or the size of aggregate outstanding debt), our ability to fund common unit distributions may be impacted, depending on the level of revenue generation, which is not assured.

### ***Holders of our common units have limited voting rights.***

A Board of Supervisors manages our operations. Holders of our common units have only limited voting rights on matters affecting our business, including the right to elect the members of our Board of Supervisors every three years and the right to vote on the removal of the General Partner.

### ***It may be difficult for a third party to acquire us, even if doing so would be beneficial to our holders of our common units.***

Some provisions of our Partnership Agreement may discourage, delay or prevent third parties from acquiring us, even if doing so would be beneficial to holders of our common units. For example, our Partnership Agreement contains a provision, based on Section 203 of the Delaware General Corporation Law, that generally prohibits us from engaging in a business combination with a 15% or greater holder of our common units for a period of three years following the date that person or entity acquired at least 15% of our outstanding common units, unless certain exceptions apply. Additionally, our Partnership Agreement sets forth advance notice

---

## **Table of Contents**

procedures for a holder of our common units to nominate a Supervisor to stand for election, which procedures may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of Supervisors or otherwise attempting to obtain control of us. These nomination procedures may not be revised or repealed, and inconsistent provisions may not be adopted, without the approval of the holders of at least 66-2/3% of the outstanding common units. These provisions may have an anti-takeover effect with respect to transactions not approved in advance by our Board of Supervisors, including discouraging attempts that might result in a premium over the market price of the common units held by holders of our common units.

### ***Holders of our common units may not have limited liability in some circumstances.***

A number of states have not clearly established limitations on the liabilities of limited partners for the obligations of a limited partnership. Holders of our common units might be held liable for our obligations as if they were general partners if:

a court or government agency determined that we were conducting business in the state but had not complied with the state's limited partnership statute; or

Holders of our common units' rights to act together to remove or replace the General Partner or take other actions under our Partnership Agreement are deemed to constitute participation in the control of our business for purposes of the state's limited partnership statute.

### ***Unitholders may have liability to repay distributions.***

Unitholders will not be liable for assessments in addition to their initial capital investment in the common units. Under specific circumstances, however, Unitholders may have to repay to us amounts wrongfully returned or distributed to them. Under Delaware law, we may not make a distribution to Unitholders if the distribution causes our liabilities to exceed the fair value of our assets. Liabilities to partners on account of their partnership interests and nonrecourse liabilities are not counted for purposes of determining whether a distribution is permitted. Delaware law provides that a limited partner who receives a distribution of this kind and knew at the time of the distribution that the distribution violated Delaware law will be liable to the limited partnership for the distribution amount for three years from the distribution date. Under Delaware law, an assignee who becomes a substituted limited partner of a limited partnership is liable for the obligations of the assignor to make contributions to the partnership. However, such an assignee is not obligated for liabilities unknown to him at the time he or she became a limited partner if the liabilities could not be determined from the partnership agreement.

### ***If we issue additional limited partner interests or other equity securities as consideration for acquisitions or for other purposes, the relative voting strength of each Unitholder will be diminished over time due to the dilution of each Unitholder's interests and additional taxable income may be allocated to each Unitholder.***

Our Partnership Agreement generally allows us to issue additional limited partner interests and other equity securities without the approval of our Unitholders. Therefore, when we issue additional common units or securities ranking on a parity with our common units, each Unitholder's proportionate partnership interest will decrease, and the amount of cash distributed on each common unit and the market price of our common units could decrease. The issuance of additional common units will also diminish the relative voting strength of each previously outstanding common unit. In addition, the issuance of additional common units will, over time, result in the allocation of additional taxable income, representing built-in gains at the time of the new issuance, to those Unitholders that existed prior to the new issuance.

We are issuing additional limited partner interests in connection with the Inergy Propane Acquisition. In connection with this distribution, we are issuing up to 14,200,422 new common units, which would constitute approximately 29% of our outstanding common units following this distribution (based on 35,546,818 common units outstanding as of July 26, 2012). This issuance of additional limited partner interests relating to this distribution will have the effects described in the paragraph above.

### ***The issuance of additional limited partner interests relating to this distribution may make it more difficult to pay distributions.***

Cash distributions are made out of our available cash, pro rata, to Unitholders. See The Partnership Agreement Cash Distributions. Although our Board of Supervisors has increased our annualized distribution rate per common unit following the closing of the Inergy Propane Acquisition, the increase in the number of our common units outstanding, as a result of the issuance of new common units representing limited partner interests relating to this distribution, may make it more difficult to pay such distributions. Also see Cash distributions are not guaranteed and may fluctuate with our performance and other external factors.

**Tax Risks to Holders of Our Common Units**

*Our tax treatment depends on our status as a partnership for U.S. federal income tax purposes. The Internal Revenue Service ( IRS ) could treat us as a corporation, which would substantially reduce the cash available for distribution to holders of our common units.*

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for U.S. federal income tax purposes. If less than 90% of the gross income of a publicly traded partnership, such as Suburban Propane Partners, L.P., for any taxable year is qualifying income within the meaning of Section 7704 of the Internal Revenue Code, that partnership will be taxable as a corporation for U.S. federal income tax purposes for that taxable year and all subsequent years.

If we were treated as a corporation for U.S. federal income tax purposes, then we would pay U.S. federal income tax on our income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay additional state income tax at varying rates. Because a tax would be imposed upon us as a corporation, our cash available for distribution to holders of our common units would be substantially reduced. Treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to unitholders and thus would likely result in a substantial reduction in the value of our units.



