

SUBURBAN PROPANE PARTNERS LP
Form PRE 14A
August 18, 2006
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

SUBURBAN PROPANE PARTNERS, L.P.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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One Suburban Plaza • 240 Route 10 West • P.O. Box 206 • Whippany, NJ 07981-0206

Office 973-887-5300

<http://www.suburbanpropane.com>

[], 2006

Dear Fellow Suburban Unitholder:

You are cordially invited to attend the Tri-Annual Meeting of the Limited Partners of Suburban Propane Partners, L.P. (“Suburban”) to be held on [], 2006, beginning at 9:00 a.m. at our executive offices at One Suburban Plaza, 240 Route 10 West, Whippany, New Jersey. At this important meeting, you will be asked to consider and vote on the following matters:

1. Election of three Elected Supervisors;
2. Approval of the issuance of 2,300,000 Common Units to our general partner in exchange for cancellation of our general partner’s Incentive Distribution Rights, the economic interest in Suburban included in the general partner interest therein and the economic interest in our operating partnership, Suburban Propane, L.P., included in the general partner interest therein (the “Exchange”);
3. Approval of the Third Amended and Restated Agreement of Limited Partnership of Suburban (the “Restated Partnership Agreement”), which amends and restates the Second Amended and Restated Agreement of Limited Partnership of Suburban, dated as of May 26, 1999 (the “Existing Partnership Agreement”), to effect and reflect the Exchange (the “Exchange-Related Amendments”). This proposal excludes the additional amendments proposed to be included in the Restated Partnership Agreement set forth in Proposal Nos. 4 and 5;
4. Approval of an amendment to the Existing Partnership Agreement to include restrictions on business combinations with certain interested Unitholders, in which event an existing provision will be eliminated that limits the voting rights of any Unitholder that beneficially owns more than 20% of the total Common Units outstanding;
- 5.

Approval of an amendment to the Existing Partnership Agreement to require a 66 2/3% vote for changes to the procedure to nominate Supervisors;

6. Approval of Suburban's 2000 Restricted Unit Plan, as amended and restated, including to provide for the authorization of the issuance of 230,000 additional Common Units to be available for grant under the Plan;
7. Approval of the adjournment of the Tri-Annual Meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the Tri-Annual Meeting to approve Proposal No. 2 – the Exchange or Proposal No. 3 – the Exchange-Related Amendments, in which case additional proxies would also be solicited, if necessary, for Proposals Nos. 1 and 4-6; and
8. Any other matters that may properly come before the meeting.

Our Board of Supervisors believes that each of the seven proposals to be presented at the meeting is in the best interests of our Unitholders and unanimously recommends that the Unitholders approve each of the proposals. The Audit Committee of our Board of Supervisors unanimously approved, and recommended that the Board of Supervisors and our Unitholders approve, the Exchange and the amendments to the Existing Partnership Agreement.

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Our Board of Supervisors is recommending the Exchange and the Exchange-Related Amendments because:

- The Exchange will simplify our capital structure and lower our future cost of equity capital for the benefit of our Unitholders and in support of our long-term growth strategies. When we say that the Exchange will lower our future cost of equity capital, we mean that, because of the elimination of the Incentive Distribution Rights, the total amount of incremental distributable cash that Suburban would need to generate to pay the current quarterly distribution on additional Common Units would decrease.
- The dilutive effect of our general partner's disproportionate 15% share of future distribution growth resulting from its Incentive Distribution Rights will be eliminated in exchange for approximately 7% of the total Common Units to be outstanding.
- Our Unitholders will receive the benefit of 100% of all future distribution growth opportunities.
- The interests in Suburban of our senior management (who own a majority interest in our General Partner) will be entirely in the form of Common Units, further aligning the interests of management with those of our Unitholders.
- Our Unitholders will have the right to elect all our Supervisors and we will have the ability to expand the Board.

On July 28, 2006, Suburban announced an increase in its quarterly distribution from \$0.6375 to \$0.6625 per Common Unit – the eleventh increase since 1999. This increase equates to \$0.10 per Common Unit, annualized to \$2.65 per Common Unit. The quarterly distribution at this increased level will be payable in respect of the fourth quarter of fiscal 2006 on November 14, 2006 to Unitholders of record on November 7, 2006.

Your vote is important. Whether or not you plan to attend in person, it is important that your Common Units be represented at the meeting. You may vote on the matters that come before the meeting by completing the enclosed proxy card and returning it in the envelope provided.

The form of proxy provides Unitholders the opportunity to vote on each of the seven proposals separately. However, neither the Exchange Proposal (Proposal No. 2) nor the Exchange-Related Amendment Proposal (Proposal No. 3) will

be effective unless BOTH proposals are approved by the Unitholders. The holders of a majority of the outstanding Common Units present in person or by proxy at the meeting will constitute a quorum and permit us to conduct the proposed business at the meeting.

The affirmative vote of holders of a plurality of the Common Units represented in person or by proxy at the meeting is required to elect each Elected Supervisor. The affirmative vote of holders of both (i) a majority of the issued and outstanding Common Units and (ii) a majority of the issued and outstanding Common Units other than the Common Units held by the individuals who, directly or indirectly, own our general partner is required to approve the Exchange and the amendments to the Existing Partnership Agreement. A majority of the votes cast by the Unitholders (provided that the total votes cast represent at least 50% of all Common Units entitled to vote thereon) is required to approve the amended and restated Restricted Unit Plan. A majority of the votes cast by the Unitholders is required to approve the Adjournment Proposal (Proposal No. 7).

Attendance at the meeting will be open to holders of record of Common Units as of the close of business on August 18, 2006. We look forward to greeting those of you who will be able to attend.

Sincerely,

John H. Stookey
Chairman of the Board of
Supervisors

Mark A. Alexander
Chief Executive Officer

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If you need assistance in voting your Common Units, please call the firm assisting us in the solicitation or proxies for the meeting:

Innisfree M&A Incorporated
501 Madison Avenue
New York, NY 10022
Phone: 877-717-3930 (Toll-Free)
Fax: (212) 750-5799
Email: info@innisfreema.com

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SUBURBAN PROPANE PARTNERS, L.P.

NOTICE OF TRI-ANNUAL MEETING

[], 2006

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The Tri-Annual Meeting of the Limited Partners of Suburban Propane Partners, L.P. (“Suburban”) will be held at 9:00 a.m. on [,], 2006, at our executive offices at One Suburban Plaza, 240 Route 10 West, Whippany, New Jersey, for the following purposes:

1. To elect three Elected Supervisors;
2. To approve the issuance of 2,300,000 Common Units to our general partner, Suburban Energy Services Group LLC, in exchange for cancellation of the general partner’s Incentive Distribution Rights, the economic interest in Suburban included in the general partner interest therein and the economic interest in our operating partnership, Suburban Propane, L.P., included in the general partner interest therein;
3. To approve the Third Amended and Restated Agreement of Limited Partnership of Suburban (the “Restated Partnership Agreement”), which amends and restates the Second Amended and Restated Agreement of Limited Partnership of Suburban, dated as of May 26, 1999 (the “Existing Partnership Agreement”), to effect and reflect the exchange described in Proposal No. 2. This proposal excludes the additional amendments proposed to be included in the Restated Partnership Agreement set forth in Proposal Nos. 4 and 5;
4. To approve an amendment to the Existing Partnership Agreement to include restrictions on business combinations with certain interested Unitholders, in which event an existing provision will be eliminated that limits the voting rights of any Unitholder that beneficially owns more than 20% of the total Common Units outstanding;
5. To approve an amendment to the Existing Partnership Agreement to require a 66 2/3% vote for changes to the procedure to nominate Supervisors;
6. To approve Suburban’s 2000 Restricted Unit Plan, as amended and restated, including to provide for the authorization of the issuance of 230,000 additional Common Units to be available for grant under the Plan;
7. To approve the adjournment of the Tri-Annual Meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the Tri-Annual Meeting to approve Proposal No. 2 – the Exchange or Proposal No. 3 – the Exchange-Related Amendments, in which case additional proxies would also be solicited, if necessary, for Proposal Nos. 1 and 4-6; and
8. To consider any other matters that may properly come before the meeting.

Only holders of record of Common Units as of the close of business on August 18, 2006 are entitled to notice of, and to vote at, the meeting.

By Order of the Board of Supervisors,
Paul Abel
General Counsel & Secretary

[], 2006

IMPORTANT

Your vote is important. Whether or not you expect to attend the meeting in person, we urge you to complete and return the enclosed proxy card at your earliest convenience in the postage-paid envelope provided.

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SUBURBAN PROPANE PARTNERS, L.P.
One Suburban Plaza
240 Route 10 West
Whippany, New Jersey 07981-0206

PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE TRI-ANNUAL MEETING

This Proxy Statement (first mailed, together with a form of proxy, on or about [], 2006) is being furnished to holders of Common Units of Suburban Propane Partners, L.P., which we refer to as Suburban, we or our, in connection with the solicitation of proxies by the Board of Supervisors of Suburban for use at Suburban's Tri-Annual Meeting of Limited Partners and any postponements or adjournments thereof, which we refer to as the Meeting.

Q: When and where is the Meeting?

A: The Meeting will be held at 9:00 a.m. on [,], 2006, at our executive offices at One Suburban Plaza, 240 Route 10 West, Whippany, New Jersey.

Q: What is the purpose of the Meeting?

A: At the Meeting, holders of Common Units, whom we refer to as Unitholders, will be asked to consider and vote on the following seven proposals:

- PROPOSAL NO. 1 – To elect three Elected Supervisors. We refer to this proposal as the Election Proposal.
- PROPOSAL NO. 2 – To approve the issuance of 2,300,000 Common Units to Suburban Energy Services Group LLC, our general partner, in exchange for cancellation of the Incentive Distribution Rights, the economic interest in Suburban included in the general partner interest in Suburban and the economic interest in our operating partnership, Suburban Propane, L.P., included in the general partner interest in the operating partnership, all of which are held by our general partner. We refer to this proposal as the Exchange Proposal.
- PROPOSAL NO. 3 – To approve amendments to the Second Amended and Restated Agreement of Limited Partnership of Suburban, dated as of May 26, 1999, which we refer to as the Existing Partnership Agreement, as set forth in the Third Amended and Restated Agreement of Limited Partnership of Suburban, which we refer to as the Restated Partnership Agreement, to effect and reflect the Exchange. We refer to this proposal as the Exchange-Related Amendment Proposal. This proposal does not include the additional amendments proposed to be included in the Restated Partnership Agreement set forth in Proposal Nos. 4 and 5, which we refer to as the Additional Amendment Proposals. We refer to the Exchange-Related Amendment Proposal and the Additional Amendment Proposals, together, as the Amendment Proposals.
- PROPOSAL NO. 4 – To approve an amendment to the Existing Partnership Agreement to include restrictions on business combinations with certain interested Unitholders, in which event an existing provision will be eliminated that limits the voting rights of any Unitholder that beneficially owns more than 20% of the total Common Units outstanding.
- PROPOSAL NO. 5 – To approve an amendment to the Existing Partnership Agreement to require a 66 2/3% vote for changes to the procedure to nominate Supervisors.
- PROPOSAL NO. 6 – To approve Suburban's 2000 Restricted Unit Plan, as amended and restated, including to authorize 230,000 additional Common Units to be available for grant under the 2000 Restricted Unit Plan. We refer to this proposal as the Restricted Unit Plan Proposal.
- PROPOSAL NO. 7 – To approve the adjournment of the Tri-Annual Meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the Tri-Annual Meeting to approve Proposal No. 2 (the Exchange Proposal) or Proposal No. 3 (the Exchange-Related Amendment Proposal), in which case additional proxies would also be solicited, if necessary, for Proposals Nos. 1 and 4-6. We refer to this proposal as the Adjournment Proposal.

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Q: How does the Board recommend I vote on the proposals?

A: The Board recommends a vote FOR each of its nominees for Elected Supervisor, approval of the Exchange Proposal, approval of the Amendment Proposals, approval of the Restricted Unit Plan Proposal and approval of the Adjournment Proposal.

The Audit Committee of our Board of Supervisors, which consists of our Elected Supervisors, unanimously approved, and recommended that our Board of Supervisors and our Unitholders approve, the Exchange Proposal and Amendment Proposals.

Q: How will voting on any other business be conducted?

A: The Board of Supervisors does not know of any business to be considered at the meeting other than the proposals described in this Proxy Statement. However, if any other business is properly presented, your signed proxy card gives authority to the persons named in the proxy to vote on these matters at their discretion.

Q: Who is entitled to vote?

A: Each holder of Common Units as of the close of business on August 18, 2006, which we refer to as the Record Date, is entitled to vote at the Meeting.

Q: How many Common Units may be voted?

A: As of the Record Date, 30,314,262 Common Units were outstanding. Each Common Unit entitles its holder to one vote, subject to the exception described in the next paragraph.

Under the Existing Partnership Agreement, a Unitholder holding more than 20% of the total number of Common Units outstanding, may not vote any Common Units in excess of those representing 20% on the election of the Elected Supervisors (Proposal No. 1). Therefore, as used in this Proxy Statement, the term “outstanding” excludes such excess Common Units when referring to the election of the Elected Supervisors. The Board is not aware of any such Unitholder as of the Record Date. If Proposal No. 4 is approved, the provision of the Existing Partnership Agreement limiting the voting rights of such a Unitholder will be eliminated.

Q: What is a “quorum”?

A: There must be a quorum for the meeting to be held. A quorum will be present if holders of a majority of the outstanding Common Units are represented in person or by proxy at the meeting. If you submit a properly executed proxy card, even if you abstain from voting, then you will be considered part of the quorum. However, abstentions are not counted in the tally of votes FOR or AGAINST a proposal.

Q: What vote is required to approve the proposals?

- A:
- PROPOSAL NO. 1 – Under the Existing Partnership Agreement, the affirmative vote of holders of a plurality of the Common Units represented in person or by proxy at the Meeting is required to elect each Elected Supervisor.
 - PROPOSAL NO. 2 – Under the Existing Partnership Agreement, the affirmative vote of holders of a majority of the issued and outstanding Common Units is required to approve the Exchange Proposal. This will also satisfy the rules of the New York Stock Exchange, under which the Exchange Proposal must receive the approval of a majority of the votes cast by the Unitholders, whether in person or by proxy, provided that the total votes cast on the Exchange Proposal represent over 50% of all Common Units entitled to vote thereon. However, under the agreement executed to effect the exchange, the Exchange Proposal must also receive approval

by the holders of a majority of the issued and outstanding Common Units other than the Common Units held by any of the 40 current and former members of our management who, directly or indirectly, own our General Partner. We refer to these individuals as General Partner Members.

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- PROPOSAL NOS. 3-5 – Under the Existing Partnership Agreement, the affirmative vote of holders of a majority of the issued and outstanding Common Units is required to approve each of the Amendment Proposals. However, under the agreement executed to effect the exchange, the Amendment Proposals must also receive approval by the holders of a majority of the issued and outstanding Common Units other than the Common Units held by the General Partner Members.
- PROPOSAL NO. 6 – Under the rules of the New York Stock Exchange, the affirmative vote of a majority of the votes cast by the Unitholders, whether in person or by proxy, provided that the total votes cast on the proposal represent at least 50% of all Common Units entitled to vote thereon, is required to approve the Restricted Unit Plan Proposal.
- PROPOSAL NO. 7 – The affirmative vote of a majority of the votes cast by the Unitholders, whether in person or by proxy, is required to approve the Adjournment Proposal.

Neither the Exchange Proposal (Proposal No. 2) nor the Exchange-Related Amendment Proposal (Proposal No. 3) will be effective, unless BOTH proposals are approved by the Unitholders. The approval of Proposal Nos. 4 and 5 is NOT required for the effectiveness of Proposal Nos. 2 and 3.

Because the affirmative vote of the holders of a majority of the outstanding Common Units of Suburban is needed to adopt the Exchange Proposal (Proposal No. 2) and the Amendment Proposals (Proposal Nos. 3-5), the failure to submit your proxy or vote in person will have the same effect as a vote “against” the adoption of these proposals. Abstentions and broker non-votes also will have the same effect as a vote “against” the adoption of these proposals. In the case of Proposal Nos. 1, 6 and 7, abstentions and broker non-votes will be excluded from the vote or not treated as votes cast on such proposals.

Q: How do I vote?

A: You may vote by any one of three different methods:

- In Writing. You can vote by marking, signing and dating the enclosed proxy card and returning it in the enclosed envelope.
- By Telephone or through the Internet. You can vote your proxies by touchtone telephone from the US or through the Internet. Please follow the instructions on the enclosed proxy card.
- In Person. You can vote by attending the Meeting.

Common Units represented by properly executed proxies that are not revoked will be voted in accordance with the instructions shown on the proxy card. If you return your signed proxy card but do not give instructions as to how you wish to vote, your Common Units will be voted FOR each of the proposals.

Our Board of Supervisors urges Unitholders to complete, date, sign and return the accompanying proxy card, or to submit a proxy by telephone or through the Internet by following the instructions included with your proxy card, or, in the event you hold your Common Units through a broker or other nominee, by following the separate voting instructions received from your broker or nominee. Your broker or nominee may provide proxy submission through the Internet or by telephone. Please contact your broker or nominee to determine how to vote.

Q: What do I do if I want to change my vote?

A: You have the right to revoke your proxy at any time before the meeting by:

- Notifying our Corporate Secretary;
- Voting in person; or
- Returning a later-dated proxy card.

Attendance at the Meeting will not, in and of itself, revoke your proxy.

Q: What does it mean if I receive more than one proxy card?

A: If your Common Units are registered differently and/or are in more than one account, you will receive more than one proxy card. Please mark, sign, date and return all of the proxy cards you receive

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to ensure that all of your Common Units are voted. We encourage you to have all accounts registered in the same name and address (whenever possible). You can accomplish this by contacting our transfer agent, Computershare Trust Company, N.A., at P.O. Box 43069, Providence, RI 02940-3069 or telephone 781-575-2724. The hearing impaired may contact Computershare at TDD 800-952-9245.

Q: What do I do if my Common Units are held in ‘‘street name’’?

A: If your Common Units are held in the name of your broker, a bank or other nominee, that party will give you instructions about how to vote your Common Units.

Q: Who will count the votes?

A: Representatives of Computershare Trust Company, N.A., our transfer agent and an independent tabulator, will count the votes and act as the inspector of election.

Q: Who is bearing the cost of this proxy solicitation?

A: We are bearing the cost of soliciting proxies for the Meeting. Innisfree M&A Incorporated has been retained to assist in the distribution of proxy materials and the solicitation of votes and will be paid a customary fee for its services totaling approximately \$20,000, plus reasonable out-of-pocket expenses. In addition to using the mail, our Supervisors, officers and employees may solicit proxies by telephone, personal interview or otherwise. They will not receive additional compensation for this activity, but may be reimbursed for their reasonable out-of-pocket expenses. We will reimburse brokerage houses and other custodians, nominees and fiduciaries for reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to Unitholders.

Q: Will the independent accountants attend the Meeting?

A: Representatives of PricewaterhouseCoopers LLP, our independent registered public accounting firm for the fiscal years ended September 24, 2005 and ending September 30, 2006, will attend the Meeting, will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

Q: When are the Unitholder proposals for the next meeting of Unitholders due?

A: We presently expect that our next Tri-Annual Meeting will be held in April 2009. The deadline for the submission of Unitholder proposals for inclusion in the proxy materials relating to that meeting will be October 31, 2008. Unitholders who intend to present a proposal at the 2009 Tri-Annual Meeting without inclusion of such proposal in our proxy materials are required to provide notice of such proposal to us no later than January 17, 2009. If

the date of the 2009 Tri-Annual Meeting is changed to a different month, we will advise our Unitholders of the new date for the submission of Unitholder proposals in our earliest possible quarterly report on Form 10-Q filed with the Securities and Exchange Commission.

Q: Where and when will I be able to find the voting results?

A: In addition to announcing the results at the Meeting, we will post the results on our web site at www.suburbanpropane.com within two days after the Meeting. You will also be able to find the results in our Annual Report on Form 10-K for our 2006 fiscal year, which we will file with the Securities and Exchange Commission in December 2006.

Q: How can I obtain a copy of our 2005 Annual Report on Form 10-K or our 2005 Annual Report to Unitholders?

A: We will provide an additional copy of our 2005 Annual Report on Form 10-K, including the financial statements and financial statement schedule filed therewith, and our 2005 Annual Report to Unitholders without charge, upon written request to Investor Relations, Suburban Propane Partners, L.P., One Suburban Plaza, 240 Route 10 West, P.O. Box 206, Whippany, New Jersey 07981-0206. We will furnish a requesting Unitholder with any exhibit not contained therein upon payment of a reasonable fee.

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Q: Who can I contact for further information?

A: If you need assistance in voting your Common Units, please call the firm assisting us in the solicitation or proxies for the Meeting:

Innisfree M&A Incorporated
501 Madison Avenue
New York, NY 10022
Phone: (212) 750-5833
Fax: (212) 750-5799
Email: info@innisfreema.com

Q: What can I do if I and another Unitholder with whom I live want to receive two copies of this proxy statement?

A: In order to reduce our printing and postage costs, Unitholders who share a single address will receive only one copy of this proxy statement at that address unless we have received instructions to the contrary from any Unitholder at that address. However, if a Unitholder residing at such an address wishes to receive a separate copy of this proxy statement or of future proxy statements (as applicable), he or she may contact Investor Relations, Suburban Propane Partners, L.P., P.O. Box 206, Whippany, New Jersey 07981-0206. We will deliver separate copies of this proxy statement promptly upon written or oral request. If you are a Unitholder receiving multiple copies of our proxy statement, you can request to receive only one copy by contacting us in the same manner. If you own your Common Units through a bank, broker or other Unitholder of record, you may request additional or fewer copies of this proxy statement by contacting the Unitholder of record.

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SUBURBAN

We are a nationwide marketer and distributor of a diverse array of products to meet the energy needs of our customers. We specialize in propane, fuel oil and other refined fuels, as well as the marketing of natural gas and electricity in deregulated markets. To complement our core marketing and distribution operations, we install and service a variety of home comfort equipment, particularly in the areas of heating, ventilation and air conditioning. We believe, based on LP/Gas Magazine dated February 2005, that we are the third largest retail marketer of propane in the United States, measured by the retail gallons we sold in our fiscal year ended September 25, 2004. As of September 24, 2005, we were serving the energy needs of more than 1,000,000 active residential, commercial, industrial and agricultural customers through approximately 370 customer service centers in 30 states located primarily in the east and west coast regions of the United States. We sold approximately 516.0 million gallons of propane to retail customers and 244.5 million gallons of fuel oil and other refined fuels during the fiscal year ended September 24, 2005. Together with our predecessor companies, we have been continuously engaged in the retail propane business since 1928.

The business strategy of Suburban is to deliver increasing value to the holders of our Common Units (the “Unitholders”) through initiatives, both internal and external, that are directed at achieving sustainable profitable growth and increased quarterly distributions. Our business and initiatives are subject to various risks and uncertainties. Please refer to “Risk Factors” beginning on page 37 of this Proxy Statement, as well as those contained in our Quarterly Report on Form 10-Q for the quarter ended June 24, 2006.

We are a publicly traded Delaware limited partnership. Our Common Units (the “Common Units”) have been listed on the New York Stock Exchange (the “NYSE”) since March 1996. We conduct our business principally through Suburban Propane, L.P. (the “Operating Partnership”) and its direct and indirect subsidiaries. The Operating Partnership also is a Delaware limited partnership. We own all of the limited partner interests in the Operating Partnership.

Our general partner, Suburban Energy Services Group LLC (the “General Partner”), is a Delaware limited liability company owned, directly and through Suburban Energy Membership LLC (“LLC 2”), another Delaware limited liability company, by 40 current and former members of the management of Suburban. In this Proxy Statement, we refer to these individuals as the General Partner Members and we refer to holders of Common Units who are not General Partner Members as the Unaffiliated Unitholders. The General Partner owns an approximate 0.74% general partner interest in Suburban (the “MLP GP Interest”), all the Incentive Distribution Rights in Suburban (described in more detail in “PROPOSAL NO. 2 – THE EXCHANGE – Description of the Common Units” on page 59) and a 1.0101% general partner interest in the Operating Partnership (the “OLP GP Interest,” and together with the MLP GP Interest, the “GP Interests”). The General Partner does not currently own any Common Units. The General Partner has the right to appoint two members of our Board of Supervisors, whom we refer to as the Appointed Supervisors (currently Mark A. Alexander, our Chief Executive Officer, and Michael J. Dunn, Jr., our President).

Our headquarters are located at One Suburban Plaza, 240 Route 10 West, P.O. Box 206, Whippany, NJ 07981-0206 and our telephone number is (973) 887-5300.

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FORWARD-LOOKING STATEMENTS

This Proxy Statement contains forward-looking statements (“Forward-Looking Statements”) as defined in the Private Securities Litigation Reform Act of 1995 and Section 27A of the Securities Act of 1933, as amended, 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 such words, or by discussion of trends and conditions, strategies or risks and uncertainties. These Forward-Looking Statements are subject to 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 Proxy Statement identifying such risks and uncertainties are referred to as “Cautionary Statements”). The risks and uncertainties and their impact on Suburban’s results include, but are not limited to, the following:

- The impact of weather conditions on the demand for propane, fuel oil and other refined fuels, natural gas and electricity;
- Fluctuations in the unit cost of propane, fuel oil and other refined fuels and natural gas, and the impact of price increases on customer conservation;
- The ability of Suburban to compete with other suppliers of propane, fuel oil and other energy sources;
- The impact on the price and supply of propane, fuel oil and other refined fuels from the political, military or economic instability of the oil producing nations, war in the Middle East, global terrorism and other general economic conditions;
- The ability of Suburban to acquire and maintain reliable transportation for its propane, fuel oil and other refined fuels;
- The ability of Suburban to retain customers;
- The impact of energy efficiency and technology advances on the demand for propane and fuel oil;
- The ability of management to continue to control expenses, including the results of our recent field realignment initiative;
- The impact of changes in applicable statutes and government regulations, or their interpretations, including those relating to the environment and global warming and other regulatory developments, on Suburban’s business;
- The impact of legal proceedings on Suburban’s business;
- The impact of operating hazards that could adversely affect our operating results to the extent not covered by insurance; and
- Suburban’s ability to integrate acquired businesses successfully.

Some of these Forward-Looking Statements are discussed in more detail in “Risk Factors” beginning on page 37 of this Proxy Statement. On different occasions, Suburban or its representatives have made or may make Forward-Looking Statements in other filings with the Securities and Exchange Commission (the “SEC”), press releases or oral statements made by or with the approval of one of Suburban’s authorized executive officers. Readers are cautioned not to place undue reliance on Forward-Looking Statements, which reflect management’s view only as of the date made. Suburban undertakes no obligation to update any Forward-Looking Statement or Cautionary Statement. All subsequent written and oral Forward-Looking Statements attributable to Suburban or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements in this Proxy Statement and in future SEC reports.

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SUMMARY OF THE EXCHANGE AND AMENDMENT PROPOSALS
(PROPOSAL NOS. 2-5)

This summary highlights certain information from this Proxy Statement and may not contain all the information that is important to you. Accordingly, we encourage you to carefully read this entire document, including the Appendices, and the documents that are incorporated by reference. You may obtain a copy of the documents that we have incorporated by reference without charge by following the instructions in the section entitled, “Additional Information for Unitholders” beginning on page 74 of this Proxy Statement. We have included page references in this summary to direct you to more complete descriptions of the topics presented in this summary.

The Exchange (see page 41)

On July 27, 2006, Suburban, the Operating Partnership and the General Partner entered into the Exchange Agreement, which is the legal document governing the proposed Exchange. Under the terms of the Exchange Agreement, Suburban will issue 2,300,000 Common Units to the General Partner in exchange for cancellation of all outstanding Incentive Distribution Rights, the entire economic interest included in the MLP GP Interest and the entire economic interest included in the OLP GP Interest (the “Exchange”). Upon completion of the Exchange and the Distribution referred to below:

- The number of outstanding Common Units will be increased to 32,614,262.
- No Incentive Distribution Rights will be outstanding and no provisions for future Incentive Distribution Rights will be contained in the Restated Partnership Agreement. The Unitholders (including the General Partner Members) will hold 100% of the limited partner interests in Suburban.
- The General Partner will continue to be the general partner of both Suburban and the Operating Partnership, but its general partner interests will have no economic value (by which we mean that such general partner interests will not entitle the holder thereof to any cash distributions of either partnership, or to any cash payment upon the liquidation of either partnership, or any other economic rights in either partnership).
- Suburban will continue to own all of the limited partner interests in the Operating Partnership, but 0.1% thereof will be held through a newly-organized limited liability company, wholly-owned (directly and indirectly) by Suburban (“New LLC”), rather than directly by Suburban.

On July 27, 2006, Suburban, the Operating Partnership, the General Partner, LLC 2 and certain General Partner Members entered into a Distribution, Release and Lockup Agreement (the “Distribution Agreement”) in connection with the proposed Exchange. Under the terms of the Distribution Agreement, the General Partner will distribute to the General Partner Members all of the 2,300,000 Common Units it receives in the Exchange, other than 784 Common Units that the General Partner will retain (the “Distribution”). The General Partner Members have agreed to certain restrictions on the transfer of the Common Units they receive. See “Interests of Certain Persons in the Exchange” below.

Please refer to “Current Ownership and Ownership Following the Exchange” below.

The Exchange Agreement is attached to this Proxy Statement as Appendix A. Please read the Exchange Agreement in its entirety. For summaries of the Exchange Agreement and the Distribution Agreement, please see the section entitled “PROPOSAL NO. 2 – THE EXCHANGE PROPOSAL – The Exchange Agreement” and “– The Distribution Agreement” beginning on page 43 of this Proxy Statement.

Recommendation of our Board of Supervisors and Reasons for the Exchange and Amendment Proposals (see pages 49, 64, 65 and 66)

Upon the unanimous recommendation of our Audit Committee, the Board of Supervisors has unanimously approved the Exchange Proposal and the Amendment Proposals and recommends a vote

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FOR each of these proposals at the 2006 Tri-Annual Meeting of Unitholders or any adjournment or postponement thereof (the “Meeting”). It is important to note that neither the Exchange Proposal nor the Exchange-Related Amendment Proposal (Proposal No. 3) will be effective unless BOTH proposals are approved by the Unitholders. The approval of Proposal Nos. 4 and 5 is NOT required for the effectiveness of Proposal Nos. 2 and 3. Our Board of Supervisors believes that the Exchange Proposal and the Amendment Proposals are in the best interests of Suburban and our Unitholders.

Our Board of Supervisors is recommending the Exchange and the Exchange-Related Amendments because:

- The Exchange will simplify our capital structure and lower our future cost of equity capital for the benefit of our Unitholders and in support of our long-term growth strategies. When we say that the Exchange will lower our future cost of equity capital, we mean that, because of the elimination of the Incentive Distribution Rights, the total amount of incremental distributable cash that Suburban would need to generate to pay the current quarterly distribution on additional Common Units would decrease.
- The dilutive effect of our General Partner’s disproportionate 15% share of future distribution growth resulting from its Incentive Distribution Rights will be eliminated in exchange for approximately 7% of the total Common Units to be outstanding.
- Our Unitholders will receive the benefit of 100% of all future distribution growth opportunities.
- The interests in Suburban of our senior management (many of whom are General Partner Members) will be entirely in the form of Common Units, further aligning the interests of management with those of our Unitholders.
- Our Unitholders will have the right to elect all our Supervisors and we will have the ability to expand the Board.

For a discussion of the factors considered by the Board of Supervisors in making its decision to approve the Exchange and the Exchange-Related Amendments and recommend their adoption to the Unitholders, see “PROPOSAL NO. 2 – THE EXCHANGE – Reasons for the Exchange and the Exchange-Related Amendments” beginning on page 49 of this Proxy Statement.

Opinion of the Audit Committee’s Financial Advisor (see page 51)

Goldman, Sachs & Co. (“Goldman Sachs”) delivered its opinion to the Audit Committee of the Board of Supervisors of Suburban that, as of July 27, 2006 and based upon and subject to the factors and assumptions set forth therein, the consideration consisting of 2,300,000 Common Units to be issued by Suburban to the General Partner pursuant to the Exchange Agreement is fair from a financial point of view to the Unaffiliated Unitholders.

The full text of the written opinion of Goldman Sachs, dated July 27, 2006, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this Proxy Statement as Appendix C. Goldman Sachs provided its opinion for the information and assistance of the Audit Committee in connection with its consideration of the transactions contemplated by the Exchange Agreement. The Goldman Sachs opinion is not a recommendation as to how any Unitholder should vote with respect to the transactions contemplated by the Exchange Agreement. Pursuant to an engagement letter between the Audit Committee of the Board of Supervisors of Suburban and Goldman Sachs, Suburban has agreed to pay Goldman Sachs a transaction fee of \$2,000,000, all of which is payable upon consummation of the transactions contemplated by the Exchange Agreement.

Interests of Certain Persons in the Exchange (see page 56)

In considering the recommendation of our Board of Supervisors to approve the Exchange and Amendment Proposals, you should be aware that our Appointed Supervisors and some of our executive

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officers and other officers and key employees have interests in the Exchange that are different from, or in addition to, those of Unitholders generally, including the following:

- The General Partner is owned, directly and indirectly, by 40 current and former members of the management of Suburban. Among the General Partner Members are Messrs. Alexander and Dunn (the Appointed Supervisors), as well as other executive officers of Suburban.
- Following closing of the Exchange, Suburban will file a registration statement with respect to resale of the 2,300,000 Common Units issued to the General Partner. Upon effectiveness of the registration statement, these Common Units will be distributed to the General Partner Members based upon their direct and indirect interests in the General Partner. The Appointed Supervisors and other named executive officers of Suburban will receive the following numbers of Common Units: Mark A. Alexander – 1,026,010 (including 784 Common Units to be retained by the General Partner), Michael J. Dunn, Jr. – 168,216, Robert M. Plante – 82,038 and Jeffrey S. Jolly – 92,641.
- Each of the General Partner Members has agreed to restrictions on the transfer of the Common Units he or she receives. Each of Messrs. Alexander and Dunn has agreed not to transfer any of the Common Units received by him in the Distribution for a period of two years following the consummation of the Exchange, and each of the other General Partner Members has agreed not to transfer any of the Common Units received by him or her in the Distribution for a period of 90 days following the consummation of the Exchange, subject to certain exceptions.

Material U.S. Federal Income Tax Consequences of the Exchange (see page 57)

Existing Unitholders should generally not recognize any gain or loss for federal income tax purposes upon the effectiveness of the Exchange. However, Suburban estimates that if the Exchange becomes effective, it will result in an increase in the amount of net income (or a decrease in the amount of net loss) allocable to our current Unitholders. Suburban estimates that existing Unitholders will be allocated, on a cumulative basis, up to \$0.37 more net income (or less net loss) per Common Unit during the period from the date the Exchange becomes effective through December 31, 2008 as a result of the effectiveness of the Exchange. After 2008, Suburban estimates that existing Unitholders

will be allocated less net income (or more net loss) than they would have been allocated in the absence of the Exchange.

For more information concerning the U.S. federal income tax consequences of the Exchange, see “PROPOSAL NO. 2 – THE EXCHANGE – Material U.S. Federal Income Tax Consequences of the Exchange” beginning on page 57 of this Proxy Statement.

Tax matters are very complicated and the consequences of the Exchange to any particular Unitholder will depend on that Unitholder’s particular facts and circumstances. Unitholders are strongly urged to consult their own tax advisors to determine their own tax consequences from the Exchange.

Conditions and Termination Provisions (see page 44)

The obligations of each of Suburban and the General Partner, respectively, to complete the Exchange are subject to:

- the approval of the Exchange (Proposal No. 2) and the Exchange-Related Amendment Proposal (Proposal No. 3) by (1) the holders of a majority of the outstanding Common Units and (2) the holders of a majority of the outstanding Common Units other than the Common Units held by the General Partner Members;
- amendment of the partnership or operating agreements of each of Suburban, the Operating Partnership and the General Partner; and
- approval by the NYSE of a supplemental listing application for the Common Units to be issued to the General Partner pursuant to the Exchange.

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The obligations of Suburban and the Operating Partnership to complete the Exchange are subject to:

- the accuracy of the General Partner’s representations and warranties as of the closing and delivery of an officer’s certificate relating thereto; and
- the absence of a material adverse effect on the business, assets, condition (financial or otherwise) or prospects of Suburban and its subsidiaries, taken as a whole, since July 27, 2006.

The obligations of the General Partner to complete the Exchange are subject to the accuracy of Suburban’s and the Operating Partnership’s representations and warranties as of the closing and delivery of officer’s certificates relating thereto.

The Exchange Agreement will automatically terminate if the Exchange (Proposal No. 2) and the Exchange-Related Amendment Proposal (Proposal No. 3) are not approved by Unitholders at the Meeting. In addition, either Suburban (acting at the direction of the Audit Committee) or the General Partner may terminate the Exchange Agreement if the closing has not occurred by December 31, 2006.

Amendments to the Existing Partnership Agreement (see pages 62, 65 and 66)

On July 27, 2006, the Board of Supervisors unanimously approved an amendment and restatement of the Existing Partnership Agreement, as described below in Proposal Nos. 3-5. Our Board of Supervisors is recommending that the Unitholders approve the Restated Partnership Agreement. The description set forth below in Proposal Nos. 3-5 of the

amendments to the Existing Partnership Agreement, as reflected in the Restated Partnership Agreement, is qualified in its entirety by the full text of the Restated Partnership Agreement, a copy of which is attached hereto as Appendix D and which we encourage you to read. If any of Proposal Nos. 3-5 is not approved by Unitholders, the amendments reflected in the Restated Partnership Agreement which are the subject of the Proposal(s) not approved will not be made.

- Proposal No. 3 (Exchange-Related Amendments): If approved, the Restated Partnership Agreement would include various amendments necessary to effect or reflect the Exchange. In addition, the Restated Partnership Agreement would provide for a minimum of five and a maximum of eleven Supervisors, as determined from time to time by the Board, all of whom would be elected by the Unitholders. The Existing Partnership Agreement sets the number of members of the Board of Supervisors at five, two appointed by the General Partner and three elected by the Unitholders.

It is important to note that neither the Exchange Proposal (Proposal No. 2) nor the Exchange-Related Amendment Proposal (Proposal No. 3) will be effective unless BOTH proposals are approved by the Unitholders. The approval of Proposal Nos. 4 and 5 is NOT required for the effectiveness of Proposal Nos. 2 and 3.

- Proposal No. 4 (Restrictions on Business Combinations with Certain Interested Unitholders): If approved, the Restated Partnership Agreement would include a provision based on Section 203 of the Delaware General Corporation Law. This provision would generally prohibit Suburban from engaging in a business combination with an interested Unitholder for a period of three years following the date the person became an interested Unitholder, unless: (i) prior to the date of the transaction pursuant to which a person becomes an interested Unitholder, the Board of Supervisors approved such transaction; (ii) the Unitholder owned at least 85% of the Common Units outstanding at the time such transaction commenced, excluding for purposes of determining the number of Common Units outstanding, Common Units owned by persons who are Supervisors or officers; or (iii) on or subsequent to the date of the transaction, the business combination is approved by the Board of Supervisors and authorized at an annual or special meeting of Unitholders by the affirmative vote of holders of at least 66 2/3% of the outstanding Common Units that are not owned by the interested Unitholder. A “business combination” would be defined generally as a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested Unitholder. An “interested Unitholder” would be defined generally as a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested Unitholder status, owned 15% or more of the Common Units.

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Under Proposal No. 4, amendments to the provisions of the Restated Partnership Agreement relating to business combinations with interested Unitholders and any definitions used in such provisions, would require the approval of the holders of at least 66 2/3% of the outstanding Common Units.

While the adoption of Proposal No. 4 may have an anti-takeover effect with respect to transactions the Board of Supervisors does not approve in advance, if Proposal No. 4 is approved, an existing provision limiting the voting rights of a Unitholder who beneficially owns more than 20% of the total Common Units will be eliminated.

- Proposal No. 5 (Supermajority Vote for Change to Procedure to Nominate Supervisors): If

approved, the Restated Partnership Agreement would require the approval of the holders of at least 66 2/3%, rather than a majority, of the outstanding Common Units to amend the provisions relating to nomination of Supervisors by Unitholders and any definitions used in such provisions.

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Current Ownership and Ownership Following the Exchange

The following charts show the current and post-Exchange ownership of Suburban and the Operating Partnership (based on the number of Common Units outstanding as of the Record Date).

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Price Range of Common Units and Quarterly Cash Distributions

The following table presents, for the periods indicated, the high and low sales prices per Common Unit, as reported on the NYSE. The last reported sales price of Common Units on the NYSE on August 15, 2006 was \$35.27 per Common Unit.

Quarter	Fiscal 2006		Fiscal 2005		Fiscal 2004	
	High	Low	High	Low	High	Low
First	\$ 29.68	\$ 23.51	\$ 35.70	\$ 30.00	\$ 32.49	\$ 28.75
Second	\$ 30.23	\$ 24.90	\$ 36.00	\$ 33.45	\$ 34.50	\$ 31.05
Third	\$ 31.09	\$ 27.70	\$ 35.70	\$ 31.55	\$ 33.97	\$ 27.60
Fourth (1)	\$ 35.55	\$ 30.80	\$ 37.40	\$ 25.39	\$ 35.50	\$ 32.00

(1)Fourth quarter of fiscal 2006 high and low sales prices reflect the period from June 25, 2006 to August 15, 2006.

The following table sets forth the quarterly cash distributions declared and, except for the distribution in respect of the fourth quarter of fiscal 2006, paid to the Unitholders, on the one hand, and to the General Partner in respect of the GP Interests and the Incentive Distribution Rights, on the other hand, in respect of each quarter in fiscal 2003 through fiscal 2006 (dollars in thousands):

Distributions Per Unit	Common Units Outstanding	Distributions on Common Units	Percentage of Total Distributions	Distributions to General Partner for GP Interests	Percentage of Total Distributions	Distributions to General Partner for Incentive Distribution	Percentage of Total Distributions	T
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							Rights		
2003									
1st Quarter	\$0.5750	24,631,287	\$14,163	97.45%	\$276	1.90%	\$ 94	0.65%	\$14,163
2nd Quarter	\$0.5750	24,631,287	\$14,163	97.45%	\$276	1.90%	\$ 94	0.65%	\$14,163
3rd Quarter	\$0.5875	27,256,162	\$16,013	97.24%	\$298	1.81%	\$156	0.95%	\$16,013
4th Quarter	\$0.5875	27,256,162	\$16,013	97.24%	\$298	1.81%	\$156	0.95%	\$16,013
2004									
1st Quarter	\$0.5875	30,256,767	\$17,776	97.32%	\$316	1.73%	\$173	0.95%	\$17,776
2nd Quarter	\$0.6000	30,256,767	\$18,154	97.04%	\$324	1.73%	\$230	1.23%	\$18,154
3rd Quarter	\$0.6125	30,256,767	\$18,532	96.77%	\$331	1.73%	\$288	1.50%	\$18,532
4th Quarter	\$0.6125	30,264,822	\$18,537	96.77%	\$331	1.73%	\$288	1.50%	\$18,537
2005									
1st Quarter	\$0.6125	30,276,411	\$18,544	96.77%	\$331	1.73%	\$288	1.50%	\$18,544
2nd Quarter	\$0.6125	30,278,241	\$18,545	96.77%	\$331	1.73%	\$288	1.50%	\$18,545
3rd Quarter	\$0.6125	30,278,241	\$18,545	96.77%	\$331	1.73%	\$288	1.50%	\$18,545
4th Quarter	\$0.6125	30,312,432	\$18,566	96.77%	\$331	1.73%	\$289	1.50%	\$18,566
2006									
1st Quarter	\$0.6125	30,312,432	\$18,566	96.77%	\$331	1.73%	\$289	1.50%	\$18,566
2nd Quarter									
(1)	\$0.6125	30,314,262	\$18,567	96.77%	\$331	1.73%	\$289	1.50%	\$18,567
3rd Quarter	\$0.6375	30,314,262	\$19,325	96.26%	\$346	1.73%	\$404	2.01%	\$19,325
4th Quarter									
(2)	\$0.6625	30,314,262	\$20,083	95.80%	\$361	1.72%	\$519	2.48%	\$20,083

(1) In the second quarter of fiscal 2006, Suburban paid \$0.3 million to the General Partner as a true-up of the cumulative amount of underpayments resulting from an error in the computation of quarterly cash distributions to the General Partner. The amounts in the table are presented as if the correct amounts had been distributed to the General Partner in the applicable quarters.

(2) On July 27, 2006, Suburban declared a quarterly distribution of \$0.6625 per Common Unit, which will be payable in respect of the fourth quarter of fiscal 2006 on November 14, 2006 to Unitholders of record on November 7, 2006. The entries in this row for the fourth quarter of fiscal 2006 are calculated based on the number of Common Units currently outstanding and without regard to the Exchange. If the Exchange is completed prior to the record date for the distribution, the number of Common Units outstanding will be 32,614,262 and the total amount of the distribution will be \$21,606,949, all of which will be paid to the Unitholders (including General Partner Members).

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Summary Historical and Pro Forma Financial and Other Data

The following table presents our summary financial data for the periods ended and as of the dates indicated. We derived the historical data for the fiscal years ended September 24, 2005, September 25, 2004 and September 27, 2003 and as of those dates from our audited consolidated financial statements. We derived the historical data for the nine months ended June 24, 2006 and June 25, 2005 and as of those dates from our unaudited interim consolidated financial statements. The results for the interim periods are not necessarily indicative of the results that can be expected for a full fiscal year. The pro forma financial data for the fiscal year ended September 24, 2005 and for the nine months ended June 24, 2006 reflect the impact of the Exchange as if it had occurred on September 26, 2004 (the

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beginning of fiscal 2005). The pro forma balance sheet data as of September 24, 2005 and June 24, 2006 reflect the unaudited pro forma effect on partners' capital as if the Exchange had occurred on those dates. All amounts in the table below, except per unit data, are in thousands.