## **Table of Contents**

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

The present U.S. federal income tax treatment of publicly traded partnerships, including Suburban Propane Partners, L.P., or an investment in our units may be modified by legislative, judicial or administrative changes and differing interpretations thereof at any time. Any modification to the U.S. federal income tax laws or interpretations thereof may or may not be applied retroactively. Moreover, any such modification could make it more difficult or impossible for us to meet the exception which allows publicly traded partnerships that generate qualifying income to be treated as partnerships (rather than as corporations) for U.S. federal income tax purposes, affect or cause us to change our business activities, or affect the tax consequences of an investment in our common units. For example, legislation proposed by members of Congress and the President has considered substantive changes to the definition of qualifying income. We are unable to predict whether any of these changes, or other proposals, will ultimately be enacted. Any such changes could negatively impact the value of an investment in our units.

In addition, because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation.

***A successful IRS contest of the U.S. federal income tax positions we take may adversely affect the market for our common units, and the cost of any IRS contest will reduce our cash available for distribution to our holders of our common units.***

We have not requested a ruling from the IRS with respect to our treatment as a partnership for U.S. 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 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, our costs of any contest with the IRS will be borne indirectly by holders of our common units because the costs will reduce our cash available for distribution.

***A holder of our common units tax liability could exceed cash distributions on its common units.***

Because holders of our common units are treated as partners, a holder of our common units is required to pay U.S. federal income taxes and state and local income taxes on its allocable share of our income, without regard to whether we make cash distributions to such holder. We cannot guarantee that a holder of our common units will receive cash distributions equal to its allocable share of our taxable income or even the tax liability to it resulting from that income.

***Ownership of common units may have adverse tax consequences for tax-exempt organizations and foreign investors.***

Investment in common units by certain tax-exempt organizations and foreign persons raises issues specific to them. For example, virtually all of our taxable income allocated to organizations exempt from U.S. federal income tax, including individual retirement accounts and other retirement plans, will be unrelated business taxable income and thus will be taxable to the holder of our common units. Distributions to foreign persons will be reduced by withholding taxes at the highest applicable effective tax rate, and foreign persons will be required to file U.S. federal income tax returns and pay tax on their share of our taxable income. See *Material U.S. Federal Income Tax Considerations Tax-Exempt Organizations and Certain Other Investors*. Tax-exempt organizations and foreign persons should consult, and should depend on, their own tax advisors in analyzing the U.S. federal, state, local and foreign income tax and other tax consequences of the acquisition, ownership or disposition of common units.

## **Table of Contents**

### ***The ability of a holder of our common units to deduct its share of our losses may be limited.***

Various limitations may apply to the ability of a holder of our common units to deduct its share of our losses. For example, in the case of taxpayers subject to the passive activity loss rules (generally, individuals and closely held corporations), any losses generated by us will only be available to offset our future income and cannot be used to offset income from other activities, including other passive activities or investments. Such unused losses may be deducted when the holder of our common units disposes of its entire investment in us in a fully taxable transaction with an unrelated party. A holder of our common units' share of our net passive income may be offset by unused losses from us carried over from prior years, but not by losses from other passive activities, including losses from other publicly-traded partnerships. See Material U.S. Federal Income Tax Considerations Tax Treatment of Unitholders Limitations on Deductibility of Suburban's Losses.

### ***The tax gain or loss on the disposition of common units could be different than expected.***

A holder of our common units who sells common units will recognize a gain or loss equal to the difference between the amount realized and its adjusted tax basis in the common units. Prior distributions in excess of cumulative net taxable income allocated to a common unit which decreased a holder of our common units' tax basis in that common unit will, in effect, become taxable income if the common unit is sold at a price greater than the holder of our common units' tax basis in that common unit, even if the price is less than the original cost of the common unit. A portion of the amount realized, if the amount realized exceeds the holder of our common units' adjusted basis in that common unit, will likely be characterized as ordinary income. Furthermore, should the IRS successfully contest some conventions used by us, a holder of our common units could recognize more gain on the sale of common units than would be the case under those conventions, without the benefit of decreased income in prior years. In addition, because the amount realized will include a holder's share of our nonrecourse liabilities, if a holder sells its units, such holder may incur a tax liability in excess of the amount of cash it receives from the sale.

### ***Reporting of partnership tax information is complicated and subject to audits.***

We furnish each holder of our common units with a Schedule K-1 that sets forth its allocable share of income, gains, losses and deductions. In preparing these schedules, we use various accounting and reporting conventions and adopt various depreciation and amortization methods. We cannot guarantee that these conventions will yield a result that conforms to statutory or regulatory requirements or to administrative pronouncements of the IRS. Further, our income tax return may be audited, which could result in an audit of a holder of our common units income tax return and increased liabilities for taxes because of adjustments resulting from the audit.

### ***We treat each purchaser of our common units as having the same tax benefits without regard to the actual common units 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 and because of other reasons, uniformity of the economic and tax characteristics of the common units to a purchaser of common units of the same class must be maintained. To maintain uniformity and for other reasons, we have adopted certain depreciation and amortization conventions which may be inconsistent with existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to a holder of our common units. It also could affect the timing of these tax benefits or the amount of gain from the sale of common units, and could have a negative impact on the value of our common units or result in audit adjustments to a holder of our common units' income tax return.

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

We prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month, instead

## **Table of Contents**

of on the basis of the date a particular common unit is transferred. The U.S. Treasury Department has issued proposed Treasury Regulations that provide a safe harbor pursuant to which publicly traded partnerships may use a similar monthly simplifying convention to allocate tax items among transferors and transferees of our common units. However, if the IRS were to challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among holders of our common units.