	Year Ended				Nine Months Ended		
	Pro Forma Sept. 24, 2005 (a)	Sept. 24, 2005	Sept. 25, 2004 (b)	Sept. 27, 2003	Pro Forma June 24, 2006 (a)	June 24, 2006	June 2006
Statement of Operations Data							
Revenues	\$1,620,234	\$1,620,234	\$1,307,254	\$735,075	\$1,382,404	\$1,382,404	\$1,382,404
Costs and expenses	1,548,436	1,548,436	1,231,356	655,225	1,234,660	1,234,660	1,234,660
Restructuring costs (c)	2,775	2,775	2,942	—	4,427	4,427	—
Impairment of goodwill (d)	656	656	3,177	—	—	—	—
Income before interest expense, loss on debt extinguishment and provision for income taxes (e)	68,367	68,367	69,779	79,850	143,317	143,317	99,999
Loss on debt extinguishment (f)	36,242	36,242	—	—	—	—	36,242
Interest expense, net	40,374	40,374	40,832	33,629	31,192	31,192	31,192
Provision for income taxes	803	803	3	202	354	354	—
(Loss) income from continuing operations (e)	(9,052)	(9,052)	28,944	46,019	111,771	111,771	28,944
Discontinued operations:							
Gain on sale of customer service centers (g)	976	976	26,332	2,483	—	—	—
(Loss) income from discontinued customer service centers	—	—	(972)	167	—	—	—
Net (loss) income (e)	(8,076)	(8,076)	54,304	48,669	111,771	111,771	31,192
(Loss) income from continuing operations per Common Unit – basic	(0.28)	(0.29)	0.96	1.77	3.43	3.37	0.96
Net (loss) income per Common Unit – basic (h)	(0.25)	(0.26)	1.79	1.87	3.43	3.37	1.87
Net (loss) income per Common Unit – diluted (h)	(0.25)	(0.26)	1.78	1.86	3.41	3.35	1.86
Cash distributions declared per Common Unit	\$ 2.45	\$ 2.45	\$ 2.41	\$ 2.33	\$ 1.86	\$ 1.86	\$ 2.41
Balance Sheet Data (end of period)							
Cash and cash equivalents	\$ 14,411	\$ 14,411	\$ 53,481	\$ 15,765	\$ 37,876	\$ 37,876	\$ 14,411
Current assets	236,803	236,803	252,894	98,912	232,651	232,651	236,803
Total assets	965,597	965,597	992,007	670,559	955,642	955,642	965,597
Current liabilities, excluding short-term borrowings and current portion of long-term borrowings	194,987	194,987	202,024	94,802	142,063	142,063	194,987
Total debt	575,295	575,295	515,915	383,826	548,245	548,245	575,295
Other long-term liabilities	119,199	119,199	105,950	107,853	129,315	129,315	119,199
Partners' capital – Unitholders	157,420	159,199	238,880	165,950	208,715	209,052	211,111
Partners' capital – General Partner	\$ —	\$ (1,779)	\$ 852	\$ 1,567	\$ —	\$ (337)	\$ —
Statement of Cash Flows Data							
Cash provided by (used in)							
Operating activities	\$ 39,005	\$ 39,005	\$ 93,065	\$ 57,300	\$ 120,884	\$ 120,884	\$ 39,005

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Investing activities	(24,631)	(24,631)	(196,557)	(4,859)	(12,425)	(12,425)	(1
Financing activities	\$ (56,699)	\$ (53,444)	\$ 141,208	\$ (77,631)	\$ (87,151)	\$ (84,994)	\$ (4

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	Year Ended				Nine Months Ended		
	Pro Forma Sept. 24, 2005 (a)	Sept. 24, 2005	Sept. 25, 2004 (b)	Sept. 27, 2003	Pro Forma June 24, 2006 (a)	June 24, 2006	June 25, 2005
Other Data							
Depreciation and amortization	\$ 37,762	\$ 37,762	\$ 36,743	\$ 27,520	\$ 24,865	\$ 24,865	\$ 27,513
EBITDA and Adjusted EBITDA (i)	107,105	107,105	131,882	110,020	168,182	168,182	124,823
Capital expenditures – maintenance and growth (j)	29,301	29,301	26,527	14,050	15,303	15,303	23,130
Acquisitions	\$ —	\$ —	—\$211,181	\$ —	\$ —	\$ —	\$ —
Retail gallons sold							
Propane	516,040	516,040	537,330	491,451	391,319	391,319	438,912
Fuel oil and refined fuels	244,536	244,536	220,469	—	125,078	125,078	207,260

(a)The pro forma financial data for the fiscal year ended September 24, 2005 and for the nine months ended June 24, 2006 represents the unaudited pro forma effect on our cash distributions and net income (loss) per Common Unit as if the Exchange had occurred on September 26, 2004 (the beginning of fiscal 2005). The pro forma balance sheet data as of September 24, 2005 and June 24, 2006 reflect the unaudited pro forma effect on partners' capital as if the Exchange had occurred on those dates. The unaudited pro forma financial data does not give effect to any financial advisory, legal or accounting fees to be incurred as a result of the Exchange subsequent to June 24, 2006. The pro forma adjustments are as follows (amounts in thousands, except per unit data):

	Pro Forma Fiscal Year Ended September 24, 2005			Pro Forma Nine Months Ended June 24, 2006		
	As Reported	Adjustments	Pro Forma	As Reported	Adjustments	Pro Forma
Net (loss) income General Partner's interest in net (loss) income	\$ (8,076)	\$ —	\$ (8,076)	\$ 111,771	\$ —	\$ 111,771
Limited Partners' interest in net (loss) income	(251)	251(i)	—	3,511	(3,511)(i)	—
(Loss) income from continuing operations per Common Unit – basic	(7,825)	(251)(i)	(8,076)	108,260	3,511(i)	111,771
Net (loss) income per Common Unit – basic	(0.29)	0.01(ii)	(0.28)	3.37	0.06(ii)	3.43
Net (loss) income per Common Unit – diluted	(0.26)	0.01(ii)	(0.25)	3.37	0.06(ii)	3.43
	(0.26)	0.01(ii)	(0.25)	3.35	0.06(ii)	3.41

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Partners' capital – Unitholders	159,199	(1,779)(iii)	157,420	209,052	(337)(iii)	208,715
Partners' capital – General Partner	(1,779)	1,779(iii)	—	(337)	337(iii)	—
Cash (used in) financing activities	\$ (53,444)	\$(3,255)(iv)	\$ (56,699)	\$ (84,994)	\$(2,157)(iv)	\$ (87,151)

(i) Reflects the elimination of the General Partner's share of reported net income or loss as a result of the elimination of the General Partner's Incentive Distributive Rights and the economic interests included in its general partner interests in Suburban and its Operating Partnership.

(ii) Reflects the impact on net (loss) income per Common Unit from eliminating the General Partner's share of net income or loss and the impact of allocating the entire net income or loss to the Common Units to be outstanding after giving pro forma effect to the Exchange. For the nine months ended June 24, 2006, the pro forma adjustment also reflects the elimination of our requirement to compute earnings per Common Unit in accordance with the two-class method under Emerging Issues Task Force consensus 03-6 "Participating Securities and the

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Two-Class Method Under FAS 128" ("EITF 03-6") as a result of the elimination of the General Partner's Incentive Distribution Rights as further described in (h) below.

(iii) Reflects the net adjustment to partners' capital from the elimination of the General Partner's capital account in exchange for the issuance of 2,300,000 Common Units.

(iv) Reflects the pro forma effect on cash distributions paid by Suburban, as reported within cash flow used in financing activities in the consolidated statement of cash flows, from the net effect of eliminating cash distributions to the General Partner in exchange for cash distributions on the newly issued Common Units under the Exchange. For purposes of the pro forma cash distribution adjustment, we used the quarterly distribution rates in effect during the periods presented.

(b) Includes the results from our acquisition of substantially all of the assets and operations of Agway Energy Products, LLC ("Agway") from December 23, 2003, the date of acquisition.

(c) During fiscal 2005, we incurred \$2.8 million in restructuring charges associated primarily with severance costs from an internal realignment of our field operations. During fiscal 2004, we incurred \$2.9 million in restructuring charges to integrate our assets, employees and operations with Agway assets, employees and operations. During the nine months ended June 24, 2006, we incurred \$4.4 million in restructuring charges related primarily to additional severance costs associated with our field realignment efforts which began during the fourth quarter of fiscal 2005, including the elimination of nearly 200 positions in our HVAC segment during the third quarter of fiscal 2006 related to our decision to restructure our HVAC service offerings in furtherance of our efforts to streamline the field operations.

(d) During fiscal 2005, we recorded a non-cash charge of \$0.7 million related to the impairment of goodwill in our HVAC segment. During fiscal 2004, we recorded a non-cash charge of \$3.2 million related to impairment of goodwill for one of our reporting units acquired in fiscal 1999.

(e) These amounts include, in addition to the gain on sale of customer service centers, gains from the disposal of property, plant and equipment of \$2.0 million for fiscal 2005, \$0.7 million for fiscal 2004, \$0.6 million for fiscal 2003, \$1.2 million for the nine months ended June 24, 2006 and \$1.9 million for the nine months ended June 25, 2005.

(f) During fiscal 2005, we incurred a one-time charge of \$36.2 million as a result of our March 2005 debt refinancing to reflect the loss on debt extinguishment associated with a prepayment premium of \$32.0

million and the write-off of \$4.2 million of unamortized bond issuance costs associated with previously outstanding senior notes.

- (g) Gain on sale of customer service centers for fiscal 2005 of \$1.0 million reflects the finalization of certain purchase price adjustments with the buyer of the customer service centers sold during fiscal 2004. Gain on sale of customer service centers for fiscal 2004 of \$26.3 million reflects the sale of 24 customer service centers for net cash proceeds of approximately \$39.4 million. Gain on sale of customer service centers for fiscal 2003 of \$2.5 million reflects the sale of nine customer service centers for net cash proceeds of approximately \$7.2 million. The gains on sale have been accounted for within discontinued operations pursuant to Statement of Financial Accounting Standards (“SFAS”) No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets.” Prior period results of operations attributable to the customer service centers sold in fiscal 2004 have been reclassified to remove financial results from continuing operations.
- (h) Computations of earnings per Common Unit are performed in accordance with EITF 03-6, when applicable. EITF 03-6 requires, among other things, the use of the two-class method of computing earnings per unit when participating securities exist. The requirements of EITF 03-6 do not apply to the computation of earnings per Common Unit in periods in which a net loss is reported and therefore did not have any impact on loss per Common Unit for the fiscal year ended September 24, 2005. In

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addition, the application of EITF 03-6 did not have any impact on income per Common Unit for the fiscal years ended September 25, 2004 and September 27, 2003, or for the nine months ended June 25, 2005.

Basic net income (loss) per Common Unit for the fiscal years ended September 24, 2005, September 25, 2004 and September 27, 2003 and for the nine months ended June 25, 2005 is computed under SFAS No. 128 “Earnings Per Share” (“SFAS 128”) by dividing net income (loss), after deducting the General Partner's approximate 3.7% interest, by the weighted average number of outstanding Common Units. Diluted net income (loss) per Common Unit for these same periods is computed by dividing net income (loss), after deducting the General Partner's approximate 3.7% interest, by the weighted average number of outstanding Common Units and time vested restricted units granted under our 2000 Restricted Unit Plan.

Basic income per Common Unit for the nine months ended June 24, 2006 is computed by dividing the limited partners' share of income, calculated under the two-class method of computing earnings, by the weighted average number of outstanding Common Units. The two-class method is an earnings allocation formula that computes earnings per unit for each class of Common Unit and participating security according to distributions declared and the participating rights in undistributed earnings, as if all of the earnings were distributed to the limited partners and the General Partner (inclusive of the Incentive Distribution Rights of the General Partner which are considered participating securities for purposes of the two-class method). Net income is allocated to the Unitholders and the General Partner in accordance with their respective partnership ownership interests, after giving effect to any priority income allocations for Incentive Distribution Rights of the General Partner. Application of the two-class method under EITF 03-6 had a negative impact on income per Common Unit of \$0.20 for the nine months ended June 24, 2006 compared to the computation under SFAS 128.

- (i) EBITDA represents net income before deducting interest expense, income taxes, depreciation and amortization. Our management uses EBITDA as a measure of liquidity and we are including it because we believe that it provides 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 EBITDA as the performance target. We use the term Adjusted EBITDA to reflect the presentation of EBITDA for the fiscal year ended September 24, 2005 and for the nine months ended June 25, 2005 exclusive of the impact of the non-cash charge for loss on debt extinguishment in the amount of \$36.2 million. We use this non-GAAP financial measure in order to assist industry analysts and investors in assessing our liquidity on a year-over-year basis. Moreover, our revolving credit agreement requires us to use EBITDA or Adjusted EBITDA as a component in calculating our leverage and interest coverage ratios. EBITDA and Adjusted EBITDA are not recognized terms under GAAP and should not be considered as alternatives to net income or net cash provided by operating activities determined in accordance with GAAP. Because EBITDA as determined by us excludes some, but not all, items that affect net income, it may not be comparable to 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 EBITDA and Adjusted EBITDA, as so calculated, to our net cash provided by operating activities (amounts in thousands):

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	Year Ended				Nine Months Ended		
	Pro Forma Sept. 24, 2005	Sept. 24, 2005	Sept. 25, 2004	Sept. 27, 2003	Pro Forma June 24, 2006	June 24, 2006	June 25, 2005
Net (loss) income	\$ (8,076)	\$ (8,076)	\$ 54,304	\$ 48,669	\$ 111,771	\$ 111,771	\$ 30,446
Add:							
Provision for income taxes	803	803	3	202	354	354	336
Interest expense, net	40,374	40,374	40,832	33,629	31,192	31,192	30,286
Depreciation and amortization	37,762	37,762	36,743	27,520	24,865	24,865	27,513
EBITDA	70,863	70,863	131,882	110,020	168,182	168,182	88,581
Loss on debt extinguishment	36,242	36,242	—	—	—	—	36,242
Adjusted EBITDA	107,105	107,105	131,882	110,020	168,182	168,182	124,823
Add (subtract):							
Provision for income taxes	(803)	(803)	(3)	(202)	(354)	(354)	(336)
Loss on debt extinguishment	(36,242)	(36,242)	—	—	—	—	(36,242)
Interest expense, net	(40,374)	(40,374)	(40,832)	(33,629)	(31,192)	(31,192)	(30,286)
Gain on disposal of property, plant and equipment, net	(2,043)	(2,043)	(715)	(636)	(1,189)	(1,189)	(1,888)
Gain on sale of customer service centers	(976)	(976)	(26,332)	(2,483)	—	—	(976)
Changes in working capital and other assets and liabilities	12,338	12,338	29,065	(15,770)	(14,563)	(14,563)	(32,808)
Net cash provided by (used in)							
Operating activities	\$ 39,005	\$ 39,005	\$ 93,065	\$ 57,300	\$ 120,884	\$ 120,884	\$ 22,287
Investing activities	\$ (24,631)	\$ (24,631)	\$ (196,557)	\$ (4,859)	\$ (12,425)	\$ (12,425)	\$ (19,126)
Financing activities	\$ (56,699)	\$ (53,444)	\$ 141,208	\$ (77,631)	\$ (87,151)	\$ (84,994)	\$ (45,434)

(j)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.

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PROPOSAL NO. 1

ELECTION OF SUPERVISORS

Unitholders are entitled to elect three members of the Board of Supervisors (the “Elected Supervisors”). The nominees for Elected Supervisors, all of whom are currently serving as Elected Supervisors, are described below. If elected, all nominees are expected to serve until the next Tri-Annual Meeting of Unitholders and until their successors are duly elected. Although the Board does not anticipate that any of the persons named below will be unable to stand for election, if for any reason a nominee becomes unavailable for election, the persons named in the form of proxy have advised that they will vote for such substitute nominee as the Board may propose.

Nominees for Election as Elected Supervisors

The Board of Supervisors unanimously recommends a vote FOR the election of each of the Board’s nominees set forth below:

John Hoyt Stookey

Age 76

Mr. Stookey has served as an Elected Supervisor and Chairman of the Board of Supervisors since March 1996. From 1986 until September 1993, he was the Chairman, President and Chief Executive Officer of Quantum Chemical Corporation (“Quantum”) and served as non-executive Chairman and a Director of Quantum from its acquisition by Hanson plc (“Hanson”) in September 1993 until October 1995. Mr. Stookey also is a non-executive Chairman of Per Scholas Inc.

Harold R. Logan, Jr.

Age 61

Mr. Logan has served as an Elected Supervisor since March 1996. He is a Director and Chairman of the Finance Committee of the Board of Directors of TransMontaigne Inc., which provides logistical services (i.e., pipeline, terminaling and marketing) to producers and end-users of refined petroleum products. From 1995 to 2002, Mr. Logan was Executive Vice President/Finance, Treasurer and a Director of TransMontaigne Inc. From 1987 to 1995, Mr. Logan served as Senior Vice President of Finance and a Director of Associated Natural Gas Corporation, an independent gatherer and marketer of natural gas, natural gas liquids and crude oil. Mr. Logan also is a Director of The Houston Exploration Company, Graphic Packaging Corporation, Hart Energy Publishing LLP and Rivington Capital Advisors, LLC.

Dudley C. Mecum

Age 71

Mr. Mecum has served as an Elected Supervisor since June 1996. He has been a Managing Director of Capricorn Holdings, LLC (a sponsor of and investor in leveraged buyouts) since June 1997. Mr. Mecum was a partner of G.L. Ohrstrom & Co. (a sponsor of and investor in leveraged buyouts) from 1989 to June 1996. Mr. Mecum also is a Director of CitiGroup, Inc.

Other Members of the Board of Supervisors

In addition to the Elected Supervisors, the Board currently consists of two Supervisors (the “Appointed Supervisors”) appointed by the General Partner. For a description of amendments to the Existing Partnership Agreement that, if approved at the Meeting by the requisite vote of Unitholders, will provide for the election of all members of the Board of Supervisors, see “PROPOSAL NO. 3 – EXCHANGE-RELATED AMENDMENTS TO THE EXISTING PARTNERSHIP AGREEMENT – Description of Exchange-Related Amendments to the Existing Partnership Agreement.” If Proposal No. 3 is approved at the Meeting by the requisite vote of Unitholders, the Appointed Supervisors will remain as members of the Board of Supervisors until the next Tri-Annual Meeting.

Mark A. Alexander

Age 47

Mr. Alexander has served as Chief Executive Officer of Suburban and as an Appointed Supervisor since March 1996, and as President from October 1996 until May 2005. He was Executive Vice Chairman

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from March 1996 through October 1996. From 1989 until joining Suburban, Mr. Alexander was an officer of Hanson Industries (the United States management division of Hanson), most recently Senior Vice President – Corporate Development. Mr. Alexander is a General Partner Member and serves as Chairman of the Board of Managers of the General Partner.

Michael J. Dunn, Jr.

Age 57

Mr. Dunn became President of Suburban in May 2005. From June 1998 until that date, he was Senior Vice President, becoming Senior Vice President – Corporate Development in November 2002. Mr. Dunn has served as an Appointed Supervisor since July 1998. He was Vice President – Procurement and Logistics from March 1997 until June 1998. From 1983 until joining Suburban in March 1997, Mr. Dunn was Vice President of Commodity Trading for the investment banking firm of Goldman Sachs. Mr. Dunn is a General Partner Member and serves on the Board of Managers of the General Partner.

EXECUTIVE OFFICERS OF SUBURBAN

The following table sets forth certain information with respect to our executive officers as of August 1, 2006. Officers are appointed by the Board of Supervisors for one-year terms.

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Name	Age	Position With Suburban
Mark A. Alexander	47	Chief Executive Officer; Member of the Board of Supervisors (Appointed Supervisor)
Michael J. Dunn, Jr.	57	President; Member of the Board of Supervisors (Appointed Supervisor)
Robert M. Plante	58	Vice President and Chief Financial Officer
Dennis W. Trautman	47	Chief Operating Officer
Jeffrey S. Jolly	53	Vice President and Chief Information Officer
Michael M. Keating	53	Vice President – Human Resources and Administration
Paul Abel	53	General Counsel and Secretary
Douglas T. Brinkworth	44	Vice President – Supply
A. Davin D’Ambrosio	42	Treasurer
Michael A. Stivala	37	Controller and Chief Accounting Officer

For Mr. Alexander’s biographical information, see “PROPOSAL NO. 1 – ELECTION OF SUPERVISORS – Other Members of the Board of Supervisors.”

For Mr. Dunn’s biographical information, see “PROPOSAL NO. 1 – ELECTION OF SUPERVISORS – Other Members of the Board of Supervisors.”

Mr. Plante has served as a Vice President since October 1999 and became Chief Financial Officer in November 2003. He was Vice President – Finance from March 2001 until November 2003 and Treasurer from March 1996 through October 2002. Mr. Plante held various financial and managerial positions with predecessors of Suburban from 1977 until 1996. Mr. Plante serves on the Board of Managers of the General Partner.

Mr. Trautman became Chief Operating Officer in May 2005. He joined Suburban in December 2003 as Managing Director, Northeast Operations, upon Suburban’s acquisition of substantially all the assets and operations of Agway. For the balance of the prior five years, Mr. Trautman served as Chief Operating Officer of Agway, then a leading regional marketer of propane, fuel oil, gasoline and diesel fuel.

Mr. Jolly has served as Vice President and Chief Information Officer since May 1999. He was Vice President – Information Services from July 1997 until May 1999. From May 1993 until joining Suburban, Mr. Jolly was Vice President – Information Systems at The Wood Company, a food services company.

Mr. Keating has served as Vice President – Human Resources and Administration since July 1996. He previously held senior human resource positions at Hanson Industries and Quantum, a predecessor of Suburban.

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Mr. Abel has served as General Counsel and Secretary since June 2006. From May 2005 until June 2006, Mr. Abel was Assistant General Counsel of Velocita Wireless, L.P., the owner and operator of a nationwide wireless data network. From 1998 until May 2005, Mr. Abel was Vice President, Secretary and General Counsel of AXS-One Inc. (formerly known as Computron Software, Inc.), an international business software company whose stock is traded on the American Stock Exchange. Prior to this period, Mr. Abel was an associate with the law firm of Milbank, Tweed, Hadley & McCloy and a senior attorney with Panasonic.

Mr. Brinkworth became Vice President – Supply in May 2005. Mr. Brinkworth joined Suburban in April 1997 after a nine year career with Goldman Sachs and, since joining Suburban, has served in various positions in the supply area, most recently as Managing Director.

Mr. D’Ambrosio became Treasurer in November 2002. He served as Assistant Treasurer from October 2000 until November 2002 and as Director of Treasury Services from January 1998 through October 2000. Mr. D’Ambrosio joined Suburban in May 1996 after ten years in the commercial banking industry.

Mr. Stivala has served as Controller and Chief Accounting Officer since May 2005. Prior to that he was Controller since December 2001. From 1991 until joining Suburban, he held several positions with PricewaterhouseCoopers LLP, most recently as Senior Manager in the Assurance practice. Mr. Stivala is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.

Messrs. Alexander, Dunn, Plante, Jolly, Keating, Brinkworth and D’Ambrosio are General Partner Members.

PARTNERSHIP GOVERNANCE

Management of Suburban

The Existing Partnership Agreement provides that all management powers over our business and affairs are exclusively vested in the Board of Supervisors and, subject to the direction of the Board, our officers. Neither the General Partner nor any Unitholder has any management power over our business and affairs or actual authority to enter into contracts on behalf of, or to otherwise bind, us. Currently, three independent Elected Supervisors and two Appointed Supervisors serve on the Board of Supervisors pursuant to the terms of the Existing Partnership Agreement. The Elected Supervisors are elected by the Unitholders to serve a three-year term and the Appointed Supervisors are appointed by our General Partner, which is owned by 40 current and former members of our management (see “PROPOSAL NO. 1 – ELECTION OF SUPERVISORS” above). If the amendments to the Existing Partnership Agreement, described in “PROPOSAL NO. 3 – EXCHANGE – RELATED AMENDMENTS TO THE EXISTING PARTNERSHIP AGREEMENT – Description of Exchange-Related Amendments to the Existing Partnership Agreement” below are approved at the Meeting by the requisite vote of Unitholders, all members of the Board of Supervisors will be elected by the Unitholders and the General Partner will no longer appoint any Supervisors.

Board Committees

The Board has two standing committees: an Audit Committee and a Compensation Committee. Because the Board of Supervisors consists of only five members, including the three independent Elected Supervisors, the Board has determined that it is not necessary to have a separate nominating committee. Rather, the full Board participates in the selection of nominees to serve as Elected Supervisors.

Audit Committee

The Audit Committee is comprised of the three Elected Supervisors who are not officers or employees of Suburban or its subsidiaries. The Audit Committee assists the Board of Supervisors in fulfilling its oversight responsibilities relating to (a) integrity of Suburban’s financial statements and internal controls over financial reporting; (b) Suburban’s compliance with applicable laws, regulations and

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its code of conduct; (c) independence and qualifications of the independent registered public accounting firm; and (d) performance of the internal audit function and the independent registered public accounting firm. The Audit Committee also has the authority to review, at the request of the Board of Supervisors, specific matters as to which the Board of Supervisors believes there may be a conflict of interest in order to determine if the resolution or course of action in respect of such conflict proposed by the Board of Supervisors is fair and reasonable to us. The Board of Supervisors requested that the Audit Committee review the Exchange and the Amendment Proposals for this purpose. Under the Existing Partnership Agreement, any matter that receives the “Special Approval” of the Audit Committee (i.e., approval by a majority of the members of the Audit Committee) is conclusively deemed to be fair and reasonable to Suburban, is deemed approved by all of our partners and shall not constitute a breach of the Existing Partnership Agreement or any duty stated or implied by law or equity as long as the material facts known to the party having the potential conflict of interest regarding any proposed transaction were disclosed to the Audit Committee at the time it gave Special Approval. On July 27, 2006, the Audit Committee unanimously approved, under the Special Approval provisions of the Existing Partnership Agreement, the Exchange, the Restated Partnership Agreement and the various transaction documents. See “PROPOSAL NO. 2 – THE EXCHANGE – Background of the Exchange.”

Our Board has adopted a written charter for the Audit Committee, a copy of which is attached as Appendix A, in accordance with the NYSE corporate governance listing standards in effect as of the date of this Proxy Statement. The Audit Committee Charter is reviewed periodically to ensure that it meets all applicable legal and NYSE listing requirements. Copies of our Audit Committee Charter are available without charge from our website at www.suburbanpropane.com or upon written request directed to: Investor Relations, Suburban Propane Partners, L.P., P.O. Box 206, Whippany, New Jersey 07981-0206.

The Board of Supervisors has determined that all three members of the Audit Committee, John Hoyt Stookey, Harold R. Logan, Jr. and Dudley C. Mecum, are audit committee financial experts and are independent within the meaning of the NYSE corporate governance listing standards and in accordance with applicable SEC rules as of the date of this Proxy Statement. The Corporate Governance Guidelines and Principles adopted by the Board of Supervisors set forth that a Supervisor is deemed to be lacking a material relationship to Suburban and is therefore independent of management if the following criteria are satisfied:

- Within the past three years, the Supervisor:
 - has not been employed by Suburban and has not received more than \$100,000 per year in direct compensation from Suburban, other than Supervisor and committee fees and pension or other forms of deferred compensation for prior service;
 - has not provided significant advisory or consultancy services to Suburban, and has not been affiliated with a company or a firm that has provided such services to Suburban in return for aggregate payments during any of the last three fiscal years of Suburban in excess of the greater of 2% of the other company’s consolidated gross revenues or \$1 million;
 - has not been a significant customer or supplier of Suburban and has not been affiliated with a company or firm that has been a customer or supplier of Suburban and has either made to Suburban or received from Suburban payments during any of the last three fiscal years of Suburban in excess of the greater of 2% of the other company’s consolidated gross revenues or \$1 million;
 - has not been employed by or affiliated with an internal or external auditor that within the past three years provided services to Suburban; and
 - has not been employed by another company where any of Suburban’s current executives serve on that company’s compensation committee;

- The Supervisor is not a spouse, parent, sibling, child, mother- or father-in-law, son- or daughter-in-law or brother- or sister-in-law of a person having a relationship described above or shares a residence with such person;

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- The Supervisor is not affiliated with a tax-exempt entity that within the past 12 months received significant contributions from Suburban (contributions of the greater of 2% of the entity's consolidated gross revenues or \$1 million are considered significant); and
- The Supervisor does not have any other relationships with Suburban or with members of senior management that the Board determines to be material.

Mr. Logan, Chairman of the Audit Committee, presides at the regularly scheduled executive sessions of the non-management Supervisors, all of whom are independent, held as part of the meetings of the Audit Committee. Investors and other parties interested in communicating directly with the non-management Supervisors as a group may do so by writing to the Non-Management Members of the Board of Supervisors, c/o Corporate Secretary, Suburban Propane Partners, L.P., P.O. Box 206, Whippany, New Jersey 07981-0206.

The Board will continue to review the qualifications of the members of the Audit Committee in light of the evolving requirements of the Sarbanes-Oxley Act of 2002, SEC regulations and the NYSE listing requirements. The Audit Committee met 8 times during each of fiscal 2003, fiscal 2004 and fiscal 2005 and 15 times during fiscal 2006 (through August 15, 2006).

Compensation Committee

The Compensation Committee reviews the performance and sets the compensation for all executives. It also approves the design of executive compensation programs. In addition, the Compensation Committee participates in executive succession planning and management development. The committee met once in each of fiscal 2003, fiscal 2004, fiscal 2005 and twice in fiscal 2006 (through August 15, 2006). Its members are Messrs. Logan, Mecum and Stookey, who serves as its Chair, none of whom are officers or employees of Suburban.

We have adopted a Compensation Committee Charter in accordance with the NYSE corporate governance listing standards in effect as of the date of this Proxy Statement. Copies of our Compensation Committee Charter are available without charge from our website at www.suburbanpropane.com or upon written request directed to: Investor Relations, Suburban Propane Partners, L.P., P.O. Box 206, Whippany, New Jersey 07981-0206.

Supervisor Nominations and Criteria for Board Membership

The full Board of Supervisors, three of whom are independent as "independence" is defined in the NYSE listing standards, participates in the consideration of Supervisor nominees. There is no charter governing the nomination process. To fulfill its responsibility to recruit nominees for election as Supervisors, the Board of Supervisors reviews the composition of the Board to determine the qualifications and areas of expertise needed to further enhance the composition of the Board and works with management in attracting candidates with those qualifications. Appropriate criteria for Board membership include the following:

- Members of the Board should be individuals of high integrity, independence and substantial accomplishments, and should have prior or current association with institutions noted for their excellence.

- Members of the Board should have demonstrated leadership ability with diverse perspectives, the ability to exercise sound business judgment and broad experience in areas important to the operation of Suburban.
- Supervisors must act ethically at all times.

In addition, the Board considers the number of other boards of public companies on which a candidate serves.

Unitholder Nominations

The Board will consider candidates for Supervisor suggested by our Unitholders, provided that the recommendations are made in accordance with the procedures set forth in the Existing Partnership

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Agreement. Any Unitholder that beneficially owns 10% or more of the outstanding Common Units is entitled to nominate one or more individuals to stand for election as Elected Supervisors at a Tri-Annual Meeting by providing written notice thereof to the Board of Supervisors not more than 120 days and not less than 90 days prior to the date of such Tri-Annual Meeting; provided, however, that in the event that the date of the Tri-Annual Meeting was not publicly announced by Suburban by mail, press release or otherwise more than 100 days prior to the date of such meeting, such notice, to be timely, must be delivered to the Board of Supervisors not later than the close of business on the tenth day following the date on which the date of the Tri-Annual Meeting was announced. The notice must set forth (i) the name and address of the Unitholder(s) making the nomination or nominations, (ii) the number of Common Units beneficially owned by such Unitholder(s), (iii) such information regarding each nominee proposed by the Unitholder(s) as would be required to be included in a proxy statement relating to the solicitation of proxies for the election of Supervisors filed pursuant to the proxy rules of the SEC had the nominee been nominated or intended to be nominated to the Board of Supervisors, (iv) the written consent of each nominee to serve as a member of the Board of Supervisors if so elected and (v) a certification that such nominee qualifies as an Elected Supervisor. Unitholder nominees whose nominations comply with these procedures and who meet the minimum criteria for Board membership, as outlined above, will be evaluated by the Board of Supervisors in the same manner as the Board's nominees.

If the amendment to the Existing Partnership Agreement described in "PROPOSAL NO. 5 – SUPERMAJORITY VOTE FOR CHANGE TO PROCEDURE TO NOMINATE SUPERVISORS" is approved at the Meeting by the requisite vote of Unitholders, amendment of the nomination procedure will require approval by holders of 66 2/3%, rather than a majority, of the outstanding Common Units.

Attendance at Meetings

Unitholder Meetings

It is the policy of the Board of Supervisors that all Supervisors should attend Suburban's Unitholder meetings. All Supervisors attended the Tri-Annual Meeting of Unitholders in April 2003.

Board and Committee Meetings

The Board held 7 meetings in fiscal 2003, 11 meetings in fiscal 2004 and 9 meetings in fiscal 2005. In each of fiscal

2003, 2004 and 2005, each Supervisor attended at least 75% of the total number of meetings of the Board and of the Committees of the Board on which such Supervisor served.

Unitholder Communications With the Board of Supervisors

Unitholders who wish to communicate directly with the Board as a group may do so by writing to the Suburban Board of Supervisors, c/o Corporate Secretary, Suburban Propane Partners, L.P., P.O. Box 206, Whippany, New Jersey 07981-0206. Unitholders may also communicate directly with individual Supervisors by addressing their correspondence accordingly.

Compensation of Supervisors

Mr. Stookey, who is the Chairman of the Board of Supervisors, receives annual compensation of \$100,000 for his services to us. Each of Mr. Logan and Mr. Mecum, the other two Elected Supervisors, receives \$75,000 per year. All Elected Supervisors receive reimbursement of reasonable out-of-pocket expenses incurred in connection with meetings of the Board of Supervisors. Neither Mr. Alexander nor Mr. Dunn, the Supervisors appointed by our General Partner, receive any additional remuneration for serving as members of the Board of Supervisors. For the first quarter of fiscal 2006, the Board of Supervisors approved a per meeting fee of \$2,500 for the Chairman of the Audit Committee (Mr. Logan), and \$2,000 for each of the other two Elected Supervisors, for attendance at meetings of the Audit Committee held to evaluate certain potential transactions. Under this arrangement, Mr. Logan received \$25,000, Mr. Stookey received \$18,000 and Mr. Mecum received \$10,000. On July 27, 2006, the Board of Supervisors approved a per meeting fee in the same amounts for attendance at meetings of the Audit Committee held with respect to the proposed Exchange from February 2006 through closing. Under this arrangement, to date Mr. Logan is entitled to receive \$22,500, Mr. Stookey \$16,000 and Mr. Mecum \$16,000.

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During fiscal year 2005, each of Messrs. Stookey, Logan and Mecum was granted an award of 8,500 Common Units under Suburban's 2000 Restricted Unit Plan. These restricted awards will vest and the Common Units will be issued in installments of 25%, 25% and 50% of the total award on the third, fourth and fifth anniversaries, respectively, of the date of grant. Prior to vesting, the recipient has no power to dispose of the Common Units, no distributions are payable with respect to the Common Units and the Common Units have no voting rights.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our Supervisors, executive officers and holders of ten percent or more of our Common Units to file initial reports of ownership and reports of changes in ownership of our Common Units with the SEC. Supervisors, executive officers and ten percent Unitholders are required to furnish Suburban with copies of all Section 16(a) forms that they file. Based on a review of these filings, we believe that all such filings were timely made during fiscal year 2005.

Code of Ethics

We have adopted a Code of Ethics that applies to our principal executive officer, principal financial officer and principal accounting officer. Copies of our Code of Ethics are available without charge from our website at www.suburbanpropane.com or upon written request directed to: Investor Relations, Suburban Propane Partners, L.P.,

P.O. Box 206, Whippany, New Jersey 07981-0206. Any amendments to, or waivers from, provisions of our Code of Ethics that apply to our principal executive officer, principal financial officer and principal accounting officer will be posted on our website.

Code of Business Conduct

We have adopted a Code of Business Conduct that applies to all of our employees, officers and Supervisors (and which is in addition to our Code of Ethics that applies to our principal executive officer, principal financial officer and principal accounting officer). Copies of our Code of Business Conduct are available without charge from our website at www.suburbanpropane.com or upon written request directed to: Investor Relations, Suburban Propane Partners, L.P., P.O. Box 206, Whippany, New Jersey 07981-0206. Any amendments to, or waivers from, the provisions of our Code of Business Conduct that apply to our Supervisors or executive officers will be posted on our website.

Corporate Governance Guidelines

We have adopted Corporate Governance Guidelines and Policies in accordance with the NYSE corporate governance listing standards in effect as of the date of this Proxy Statement. Copies of our Corporate Governance Guidelines are available without charge from our website at www.suburbanpropane.com or upon written request directed to: Investor Relations, Suburban Propane Partners, L.P., P.O. Box 206, Whippany, New Jersey 07981-0206.

NYSE Annual CEO Certification

The NYSE requires the Chief Executive Officer of each listed company to submit a certification indicating that the company is not in violation of the Corporate Governance listing standards of the NYSE on an annual basis. Mr. Alexander submitted his Annual CEO Certification for 2005 to the NYSE without qualification.

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REPORT OF THE AUDIT COMMITTEE

This report by the Audit Committee is required by the rules of the SEC pursuant to paragraphs (a) and (b) of Regulation S-K Item 306. It shall not be deemed to be “soliciting material,” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Suburban specifically incorporates it by reference in such filing.

In accordance with the provisions of its written charter, the Audit Committee assists the Board of Supervisors in fulfilling its responsibility for oversight of (a) the integrity of Suburban’s financial statements and internal controls over financial reporting; (b) Suburban’s compliance with applicable laws, regulations, and the code of conduct; (c) independence and qualifications of the independent registered public accountants; and (d) the performance of the internal audit function and the independent registered public accountants. Management of Suburban is responsible for the preparation, integrity and objectivity of Suburban’s financial statements in accordance with generally accepted accounting principles and for establishing and maintaining a system of internal accounting and disclosure controls. PricewaterhouseCoopers LLP, Suburban’s independent registered public accounting firm, audits the annual financial statements prepared by management, expresses an opinion as to whether those financial statements fairly present, in all material respects, the financial position, results of operations and cash flows of Suburban in conformity with

accounting principles generally accepted in the United States of America and discusses with the Audit Committee any issues it believes should be raised. The independent registered public accounting firm also annually audits management's assessment of the effectiveness of internal control over financial reporting and audits the effectiveness of internal control over financial reporting.

In carrying out its responsibilities, the Audit Committee has reviewed and discussed the audited consolidated financial statements with management and the independent registered public accountants, including management's report and the independent registered public accountants report and attestation on internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002. Management has represented to the Audit Committee that Suburban's consolidated financial statements were prepared in accordance with generally accepted accounting principles. The Audit Committee also discussed with PricewaterhouseCoopers LLP those matters required to be communicated to audit committees by Statement on Auditing Standards No. 61 (Communications with Audit Committees), as amended by SAS No. 99.

Additionally, the Audit Committee has discussed with PricewaterhouseCoopers LLP its independence from Suburban and its management. Specifically, the Audit Committee received and reviewed the written disclosures from PricewaterhouseCoopers LLP required by the Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), as may be modified or supplemented, and also considered whether the provision by PricewaterhouseCoopers LLP of services other than audit services is compatible with maintaining its independence and determined that it is compatible.

Based on the review and discussions referred to above and the report of the independent registered public accountants to the Audit Committee, the Audit Committee recommended to the Board of Supervisors that Suburban's audited financial statements be included in Suburban's Annual Report on Form 10-K for the fiscal year ended September 24, 2005, filed with the SEC.

Respectfully submitted by the members of the Audit Committee of the Board of Supervisors.

Harold R. Logan, Jr., Chairman
 John H. Stookey
 Dudley C. Mecum

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PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth the aggregate fees for services related to fiscal years 2005, 2004 and 2003 provided by PricewaterhouseCoopers LLP, our principal accountants.

	Fiscal 2005	Fiscal 2004	Fiscal 2003
Audit Fees (a)	\$ 3,117,745	\$ 1,088,480	\$ 599,000
Audit-Related Fees (b)	62,500	509,500	206,000
Tax Fees (c)	708,535	660,000	590,000
All Other Fees (d)	4,000	3,500	—

(a) Audit Fees represent fees billed for professional services rendered for the integrated audit of our annual consolidated financial statements and our internal control over financial reporting, including reviews of our quarterly financial statements, as well as audit services provided in connection with other regulatory filings in connection with our March 31, 2005 debt refinancing. As a result of the requirement to implement Section 404 of the Sarbanes-Oxley Act at the end of fiscal 2005, audit fees to PricewaterhouseCoopers LLP increased for the additional work necessary to report on the audit of our internal control over financial reporting.

(b) Audit-Related Fees represent fees billed for assurance services related to the audit of our financial statements.

(c) Tax Fees represent fees for professional services related to tax reporting, compliance and transaction services assistance.

(d) All Other Fees represent fees for services provided to us not otherwise included in the categories above.

The Audit Committee of the Board of Supervisors has adopted a formal policy concerning the approval of audit and non-audit services to be provided by our principal accountant, PricewaterhouseCoopers LLP. The policy requires that all services PricewaterhouseCoopers LLP may provide to us, including audit services and permitted audit-related and non-audit services, be pre-approved by the Audit Committee. The Audit Committee pre-approved all audit and non-audit services provided by PricewaterhouseCoopers LLP during fiscal 2005 and fiscal 2004.

REPORT OF THE COMPENSATION COMMITTEE

Executive Compensation Principles

The Compensation Committee has adopted the following principles for the compensation of executive management:

- Ensure that total executive compensation promotes the alignment between the interests of the executives, our Unitholders and our customers.
- Ensure that executive compensation motivates to sustain high-levels of performance and growth of the business.
- Attract and retain top executive talent.
- Emphasize performance-based compensation that balances rewards for short-term and long-term financial results.

Compensation Method

Suburban strives to provide a comprehensive executive compensation program that is competitive and performance-based in order to attract and retain superior executive talent. The Compensation Committee reviews base salaries, short-term and long-term incentives as total compensation for each executive on an annual basis. To ensure competitiveness, the Committee makes use of data provided by a nationally recognized compensation firm. This data is compiled on an annual basis and targets industry and nationally recognized companies.

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Components of Executive Compensation

The components of Suburban's executive compensation program are as follows:

- **Base Salary:** Annual base salary is designed to compensate executives for their level of responsibility and sustained individual performance. The Compensation Committee approves in advance all salary increases for executive officers. Increases in base pay are determined by Suburban's performance as well as individual performance. Performance reviews are conducted on each executive on an annual basis. Base salary is targeted at the median of the comparison group of companies.
- **Annual Bonus Compensation:** Annual bonus compensation is provided in order to promote the achievement of Suburban's business objectives. Target annual bonuses are established as a percentage of each executive's base salary. The measurement to earn a bonus is based on meeting or exceeding budgeted EBITDA. The Compensation Committee may adjust the weightings of the measurement for unusual circumstances. Annual bonus compensation is targeted at the median range of the comparison group of companies. Suburban did not meet this target in fiscal 2005; accordingly, no annual bonus compensation was paid.
- **Long-Term Incentive Compensation:** Suburban adopted a long-term incentive plan effective October 1, 2002. Target awards will be established for each executive that is based on a percentage of their annual bonus plan target. The measurement period to earn the award will be a 3-year performance cycle that will measure Total Return to Suburban's Unitholders (TRU). The TRU will be compared to a group of eleven other master limited partnerships ("MLPs") selected by the Compensation Committee. The quartile ranking of Suburban as compared to the other MLPs will determine the amount of the award. Emphasis will be placed on the growth of Common Unit price and distributions. Duration of this plan will be 10 years.
- **Supplemental Executive Retirement Plan:** The Supplemental Executive Retirement Plan is a non-qualified, unfunded plan, designed to provide certain senior executives of Suburban with additional retirement benefits. Benefits under the plan are calculated without regard to statutory maximums to replace benefit opportunities lost due to regulatory limits. This plan is in a frozen status and has only two participants, Messrs. Alexander and Dunn.
- **Benefits:** A different purpose is served by the benefits offered to key executives than the other elements of total compensation. In general, they provide a safety net of protection against financial catastrophes that can result from illness, disability or death. The benefits offered to key executives are largely those that are offered to the general employee population, with some variation, primarily to promote tax efficiency and to replace benefit opportunities lost due to regulatory limits.

Chief Executive Officer's Compensation

The compensation of Mr. Alexander is based upon an Employment Agreement with him which became effective March 5, 1996, and which was amended on October 23, 1997, April 14, 1999 and November 2, 2005. The terms of the Employment Agreement reflect Mr. Alexander's high degree of policy and decision-making authority with respect to the strategic direction and growth of Suburban. The members of the Compensation Committee meet annually, in executive session, to review Mr. Alexander's compensation.

Mr. Alexander participates in the same programs and receives incentive compensation based on the same factors as the other executive officers. Under the Employment Agreement, Mr. Alexander's base salary for fiscal year 2006 is \$450,000 and he has the opportunity to earn an annual bonus equal to 100% of his base salary.

Respectfully submitted by the members of the Compensation Committee of the Board of Supervisors.

John Hoyt Stookey, Chairman
Harold R. Logan, Jr.
Dudley C. Mecum

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EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth a summary of all compensation awarded or paid to or earned by our chief executive officer and our four other most highly compensated executive officers for services rendered to us during each of the last three fiscal years. We refer to these individuals as the “named executive officers.”

Name and Principal Position	Year	Annual Compensation		LTIP	All Other
		Salary	Bonus ¹	Payout	Compensation ²
Mark A. Alexander Chief Executive Officer	2005	\$ 450,000	\$ —	\$ 267,526	\$ 36,520
	2004	450,000	201,150	—	170,625
	2003	450,000	192,150	—	167,037
Michael J. Dunn, Jr. President	2005	300,000	—	59,142	28,933
	2004	280,000	280,000	44,104	112,738
	2003	280,000	101,626	27,403	95,695
Robert M. Plante Vice President and Chief Financial Officer	2005	225,000	—	—	27,185
	2004	200,000	150,000	—	68,392
	2003	180,000	46,116	—	39,038
Dennis W. Trautman Chief Operating Officer	2005	225,000	—	—	18,808
	2004	225,000	300,000	—	74,733
	2003	—	—	—	—
Jeffrey S. Jolly Vice President and Chief Information Officer	2005	200,000	—	22,442	27,688
	2004	185,000	120,250	16,716	63,786
	2003	182,500	38,964	10,366	50,443

¹Bonuses are reported for the year earned, regardless of the year paid.

²Other Compensation includes the following for fiscal year 2005 for Mr. Alexander: \$3,075 under the Retirement Savings and Investment Plan; \$1,500 in administrative fees under the Cash Balance Pension Plan; \$9,442 related to a vehicle; and \$22,503 for insurance. For Mr. Dunn, this amount includes the following: \$3,075 under the Retirement Savings and Investment Plan; \$1,500 in administrative fees under the Cash Balance Pension Plan; \$9,061 related to a vehicle; and \$15,297 for insurance. For Mr. Plante, this amount includes the following: \$3,063 under the Retirement Savings and Investment Plan; \$1,500 in administrative fees under the Cash Balance Pension Plan; \$9,449 related to a vehicle; and \$13,173 for insurance. For Mr. Trautman, this amount includes the following: \$2,126 under the Retirement Savings and Investment Plan; \$6,345 related to a vehicle; and \$10,337 for insurance. For Mr. Jolly, this amount includes the following: \$2,813 under the Retirement Savings and Investment Plan; \$1,500 in administrative fees under the Cash Balance Pension Plan; \$9,810 related to a vehicle; and \$13,565 for insurance.

Long-Term Incentive Plans

Effective October 1, 1997, we adopted a non-qualified, unfunded long-term incentive plan for officers and key employees (“LTIP-1”). LTIP-1 awards are based on a percentage of base pay and are subject to the achievement of certain performance criteria, including our ability to earn sufficient funds and make cash distributions on our Common Units with respect to each fiscal year. Awards vest over a five-year period with one-third vesting at the beginning of

each of years three, four, and five following the award date. Effective September 30, 2004, LTIP-1 has been discontinued with the effect that no new awards will be made after that date, but all award grants prior thereto will continue to vest and be payable in accordance with their terms. In the event of a change of control of Suburban (as defined in the plan), all earned unvested awards under LTIP-1 shall be deemed vested and all outstanding awards shall be paid to participants within 30 days following the change of control.

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Prior to the enactment of Internal Revenue Code Section 409(A) (“Section 409(A)”), payouts, if any, of awards made prior to September 30, 2004 under LTIP-1 were expected to be made annually through the end of fiscal year 2011. On November 2, 2005, the Board of Supervisors approved amendments to LTIP-1 for the purpose of IRC Section 409(A) compliance. The principal amendments provided (i) that all previously vested amounts under LTIP-1 as of the date of the amendment would be distributed to participants no later than December 31, 2005 (which occurred); (ii) that all future vested amounts will be distributed to plan participants within 30 days after such amounts become vested; and (iii) that deferrals of awards under LTIP-1 are no longer permitted after December 31, 2004. The purpose of the amendments was to ensure that LTIP-1 operates in compliance with Section 409(A).