### ***Holders of our common units may have negative tax consequences if we default on our debt or sell assets.***

If we default on any of our debt obligations, our lenders will have the right to sue us for non-payment. This could cause an investment loss and negative tax consequences for holders of our common units through the realization of taxable income by holders of our common units without a corresponding cash distribution. Likewise, if we were to dispose of assets and realize a taxable gain while there is substantial debt outstanding and proceeds of the sale were applied to the debt, holders of our common units could have increased taxable income without a corresponding cash distribution.

### ***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 U.S. 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. Our termination would, among other things, result in the closing of our taxable year for all Unitholders and could result in a deferral of depreciation deductions allowable in computing our taxable income. In the case of a Unitholder reporting on a taxable year other than the 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 his taxable income for the year of termination. Our termination currently would not affect our treatment as a partnership for U.S. federal income tax purposes, but instead, after our termination we would be treated as a new partnership for U.S. federal income tax purposes. If treated as a new partnership, we must make new tax elections and could be subject to penalties if we are unable to determine that a termination occurred. Please read *Material U.S. Federal Income Tax Considerations* *Disposition of Common Units* *Constructive Termination* for a discussion of the consequences of our termination for U.S. federal income tax purposes.

### ***There are state, local and other tax considerations for our holders of our common units.***

In addition to U.S. federal income taxes, holders of our common units will likely be subject to other taxes, such as state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we do business or own property, even if the holder of our common units does not reside in any of those jurisdictions. A holder of our common units will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of the various jurisdictions in which we do business or own property and may be subject to penalties for failure to comply with those requirements. It is the responsibility of each holder of our common units to file all U.S. federal, state and local income tax returns that may be required of such holder.

### ***A holder of our common units whose common units are loaned to a short seller to cover a short sale of common units may be considered as having disposed of those common units. If so, it would no longer be treated for tax purposes as a partner with respect to those common units during the period of the loan and may recognize gain or loss from the disposition.***

Because there is no tax concept of loaning a partnership interest, a Unitholder whose common units are loaned to a short seller to cover a short sale of common units may be considered as having disposed of the loaned units. In that case, a holder of our common units may no longer be treated for tax purposes as a partner with respect to those common 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 to the short seller, any of our income, gain, loss or deduction with respect to those common units may not be reportable by the Unitholder and any cash distributions received by the Unitholder as to those common units could be fully taxable as ordinary income. Holders of our common units desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller should consult their tax advisors to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their common units.

**Table of Contents**

**USE OF PROCEEDS**

Suburban will not receive any cash proceeds from the issuance to Inergy and Inergy Sales and the distribution by Inergy to its unitholders of common units covered by this prospectus.

We are issuing an aggregate of up to 14,200,422 common units to Inergy and Inergy Sales, a wholly owned subsidiary of Inergy, as Equity Consideration in connection with the Inergy Propane Acquisition and pursuant to the Contribution Agreement. The Equity Consideration consists of (i) the Initial Equity Consideration, which is equal to 13,892,587 Suburban common units, and (ii) the Additional Equity Consideration, which is equal to a number of Suburban common units determined by dividing (a) the Inergy Cash Consideration by (b) \$42.50, rounded to the nearest whole Suburban common units. As of July 26, 2012, the aggregate amount of Additional Equity Consideration shall not exceed 307,835 Suburban common units. Inergy Sales will distribute any and all Suburban common units it receives in connection with the Inergy Propane Acquisition to Inergy. Thereafter, in connection with the Inergy Propane Acquisition and pursuant to the Contribution Agreement, Inergy will distribute ninety-nine percent (99%) of any and all Equity Consideration received to its unitholders and will retain one percent (1%) of any and all Equity Consideration.

See Plan of Distribution and Inergy Propane Acquisition and Related Transactions.

**Table of Contents****CAPITALIZATION**

The following table sets forth our cash and cash equivalents and our capitalization as of March 24, 2012:

on an actual basis; and

on an adjusted basis to give effect to the consummation of the Inergy Propane Acquisition (including the exchange of all the Inergy Notes in the Exchange Offers) and a draw of \$225.0 million on the 364-Day Facility (the **Transactions** ).

You should read this table together with Selected Consolidated Historical Financial and Other Data of Suburban, Unaudited Pro Forma Condensed Combined Financial Information and Management's Discussion and Analysis of Financial Condition and Results of Operations, and our financial statements included elsewhere in this prospectus.

	As of March 24, 2012	
	Actual	As Adjusted for the Transactions <sup>(1)</sup>
	<i>(in thousands)</i>	
<b>Cash and cash equivalents</b>	\$ 96,202	\$ 84,362
<b>Debt, including current maturities:</b>		
Revolving credit facility <sup>(2)</sup>	100,000	100,000
364-Day Facility		225,000
2020 Senior Notes <sup>(2)</sup>	248,277	248,277
New SPH Notes offered pursuant to the Exchange Offers <sup>(1)</sup>		1,000,000
<b>Total debt</b>	<b>348,277</b>	<b>1,573,277</b>
<b>Partners' capital:</b>		
Common unitholders	432,799	1,036,329
<b>Total capitalization</b>	<b>\$ 781,076</b>	<b>\$ 2,609,606</b>

- (1) Assumes that (i) we issue \$1.0 billion of new SPH Notes and pay approximately \$184.7 million in cash consideration in connection with the Exchange Offers (based on the tenders received from the Inergy noteholders pursuant to the Exchange Offers as of the date hereof); (ii) cash consent payments are paid to participating holders for 100% of the outstanding Inergy Notes; (iii) 14,200,422 of new Suburban common units are issued as Equity Consideration; and (iv) we draw \$225.0 million on the 364-Day Facility.
- (2) As of March 24, 2012, we had drawn \$100.0 million and issued standby letters of credit in the aggregate amount of \$46.9 million under the revolving credit facility of our Credit Agreement. As of March 24, 2012, we had \$250.0 million in aggregate principal amount outstanding of the 2020 Senior Notes. See Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

**Table of Contents****PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS**

Our common units are listed on the New York Stock Exchange under the symbol SPH. On July 26, 2012, the last sales price of our common units as reported by the NYSE was \$43.61 per common unit. As of July 26, 2012, we had issued and outstanding 35,546,818 common units, which were held by approximately 616 unitholders of record (based on the number of record holders and nominees for those common units held in street name). The following table sets forth the range of high and low closing sales prices of the common units by quarter as reported by the New York Stock Exchange, as well as the amount of cash distributions paid per common unit for the periods indicated.

We make quarterly distributions to our partners in an aggregate amount equal to our Available Cash (as defined in our Partnership Agreement) with respect to such quarter. Available Cash generally means all cash on hand at the end of the fiscal quarter plus all additional cash on hand as a result of borrowings subsequent to the end of such quarter less cash reserves established by the Board of Supervisors in its reasonable discretion for future cash requirements. Please see Management's Discussion and Analysis Liquidity and Capital Resources Partnership Distributions.

On April 25, 2012, our Board of Supervisors approved an increase in our annualized distribution rate to \$3.50 per common unit (conditioned on the closing of the Inergy Propane Acquisition). The distribution at this increased rate will be effective for the quarterly distribution paid in respect of our first quarter of fiscal 2013, ending December 29, 2012 (assuming closing by the applicable record date).

	Price Ranges		Cash Distributions per Unit
	High	Low	
<b>Fiscal Year Ended September 25, 2010</b>			
First Quarter	\$ 47.12	\$ 41.10	\$ 0.8350
Second Quarter	50.00	42.53	0.8400
Third Quarter	49.46	39.16	0.8450
Fourth Quarter	55.01	45.85	0.8500
<b>Fiscal Year Ended September 24, 2011</b>			
First Quarter	\$ 57.24	\$ 51.50	\$ 0.8525
Second Quarter	58.99	49.30	0.8525
Third Quarter	57.89	49.90	0.8525
Fourth Quarter	53.23	40.25	0.8525
<b>Fiscal Year Ended September 29, 2012</b>			
First Quarter	\$ 49.19	\$ 44.50	\$ 0.8525
Second Quarter	48.25	40.25	0.8525
Third Quarter	44.52	34.58	(1)
Fourth Quarter (through July 26, 2012)	45.61	39.90	(2)

- (1) On July 17, 2012, our Board of Supervisors declared a quarterly cash distribution for the quarter ended June 23, 2012 of \$0.8525 per common unit, or \$3.41 per common unit on an annualized basis. The distribution attributable to the quarter ended June 23, 2012 is payable on August 7, 2012 to holders of record of our common units as of July 31, 2012.
- (2) The distribution attributable to the quarter ending September 29, 2012 has not yet been declared or paid. We expect to declare and pay a cash distribution within 45 days following the end of the quarter.

**Table of Contents****SELECTED CONSOLIDATED HISTORICAL FINANCIAL AND OTHER DATA OF SUBURBAN**

The following tables set forth, for the periods and at the dates indicated, selected consolidated historical financial and other information for Suburban. The selected consolidated historical financial and other information as of and for each of the years ended September 24, 2011, September 25, 2010, September 26, 2009, September 27, 2008 and September 29, 2007 is derived from and should be read in conjunction with the audited financial statements and accompanying footnotes for such periods included and not included in this prospectus. The selected consolidated historical financial and other information as of and for the six-month periods ended March 24, 2012 and March 26, 2011 is unaudited and is derived from, and should read in conjunction with, the unaudited financial statements and accompanying footnotes for such periods included in this prospectus. Such financial information has been prepared on a basis consistent with our audited annual financial information and includes all adjustments, consisting only of normal and recurring adjustments, that Suburban considers necessary for a fair statement of the results for those periods. Historical results are not necessarily indicative of future performance or results of operations, and results for any interim period are not necessarily indicative of the results that may be expected for a full year.