Effective October 1, 2002, we adopted a new non-qualified, unfunded long-term incentive plan for officers and key employees (“LTIP-2”). The new plan measures our performance on the basis of total return to Unitholders (“TRU”) and compares that to a predetermined peer group, primarily composed of other MLPs, approved by our Compensation Committee. Awards are granted in respect of, and payouts, if any, are earned at the end of, a three year performance period. Depending on the quartile ranking within which our performance falls for the applicable performance period relative to the peer group, LTIP-2 participants will receive a payout equal to the product of (a) a factor based on the participant’s salary and bonus at the beginning of the performance period, and (b) an amount determined pursuant to the formula used to measure TRU, multiplied by: zero if our performance falls within the lowest quartile of the peer group; 0.50 if our performance falls within the second lowest quartile; 1.0 if our performance falls within the second highest quartile and 1.25 if our performance falls within the top quartile. In the event of a change of control of Suburban (as defined in the plan), all outstanding awards under LTIP-2 shall be determined as if our performance fell within the top quartile and shall be paid to participants within 30 days following the change of control.

Because the formula used to determine TRU incorporates market value at the end of the performance period and the sum of distributions paid to Unitholders during the performance period, both of which are variables that cannot be predicted prior to the end of the performance period, the future value of target awards is not determinable. However, the table below sets forth hypothetical payments that would have been payable to our named executive officers under LTIP-2 for the first three-year performance period (fiscal 2003 through fiscal 2005) for which awards could be earned if our performance ranking had been within the second highest quartile:

Name	Hypothetical Performance Period	Hypothetical Award Earned
Mark A. Alexander	2003-2005	\$ 150,101
Michael J. Dunn, Jr.	2003-2005	\$ 173,450
Robert M. Plante	2003-2005	\$ 104,093
Dennis W. Trautman	2003-2005	\$ 95,697

Jeffrey S. Jolly

2003-2005

\$ 75,185

In actuality, however, no awards were earned under LTIP-2 for the fiscal 2003 through fiscal 2005 performance period. The next performance period will conclude at the end of fiscal 2006.

Retirement Benefits

The following table sets forth the annual benefits upon retirement at age 65 in 2005, without regard to statutory maximums for various combinations of final average earnings and lengths of service which may be payable to the four named executive officers who participate in the Pension Plan for Eligible Employees of the Operating Partnership, and its Subsidiaries and/or the Suburban Propane Company Supplemental Executive Retirement Plan. Each such plan has been assumed by Suburban and each such person will be credited for service earned under such plan to date. Messrs. Alexander and Dunn have 8 years and 7 years, respectively, under both plans. For vesting purposes, however, Mr. Alexander has 20 years combined service with Suburban and his prior service with Hanson Industries. Messrs. Plante and Jolly have 27 years and 7 years, respectively, under the Pension Plan. Benefits under the Pension Plan are limited to IRS statutory maximums for defined benefit plans. Mr. Trautman has no benefits under the Pension Plan.

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Pension Plan

Annual Benefit for Years of Credited Service Shown ^{1,2,3,4,5}

Average Earnings	5 Yrs.	10 Yrs.	15 Yrs.	20 Yrs.	25 Yrs.	30 Yrs.	35 Yrs.
\$100,000	\$ 7,888	\$ 15,775	\$ 23,663	\$ 31,551	\$ 39,438	\$ 47,326	\$ 55,214
200,000	16,638	33,275	49,913	66,551	83,188	99,826	116,464
300,000	25,388	50,775	76,163	101,551	126,938	152,326	177,714
400,000	34,138	68,275	102,413	136,551	170,688	204,826	238,964
500,000	42,888	85,775	128,663	171,551	214,438	257,326	300,214

¹The Plans' definitions of earnings consist of base pay only.

²Annual Benefits are computed on the basis of straight life annuity amounts. The pension benefit is calculated as the sum of (a) plus (b) multiplied by (c) where (a) is that portion of final average earnings up to 125% of social security Covered Compensation times 1.4% and (b) is that portion of final average earnings in excess of 125% of social security Covered Compensation times 1.75% and (c) is credited service up to a maximum of 35 years.

³Effective January 1, 1998, the Plan was amended to a cash balance benefit formula for current and future plan participants. Initial account balances were established based upon the actuarial equivalent value of the accrued benefit under the prior plan as of December 31, 1997. Annual interest credits and service based credits were credited to the accounts until December 31, 2002. The Plan was frozen to new participants effective January 1, 2000, and effective January 1, 2003, all future service based credits were discontinued. Interest credits continue to be applied based upon the five-year U.S. Treasury bond rate in effect during the preceding November, plus one percent. Plan participants as of December 31,

1997 are entitled to receive the greater of the cash balance benefit and the prior plan benefit through the year 2002.

⁴In addition, a supplemental cash balance account was established equal to the value of certain benefits related to retiree medical and vacation benefits. An initial account value was determined for those active employees who were eligible for retiree medical coverage as of April 1, 1998 equal to \$415 multiplied by years of benefit service (maximum of 35 years). Future pay-based credits and interest are credited to this account. The 2002 pay-based credits for Messrs. Alexander, Dunn, Plante and Jolly are 2.0%, 0.0%, 2.0% and 0.0%, respectively.

⁵Effective January 1, 2003, the annual benefits accrued by Messrs. Alexander and Dunn pursuant to the Supplemental Executive Retirement Plan (in excess of the statutory limitations governing the Pension Plan) were, in the aggregate, approximately \$100,000.

Supplemental Executive Retirement Plan

We have adopted a non-qualified, unfunded supplemental retirement plan known as the Supplemental Executive Retirement Plan (the "SERP"). The purpose of the SERP is to provide certain executive officers with a level of retirement income from us, without regard to statutory maximums, including the IRS limitation for defined benefit plans. Effective January 1, 1998, the Pension Plan for Eligible Employees of Suburban Propane, L.P. (the "Qualified Plan") was amended and restated to reflect the change into a cash balance plan. In light of the conversion of the Qualified Plan to a cash balance formula, the SERP was amended and restated effective January 1, 1998. The Internal Revenue Code places certain limitations on the amount of pension benefits that may be paid under qualified defined benefit plans. The annual Retirement Benefit under the SERP is intended to replace retirement benefits, calculated using the same pay-based credits described under the Retirement Benefits section above, that would exceed those limitations. For 2006, the IRS statutory maximum Annual Benefit payable from a defined benefit plan is \$175,000 and the IRS statutory maximum amount of Annual Compensation is \$220,000. Messrs. Alexander and Dunn currently participate in the SERP.

Effective January 1, 2003, the SERP was discontinued with a frozen benefit determined for Messrs. Alexander and Dunn. Provided that the SERP requirements are met, Mr. Alexander will receive a monthly benefit of \$6,737 and Mr. Dunn will receive a monthly benefit of \$372. In the event of a change

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of control involving Suburban, the SERP will terminate effective on the close of business 30 days following the change of control. Each participant will be deemed retired and will have his benefit determined as of the date the plan is terminated with payment of the benefit no later than 90 days after the change in control. Each participant will receive a lump sum payment equivalent to the present value of each participant's benefit payable under the plan utilizing the lesser of the prime rate of interest as published in the Wall Street Journal as of the date of the change of control or one percent as the discount rate to determine the present value of the accrued benefit.

Employment Agreement with Chief Executive Officer

We entered into an employment agreement (the "Employment Agreement") with Mr. Alexander, which became effective March 5, 1996 and was amended October 23, 1997, April 14, 1999 and November 2, 2005.

Mr. Alexander's Employment Agreement had an initial term of three years, and automatically renews for successive

one-year periods, unless earlier terminated by us or by Mr. Alexander or otherwise terminated in accordance with the Employment Agreement. The Employment Agreement provides for an annual base salary of \$450,000 as of September 24, 2005 and provides for Mr. Alexander to earn a bonus up to 100% of annual base salary (the “Maximum Annual Bonus”) for services rendered based upon certain performance criteria. The Employment Agreement also provides for the opportunity to participate in benefit plans made available to our other senior executives and senior managers. We also provide Mr. Alexander with term life insurance with a face amount equal to three times his annual base salary.

If a “change of control” (as defined in the next paragraph) of Suburban occurs and within six months prior thereto or at any time subsequent to such change of control we terminate Mr. Alexander’s employment without “cause” (as defined in the Employment Agreement) or if Mr. Alexander resigns with “good reason” (as defined in the Employment Agreement) or terminates his employment during the six month period commencing on the six month anniversary and ending on the twelve month anniversary of such change of control, then Mr. Alexander will be entitled to (i) a lump sum severance payment equal to three times the sum of his annual base salary in effect as of the date of termination plus the Maximum Annual Bonus, and (ii) medical benefits for three years from the date of such termination. The Employment Agreement provides that if any payment received by Mr. Alexander is subject to the 20% federal excise tax under Section 4999 and, pursuant to an amendment approved by the Board of Supervisors on November 2, 2005, Section 409(A), the payment will be increased to permit Mr. Alexander to retain a net amount on an after-tax basis equal to what he would have received had the excise tax not been payable.

For the purposes of the Employment Agreement, “change of control” means the occurrence during the employment term of: (i) an acquisition of our Common Units or voting equity interests by any person other than Suburban, the General Partner or any of our affiliates immediately after which such person beneficially owns more than 25% of the combined voting power of our then outstanding Common Units, unless such acquisition was made by (a) us or our subsidiaries, or any employee benefit plan maintained by us, our Operating Partnership or any of our subsidiaries, or (b) by any person in a transaction where (A) the existing holders prior to the transaction own at least 60% of the voting power of the entity surviving the transaction and (B) none of the Unitholders other than Suburban, our subsidiaries, any employee benefit plan maintained by us, our Operating Partnership, or the surviving entity, or the existing beneficial owner of more than 25% of the outstanding Common Units owns more than 25% of the combined voting power of the surviving entity (such transaction, a “Non-Control Transaction”); or (ii) approval by our partners of (a) merger, consolidation or reorganization involving Suburban other than a Non-Control Transaction; (b) a complete liquidation or dissolution of Suburban; or (c) the sale or other disposition of 50% or more of our net assets to any person (other than a transfer to a subsidiary). The Exchange does not constitute a change of control under the Employment Agreement or the Severance Protection Plan referred to below.

Mr. Alexander also participates in the SERP, which provides retirement income which could not be provided under our qualified plans by reason of limitations contained in the Internal Revenue Code.

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Severance Protection Plan for Key Employees

Our officers and key employees are provided with employment protection (the “Severance Protection Plan”) following a “change of control,” as defined in the Employment Agreement. The Severance Protection Plan provides for severance payments equal to sixty-five (65) weeks of base pay and target bonuses for such officers and key employees following a “change of control” and termination of employment. This group is comprised of approximately fifty-three (53)

individuals. Pursuant to their severance protection agreements, Messrs. Dunn, Plante, Trautman and Jolly have been granted severance protection payments of seventy-eight (78) weeks of base pay and target bonuses following a “change of control” and termination of employment in lieu of participation in the Severance Protection Plan. Our Compensation Committee has also granted severance protection payments of seventy-eight (78) weeks to four (4) other executive officers who do not participate in the Severance Protection Plan.

On November 2, 2005, the Board of Supervisors approved an amendment to the Severance Protection Plan to provide that if any payment under the Severance Protection Plan subjects a participant to the 20% federal excise tax under Section 409(A), the payment will be increased to permit such participant to retain a net amount on an after-tax basis equal to what he would have received had the excise tax not been payable.

Certain Relationships and Related Transactions

During fiscal 2004, two relatives of Suburban’s Chief Executive Officer purchased franchise interests in Suburban Cylinder Express for the standard franchise fee of \$35,000. Additionally, as part of the franchise agreement on an ongoing basis, the franchisees purchase propane from Suburban in the normal course of business. The initial purchase price for the franchises was paid with funds received as a gift from Suburban’s Chief Executive Officer. The Chief Executive Officer did not receive any economic interest in the franchises and recuses himself from any determinations that may be made by Suburban concerning the franchises. Suburban’s Audit Committee reviewed the terms of the foregoing arrangements and determined that these related parties have not received any preferential treatment.

By mutual agreement of the parties, Suburban and one of the Chief Executive Officer's relatives terminated their franchise agreement in March 2006. The Chief Executive Officer did not play any role in this termination, which was effected on terms no more favorable to the franchisee than similar franchise terminations effected by Suburban with other franchisees over the prior twelve (12) month period.

Compensation Committee Interlocks and Insider Participation in Compensation Decisions

Compensation of our executive officers is determined by the Compensation Committee of our Board of Supervisors. The Compensation Committee is comprised of Messrs. Stookey, Mecum and Logan, none of whom is an officer or employee of Suburban.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of August 1, 2006 regarding the beneficial ownership of (i) the Common Units by each Supervisor, each named executive officer, all named Supervisors and executive officers as a group and each person or group known by us, based upon filings under Section 13(d) or (g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), to own beneficially more than 5% thereof, and (ii) the Incentive Distribution Rights.

The table also sets forth this information after giving effect to the Exchange and subsequent distribution of Common Units to the General Partner Members, as described below in “PROPOSAL NO. 2 – THE EXCHANGE.” Following the Exchange, no Incentive Distribution Rights will be outstanding and no provision for future Incentive Distribution Rights will be contained in the Restated Partnership Agreement.

The business address of each individual or entity in the table is c/o Suburban Propane Partners, L.P., 240 Route 10 West, Whippany, New Jersey 07981-0206 and each individual or entity has sole voting and investment power over the Common Units reported.

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Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership as of		Amount and Nature of Beneficial Ownership After Giving Effect to	
		August 1, 2006	% of Class	Exchange and Distribution (f)	% of Class
Common Units	Mark A. Alexander (a)	29,000	*	1,055,010(g)	3.2%
	Michael J. Dunn, Jr. (a)	—	*	168,216(h)	*
	Robert M. Plante	12,262	*	94,300	*
	Jeffrey S. Jolly	1,600	*	94,241	*
	Dennis W. Trautman (b)	—	*	—	*
	John Hoyt Stookey (c)	11,519	*	11,519	*
	Harold R. Logan, Jr. (c)	10,604	*	10,604	*
	Dudley C. Mecum (c)	5,634	*	5,634	*
	All Members of the Board of Supervisors and Executive Officers as a Group (13 persons) (d)	86,610	*	1,669,731	5.1%
Incentive Distribution Rights (e)	Suburban Energy Services Group LLC	N/A	100%	—	—

*Less than 1%.

- (a) Excludes the following numbers of Common Units as to which the following individuals deferred receipt as described below: Mr. Alexander – 243,902; and Mr. Dunn – 48,780. These Common Units are held in trust pursuant to a Compensation Deferral Plan, and Mr. Alexander and Mr. Dunn will have no voting or investment power over these Common Units until they are distributed by the trust. Mr. Alexander and Mr. Dunn have elected to receive the quarterly cash distributions on these deferred Common Units. Notwithstanding the foregoing, if a “change of control” of Suburban occurs (as defined in the Compensation Deferral Plan), all of the deferred Common Units (and related distributions) held in the trust will automatically become distributable to such individuals.
- (b) Excludes 41,198 unvested restricted units, none of which will vest in the 60 day period following August 1, 2006. Restricted unit grants vest 25%, 25% and 50%, respectively, on the third, fourth and fifth anniversaries of the date of grant and 100% upon a “change in control,” as defined in Suburban’s 2000 Restricted Unit Plan. For a description of the 2000 Restricted Unit Plan, see “PROPOSAL NO. 6 – APPROVAL OF THE RESTATED UNIT PLAN” below.
- (c) Excludes 8,500 unvested restricted units, none of which will vest in the 60 day period following August 1, 2006. Restricted unit grants vest 25%, 25% and 50%, respectively, on the third, fourth and fifth anniversaries of the date of grant and 100% upon a “change in control,” as defined in Suburban’s 2000 Restricted Unit Plan. For a description of the 2000 Restricted Unit Plan, see “PROPOSAL NO. 6 – APPROVAL OF THE RESTATED UNIT PLAN” below.
- (d) In addition to the Common Units referred to in footnotes (a), (b) and (c) above, the reported number of Common Units also excludes 40,772 unvested restricted units, none of which will vest in the 60 day period following August 1, 2006, owned by certain executive officers, whose restricted units vest on the

same basis as described in footnotes (b) and (c) above.

(e) Under the Existing Partnership Agreement, the holder of the Incentive Distribution Rights is not entitled to vote on any matters requiring the approval of the holders of the outstanding Common Units, including the proposals that will be presented at the Meeting.

(f) The General Partner Members include Messrs. Alexander, Dunn, Plante and Jolly and three (3) other current executive officers. The number of Common Units that they will beneficially own after giving

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effect to the Exchange and Distribution, as set forth in this table, is based upon their direct and indirect membership interests in the General Partner. See “PROPOSAL NO. 2 – THE EXCHANGE – Interests of Certain Persons in the Exchange” below.

(g) Includes 784 Common Units to be retained by the General Partner, of which Mr. Alexander will be the sole member after completion of the Exchange and the Distribution.

(h) Does not include 55,200 Common Units to be distributed to Mr. Dunn’s former wife which will be subject to an agreement prohibiting transfer for a period of 90 days following the consummation of the Exchange, subject to certain exceptions. References in this Proxy Statement to the number of Common Units to be received by Mr. Dunn in the Distribution and to be subject to a two-year restriction on transfer exclude these Common Units.

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RISK FACTORS

You should carefully consider the specific risk factors set forth below as well as the other information contained or incorporated by reference in this Proxy Statement. Additional risk factors are set forth in our Quarterly Report on Form 10-Q for the quarter ended June 24, 2006 filed with the SEC on August 3, 2006. Some factors in this section are “forward-looking statements.” See “Forward Looking Statements” above.

Risks Relating to Cash Distributions

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 reserves. 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 below;
- 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 of which will be beyond our control.

The Existing Partnership Agreement gives, and if the Proposed Exchange is completed, the Restated Partnership Agreement will continue to give, 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 Unitholders as well as our financial flexibility.

As of June 24, 2006, we had total outstanding borrowings of \$548.2 million, including \$423.2 million of senior notes issued by Suburban and our wholly-owned subsidiary Suburban Energy Finance Corporation and \$125.0 million of borrowings under the Operating Partnership's bank credit facility. The payment of principal and interest on our debt will reduce the cash available to make distributions on the Common Units. In addition, we will not be able to make any distributions to our Unitholders if there is, or after giving effect to such distribution, there would be, an event of default under the indenture governing the senior notes. The amount of distributions that Suburban makes is limited by the senior notes, and the amount of distributions that the Operating Partnership may make to Suburban is limited by the bank credit facility. 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 incur additional debt to finance acquisitions or for general business purposes, which could result in a significant increase in our leverage. Our ability to make principal and interest payments depends on our future performance, which is subject to many factors, some of which are beyond our control.

Risks Inherent in our Business Operations

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 heavily on

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propane, fuel oil or natural gas 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 10% warmer than normal for the nine months ended June 24, 2006 compared to 5% warmer than normal in the prior year period, as reported by the National Oceanic and Atmospheric Administration (“NOAA”). During the critical heating months of January and February 2006, average

temperatures were 20% warmer than normal. Nationwide average temperatures, as reported by NOAA, averaged 7% warmer than normal in fiscal years 2005 and 2004. 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 higher margin residential 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 Unitholders.

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 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 hedge certain product costs from time to time in an attempt to reduce cost volatility and to help ensure availability of product during periods of short supply. We can give no assurance that future volatility in propane, refined fuel and natural gas supply costs will not have a material adverse effect on our profitability and cash flow, or our available cash will be sufficient to pay principal and interest on our indebtedness and distributions to Unitholders.

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 to remain relatively constant over the next several years, while we expect the overall demand for fuel oil to be relatively flat to moderately declining during the same period. 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.

Propane and fuel oil compete in the alternative energy sources market 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. 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. 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 principally on the basis of price, service, availability and portability. Competition in the retail propane business is highly fragmented and generally occurs on a local basis with other large full-service multistate 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. Generally, our existing fuel oil customers, unlike our existing propane customers, own their own tanks. As a result, the competition for these customers is more intense than in our propane business, where our existing customers seeking to switch distributors may face additional transition costs and delays.

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 believe our ability to compete effectively depends on reliability of service, responsiveness to customers and our ability to control expenses in order to maintain competitive prices.

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

Terrorist attacks and political unrest and the current hostilities in the Middle East 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 and hostilities in the Middle East 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.

Energy efficiency, general economic conditions and technology 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, recent economic conditions may lead to additional conservation by retail customers to further reduce their heating costs. Future technological advances in heating, conservation and energy generation may adversely affect our financial condition and results of operations.

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 range of federal, state and local laws and regulations related to environmental and health and safety matters including those concerning, among other things, the

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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 material costs or liabilities 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. As a result, 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. 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, nor 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 foresee only limited growth in total retail demand for propane and flat to moderately declining retail demand for fuel oil. With respect to our retail propane business, because of the long-standing customer relationships that are typical in our industry, the inconvenience of switching tanks and suppliers and propane's higher cost relative to other energy sources, such as natural gas, it may be difficult for us to acquire new 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.

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PROPOSAL NO. 2

THE EXCHANGE

On July 27, 2006, upon the recommendation of the Audit Committee, the Board of Supervisors approved the Exchange. Subject to the terms and conditions of the Exchange Agreement, at the closing, Suburban will issue 2,300,000 Common Units to the General Partner in exchange for all of its Incentive Distribution Rights, in accordance with Section 5.8 of the Existing Partnership Agreement, as well as the entire economic interest in Suburban included in the MLP GP Interest and the entire economic interest in the Operating Partnership included in the OLP GP Interest.

Currently, the General Partner owns an approximate 0.74% general partner interest in Suburban, a 1.0101% general partner interest in the Operating Partnership and all of the outstanding Incentive Distribution Rights. Under the Existing Partnership Agreement, Suburban distributes an amount equal to 100% of its Available Cash (as defined) each quarter. With regard to the first \$0.55 per Common Unit of quarterly distributions paid in respect of any fiscal quarter, 98.26% of the Available Cash is distributed to the Unitholders and 1.74% is distributed to the General Partner. As a result of the Incentive Distribution Rights, with regard to any amount of quarterly distributions in excess of \$0.55 per Common Unit, approximately 85% of the Available Cash is distributed to the Unitholders and approximately 15% is distributed to the General Partner. See “Description of the Common Units” below. For the allocation of cash distributions paid by Suburban between the Unitholders and the General Partner during fiscal 2003, 2004 and 2005 and the first nine months of fiscal 2006, see “SUMMARY OF THE EXCHANGE AND AMENDMENT PROPOSALS – Price Range of Common Units and Quarterly Cash Distributions.”

Section 5.8 of the Existing Partnership Agreement generally provides that, at any time after May 26, 2004, the Board of Supervisors, with the approval of a majority of the members of the Audit Committee, may cause all (but not less than all) of the Incentive Distribution Rights to be converted into a number of Common Units having a value equal to the fair market value of the Incentive Distribution Rights on the day immediately prior to the day of conversion. Such fair market value is to be agreed upon by the Board of Supervisors (with the approval of a majority of the Audit Committee) and the holders of at least a majority of the Incentive Distribution Rights or, if such an agreement cannot be reached, by an independent investment banking firm or other independent expert mutually agreed upon by such parties (or by such parties’ respective independent investment banking firms or other independent experts). Section 6.9(b) of the Existing Partnership Agreement generally requires, with respect to any conversion pursuant to Section 5.8, that the Board of Supervisors determines, based on advice of counsel, that converted Incentive Distribution Rights should have, as a substantive matter, like intrinsic economic and federal income tax characteristics, in all material respects, to the intrinsic economic and federal income tax characteristics of Common Units sold in Suburban’s initial public offering on March 5, 1996. The Board of Supervisors, based on advice of counsel, made this determination with respect to the 2,300,000 Common Units to be issued in the Exchange. See “Reasons for the Exchange and the Exchange – Related Amendments” below.