	For the Six Months Ended			For the Year Ended			
	March 24, 2012 (unaudited)	March 26, 2011	September 24, 2011	September 25, 2010	September 26, 2009 (audited)	September 27, 2008	September 29, 2007
<i>(in thousands, except per unit data)</i>							
<b>Statement of Operations Data</b>							
Revenues	\$ 657,512	\$ 792,409	\$ 1,190,552	\$ 1,136,694	\$ 1,143,154	\$ 1,574,163	\$ 1,439,563
Costs and Expenses	571,097	634,835	1,045,324	980,508	932,539	1,424,035	1,270,213
Restructuring charges and severance costs <sup>(a)</sup>			2,000				1,485
Pension settlement charge <sup>(b)</sup>				2,818			3,269
Operating income	86,415	157,574	143,228	153,368	210,615	150,128	164,596
Interest expense, net	13,263	13,665	27,378	27,397	38,267	37,052	35,596
Loss on debt extinguishment <sup>(c)</sup>	507			9,473	4,624		
(Benefit from) provision for income taxes	(160)	464	884	1,182	2,486	1,903	5,653
Income from continuing operations	72,805	143,445	114,966	115,316	165,238	111,173	123,347
Discontinued operations:							
Gain on disposal of discontinued operations <sup>(d)</sup>						43,707	1,887
Income from discontinued operations							2,053
Net income	72,805	143,445	114,966	115,316	165,238	154,880	127,287
Net income per Common Unit base <sup>(e)</sup>	2.05	4.04	3.24	3.26	4.99	4.72	3.91
Cash distributions declared per unit	\$ 1.71	\$ 1.71	\$ 3.41	\$ 3.35	\$ 3.26	\$ 3.09	\$ 2.76
<b>Balance Sheet Data (end of period)<sup>(f)</sup></b>							
Cash and cash equivalents	\$ 96,202	\$ 136,923	\$ 149,553	\$ 156,908	\$ 163,173	\$ 137,698	\$ 96,586
Total assets	931,478	1,023,186	956,459	970,914	978,168	1,036,367	988,947
Total debt	348,277	348,061	348,169	347,953	349,415	531,772	548,538
Partners' capital Common Unitholders	\$ 432,799	\$ 505,487	\$ 418,134	\$ 419,882	\$ 418,824	\$ 262,250	\$ 208,230
<b>Statement of Cash Flows Data</b>							
Cash provided by (used in)							
Operating activities	\$ 17,048	\$ 49,838	\$ 132,786	\$ 155,797	\$ 246,551	\$ 120,517	\$ 145,957
Investing activities	(7,489)	(9,584)	(19,505)	(30,111)	(16,852)	36,630	(19,689)
Financing activities	\$ (62,910)	\$ (60,239)	\$ (120,636)	\$ (131,951)	\$ (204,224)	\$ (116,035)	\$ (90,253)
<b>Other Data (unaudited)</b>							
EBITDA <sup>(g)</sup>	\$ 101,342	\$ 174,208	\$ 178,856	\$ 174,729	\$ 236,334	\$ 222,229	\$ 197,778
Adjusted EBITDA <sup>(g)</sup>	104,975	173,658	179,425	192,420	239,245	220,465	210,087
Capital expenditures <sup>(h)</sup>	\$ 9,367	\$ 11,417	\$ 22,284	\$ 19,131	\$ 21,837	\$ 21,819	\$ 26,756
Retail gallons sold							
Propane	164,220	200,320	298,902	317,906	343,894	386,222	432,526
Fuel oil and refined fuels	18,260	27,642	37,241	43,196	57,381	76,515	104,506

(a) During fiscal 2011, we recorded severance charges of \$2.0 million related to the realignment of our regional operating footprint in response to the persistent and foreseeable challenges affecting the industry as a whole. During fiscal 2007, we incurred \$1.5 million in charges associated with severance for positions

eliminated unrelated to any specific plan of restructuring.

- (b) We incurred a non-cash pension settlement charge of \$2.8 million and \$3.3 million during fiscal 2010 and 2007, respectively, to accelerate the recognition of actuarial losses in our defined benefit pension plan as a result of the level of lump sum retirement benefit payments made.
- (c) During the six months ended March 24, 2012, we recognized a non-cash charge of \$0.5 million to write-off a portion of unamortized debt origination costs in connection with the execution of the amendment of our existing Credit Agreement. During fiscal 2010 we completed the issuance of \$250.0 million of 7.375% senior notes maturing in March 2020 to replace the previously existing 6.875% senior notes that were set to mature in December 2013. In connection with the refinancing, we recognized a loss on debt extinguishment of \$9.5 million in the second quarter of fiscal 2010, consisting of \$7.2 million for the repurchase premium and related fees, as well as the write-off of \$2.2 million in unamortized debt origination costs and unamortized discount. During fiscal 2009, we purchased \$175.0 million aggregate principal amount of the 6.875% senior notes through a cash tender offer. In connection with the tender offer, we recognized a loss on the extinguishment of debt of \$4.6 million in the fourth quarter of fiscal 2009, consisting of \$2.8 million for the tender premium and related fees, as well as the write-off of \$1.8 million in unamortized debt origination costs and unamortized discount.
- (d) Gain on disposal of discontinued operations for fiscal 2008 of \$43.7 million reflects the October 2, 2007 sale of our Tirzah, South Carolina underground granite propane storage cavern, and associated 62-mile pipeline, for \$53.7 million in net proceeds. Gain on disposal of discontinued operations for fiscal 2007 of \$1.9 million reflects the exchange, in a non-cash transaction, of nine non-strategic customer service centers for three customer service centers of another company in Alaska, as well as the sale of three additional customer service centers for net cash proceeds of \$1.3 million. The gains on disposal have been accounted for within discontinued operations. The prior period results of operations attributable to the sale of our Tirzah, South Carolina storage cavern and associated pipeline have been reclassified to remove their financial results from continuing operations.
- (e) Computations of basic earnings per common unit were performed by dividing net income by the weighted average number of outstanding common units, and restricted units granted under our restricted unit plans to retirement-eligible grantees.
- (f) Other assets and other liabilities on the consolidated balance sheet were increased \$654 and \$2,835, respectively, with a corresponding decrease of \$2,181 to common unitholders as of September 27, 2008 to record an asset and a liability that were not captured in prior years.
- (g) EBITDA represents net income before deducting interest expense, income taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA excluding the unrealized net gain or loss from mark-to-market activity for derivative instruments, loss on debt extinguishment, loss on asset disposal, pension settlement charges and severance charges. Our management uses EBITDA and Adjusted EBITDA as measures of liquidity and we are including them because we believe that they provide our investors and industry analysts with additional information to evaluate our ability to meet our debt service obligations and to pay our quarterly distributions to holders of our common units. In addition, certain of our incentive compensation plans covering executives and other employees utilize Adjusted EBITDA as the performance target. Moreover, our Credit Agreement requires us to use Adjusted EBITDA, with certain additional adjustments, in calculating our leverage and interest coverage ratios. EBITDA and Adjusted EBITDA are not recognized terms under US GAAP and should not be considered as an alternative to net income or net cash provided by operating activities determined in accordance with US GAAP. Because EBITDA and Adjusted EBITDA as determined by us excludes some, but not all, items that affect net income, they may not be comparable to EBITDA and Adjusted EBITDA or similarly titled measures used by other companies.



**Table of Contents**

The following table sets forth (i) our calculations of EBITDA and Adjusted EBITDA and (ii) a reconciliation of EBITDA and Adjusted EBITDA, as so calculated, to our net cash provided by operating activities:

	For the Six Months Ended			For the Year Ended			
	March 24, 2012 (unaudited)	March 26, 2011 (unaudited)	September 24, 2011	September 25, 2010 <i>(in thousands)</i>	September 26, 2009 (audited)	September 27, 2008	September 29, 2007
Net income	\$ 72,805	\$ 143,445	\$ 114,966	\$ 115,316	\$ 165,238	\$ 154,880	\$ 127,287
Add:							
Provision for income taxes	(160)	464	884	1,182	2,486	1,903	5,653
Interest expense, net	13,263	13,665	27,378	27,397	38,267	37,052	35,596
Depreciation and amortization	15,434	16,634	35,628	30,834	30,343	28,394	28,790
Discontinued operations							452
<b>EBITDA</b>	<b>101,342</b>	<b>174,208</b>	<b>178,856</b>	<b>174,729</b>	<b>236,334</b>	<b>222,229</b>	<b>197,778</b>
Unrealized (non-cash) losses (gains) on changes in fair value of derivatives	1,048	(2,550)	(1,431)	5,400	(1,713)	(1,764)	7,555
Severance charges		2,000	2,000				1,485
Loss on debt extinguishment	507			9,473	4,624		
Loss on asset disposal	2,078						
Pension settlement charge				2,818			3,269
<b>Adjusted EBITDA</b>	<b>104,975</b>	<b>173,658</b>	<b>179,425</b>	<b>192,420</b>	<b>239,245</b>	<b>220,465</b>	<b>210,087</b>
Add (subtract):							
Provision for income taxes current	160	(464)	(884)	(1,182)	(1,101)	(626)	(1,853)
Interest expense, net	(13,263)	(13,665)	(27,378)	(27,397)	(38,267)	(37,052)	(35,596)
Unrealized (non-cash) (losses) gains on changes in fair values of derivatives	(1,048)	2,550	1,431	(5,400)	1,713	1,764	(7,555)
Severance charges		(2,000)	(2,000)				(1,485)
Compensation cost recognized under Restricted Unit Plans	2,350	2,399	3,922	4,005	2,396	2,156	3,014
(Gain) loss on disposal of property, plant and equipment, net	(211)	(2,911)	(2,772)	38	(650)	(2,252)	(2,782)
(Gain) on disposal of discontinued operations						(43,707)	(1,887)
Changes in working capital and other assets and liabilities	(75,915)	(109,729)	(18,958)	(6,687)	43,215	(20,231)	(15,986)
<b>Net cash provided by operating activities</b>	<b>\$ 17,048</b>	<b>\$ 49,838</b>	<b>\$ 132,786</b>	<b>\$ 155,797</b>	<b>\$ 246,551</b>	<b>\$ 120,517</b>	<b>\$ 145,957</b>

- (h) Our capital expenditures fall generally into two categories: (i) maintenance expenditures, which include expenditures for repair and replacement of property, plant and equipment; and (ii) growth capital expenditures which include new propane tanks and other equipment to facilitate expansion of our customer base and operating capacity.

**Table of Contents****UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION OF SUBURBAN**

On April 25, 2012, Suburban entered into a Contribution Agreement, as amended on June 15, 2012, July 6, 2012 and July 19, 2012 (the **Contribution Agreement**), with Inergy, L.P., a Delaware limited partnership (**Inergy**), Inergy GP, LLC, a Delaware limited liability company (**NRGY GP**), and Inergy Sales & Service, Inc., a Delaware corporation (**Inergy Sales**).

The Contribution Agreement provides that Inergy and NRGY GP will contribute to Suburban 100% of the limited liability company interests (the **Inergy Propane Interests**) in Inergy Propane, LLC, a Delaware limited liability company, which at the closing of the transaction will hold only the following interests: (i) 100% of the limited partner interests in Liberty Propane, L.P., a Delaware limited partnership (**Liberty Propane**), which in turn owns 100% of the limited liability company interests in Liberty Propane Operations, LLC, a Delaware limited liability company (**Liberty Operations**); and (ii) 100% of the limited liability company interests in Liberty Propane GP, LLC, a Delaware limited liability company (**Liberty Propane GP**), which in turn owns 100% of the general partner interest in Liberty Propane (collectively with the Inergy Propane Interests, these interests are referred to herein as the **Acquired Interests**). Inergy will also contribute certain assets of Inergy Sales to Suburban (the **Acquired Assets**). Prior to the closing date of the Inergy Propane Acquisition, certain subsidiaries of Inergy Propane, LLC, which will not be contributed pursuant to the Contribution Agreement, will be distributed by Inergy Propane, LLC to Inergy. Following the closing of the Inergy Propane Acquisition (as defined below), Inergy Propane, Liberty Propane, Liberty Operations and Liberty Propane GP will be indirect wholly-owned subsidiaries of Suburban.