Annual Distributions, Currently and After Giving Effect to the Exchange

The following tables illustrate the differences in the cash distributions that we would pay to our partners at our current annualized cash distribution rate, as well as at the indicated hypothetical annual distribution rates, under the Existing Partnership Agreement and under the Restated Partnership Agreement after giving effect to the Exchange. The distribution levels set forth in the tables below, as well as other hypothetical information in this Proxy Statement, are presented for illustrative purposes only and are not projections. Our actual distribution levels may vary materially from those indicated below. See “Risk Factors” above.

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Existing Partnership Agreement

Annual Distribution per Common Unit	Total Annual Distributions on Existing Common Units	Percentage of Total Distributions	Total Annual Distributions on GP Interests and Incentive Distribution Rights	Percentage of Total Distributions	Total Annual Distributions
\$2.55	\$ 77,301	96.26%	\$ 3,000	3.74%	\$ 80,301
\$2.65	\$ 80,333	95.80%	\$ 3,520	4.20%	\$ 83,853
\$2.75	\$ 83,364	95.38%	\$ 4,040	4.62%	\$ 87,404
\$2.85	\$ 86,396	94.99%	\$ 4,560	5.01%	\$ 90,956
\$2.95	\$ 89,427	94.62%	\$ 5,080	5.38%	\$ 94,507
\$3.05	\$ 92,458	94.29%	\$ 5,600	5.71%	\$ 98,058
\$3.15	\$ 95,490	93.98%	\$ 6,120	6.02%	\$ 101,610
\$3.25	\$ 98,521	93.69%	\$ 6,640	6.31%	\$ 105,161
\$3.35	\$ 101,553	93.41%	\$ 7,160	6.59%	\$ 108,713
\$3.45	\$ 104,584	93.16%	\$ 7,680	6.84%	\$ 112,264
\$3.55	\$ 107,616	92.92%	\$ 8,200	7.08%	\$ 115,816
\$3.65	\$ 110,647	92.69%	\$ 8,720	7.31%	\$ 119,367
\$3.75	\$ 113,678	92.48%	\$ 9,240	7.52%	\$ 122,918
\$3.85	\$ 116,710	92.28%	\$ 9,760	7.72%	\$ 126,470
\$3.95	\$ 119,741	92.09%	\$ 10,280	7.91%	\$ 130,021
\$4.05	\$ 122,773	91.91%	\$ 10,800	8.09%	\$ 133,573

Restated Partnership Agreement

Annual Distribution per Common Unit	Total Annual Distributions on Existing Common Units	Percentage of Total Distributions	Total Annual Distributions on Newly Issued Common Units to General Partner	Percentage of Total Distributions	Total Annual Distributions on GP Interests and Incentive Distribution Rights	Total Annual Distributions
\$2.55	\$ 77,301	92.95%	\$ 5,865	7.05%	\$ —	\$ 83,166
\$2.65	\$ 80,333	92.95%	\$ 6,095	7.05%	\$ —	\$ 86,428
\$2.75	\$ 83,364	92.95%	\$ 6,325	7.05%	\$ —	\$ 89,689
\$2.85	\$ 86,396	92.95%	\$ 6,555	7.05%	\$ —	\$ 92,951
\$2.95	\$ 89,427	92.95%	\$ 6,785	7.05%	\$ —	\$ 96,212

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\$3.05	\$ 92,458	92.95%	\$ 7,015	7.05%	\$ —	\$ 99,473
\$3.15	\$ 95,490	92.95%	\$ 7,245	7.05%	\$ —	\$ 102,735
\$3.25	\$ 98,521	92.95%	\$ 7,475	7.05%	\$ —	\$ 105,996
\$3.35	\$ 101,553	92.95%	\$ 7,705	7.05%	\$ —	\$ 109,258
\$3.45	\$ 104,584	92.95%	\$ 7,935	7.05%	\$ —	\$ 112,519
\$3.55	\$ 107,616	92.95%	\$ 8,165	7.05%	\$ —	\$ 115,781
\$3.65	\$ 110,647	92.95%	\$ 8,395	7.05%	\$ —	\$ 119,042
\$3.75	\$ 113,678	92.95%	\$ 8,625	7.05%	\$ —	\$ 122,303
\$3.85	\$ 116,710	92.95%	\$ 8,855	7.05%	\$ —	\$ 125,565
\$3.95	\$ 119,741	92.95%	\$ 9,085	7.05%	\$ —	\$ 128,826
\$4.05	\$ 122,773	92.95%	\$ 9,315	7.05%	\$ —	\$ 132,088

At Suburban's current quarterly distribution rate of \$0.6625 per Common Unit, or \$2.65 per Common Unit on an annualized basis, as declared by the Board of Supervisors on July 27, 2006, the General Partner is entitled to receive \$3.5 million, or 4.2%, of Suburban's total annual cash distributions. After giving effect to the Exchange, the dilutive effect of the General Partner's disproportionate 15% share of the current quarterly distribution in excess of \$0.55 per Common Unit, as well as of all future distribution increases,

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will be eliminated in exchange for approximately 7% of the total Common Units to be outstanding. As a result, to the extent that distributions increase, either through internal growth initiatives or as a result of acquisitions, the General Partner Members' collective share of such distribution increases will be capped at approximately 7% rather than at, potentially, 15%.

The Exchange Agreement

The following description of the material terms of the Exchange Agreement is qualified in its entirety by the full text of the Exchange Agreement, which is attached hereto as Appendix B and which we encourage you to read.

The Exchange

The Exchange Agreement provides that, subject to receipt of the requisite approval of the Unitholders and satisfaction of the other conditions to closing described below, Suburban will issue 2,300,000 Common Units to the General Partner in exchange for cancellation of all outstanding Incentive Distribution Rights, in accordance with Section 5.8 of the Existing Partnership Agreement, as well as the entire economic interest in Suburban included in the MLP GP Interest and the entire economic interest in the Operating Partnership included in the OLP GP Interest (collectively, the "Exchange Holdings").

At closing, pursuant to an amendment to the Second Amended and Restated Agreement of Limited Partnership of Suburban Propane L.P., dated as of May 26, 1999 (the "Existing OLP Partnership Agreement") to be entered into at closing (see "PROPOSAL NO. 3 – EXCHANGE-RELATED AMENDMENTS TO THE EXISTING PARTNERSHIP AGREEMENT – Description of Amendments to the Existing OLP Partnership Agreement" below), Suburban will make a capital contribution of, and assign, a 0.05% limited partner interest in the Operating Partnership to New LLC, a new Delaware limited liability company owned 50% by Suburban and 50% by a newly formed wholly-owned Delaware corporate subsidiary of Suburban ("New Corp."). Suburban will also make a capital contribution of, and assign, a 0.05%

limited partner interest in the Operating Partnership to New Corp. Immediately thereafter, New Corp. will make a capital contribution of, and assign, a 0.05% limited partner interest in the Operating Partnership to New LLC and the General Partner will assign to Suburban the entire economic interest in the Operating Partnership included in the OLP GP Interest, which upon such assignment will be converted into a limited partner interest in the Operating Partnership. As a result of these transactions:

- the Unitholders (including the General Partner Members) will hold 100% of the limited partner interests in Suburban, which will all be in the form of Common Units;
- the General Partner will continue to be the general partner of Suburban, but its general partner interest will have no economic value (by which we mean that such general partner interest will not entitle the holder thereof to any cash distributions of Suburban, or to any cash payment upon the liquidation of Suburban, or any other economic rights in Suburban);
- Suburban will continue as a direct limited partner of the Operating Partnership with a 99.9% interest;
- New LLC will be a direct and indirect wholly-owned subsidiary of Suburban and a direct limited partner of the Operating Partnership with a 0.1% interest; and
- the General Partner will continue as a general partner of the Operating Partnership, but its general partner interest will have no economic value (by which we mean that such general partner interests will not entitle the holder thereof to any cash distributions of the Operating Partnership, or to any cash payment upon the liquidation of the Operating Partnership, or any other economic rights in the Operating Partnership). See the organizational charts under “SUMMARY OF THE EXCHANGE AND AMENDMENT PROPOSALS – Current Ownership and Ownership Following the Exchange” above.

Change of Control

If, prior to closing, a Change of Control (as defined in the Exchange Agreement) occurs, the Incentive Distribution Rights, MLP GP Interest and OLP GP Interest will be exchanged in any such transaction as if the Exchange had already occurred and, in lieu of such interests, the General Partner held 2,300,000 Common Units.

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Representations and Warranties

Each of Suburban, the Operating Partnership and the General Partner made certain representations and warranties related to such party’s authority to enter into the Exchange Agreement, the binding effect of the Exchange Agreement on such party and the absence of any violation of or conflict with such party’s organizational documents or applicable law as a result of the Exchange. In addition, Suburban and the General Partner made certain representations and warranties particular to such party. Suburban made representations and warranties related to the issuance of the Common Units and its capitalization and the General Partner made representations and warranties acknowledging that the Common Units to be issued in the Exchange are being issued in reliance upon an exemption from the Securities Act of 1933, as amended.

Conditions to Closing of the Exchange

The closing of the Exchange will take place on the second business day following the satisfaction of the following closing conditions, or such other date as Suburban and the General Partner may agree.

The obligations of each of Suburban and the General Partner to complete the Exchange are subject to the following mutual conditions:

- the approval of the Exchange Proposal (Proposal No. 2) and the Exchange-Related Amendment Proposal (Proposal No. 3) by (1) the holders of a majority of the outstanding Common Units and (2) the holders of a majority of the outstanding Common Units other than the Common Units held by the General Partner Members;
- amendment of the respective partnership or operating agreements of each of Suburban, the Operating Partnership and the General Partner, as contemplated under ‘‘PROPOSAL NO. 3 – EXCHANGE-RELATED AMENDMENTS TO THE EXISTING PARTNERSHIP AGREEMENT’’ below; and
- approval by the NYSE of a supplemental listing application for the Common Units to be issued to the General Partner pursuant to the Exchange.

The respective obligations of Suburban and the Operating Partnership to complete the Exchange are subject to the following conditions:

- the accuracy of the General Partner’s representations and warranties as of the closing and delivery of an officer’s certificate relating thereto; and
- since July 27, 2006, there having been no material adverse effect on the business, assets, condition (financial or otherwise) or prospects of Suburban and its subsidiaries, taken as a whole.

The obligations of the General Partner to complete the Exchange are subject to the accuracy of Suburban’s and the Operating Partnership’s representations and warranties as of the closing and delivery of officer’s certificates relating thereto.

Termination of the Exchange Agreement

The Exchange Agreement will automatically terminate if the Exchange Proposal and the Exchange-Related Amendment Proposal (Proposal Nos. 2 and 3) are not approved at the Meeting. In addition, either Suburban or the General Partner may terminate the Exchange Agreement if the closing has not occurred by December 31, 2006.

The Distribution Agreement

A copy of the Distribution Agreement was filed as an exhibit to Suburban’s Current Report on Form 8-K, dated July 28, 2006. This Current Report may be obtained as described under ‘‘ADDITIONAL INFORMATION FOR UNITHOLDERS – Available Information’’ below.

The Distribution

Pursuant to the Distribution Agreement, Suburban has agreed that promptly following the closing, it will file with the SEC a shelf registration statement to register the resale by the General Partner

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Members of the Common Units to be distributed to them by the General Partner. Upon the effectiveness of the registration statement, the General Partner will distribute all but 784 Common Units to the General Partner Members in exchange for their interests in the General Partner. Suburban has agreed to maintain the effectiveness of the registration statement for two years following the Closing (subject to the Board of Supervisors' right to suspend its use under certain circumstances). The General Partner Members shall be entitled to indemnification from Suburban against certain securities law liabilities.

Transfer of Common Units

Pursuant to the Distribution of Agreement, the General Partner Members will be subject to certain restrictions on the transfer of any of the Common Units distributed to them by the General Partner. Each of Messrs. Mark A. Alexander and Michael J. Dunn, Jr. has agreed not to transfer any of the Common Units received by him in the Distribution for a period of two years following the consummation of the Exchange, except: (i) to a family member, or trust for the benefit of a family member, of such individual who agrees to be bound by the lock-up requirement; (ii) with the prior written consent of the Board of Supervisors of Suburban; (iii) pursuant to a Change of Control (as defined in the Distribution Agreement); (iv) by will or the laws of intestacy to such person's legal representative, heir or legatee; or (v) if such person is a partnership or corporation or similar entity, a distribution to its partners or stockholders, but subject to the terms of the lock-up requirement. All other General Partner Members have agreed to not transfer any of the Common Units received by him or her in the Distribution for a period of 90 days following consummation of the Exchange except under the circumstances described in clauses (i) through (v) above.

Background of the Exchange

Suburban has been a publicly traded MLP since March 1996, when it completed an initial public offering of Common Units and used the net proceeds, together with the net proceeds of certain debt financings, to acquire the propane business and assets of the Suburban Propane Division of Quantum Chemical Corporation, then owned indirectly by Hanson. Initially, a subsidiary of Hanson served as Suburban's general partner and held the Incentive Distribution Rights and certain other subordinated and additional limited partnership interests. In October 1996, Millennium Chemicals Inc. ("Millennium"), a new public company spun off by Hanson, became the indirect holder of these general and limited partnership interests.

In May 1999, with the approval of the Elected Supervisors and the holders of a majority of the outstanding publicly-held Common Units, Suburban completed a recapitalization and amended and restated its partnership agreement by entering into the Existing Partnership Agreement. As part of the recapitalization, Suburban redeemed all outstanding subordinated and additional limited partnership interests held by Millennium for \$69 million. A new entity formed by members of management (our current General Partner) purchased all outstanding general partnership interests and Incentive Distribution Rights from Millennium for \$6 million and became the successor general partner of Suburban. Under the Existing Partnership Agreement, the General Partner's share of Available Cash was reduced from a maximum of 50% to 15% with regard to any amount of quarterly distributions in excess of \$0.55 per Common Unit. Section 5.8 of the Existing Partnership Agreement permits the Board of Supervisors, at any time after May 26, 2004 and with the approval of a majority of the Audit Committee, to cause all (but not less than all) of the Incentive Distribution Rights to be converted into a number of Common Units having a value equal to the fair market value of the Incentive Distribution Rights on the day immediately prior to the day of conversion. Under Section 5.8 of the Existing Partnership Agreement, such fair market value is to be agreed upon by the Board of Supervisors (with the approval of a majority of the Audit Committee) and the holders of a least a majority of the Incentive Distribution Rights or, if such an agreement cannot be reached, by an independent investment banking firm or other independent expert mutually agreed upon by such parties or their representatives.

In late 2004 and in 2005, at the initiation of the Audit Committee, numerous informal discussions took place between the Audit Committee and the General Partner about the possibility of converting the Incentive Distribution Rights into Common Units in accordance with Section 5.8 of the Existing Partnership Agreement. No agreement was reached.

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In the Fall of 2005, in connection with the Board of Supervisors' consideration of a potential transaction that did not proceed, the Board requested that the Audit Committee determine on behalf of Suburban the appropriate allocation of the potential transaction consideration between the General Partner and the Unaffiliated Unitholders. The Audit Committee retained Richards, Layton & Finger, P.A. ("Richards Layton") as its independent legal advisor and Goldman Sachs as its financial advisor. Extensive discussions were held between the Audit Committee and the General Partner and their respective financial advisors. The General Partner and the Audit Committee ultimately agreed that, if the potential transaction proceeded, the General Partner would receive 7.2% (or, under certain circumstances, slightly less) of the consideration.

At a meeting in January 2006, Harold R. Logan, Jr., the Chairman of the Audit Committee, and Mark A. Alexander and Michael J. Dunn, Jr., both of whom are Appointed Supervisors as well as members of the Board of Managers of the General Partner, discussed the allocation process that had taken place in the Fall and the fact that a conversion of the General Partner's entire interest in Suburban could be worth pursuing. The benefits to the Unaffiliated Unitholders that were discussed included that it would (i) result in all distributions of Available Cash being made to the Unitholders (including General Partner Members); (ii) reduce dilution to the Unitholders by eliminating the Incentive Distribution Rights; (iii) further align management's interests with the interests of the Unitholders; (iv) reduce the future cost of capital and thus improve Suburban's ability to make acquisitions; and (v) create an opportunity to make certain changes in corporate governance for the benefit of the Unitholders.

At a regular meeting at Suburban's headquarters in Whippany, New Jersey on February 1, 2006, Mr. Logan advised the full Board of Supervisors that the Audit Committee wished to give consideration to the potential exchange of the Incentive Distribution Rights, and possibly some of the general partner interests, for Common Units. Mr. Logan stated that the Audit Committee would continue to act as a committee to represent the interests of the Unaffiliated Unitholders and anticipated that Richards Layton would act as its independent legal advisor and Goldman Sachs would act as its financial advisor. Mr. Logan stated that the Audit Committee would consider financial analyses to be conducted by Goldman Sachs, and that Audit Committee approval of a potential exchange transaction would be subject to receipt of a favorable written fairness opinion of Goldman Sachs. Mr. Logan also indicated that market, tax and other considerations would need to be considered. In light of the seasonality of Suburban's business, Mr. Logan stated that the Audit Committee would await Suburban's financial results for the second quarter of fiscal 2006 (the end of the fiscal 2006 heating season) before making a final determination about an exchange transaction.

At a telephonic meeting on March 3, 2006, the Audit Committee reviewed with Richards Layton and Weil, Gotshal & Manges LLP ("Weil Gotshal"), counsel to Suburban, various matters to be considered in connection with a potential exchange transaction, including approval and opinion requirements of the Existing Partnership Agreement, the role and duties of the Audit Committee, amendments of the Existing Partnership Agreement necessary to effect the exchange and certain corporate governance changes that might be effected concurrently. The Audit Committee engaged Goldman Sachs as its financial advisor, subject to negotiation of an acceptable engagement letter. Representatives of Goldman Sachs reviewed preliminary financial analyses with the Audit Committee and noted increases in Suburban's Common Unit price and financial performance of Suburban on a year-to-date basis compared to the same prior year period.

On March 6, 2006, at the direction of the Audit Committee, representatives of Goldman Sachs met with representatives of the General Partner to discuss Goldman Sachs' analyses. In a telephonic meeting on March 8, 2006, representatives of Goldman Sachs reported to the Audit Committee on such discussions.

In April 2006, the Audit Committee retained Andrews Kurth LLP ("Andrews Kurth") as special tax counsel to assist the Audit Committee in evaluating the tax consequences of an exchange transaction to the Unaffiliated Unitholders and to render the opinion required by Section 6.9(b) of the Existing Partnership Agreement.

At a telephonic meeting on April 19, 2006, the Board of Supervisors reviewed Suburban's financial results for the second quarter of fiscal 2006. It was noted that, despite warmer weather, there had been

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a significant increase in EBITDA compared to the second quarter of fiscal 2005 and management was projecting a significant increase in total EBITDA for the full fiscal year compared to fiscal 2005. The Board then considered the cash distribution for the quarter. The Board determined to maintain the distribution at the existing level of \$0.6125 per Common Unit for the second quarter of fiscal 2006.

At a meeting at Suburban's headquarters in Whippany, New Jersey on April 26, 2006, the Audit Committee discussed various issues related to the proposed Exchange, including management's updated forecast for fiscal year 2006, various valuation issues and the advantages and disadvantages of using an earn-out provision to bridge any difference of opinion as to valuation between the Audit Committee and the representatives of the General Partner. At a meeting of the full Board thereafter, Mr. Logan updated the Board on the Audit Committee's process to date. Among the other matters considered by the full Board was whether to increase the cash distribution for the third quarter of fiscal 2006 in light of Suburban's improved financial results. The Board decided to make a final determination in early May after it had reviewed Suburban's quarterly report on Form 10-Q for the second fiscal quarter.

On May 4, 2006, following further review and approval by the Board, Suburban announced an increase in its quarterly cash distribution from \$0.6125 to \$0.6375 per Common Unit for the third quarter of fiscal 2006, or a total increase of \$0.10 per Common Unit to \$2.55 per Common Unit on an annual basis.

At a meeting in Greenwich, Connecticut on May 17, 2006, the Audit Committee reviewed with Richards Layton and Weil Gotshal the various components of the proposed exchange transaction. Representatives of Goldman Sachs made an updated preliminary financial presentation. The Audit Committee discussed, but ultimately decided against, the use of an earn-out provision to bridge any difference of opinion as to valuation between the Audit Committee and the representatives of the General Partner. The Audit Committee heard a detailed review by Andrews Kurth of a report on the estimated tax consequences of the proposed Exchange prepared by representatives of Suburban. The Audit Committee also discussed possible lock-up restrictions on the transfer of the Common Units issued to the principal managers of Suburban and a general negotiation strategy. Richards Layton and Weil Gotshal were instructed to prepare a draft term sheet to be presented to the General Partner and to obtain and circulate management compensation information.

At a telephonic meeting on May 23, 2006, the Audit Committee reviewed existing executive compensation arrangements for members of Suburban's management in the context of a potential exchange transaction. The Audit Committee also considered the elements of a draft term sheet to be presented to the General Partner and asked Goldman Sachs to perform an additional sensitivity analysis.

At a telephonic meeting on May 24, 2006, the Audit Committee discussed the additional sensitivity analysis performed by Goldman Sachs and approved the terms of an initial proposal to be presented to the General Partner (the "Initial Term Sheet"). The Audit Committee directed Goldman Sachs to make the presentation and, on behalf of the Audit Committee, to advise the General Partner that additional due diligence work remained to be done with respect to the tax consequences of the Exchange and that the Initial Term Sheet was premised on there being no significant tax detriment, in the aggregate, to the Unaffiliated Unitholders.

On May 26, 2006, representatives of Goldman Sachs presented the Initial Term Sheet to the General Partner's financial advisor. Under the proposal reflected in the Initial Term Sheet, Suburban would issue 2,200,000 Common Units (the equivalent of 6.8% of outstanding Common Units, after giving effect to the Exchange) to the General Partner in consideration for the cancellation of all Incentive Distribution Rights and the economic value of both general partner interests. Senior executives and other active employees would be subject to varying lock-up restrictions on the transfer of any of the Common Units to be received by them in the Exchange. The following governance changes would be implemented: all Supervisors would be elected; the Board would be expanded to include additional independent Supervisors; the Board would have the ability to compel the General Partner to participate in a transaction or remove the General Partner for nominal consideration; and shareholder protection mechanisms would be considered by the full Board. Finally, the transaction would be subject to confirmatory due diligence relating to tax consequences to the Unaffiliated Unitholders, the signing of mutually satisfactory transaction agreements between Suburban and the General Partner (attaching

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forms of amended partnership agreements), the Audit Committee's receipt of a favorable fairness opinion from Goldman Sachs and approval of the transaction and amended partnership agreements by the holders of a majority of the Common Units held by the Unaffiliated Unitholders.

Negotiations followed between representatives of Goldman Sachs and the General Partner's financial advisor and, on June 5, 2006, after noting the improved financial performance of Suburban, the General Partner's financial advisor provided Goldman Sachs with the General Partner's response (the "Response") to the Initial Term Sheet. Under the Response, Suburban would issue 2,558,000 Common Units (the equivalent of 7.8% of the outstanding Common Units, after giving effect to the Exchange). Suburban would pay the General Partner's expenses, subject to an agreed cap. After signing, the General Partner would not be permitted to solicit, but could respond within the limits of fiduciary duty, to other offers. Messrs. Alexander and Dunn would be recommended for election to the Board of Supervisors in the normal course. The lock-up requirements would be two years for Messrs. Alexander and Dunn and one year for other senior executives, subject to retirement or a change of control transaction. Finally, the quarterly cash distribution to Unitholders would be increased on consummation of the Exchange, and a cash distribution policy would be adopted and publicly disclosed.

At a telephonic meeting on June 7, 2006, the Audit Committee discussed the Response and authorized Goldman Sachs to advise the General Partner's financial advisor that the Committee considered its offer at 6.8% to be a good faith offer, that it had understood the General Partner to be at 7.2% at the outset of the negotiations and that it anticipated that there might be negotiation in the range between 6.8% and 7.2%. The Audit Committee instructed Goldman Sachs to state that unless negotiations took place within that range, the Audit Committee would be unwilling to conclude an exchange transaction on a voluntary basis and would probably, in the Fall of 2006, commence the conversion process under Section 5.8 of the Existing Partnership Agreement. The Audit Committee also requested Goldman Sachs to state that most of the terms outlined in the Response were unacceptable.

At the direction of the Audit Committee, representatives of Goldman Sachs held discussions with the General Partner's financial advisor on June 7, 2006 and June 8, 2006. During those discussions, the General Partner's financial advisor modified the Response by proposing that 321,000 of the 2,558,000 Common Units would be contingent on Suburban generating a targeted amount of EBITDA in fiscal 2007 and 2008. Lock-up requirements would apply only to Messrs. Alexander and Dunn.

At a telephonic meeting on June 9, 2006, the Audit Committee discussed, and expressed disappointment with, the modified Response. After extensive discussion, the Audit Committee decided that Mr. Logan would contact Mr. Alexander directly and increase the Audit Committee's proposal by 75,000 Common Units to a total of 2,275,000 Common Units (the equivalent of 7.0% of the outstanding Common Units, after giving effect to the Exchange). No contingent Common Units would be included in the proposal. The lock-up requirements would be two years for Messrs. Alexander and Dunn and six months for other executive officers.

In a telephone conversation on June 10, 2006, Mr. Logan proposed these terms to Mr. Alexander. Mr. Alexander responded (and confirmed in an e-mail on June 12, 2006) that the General Partner would accept the immediate issuance of 2,275,000 Common Units, but sought 103,287 additional Common Units for General Partner Members who remained with Suburban for two years (with an exception for those retiring in the normal course), bringing the possible total to 2,378,287 Common Units (the equivalent of 7.3% of the outstanding Common Units, after giving effect to the Exchange). Messrs. Alexander and Dunn would be subject to a two-year lock-up requirement and all other General Partner Members would be subject to a typical underwriter's lockup (which would lapse in the case of a change of control transaction). Suburban would pay transaction expenses of the General Partner up to \$500,000 and the quarterly cash distribution to Unitholders would be increased upon completion of the Exchange.

At a telephonic meeting held on June 16, 2006, the Audit Committee authorized Mr. Logan to send an e-mail to Mr. Alexander conveying the final proposal of the Audit Committee with a cover note stating that these were the Committee's final terms and were not subject to further negotiation. The Audit Committee's final proposal consisted of 2,300,000 Common Units (the equivalent of 7.1% of the outstanding Common Units, after giving effect to the Exchange), no contingent Common Units, no payment of General Partner transaction expenses and lock-up restrictions as proposed by Mr. Alexander.

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If an acquisition of Suburban approved by the Board occurred before the closing, the Exchange would be deemed to have occurred so that the General Partner would receive for its deemed 2,300,000 Common Units, in the transaction, the same consideration per Common Unit as the Unitholders; and the General Partner would be required to participate in the transaction. Any change in the amount of the quarterly cash distribution and/or the distribution policy would be a decision for the full Board of Supervisors at a later date.

In a telephone conversation with Mr. Logan on June 19, 2006, Mr. Alexander accepted the Audit Committee's final proposal, subject to the preparation of mutually acceptable documentation.

Thereafter, through mid-July 2006, counsel for the Audit Committee, for Suburban and for the General Partner prepared and discussed the necessary documentation. In addition, the Audit Committee finalized the terms of its engagement letter with Goldman Sachs.

At a meeting in New York on July 27, 2006, the Audit Committee reviewed with Richards Layton and Weil Gotshal the terms of all transaction agreements and partnership agreement amendments. Goldman Sachs reviewed its financial analyses with the Audit Committee and delivered its written opinion that, as of July 27, 2006 and based upon and subject to the factors and assumptions set forth therein, the consideration consisting of 2,300,000 Common Units to be issued by Suburban to the General Partner pursuant to the Exchange Agreement was fair from a financial point of view to the Unaffiliated Unitholders. The full text of Goldman Sachs' opinion is attached as Appendix C to this Proxy Statement. Richards Layton and Andrew Kurth presented the written opinions required by the Existing Partnership Agreement as to certain limited partnership and tax matters, respectively. Following further deliberation, and based upon the factors set forth in the section entitled "Reasons for the Exchange and the Exchange-Related Amendments" below, the Audit Committee unanimously approved, under the Special Approval provisions of the Existing Partnership Agreement, and recommended that the Board of Supervisors and Unitholders approve, the Exchange, the Partnership Agreement Amendments and the various transaction documents.

At a meeting of the full Board held later that same day, based on the recommendation of the Audit Committee, the Board of Supervisors unanimously approved, and recommended that the Unitholders approve, the Exchange, the Partnership Agreement Amendments and the various transaction documents. The Board of Supervisors also approved the payment of meeting fees, consisting of \$2,500 for the Chairman and \$2,000 for the other members, for attendance at all special meetings of the Audit Committee held to review the Exchange from February 2006 through the closing. Following a presentation and review of Suburban's year-to-date and estimated full year financial results, the Board of Supervisors unanimously approved an increase in its quarterly cash distribution from \$0.6375 to \$0.6625 per Common Unit for the fourth quarter of fiscal 2006, or a total increase of \$0.10 per Common Unit to \$2.65 per Common Unit on an annual basis.

After the Board of Supervisors concluded its meeting, the General Partner delivered to the Audit Committee counterparts of the Distribution Agreement signed by General Partner Members owning, directly and indirectly, approximately 82% of the limited liability company interests in the General Partner. Thereafter, Suburban and the Operating Partnership signed the Distribution Agreement and the Exchange Agreement was signed by all parties.

On July 28, 2006, Suburban issued a press release announcing the Exchange.

Reasons for the Exchange and the Exchange-Related Amendments

In evaluating the Exchange and the Exchange-Related Amendments proposed to be included in the Restated Partnership Agreement, the Audit Committee considered the information obtained in the course of its regular meetings with members of senior management regarding Suburban's financial results and the level of quarterly cash distributions that would be appropriate for the Board of Supervisors to declare based on such financial results. The Audit Committee consulted with Goldman Sachs as its financial advisor and received the written opinion of Goldman Sachs as to the fairness, from a financial point of view, to the Unaffiliated Unitholders of the consideration consisting of 2,300,000 Common Units to be issued by Suburban to the General Partner pursuant to the Exchange Agreement, which opinion is

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described below under "Opinion of the Financial Advisor to the Audit Committee." The Audit Committee also consulted with representatives of Richards Layton, independent counsel to the Audit Committee, regarding the duties of the members of the Audit Committee, as well as legal due diligence matters and the terms of the Exchange Agreement,

the Distribution Agreement, the Restated Partnership Agreement and the Third Amended and Restated Agreement of Limited Partnership of Suburban Propane, L.P. (the "Restated OLP Agreement"), and with representatives of Andrews Kurth, independent tax counsel to the Audit Committee. The Audit Committee reviewed certain opinions to Suburban required under the Existing Partnership Agreement received from Richards Layton and Andrews Kurth with respect to certain limited partnership and tax matters, respectively. At a meeting on July 27, 2006, the Audit Committee determined that the Exchange and the Exchange-Related Amendments are fair and reasonable to, and in the best interests of, the Unaffiliated Unitholders and unanimously approved and recommended that the Board of Supervisors and the Unitholders approve the Exchange and the Exchange-Related Amendments. Also at a meeting on July 27, 2006, the full Board of Supervisors determined that the Exchange and the Exchange-Related Amendments are fair and reasonable to, and in the best interests of, the Unaffiliated Unitholders, and unanimously approved and recommended to the Unitholders that they approve the Exchange and the Exchange-Related Amendments.

In the course of reaching their decisions to recommend the Exchange and the Exchange-Related Amendments, the Audit Committee, in the first instance, and the full Board of Supervisors upon the Audit Committee's recommendation, considered a number of potentially positive factors in their deliberations, including the following:

- The Exchange would simplify Suburban's capital structure so that cash distributions would be payable only in respect of Common Units and 100% of any future distribution increases would inure to the benefit of the Unitholders, including the General Partner Members, who would receive 2,300,000 new Common Units;
- The Exchange would lower the future cash cost of Suburban's equity capital in support of its long-term growth strategies (by which we mean that, because of the elimination of the Incentive Distribution Rights, the total amount of incremental distributable cash that Suburban would need to generate to pay the current quarterly distribution on additional Common Units would decrease).
- As a result of the Exchange, the interests of senior management in Suburban would be entirely in the form of Common Units, further aligning the interests of management with those of the Unaffiliated Unitholders (specifically by eliminating potential conflicts of interest and uncertainties arising from (i) the General Partner's entitlement to a disproportionately greater share of the amount of any quarterly cash distribution above \$0.55 per Common Unit, and (ii) the General Partner's right to dispose of its interests in Suburban and the Operating Partnership, and the right of the owners of the General Partner to dispose of their interests in the General Partner itself, in each case without the approval of the Board of Supervisors or the Unitholders);
- The Exchange-Related Amendments would eliminate the General Partner's right to appoint two members to the Board of Supervisors, so that all Supervisors would be elected by the Unitholders, which is the primary avenue for Unitholders to influence corporate governance policies, and which would maximize accountability to the Unitholders;
- The Exchange-Related Amendments would increase the maximum size of the Board of Supervisors so that additional Supervisors can be added to the Board, which would permit Suburban to benefit from the experience and insight of a greater number of individuals, complementing that of the current Board members;
- If the Exchange is not consummated at this time, the financial cost of implementing an exchange in the future could be higher because, if the quarterly distribution per Common Unit continues to grow above the current \$0.6625, the potential value of the Incentive Distribution Rights would reflect an increasingly greater share of Suburban's total distributions;
- The possible alternatives to entering into the Exchange, including continuing as is or forcing an exchange of the Incentive Distribution Rights by invoking the provisions of the Existing

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Partnership Agreement (which do not apply to the other economic rights of the General Partner and would leave intact the General Partner's right to appoint two Supervisors and not address the uncertainties relating to disposition of the General Partner's remaining interests or the General Partner itself) would be less beneficial to the Unaffiliated Unitholders;

- The financial analyses of Goldman Sachs presented to the Audit Committee and the opinion of Goldman Sachs that, as of July 27, 2006 and based upon and subject to the factors and assumptions set forth therein, the consideration consisting of 2,300,000 Common Units to be issued by Suburban to the General Partner pursuant to the Exchange Agreement was fair, from a financial point of view, to the Unaffiliated Unitholders (the full text of the written opinion setting forth the assumptions made, matters considered and limitations in connection with the opinion, is attached as Appendix C to this Proxy Statement);
- The Exchange and the Exchange-Related Amendments are subject to the affirmative vote of holders of a majority of the outstanding Common Units held by Unaffiliated Unitholders; and
- The General Partner Members have agreed not to sell the Common Units they will receive upon the Distribution, for two years following the consummation of the Exchange in the case of Mark A. Alexander, our Chief Executive Officer, and Michael J. Dunn, Jr., our President, and for 90 days following the consummation of the Exchange in the case of all other General Partner Members.

The Audit Committee and the Board of Supervisors also considered a number of countervailing factors in their deliberations concerning the Exchange and the Exchange-Related Amendments, including the following:

- The dilutive effect of the issuance of 2,300,000 Common Units, which will increase by approximately \$2.6 million the amount of cash that Suburban must annually distribute at the current level of cash distributions; and
- The estimated adverse tax consequences to some Unaffiliated Unitholders through 2008 (see "Material U.S. Federal Income Tax Consequences of the Exchange" below).

The Audit Committee and the Board of Supervisors concluded that these countervailing factors did not outweigh the benefits of the Exchange and the Exchange-Related Amendments to Suburban and the Unaffiliated Unitholders.

Our Board of Supervisors also considered the interests of our Appointed Supervisors and certain other executive officers in the Exchange, which are described below under "Interests of Certain Persons in the Exchange."

The preceding discussion is not meant to be an exhaustive description of the information and factors considered by the Audit Committee and our Board of Supervisors but is believed to address the material information and factors considered. In view of the wide variety of factors considered in connection with their evaluation of the Exchange and the Exchange-Related Amendments and the complexity of these matters, the Audit Committee and our Board of Supervisors did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weights to the various factors considered in reaching their determinations. In considering the factors described above, individual members of the Audit Committee and our Board of Supervisors may have given different weight to different factors.

Opinion of the Financial Advisor to the Audit Committee

Goldman Sachs rendered its opinion to the Audit Committee that, as of July 27, 2006 and based upon and subject to the factors and assumptions set forth therein, the consideration consisting of 2,300,000 Common Units to be issued by Suburban to the General Partner pursuant to the Exchange Agreement is fair from a financial point of view to the Unaffiliated Unitholders.

The full text of the written opinion of Goldman Sachs, dated July 27, 2006, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached to this Proxy Statement as Appendix C. Goldman Sachs provided

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its opinion for the information and assistance of the Audit Committee in connection with its consideration of the transactions contemplated by the Exchange Agreement. The Goldman Sachs opinion is not a recommendation as to how any holder of Common Units should vote with respect to the transactions contemplated by the Exchange Agreement.

In connection with rendering the opinion described above and performing its related financial analyses, Goldman Sachs reviewed, among other things:

- the Exchange Agreement, the Existing Partnership Agreement, the Existing OLP Partnership Agreement, the Restated Partnership Agreement, the Restated OLP Agreement and the Distribution Agreement;
- annual reports to Unitholders and Annual Reports on Form 10-K of Suburban for the five fiscal years ended September 24, 2005;
- certain interim reports to Unitholders and Quarterly Reports on Form 10-Q of Suburban;
- certain other communications from Suburban to its Unitholders;
- certain research analyst estimates of the future financial performance of Suburban, including estimates made available by members of the research analyst community through the Institutional Brokers' Estimate System ("IBES"); and
- certain internal financial analyses and forecasts for Suburban prepared by its management.

Goldman Sachs also held discussions with members of the senior management of Suburban and members of the Audit Committee regarding their assessment of the strategic rationale for, and the potential benefits of, the transactions contemplated by the Exchange Agreement and the past and current business operations, financial condition, and future prospects of Suburban. In addition, Goldman Sachs reviewed the reported price and trading activity for the Common Units, compared certain financial and stock market information for Suburban with similar information for certain other companies the securities of which are publicly traded and performed such other studies and analyses, and considered such other factors, as Goldman Sachs considered appropriate.

Goldman Sachs relied upon the accuracy and completeness of all of the financial, accounting, legal, tax and other information discussed with or reviewed by it and assumed such accuracy and completeness for purposes of rendering its opinion. In addition, Goldman Sachs did not make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance sheet assets and liabilities) of Suburban, the Operating Partnership, the General Partner or any of their respective subsidiaries and Goldman Sachs was not furnished with any such evaluation or appraisal. Goldman Sachs' opinion does not address the underlying business decision of Suburban to engage in the transactions contemplated by the Exchange Agreement, nor did Goldman Sachs express any opinion as to the prices at which Common Units will trade at any time. Goldman Sachs' opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Goldman Sachs as of, July 27, 2006.

The following is a summary of the material financial analyses delivered by Goldman Sachs to the Audit Committee in connection with rendering the opinion described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by Goldman Sachs, nor does the order of analyses described represent relative importance or weight given to those analyses by Goldman Sachs. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of Goldman Sachs' financial analyses. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before July 27, 2006 and is not necessarily indicative of current market conditions.

Pro Forma Analysis. Goldman Sachs analyzed the potential impact of the transactions contemplated by the Exchange Agreement on Suburban's projected distributable cash flow, or DCF, per Common Unit for 2007 through 2010 by comparing (a) the projected DCF per Common Unit on a status quo basis to (b) the projected DCF per Common Unit on a pro forma basis following consummation of the transactions contemplated by the Exchange Agreement.

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For each of the status quo case and pro forma case, Goldman Sachs calculated the projected DCF per Common Unit of Suburban using the (a) financial projections for Suburban for 2007-2010 provided by Suburban management (the "Management Case") and (b) projections for Suburban based on median earnings before interest, taxes, depreciation and amortization, or EBITDA, estimates from the IBES for 2007 and 2008 and assumed to remain the same as 2008 for the years 2009 through 2010 (the "IBES Case"), in both cases assuming that the transactions contemplated by the Exchange Agreement closed on September 30, 2006. Under the Management Case, this analysis indicated that the transactions contemplated by the Exchange Agreement would be accretive relative to the status quo case to projected DCF per Common Unit by 0.9% in 2007, 1.7% in 2008, 2.3% in 2009 and 2.8% in 2010. Under the IBES Case, this analysis indicated that the Exchange would be dilutive relative to the status quo case to projected DCF per Common Unit by (0.6%) in 2007, and (0.5%) in 2008 through 2010.

Discounted Cash Flow Analysis. Using (a) the Management Case and (b) the IBES Case, Goldman Sachs performed a discounted cash flow analysis on the distributable cash flows available to the holders of Common Units ("Suburban Cash Flows"), and to the General Partner. Goldman Sachs calculated indications of net present value of (a) Suburban Cash Flows and (b) cash flows attributable to the Incentive Distribution Rights, the economic interest in Suburban included in the general partner interest therein and the economic interest in the Operating Partnership, included in the general partner interest therein (the "Exchange Holdings") for the years 2007 through 2010, utilizing assumed annual acquisitions from \$0 million to \$75 million, terminal values in the year 2010 based on perpetuity growth rates from 0.00% to 0.75%, discount rates ranging from 10% to 12% and the Management Case and the IBES Case, respectively. In addition, Goldman Sachs calculated a ratio of an implied indication of present value of Exchange Holdings to the sum of implied indications of present value of Suburban Cash Flows and Exchange Holdings ("Exchange Holdings/Total Value Ratio") using the Management Case and the IBES Case, respectively. The results of these analyses are set forth below.

MANAGEMENT CASE	IBES CASE
Illustrative Value	Illustrative Value
Indications	Indications

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Exchange Holdings Value (\$mm)	\$ 120.5-\$191.6	\$ 56.2-\$98.2
Exchange Value ¹ (\$mm)	\$ 75.0	\$ 75.0

	Illustrative % of Pro Forma Value	Illustrative % of Pro Forma Value
Exchange Holdings / Total Value Ratio	9.2%-11.1%	6.5%-8.3%
Consideration as % of Pro Forma		
Suburban Common Units outstanding	7.1%	7.1%

Selected Companies Analysis. Goldman Sachs reviewed and compared certain financial information and ratios for the following publicly traded general partners of MLPs in the energy industry:

- Crosstex Energy GP, L.P.
- Energy Transfer Equity, L.P.
- Inergy Holdings, L.P.
- Enterprise GP Holdings, L.P.
- Magellan Midstream Holdings, L.P.
- Alliance Holdings GP, L.P.
- Valero GP Holdings, LLC

Although none of the selected companies is directly comparable to the General Partner, the companies included were chosen because they are publicly traded general partners of MLPs.

¹Based on the closing price of \$32.62 per Common Unit on the NYSE on July 24, 2006.

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Goldman Sachs estimated the implied general partner values of the selected MLP general partners as the enterprise value of each of the general partners less the market value of the limited partner units held by the general partner in the underlying MLP. Goldman Sachs then calculated:

- the ratio of the implied value of the general partner to the latest quarterly annualized distributions to the general partner (“LQA GP Cash Flow”), and
- the ratio of the implied value of the general partner to the distributable cash flow to the general partner.

Estimated financial data for the selected companies were based on publicly available Wall Street research. Estimated financial data for the General Partner is based on the financial projections prepared under (i) the Management Case, and (ii) the IBES Case.

At the direction of the Audit Committee, Goldman Sachs estimated the value of the equity to be issued to the General Partner pursuant to the Exchange to be approximately \$75.0 million, based on the proposed issuance of 2,300,000 Common Units and the NYSE closing price of our Common Units of \$32.62 on July 24, 2006. Goldman Sachs then calculated:

- the ratio of the estimated value of the equity to be issued to the General Partner to the assumed LQA distributions to be foregone by the General Partner, and
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the ratio of the estimated equity value to be issued to the General Partner to the distributable cash flow to be foregone by the General Partner estimated under the Management Case and the IBES Case, respectively.

Goldman Sachs compared the above ratios derived from the selected companies to the corresponding financial ratios implied for the General Partner pursuant the transactions contemplated by the Exchange Agreement.

The results of these analyses are summarized as follows:

Enterprise Value as a multiple of:	Selected Companies			Exchange	
	Range	Mean	Median	Management Case	IBES Case
GP LQA Cash Flow Forgone	23.2x-57.6x	32.4x	26.0x	25.0x	25.0x
GP Distributable Cash Flow Forgone	19.1x-50.8x	26.2x	21.5x	14.7x	24.2x

Selected Transactions Analysis. Goldman Sachs analyzed certain information relating to the following selected transactions in the energy industry since 2004:

- Riverstone Holdings, LLC's acquisition of Buckeye Partners, L.P.'s general partner interest in March 2004.
- Enterprise Products Partners, L.P.'s acquisition of GulfTerra Energy Partners, L.P.'s general partner interest in April 2004.
- ONEOK Partners, L.P.'s acquisition of Northern Border Partners, L.P.'s general partner interest in September 2004.
- Lehman Brothers Merchant Banking's acquisition of Pacific Energy Partners, L.P.'s general partner interest in October 2004.
- Valero L.P.'s acquisition of Kanab Pipe Line Partners, L.P.'s general partner interest in November 2004.
- Enterprise Products Partners, L.P.'s repurchase of Enterprise Products GP, LLC's general partner interest in January 2005.
- EPCO, Inc.'s acquisition of TEPPCO Partners, L.P.'s general partner interest in February 2005.
- First Reserve Corporation's acquisition of Pacific Energy Partners, L.P.'s general partner interest in March 2005.

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- Investor consortium's acquisition of Plains All American Pipeline, L.P.'s general partner interest in August 2005.
- ONEOK Partners, L.P.'s acquisition of Northern Border Partners, L.P.'s general partner interest in February 2006.

For each of the selected transactions, Goldman Sachs calculated and compared levered aggregate consideration as a multiple of LQA GP Cash Flow and estimated distributable GP cash flow with:

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the ratio of the estimated value of the equity to be issued to the General Partner to the assumed LQA distributions to be foregone by the General Partner, and

- the ratio of the estimated equity value to be issued to the General Partner to the distributable cash flow to be foregone by the General Partner estimated under the Management Case and the IBES Case, respectively.

Estimated financial data for the selected companies were based on publicly available Wall Street research. Estimated financial data for the General Partner is based on the financial projections estimated under the Management Case and IBES Case, respectively.

The following table presents the results of this analysis:

Enterprise Value as a multiple of:	Selected Companies			Exchange	
	Range	Mean	Median	Management Case	IBES Case
GP LQA Cash Flow Forgone	10.1x-30.8x	18.9x	18.0x	25.0x	25.0x
GP Distributable Cash Flow Forgone	7.2x-15.4x	11.4x	12.1x	14.7x	24.2x

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying Goldman Sachs' opinion. In arriving at its fairness determination, Goldman Sachs considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Goldman Sachs made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to Suburban, the Operating Partnership, the General Partner or the transactions contemplated by the Exchange Agreement.

Goldman Sachs prepared these analyses for purposes of Goldman Sachs' providing its opinion to the Audit Committee as to the fairness from a financial point of view to the Unaffiliated Unitholders of the consideration consisting of 2,300,000 Common Units to be issued by Suburban pursuant to the Exchange Agreement. These analyses do not purport to be appraisals nor do they necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Suburban, the Operating Partnership, the General Partner, Goldman Sachs or any other person assumes responsibility if future results are materially different from those forecast.