Upon contribution, transfer, assignment, and delivery of the Acquired Interests and Acquired Assets to Suburban, Suburban will issue and deliver to Inergy and Inergy Sales, as consideration in connection with the Inergy Propane Acquisition, subject to certain adjustments, an aggregate of up to 14,200,422 newly issued Suburban common units (the **Equity Consideration**). The Equity Consideration consists of (i) the **Initial Equity Consideration** which is equal to 13,892,587 Suburban common units, and (ii) the **Additional Equity Consideration** which is equal to a number of Suburban common units determined by dividing (a) the Inergy Cash Consideration (as defined below) by (b) \$42.50, rounded to the nearest whole Suburban common unit. As of July 26, 2012, the aggregate amount of Additional Equity Consideration shall not exceed 307,835 Suburban common units. Inergy Sales will distribute any and all Suburban common units it receives in connection with the Inergy Propane Acquisition to Inergy. Thereafter, in connection with the Inergy Propane Acquisition and pursuant to the Contribution Agreement, Inergy will distribute ninety-nine percent (99%) of any and all Equity Consideration received to its unitholders and will retain one percent (1%) of any and all Equity Consideration.

Pursuant to the Contribution Agreement, Suburban and its wholly-owned subsidiary Suburban Energy Finance Corp. commenced a private offer to exchange (the **Exchange Offers**) any and all of the outstanding unsecured 7% Senior Notes due 2018 (the **2018 Inergy Notes**), ~~the~~ 6% Senior Notes due 2021 (the **2021 Inergy Notes**), and together with the 2018 Inergy Notes, the **Inergy Notes**) issued by Inergy and Inergy Finance Corp., which have an aggregate principal amount outstanding of \$1.2 billion, for a combination of up to \$1.0 billion in aggregate principal amount of new unsecured 7<sup>1</sup>/<sub>2</sub>% Senior Notes due 2018 and 7<sup>3</sup>/<sub>8</sub>% Senior Notes due 2021, respectively, issued by Suburban and Suburban Energy Finance Corp. (collectively, the **SPH Notes**) and up to \$200.0 million in cash to be paid to tendering noteholders (the **Exchange Offer Cash Consideration**). Pursuant to the Contribution Agreement, we must pay Inergy the difference, if any, between \$200.0 million and the Exchange Offer Cash Consideration paid in accordance with the terms of the Exchange Offers (such payment, the **Inergy Cash Consideration**). Suburban will satisfy the Inergy Cash Consideration solely by delivering to Inergy the Additional Equity Consideration.

The Contribution Agreement provides that Suburban will offer \$65.0 million in aggregate cash consent payments in connection with the Exchange Offers and that Inergy will pay \$36.5 million to Suburban in cash at the acquisition closing date.

As of July 26, 2012, at 5:00 p.m. New York City time, Suburban had received tenders from holders representing approximately 98.09% of the total outstanding principal amount of the 2018 Inergy Notes, and tenders and consents from holders representing approximately 99.73% of the total outstanding principal amount of the 2021 Inergy Notes. The minimum tender condition has been satisfied with respect to the Exchange Offers and requisite consents have been received for both series of Inergy Notes. Based on the results of the Exchange Offers as of July 26, 2012, the Inergy Cash Consideration due to Inergy was approximately \$13.1 million. The Inergy Cash Consideration will be satisfied by the issuance of the Additional Equity Consideration. The Exchange Offers expire on August 1, 2012, at 12:01 a.m. New York City time (the **Expiration Date**), subject to extension. Any additional tenders received prior to the Expiration Date (as it may be extended) will increase the Exchange Offer Cash Consideration paid to tendering noteholders and decrease the Inergy Cash Consideration. Accordingly, because the Inergy Cash Consideration will be satisfied solely through issuance of Additional Equity Consideration, any decrease in the Inergy Cash Consideration will reduce the number of Suburban common units issued as Additional Equity Consideration. Assuming that no additional tenders are received pursuant to the Exchange Offers subsequent to the date hereof, Inergy (i) will receive 14,200,422 Suburban common units, (ii) will subsequently distribute 14,058,418 of such Suburban common units to its unitholders as of the Record Date, pro rata, and (iii) will retain 1% of such common units, or 142,004 Suburban common units.

## Edgar Filing: SUBURBAN PROPANE PARTNERS LP - Form 424B3

The transactions described above that are contemplated by the terms of the Contribution Agreement are referred to herein as the **Inergy Propane Acquisition**. The Acquired Interests and Acquired Assets are collectively referred to herein as **Inergy Propane**.

As of July 26, 2012, the preliminary fair value of the purchase price for Inergy Propane was \$1,832.5 million, consisting of: (i) \$1.0 billion of newly issued SPH Notes and \$184.7 million in cash to Inergy noteholders pursuant to the Exchange Offers; (ii) \$65.0 million in cash to the Inergy noteholders for the consent payments pursuant to the Consent Solicitations; and (iii) \$619.3 million of new Suburban common units, which will be distributed to Inergy and Inergy Sales, all but \$6.2 million of which will subsequently be distributed by Inergy to its unitholders. The preliminary fair value of the purchase price is net of the \$36.5 million of cash to be received from Inergy upon closing of the Inergy Propane Acquisition pursuant to the Contribution Agreement Amendment.

On April 25, 2012, we entered into a commitment letter (the **Bank Commitment Letter**) with certain of our lenders who are party to the Credit Agreement (as defined herein) pursuant to which such lenders committed to provide (i) in the aggregate, subject to the satisfaction of certain conditions precedent, up to \$250.0 million senior secured 364-day incremental term loan facility (the **364-Day Facility**) and (ii) an increase in the aggregate, subject to the satisfaction of certain conditions precedent, of our existing revolving credit facility under the Credit Agreement from \$250.0 million to \$400.0 million (the **Commitment Increase**). We expect to draw \$225.0 million on the 364-Day Facility on the Acquisition Closing Date, which, together with available cash, will be used for the purposes of paying (i) the Exchange Offer Cash Consideration, (ii) costs and fees related to the Exchange Offers, and (iii) costs and expenses related to the Inergy Propane Acquisition. We intend to repay such borrowings with an equity financing in the future, subject to market conditions. The following pro form financial information reflects borrowings of \$225.0 million under the 364-Day Facility.