The consideration consisting of 2,300,000 Common Units to be issued by Suburban pursuant to the Exchange Agreement was determined through arms'-length negotiations between representatives of the General Partner Members and the Audit Committee and was approved by the Audit Committee and the Board of Supervisors of Suburban. Goldman Sachs assisted the Audit Committee in negotiating the financial aspects of the transactions contemplated by the Exchange Agreement and in evaluating the consideration to be issued by Suburban pursuant to the Exchange Agreement. Goldman Sachs did not, however, recommend any specific amount of Common Units to be issued by Suburban to Suburban, the

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Audit Committee or the Board of Supervisors or that any specific amount of Common Units to be issued by Suburban constituted the only appropriate amount of consideration.

In rendering its opinion, at the direction of the Audit Committee, Goldman Sachs took into account the valuation and negotiation process undertaken with Goldman Sachs' assistance on behalf of the Audit Committee between Suburban and representatives of the General Partner Members regarding the transactions contemplated by the Exchange Agreement. In rendering its opinion, at the direction of the Audit Committee, Goldman Sachs did not take into account, and expressed no view regarding, the amendments to the Existing Partnership Agreement that would be effected pursuant to the Restated Partnership Agreement, the amendments to the Existing OLP Partnership Agreement that would be effected pursuant to the Restated OLP Agreement or the Distribution Agreement.

As described above, Goldman Sachs' opinion to the Audit Committee was one of many factors taken into consideration by the Audit Committee in making its determination to approve the transactions contemplated by the Exchange Agreement. The foregoing summary does not purport to be a complete description of the analyses performed by Goldman Sachs in connection with the fairness opinion and is qualified in its entirety by reference to the written opinion of Goldman Sachs attached to this Proxy Statement as Appendix C.

Goldman Sachs and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions as well as for estate, corporate and other purposes. Goldman Sachs acted as financial advisor to the Audit Committee in connection with the transactions contemplated by the Exchange Agreement. In addition, Goldman Sachs has provided certain investment banking services to Suburban from time to time, including having acted as lead manager in the secondary public offering of 2,282,500 Common Units in June 2003; having acted as lead manager in the secondary public offering of 2,600,000 Common Units in December 2003; having extended a bridge loan (aggregate principal amount \$210,000,000) to Suburban in December 2003; having acted as co-lead manager with respect to the public offering of Suburban's 6 7/8% Senior Notes due 2013 (aggregate principal amount \$175,000,000) in December 2003; having participated in a bank loan (aggregate principal amount \$150,000,000) to Suburban in October 2004; having acted as co-lead manager with respect to the public offering of Suburban's 6 7/8% Notes due 2013 (aggregate principal amount \$250,000,000) in March 2005; having participated in a bank loan (aggregate principal amount \$125,000,000) to Suburban in March 2005; and having provided financial advisory services to the Audit Committee in relation to certain potential transactions in the fourth calendar quarter of 2005, for which it received a fee of \$1,000,000. Goldman Sachs also may provide investment banking services to Suburban, the Operating Partnership, the General Partner and their respective affiliates in the future. In connection with the above-described investment banking services Goldman Sachs has received, and may receive, compensation.

Goldman Sachs is a full service securities firm engaged, either directly or through its affiliates, in securities trading, investment management, financial planning and benefits counseling, risk management, hedging, financing and brokerage activities for both companies and individuals. In the ordinary course of these activities, Goldman Sachs and its affiliates may provide such services to Suburban, the Operating Partnership, the General Partner and their respective affiliates, may actively trade the debt and equity securities (or related derivative securities) of Suburban for their own account and for the accounts of their customers and may at any time hold long and short positions of such securities.

The Audit Committee selected Goldman Sachs as its financial advisor because it is an internationally recognized investment banking firm that has substantial experience in transactions similar to the transactions contemplated by the Exchange Agreement. Pursuant to a letter agreement, dated July 27, 2006, but effective as of February 20, 2006, the

Audit Committee engaged Goldman Sachs to act as its financial advisor in connection with the transactions contemplated by the Exchange Agreement. Pursuant to the terms of this engagement letter, Suburban has agreed to pay Goldman Sachs a transaction fee of \$2,000,000, all of which is payable upon consummation of the transactions contemplated by the Exchange Agreement. In addition, Suburban has agreed to reimburse Goldman Sachs for its expenses, including attorneys' fees and disbursements, and to indemnify Goldman Sachs and related persons against various liabilities, including certain liabilities under the federal securities laws.

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Interests of Certain Persons in the Exchange

In considering the recommendation of the Board of Supervisors with respect to the Exchange, Unitholders should be aware that, by virtue of being General Partner Members, Suburban's Appointed Supervisors as well as some of its executive officers have interests in the Exchange that are different from, or may conflict with, the interests of the Unitholders generally.

The General Partner Members consist of 40 current and former members of the management of Suburban. Four of the named executive officers own profits interests in the General Partner, as follows: Mark A. Alexander – 44.215%; Michael J. Dunn, Jr. – 9.726%; Robert M. Plante – 3.535%; and Jeffrey S. Jolly – 4.049%. For information on the number of Common Units they will receive as a result of the Exchange and Distribution, see “PROPOSAL NO. 1 – ELECTION OF SUPERVISORS – Security Ownership of Certain Beneficial Owners and Management” below.

Under the Distribution Agreement, Suburban has agreed to indemnify the General Partner Members against certain federal securities law liabilities that may arise in connection with the shelf registration statement Suburban will file with respect to the resale of the 2,300,000 Common Units issued to the General Partner upon the Exchange. Pursuant to the Existing Partnership Agreement, Suburban has agreed to indemnify the General Partner, the General Partner Members and their affiliates (each an “Indemnitee”) for any liabilities in connection with that party's status as an Indemnitee, provided that the Indemnitee acted in good faith.

Following the Distribution, as an accommodation to Suburban, Mr. Alexander will be the sole member of the General Partner and the General Partner will hold 784 Common Units. Under the Distribution Agreement, Suburban and the Operating Partnership have agreed to pay or reimburse Mr. Alexander for taxes imposed upon the General Partner by any state other than the state in which Mr. Alexander resides (except to the extent such taxes are attributable to activities or income of the General Partner that are unrelated to its ownership of the retained Common Units or its status as General Partner). In addition, following completion of the Exchange, Suburban will continue to provide tax services to the General Partner at no cost.

The firm that served as financial advisor to the General Partner in connection with the Exchange has performed merger, acquisition and general financial advisory services for Suburban in the past. Suburban has agreed to retain the firm to continue to provide these services for fiscal 2007 through 2010 for an annual fee of \$225,000. Suburban has also agreed to indemnify the firm against various liabilities arising from its engagement by Suburban as well as from its engagement as financial advisor to the General Partner in connection with the Exchange.

Material U.S. Federal Income Tax Consequences of the Exchange

The following summary of the anticipated material federal income tax consequences of the Exchange to Suburban and the existing Unitholders is based on the Internal Revenue Code of 1986, as amended (the “Tax Code”), Treasury regulations promulgated and proposed thereunder, judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service (the “Service”) as in effect on the date hereof. Changes in these authorities or new interpretations thereof may have retroactive effect and could significantly affect the federal income tax consequences described below.

The federal income tax consequences of the Exchange are complex and are subject to significant uncertainties. Suburban has not requested a ruling from the Service with respect to any tax aspects of the Exchange; thus no assurance can be given as to the interpretations the Service will adopt.

This summary does not address foreign, state or local tax consequences of the Exchange, nor does it purport to address the federal income tax consequences of the Exchange to special classes of taxpayers such as persons who acquired their Common Units in compensatory transactions, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax-exempt organizations or investors in pass-through entities. This summary addresses only the federal income tax consequences to existing Unitholders that have held their Common Units as capital assets for more than one year at the time of the Exchange.

Accordingly, the following summary of material federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the individual

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circumstances of each Unitholder. Unitholders are urged to consult their own tax advisors for the federal, state, local and other tax consequences applicable to the Exchange.

Recognition of Income, Gain or Loss

Neither Suburban nor the existing Unitholders should recognize income, gain or loss for federal income tax purposes as a result of the Exchange, except as described below. A reduction, if any, in an existing Unitholder’s share of Suburban’s nonrecourse liabilities as a result of the Exchange will be treated as a deemed distribution of cash to the Unitholder that will reduce the Unitholder’s tax basis in his Common Units. Any deemed cash distribution to an existing Unitholder in excess of the Unitholder’s tax basis in his Common Units will be treated as taxable gain from the sale of the Common Units. Suburban does not expect that any existing Unitholder will have a deemed cash distribution in excess of his tax basis in his Common Units as a result of the Exchange.

Effect on Partnership Allocations of Depreciation and Amortization

Suburban estimates that if the Exchange becomes effective, it will result in an increase in the amount of net income (or decrease in the amount of net loss) allocable to all of our current Unitholders for the period from the effective date of the Exchange through December 31, 2008 (the “Projection Period”). Suburban estimates that existing Unitholders will be allocated, on a cumulative basis, up to \$0.37 more net income (or less net loss) per Common Unit during the Projection Period as a result of the effectiveness of the Exchange. Suburban also estimates that this increase in net income (or decrease in net loss) to be less than 7% of the cash expected to be distributed to Unitholders with respect to the Projection Period. This analysis does not consider the ability of any particular Unitholder to utilize suspended

passive losses. After the Projection Period, however, Suburban estimates that the existing Unitholders will be allocated less net income (or more net loss) than they would have been allocated in the absence of the Exchange.

The amount and effect of the increase in net income, or decrease in net loss, allocated to a Unitholder resulting from the effectiveness of the Exchange will depend upon the Unitholder's particular situation, including the ability of any particular Unitholder to utilize suspended passive losses. Suburban expects that Unitholders who purchased their Common Units before February 2005 and do not have passive loss carryovers will experience an increase in their federal income tax liabilities for the Projection Period as a result of the effectiveness of the Exchange. Suburban expects that Unitholders who purchased their Common Units before February 2005 and have passive loss carryovers will be entitled to use the passive loss carryovers to offset all or some portion of the increased net income allocated to them and thereby reduce or avoid an increase in their federal income tax liabilities for the Projection Period as a result of the effectiveness of the Exchange. Finally, Suburban estimates that the effectiveness of the Exchange will not increase the cumulative federal income tax liability for the Projection Period of a Unitholder who purchased his Common Units after January 2005.

The estimates above are based upon the assumption that the Exchange becomes effective as of October 1, 2006, that 2,300,000 Common Units will be issued to the General Partner upon the effectiveness of the Exchange and other assumptions with regard to income, capital expenditures, cash flow, net working capital and anticipated cash distributions. For the purposes of these estimates, Suburban has assumed that the Common Units issued in the Exchange have a fair market value of \$32.00 per Common Unit. These estimates are based on current tax law and tax reporting positions that Suburban has adopted or will adopt and with which the Service could disagree. In addition, these estimates are subject to, among other things, numerous business, economic, regulatory, competitive and political uncertainties over which Suburban has no control. Accordingly, Suburban cannot assure you that these estimates will prove to be correct. The actual increase in your net income (or decrease in your net loss) could be higher or lower than our estimate of \$0.37 per Common Unit during the Projection Period, and these differences could cause an increase in your federal income tax liability even if you acquired your Common Units after January 2005. Any such differences could be material and could materially affect the value of your Common Units. For example, the federal income tax liability of a Unitholder who purchased Common Units after January 2005 could be increased during the Projection Period as a result of the effectiveness of the Exchange if we make a future offering of Common Units and use the proceeds

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of the offering in a manner that does not produce substantial additional deductions during the Projection Period, such as to repay indebtedness currently outstanding or to acquire property that is not eligible for depreciation or amortization for federal income tax purposes or that is depreciable or amortizable at a rate significantly slower than the rate currently applicable to our assets.

Effect of the Exchange Upon Gain or Loss Recognized Upon a Sale of Units

A Unitholder's tax basis in his Common Units will be increased by the amount of additional income (or decreased by the reduced amount of net loss) allocated to the Unitholder as a result of the effectiveness of the Exchange. As a result, the net amount of income and gain recognized by a Unitholder upon a sale of Common Units generally will be decreased (or the net loss recognized on the sale generally increased) by an amount equal to the increased income allocations (or decreased loss allocations) resulting from the effectiveness of the Exchange. However, there are circumstances under which a Unitholder could recognize a capital loss, or both ordinary income and capital loss, on a

sale of Common Units, in which case the increase in the holder's basis in the Common Units resulting from the effectiveness of the Exchange may not result in a reduction of the Unitholder's federal income tax liability.

Unitholders are urged to consult their tax advisors for advice regarding the effect of the adoption of the proposals upon their particular situation.

Description of the Common Units

General

The Common Units represent limited partner interests that entitle the holders to participate in distributions and exercise the rights and privileges available to limited partners under the Existing Partnership Agreement.

Number of Units

As of August 18, 2006, there were 30,314,262 Common Units outstanding. The General Partner owns an approximate 0.74% general partner interest in Suburban and a 1.0101% general partner interest in the Operating Partnership.

Under the Existing Partnership Agreement (and if approved at the Meeting by Unitholders, the Restated Partnership Agreement), Suburban may issue, without further Unitholder action, an unlimited number of additional limited partner interests and other equity securities with such rights, preferences and privileges as shall be established by our Board of Supervisors in its sole discretion, including securities that may have special voting rights to which holders of Common Units are not entitled.

Listing

The Common Units are listed on the New York Stock Exchange under the symbol "SPH."

Voting

Each outstanding Common Unit is entitled to one vote, subject to the exception described in the following paragraph. Suburban holds a meeting of the limited partners every three years to elect the Board of Supervisors and to vote on any other matters that are properly brought before the meeting.

If at any time, any person or group, including our General Partner and its affiliates, owns beneficially more than 20% of all Common Units, any Common Units owned by that person or group in excess of 20% may not be voted on the election or removal of Supervisors and will not be considered to be outstanding when sending notices of a meeting of Limited Partners to vote on any matter relating to the election or removal of Supervisors (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under the Existing Partnership Agreement. If Proposal No. 4 is adopted at the Meeting, this restriction will be eliminated.

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Cash Distributions

The Existing Partnership Agreement requires Suburban to distribute all of our “available cash” to the Unitholders and the General Partner within 45 days following the end of each fiscal quarter based on the priorities described below. “Available cash” generally means, with respect to any fiscal quarter, all of our cash on hand at the end of that quarter, less reserves necessary or appropriate, in the discretion of the Board of Supervisors, to provide for the proper conduct of our business, to comply with applicable law or agreements, or to provide funds for future distributions to partners.

Distributions of available cash may be made either from “operating surplus” or from “capital surplus.” “Operating surplus” generally means (A) our cash balance on the date Suburban commenced operations, plus \$40 million, plus all cash receipts from our operations, including working capital borrowings but excluding cash receipts from interim capital transactions (as defined below), minus (B) all of our operating expenses, debt service payments, including reserves, but not including payments required in connection with the sale of assets or any refinancing with the proceeds of new indebtedness or an equity offering, maintenance capital expenditures and reserves established for our future operations, in each case, since Suburban commenced operations. “Interim capital transactions” generally include borrowings and sales of debt securities, other than for working capital purposes, sales of equity interests and sales or other dispositions of assets, other than inventory, accounts receivable and other current assets in the ordinary course of business.

All available cash distributed will be treated as distributed from operating surplus until the sum of all available cash distributed since Suburban commenced operations equals operating surplus as of the end of the quarter prior to that distribution. Therefore, capital surplus generally means any amounts of available cash that Suburban distributes after distributing the available cash from operating surplus. Historically, Suburban has not made any distributions of available cash from capital surplus and does not expect to do so in the foreseeable future.

Available cash from operating surplus with respect to any quarter is distributed by the Operating Partnership 98.9899% to Suburban and 1.0101% to the General Partner in respect of its general partner interest. Available cash from operating surplus with respect to any quarter is then distributed by Suburban as follows:

- With regard to the first \$0.55 per Common Unit of quarterly distributions paid, approximately 99.26% is distributed to the Unitholders, pro rata, and approximately 0.74% is distributed to the General Partner; and
- With regard to the balance of quarterly distributions in excess of \$0.55 per Common Unit, approximately 86.8673% is distributed to the Unitholders and the General Partner in respect of its general partner interest in Suburban, pro rata as provided in the bullet above, and approximately 13.1327% is distributed to the General Partner in respect of its Incentive Distribution Rights.

The distributions discussed in the first bullet above will be proportionately adjusted in the event of any combination or subdivision of Common Units. In addition, if a distribution is made of available cash constituting cash from interim capital transactions, the distributions will also be adjusted proportionately downward to equal the product resulting from multiplying each of them by a fraction, of which the numerator shall be the unrecovered capital immediately after giving effect to such distribution and the denominator shall be the unrecovered capital immediately before such distribution. For these purposes, “unrecovered capital” means the amount by which \$20.50 exceeds the aggregate per Common Unit distributions of cash from interim capital transactions on the Common Units. If and when the unrecovered capital is zero, the distributions each will have been reduced to zero.

The distributions may also be adjusted if legislation is enacted that causes Suburban to become taxable as a corporation or to be treated as an association taxable as a corporation for federal income tax purposes. In that event, the target distributions for each quarter after this event would be reduced to an amount equal to the product of each of the target distributions multiplied by one minus the sum of:

- the maximum marginal federal corporate income tax rate, plus

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- the effective overall state and local income tax rate applicable to Suburban for the taxable year in which the quarter occurs (after taking into account the benefit of any deduction allowable for federal income tax purposes with respect to the payment of state and local taxes).

The General Partner currently owns all of the Incentive Distribution Rights, but has the right to transfer them freely, subject to reasonable restrictions that may be adopted by the Board of Supervisors which do not materially adversely affect the General Partner. Incentive Distribution Rights are non-voting limited partner interests that confer upon the holder the right to receive certain cash distributions as described above. The Board of Supervisors, with the approval of a majority of the Elected Supervisors, has the option, which became exercisable in May 2004, to cause all the Incentive Distribution Rights to be converted into a number of Common Units having a value equal to the fair market value of the Incentive Distribution Rights. Upon the closing of the Exchange, no Incentive Distribution Rights will remain outstanding and no provision for future Incentive Distribution Rights will be contained in the Restated Partnership Agreement.

Transfer Restrictions

Common Units are securities and are transferable according to the laws governing transfer of securities. Until a Common Unit has been transferred on Suburban's books, Suburban will treat the record holder as the absolute owner for all purposes. Transfers of Common Units will not be recorded by the transfer agent or recognized by Suburban until the transferee executes and delivers a transfer application. A purchaser or transferee of Common Units who does not execute and deliver a transfer application will not receive cash distributions, unless the Common Units are held in nominee or "street" name and the nominee or broker has executed and delivered a transfer application with respect to the Common Units, and may not receive federal income tax information and reports furnished to record holders of Common Units. The Board of Supervisors has the discretion to withhold its consent to accepting any such purchaser or transferee of Common Units as a substitute limited partner. If the consent is withheld, the purchaser or transferee of the Common Units will be an assignee and will have an interest equivalent to that of a limited partner with respect to allocations and distributions, including liquidation distributions. In addition, the General Partner will vote such Common Units at the direction of the assignee who is the record holder of the Common Units.

Transfer Agent and Registrar

Our transfer agent and registrar for the Common Units is Computershare Trust Company, N.A. Its address is P.O. Box 43069, Providence, Rhode Island 02940-3069 and its telephone number is 781-575-2724. The hearing impaired may contact Computershare at TDD 800-952-9245.

Effect of the Exchange

If the Exchange is approved, the General Partner's Incentive Distribution Rights and the economic interests included in the MLP GP Interest and the OLP GP Interest will be terminated and all future distributions will be made solely to the holders of Common Units.

Recommendation of the Board of Supervisors

The affirmative vote of the holders of a majority of the issued and outstanding Common Units as well as approval by the holders of a majority of the issued and outstanding Common Units other than the Common Units held by the General Partner Members, is required for the approval of this proposal. The Board of Supervisors has unanimously approved the Exchange and recommends a vote FOR the Exchange under the terms described herein.

It is important to note that neither the Exchange Proposal (this Proposal No. 2) nor the Exchange-Related Amendment Proposal (Proposal No. 3 below) will be effective unless BOTH proposals are approved by the Unitholders. The approval of Proposal Nos. 4 and 5 is NOT required for the effectiveness of Proposal Nos. 2 and 3.

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PROPOSAL NO. 3

EXCHANGE-RELATED AMENDMENTS TO THE EXISTING PARTNERSHIP AGREEMENT

In order to effect and reflect the Exchange, the Board of Supervisors is recommending the approval of the Exchange-Related Amendments to the Partnership Agreement as contemplated in this Proposal No. 3. This proposal also includes certain corporate governance amendments to the Existing Partnership Agreement. Proposal No. 3 must be adopted for the Exchange to be effective.

Description of Exchange-Related Amendments to the Existing Partnership Agreement

Outstanding General Partner Unit; Ownership of Common Units

If the Exchange is approved by the Unitholders, it will make necessary several amendments to the Existing Partnership Agreement relating to the MLP GP Interest to give effect and reflect the Exchange.

If the Exchange Proposal and the Exchange-Related Amendment Proposal are both approved by the Unitholders at the Meeting, then the General Partner shall thereafter own 1 General Partner Unit representing 100% of the MLP GP Interest held by the General Partner, and the economic value of the MLP GP Interest shall be reduced to zero and all references to the Incentive Distribution Rights shall be deleted. Accordingly, all future distributions shall be made solely to the holders of Common Units. The General Partner shall continue to own 784 Common Units in its capacity as a limited partner of Suburban after it distributes the balance of the Common Units it receives in the Exchange to the General Partner Members. The General Partner shall not be required, nor permitted, to make any additional capital contributions to Suburban with respect to its MLP GP Interest, and it may not transfer the retained Common Units nor acquire any additional Common Units.

Transfer of a General Partner's Partnership Interest

Any transfer of the MLP GP Interest shall be subject to the prior approval of the Board of Supervisors, except for a transfer by the General Partner of all of its MLP GP Interest to an affiliate of the General Partner.

Additionally, the Board of Supervisors may, at any time, and for any reason, require the General Partner to transfer its MLP GP Interest in Suburban or its Common Units to a designee of the Board of Supervisors. The consideration for the transfer of the MLP GP Interest shall be nominal. The consideration for the transfer of Common Units by the General Partner shall be the current market price of such Common Units. The Board of Supervisors may also, at any time and for any reason, require any or all of the members of the General Partner to transfer their limited liability company interests in the General Partner, to a designee of the Board of Supervisors. The consideration for the transfer of limited liability company interests by the members of the General Partner shall be the product of (i) the member's percentage interest in the General Partner multiplied by the number of Common Units owned by the General Partner

and (ii) the current market price of the Common Units.

If any such transfer is pursuant to or in connection with a merger or other transaction to which Suburban is a party, then the consideration for the Common Units owned by the General Partner shall be the consideration being paid on account of the Common Units in connection with the merger or such other transaction. Such consideration shall be paid in the form of cash or, at the option of the Board of Supervisors, in the form of consideration paid in the merger or other transaction.

Elimination of Certain Rights of the General Partner

The General Partner has the right to purchase Common Units or other equity securities whenever, and on the same terms that, we issue securities or rights to persons other than the General Partner and its affiliates, to the extent necessary to maintain the percentage interest of the General Partner and its affiliates that existed immediately prior to each issuance. If Proposal No. 3 is approved, this right will be eliminated.

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If at any time less than 20% of the outstanding Common Units of any class are held by persons other than the General Partner and its affiliates, the General Partner has the right to acquire all, but not less than all, of those Common Units at a price no less than their then current market price. As a consequence, a Unitholder may be required to sell his Common Units at an undesirable time or price. The General Partner may assign this purchase right to any of its affiliates or to Suburban. If Proposal No. 3 is approved, this right will be eliminated.