The following unaudited pro forma condensed combined financial information of Suburban has been prepared to illustrate the effect of the Inergy Propane Acquisition on us and has been prepared for informational purposes only. The unaudited pro forma condensed combined financial information is based upon the historical consolidated financial statements and notes thereto of Suburban and Inergy Propane and should be read in conjunction with the:

audited annual financial statements and the accompanying notes of Suburban Propane Partners, L.P. for the fiscal year ended September 24, 2011, and the unaudited condensed consolidated financial statements and accompanying notes for the quarterly period ended March 24, 2012, both of which are included in this prospectus; and

audited historical financial statements and accompanying notes of Inergy Propane, LLC as of September 30, 2011 and 2010, and for each of the three years in the period ended September 30, 2011, and the unaudited interim historical financial statements and accompanying notes for the six months ended March 31, 2012 and 2011, both of which are included in this prospectus.

## **Table of Contents**

The historical consolidated financial information has been adjusted in the following unaudited pro forma condensed combined financial statements to give pro forma effect to events that are (1) directly attributable to the Inergy Propane Acquisition and related financing, (2) factually supportable, and (3) with respect to the statements of operations, are expected to have a continuing impact on the combined results of Suburban. Although Suburban has entered into the Contribution Agreement with Inergy, there is no guarantee that the Inergy Propane Acquisition will be completed in the manner contemplated or at all. The unaudited pro forma condensed combined statements of operations have been prepared assuming the Inergy Propane Acquisition had been completed on September 26, 2010, the first day of Suburban's 2011 fiscal year. The unaudited pro forma condensed combined balance sheet has been prepared assuming the Inergy Propane Acquisition had been completed on March 24, 2012, the last day of Suburban's 2012 second fiscal quarter. The unaudited pro forma condensed combined financial information has been adjusted with respect to certain aspects of the Inergy Propane Acquisition to reflect:

the consummation of the Inergy Propane Acquisition (including completion of the Exchange Offers assuming that no Inergy Notes are tendered subsequent to the consent date and \$225.0 million of borrowings under the 364-Day Facility as described above);

exclusion of historical assets and liabilities of Inergy Propane, LLC not acquired or assumed as part of the Inergy Propane Acquisition and changes in certain revenues and expenses resulting from the exclusion of these assets and liabilities;

re-measurement of the assets and liabilities of Inergy Propane (as disclosed in more detail below) to record their preliminary estimated fair values at the date of the closing of the Inergy Propane Acquisition and adjustment of certain expenses resulting therefrom;

additional indebtedness, including, but not limited to, debt issuance costs and interest expense, incurred in connection with the exchange of Inergy Notes for the SPH Notes;

additional indebtedness, including, but not limited to, debt issuance costs and interest expense incurred in connection with borrowing under the 364-Day Facility;

no tax adjustments were made as Suburban is a publicly traded master limited partnership and has no substantial federal or state income tax liability.

The unaudited pro forma condensed combined financial information was prepared in accordance with the acquisition method of accounting. The pro forma information presented, including allocation of the purchase price, is based on preliminary estimates of fair values of assets acquired and liabilities assumed in connection with the Inergy Propane Acquisition. These preliminary estimates are based on available information and certain assumptions that may be revised as additional information becomes available.

The final purchase price allocation for the Inergy Propane Acquisition will be dependent upon the finalization of asset and liability valuations, which may depend in part on prevailing market rates and conditions, as well as the final form of financing that Suburban will utilize to effect the Inergy Propane Acquisition. Any final adjustments may be materially different from the preliminary estimates, and may result in a change to the unaudited pro forma condensed combined financial information presented in this prospectus.

We believe that the assumptions used to derive the unaudited pro forma condensed combined financial information are reasonable given the information available; however, such assumptions are subject to change and the effect of any such change could be material. The unaudited pro forma condensed combined financial information is presented for informational purposes only and is not intended to represent or be indicative of the consolidated results of operations that would have been reported had the Inergy Propane Acquisition been completed as of or for the periods presented, nor are they necessarily indicative of future results.

**Table of Contents****SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES****UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET**

AS OF MARCH 24, 2012 (\*)

*(in thousands)*

	Historical Suburban Propane Partners, L.P. (2)	Historical Inergy Propane, LLC (3)	Elimination of Assets Not Acquired and Liabilities Not Assumed (4)	Reclassifications (5)	Financing Activities	Other Pro Forma Adjustments	Pro Forma Combined
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 96,202	\$ 11,800	\$ (1,248)	\$	\$ (22,392)	\$ (6)	\$ 84,362
Accounts receivable, less allowance for doubtful accounts	106,843	161,200	(80,138)				187,905
Inventories	67,287	88,300	(46,896)				108,691
Assets from price risk management activities		14,100	(14,100)				
Other current assets	12,199	10,000	(8,050)		3,594	(7)	17,743
Total current assets	282,531	285,400	(150,432)		(18,798)		398,701
Property, plant and equipment, net	330,452	658,200	(185,817)			141,715(8)	944,550
Other intangible assets, net	14,582	306,600	(4,646)			78,595(9)	395,131
Receivable from Inergy Midstream, L.P.		300	(300)				
Goodwill	277,651	336,500	(379)			418,647(10)	1,032,419
Other assets	26,262	2,000	(1,463)		14,850	(11)	41,649
Total assets	\$ 931,478	\$ 1,589,000	\$ (343,037)	\$	\$ (3,948)	\$ 638,957	\$ 2,812,450
<b>LIABILITIES AND PARTNERS CAPITAL/ MEMBER S EQUITY</b>							
Current liabilities:							
Accounts payable	\$ 34,208						