

SUBURBAN PROPANE PARTNERS LP  
Form S-3ASR  
October 19, 2006

As filed with the Securities and Exchange Commission on October 18, 2006

Registration No. 333-

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT

Under  
The Securities Act of 1933

SUBURBAN PROPANE PARTNERS, L.P.

(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

22-3410353  
(I.R.S. Employer  
Identification Number)

240 Route 10 West  
Whippany, NJ 07981  
(973) 887-5300

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Paul E. Abel, Esq.  
General Counsel and Secretary  
One Suburban Plaza  
240 Route 10 West  
Whippany, NJ 07981  
(973) 887-5300

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:  
Todd R. Chandler, Esq.  
Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, New York 10153

(212) 310-8000

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

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If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the ‘‘Securities Act’’), other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit <sup>(1)</sup>	Proposed Maximum Aggregate Offering Price <sup>(1)</sup>	Amount of Registration Fee
Common Units	2,299,216	\$ 34.385	\$79,058,542.16	\$ 8,460

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, and based on the average of the high and low prices of our common units on October 13, 2006 as reported on the New York Stock Exchange.

PROSPECTUS

2,299,216 Common Units

SUBURBAN PROPANE PARTNERS, L.P.

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This prospectus relates to 2,299,216 of our common units that may be offered for resale from time to time by certain of our unitholders who are identified in this prospectus. The common units may be offered for resale in amounts, at prices and on terms to be determined at the time of the offering.

On October 19, 2006, following unitholder approval at the 2006 Tri-Annual Meeting of Unitholders, we issued 2,300,000 common units to our general partner in exchange for the cancellation of (1) all incentive distribution rights in us and (2) the economic interests included in the general partner interests it held in us and our operating partnership subsidiary. Immediately after the effectiveness of the registration statement of which this prospectus is a part, our general partner distributed 2,299,216 of these common units to its direct and indirect members, who are the selling unitholders named in this prospectus.

The selling unitholders may offer and sell their common units through public or private transactions, at prevailing market prices, or at privately negotiated prices, and may offer their common units to or through one or more underwriters, brokers, dealers, or agents, or directly to purchasers on a continuous or delayed basis. Any prospectus supplement for a particular offering will describe in detail the plan of distribution for that offering. See “Plan of Distribution” on page 18 for additional information on the potential methods of sale. We will not receive any of the proceeds from the sale of common units by the selling unitholders.

Our common units are limited partner interests, which are inherently different from the capital stock of a corporation. Our common units are traded on the New York Stock Exchange under the symbol “SPH”. On October 13, 2006, the last sales price of our common units as reported by the NYSE was \$34.42 per common unit.

Investing in our common units involves risks. See “Risk Factors” beginning on page 5 and in the documents we incorporate by reference into this prospectus.

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

The date of this prospectus is October 19, 2006.

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ABOUT THIS PROSPECTUS

This prospectus is part of a “shelf” registration statement that we have filed with the Securities and Exchange Commission (the “SEC”). By using this prospectus, the selling unitholders may resell, from time to time, in one or more offerings, the common units described in this prospectus.

For further information about our business and the securities offered by this prospectus, you should refer to the registration statement and its exhibits (including the documents incorporated by reference in this prospectus). The exhibits to this registration statement and the documents incorporated by reference in this prospectus contain the full text of certain contracts and other important documents that are summarized in this prospectus and the documents incorporated by reference in this prospectus. The registration statement and the documents incorporated by reference in this prospectus can be obtained from the SEC as indicated under the heading “Where You Can Find Additional Information.”

You should rely only on the information incorporated by reference or provided in this prospectus and any prospectus supplement. We have authorized no one to provide you with different information. This prospectus may only be used where it is legal to sell these securities. You should assume that the information in this prospectus is accurate only as of the date of the prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

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ABOUT SUBURBAN PROPANE PARTNERS, L.P.

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.

We conduct our business principally through our wholly-owned subsidiary, Suburban Propane, L.P. (the “Operating Partnership”), and its direct and indirect subsidiaries. Our general partner is Suburban Energy Services Group LLC, a Delaware limited liability company. As a result of the exchange transaction described below, our general partner owns 784 common units and has no other economic rights in either us or the Operating Partnership.

We are a publicly traded Delaware limited partnership. Our common units are listed on the New York Stock Exchange and traded under the symbol “SPH”. Our principal executive offices are located at 240 Route 10 West, Whippany, New Jersey 07981, and our phone number is (973) 887-5300. Our internet webpage is located at [www.suburbanpropane.com](http://www.suburbanpropane.com); however, the information in, or that can be accessed through, our webpage is not part of this prospectus.

References in this prospectus to “Suburban,” “the Partnership,” “we,” “us” and “our” refer to Suburban Propane Partners, and its subsidiaries, unless the context otherwise requires.

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### FORWARD-LOOKING STATEMENTS

This prospectus 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 our future business expectations and predictions and financial condition and results of operations. Some of these statements can be identified by the use of forward-looking terminology such as “prospects,” “outlook,” “believes,” “estimates,” “intends,” “may,” “will,” “should,” “anticipates,” “expects” or “plans” or the negative or other variation of these or similar terms, 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 prospectus identifying such risks and uncertainties are referred to as “Cautionary Statements”). The risks and uncertainties and their impact on our 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;

- Our ability 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;
- Our ability to acquire and maintain reliable transportation for our propane, fuel oil and other refined fuels;
- Our ability 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 our business;
- The impact of legal proceedings on our business;
- The impact of operating hazards that could adversely affect our operating results to the extent not covered by insurance; and
- Our ability to integrate acquired businesses successfully.

Some of these Forward-Looking Statements are discussed in more detail in “Risk Factors” beginning on page 5 of this prospectus. On different occasions, we or our representatives have made or may make Forward-Looking Statements in other filings with the SEC, press releases or oral statements made by or with the approval of one of our 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. We undertake no obligation to update any Forward-Looking Statements or Cautionary Statements. All subsequent written and oral Forward-Looking Statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the Cautionary Statements in this prospectus and in future SEC reports. For a more complete discussion of specific factors which could cause actual results to differ from those in the Forward-Looking Statements or Cautionary Statements, see the “Risk Factors” section of this prospectus.

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### SUMMARY OF THE OFFERING

Common Units Offered by Selling Unitholders:	2,299,216 common units issued in the exchange transaction described below.
Exchange Transaction	On October 19, 2006, following unitholder approval at the 2006 Tri-Annual Meeting of Unitholders, we issued 2,300,000 common units to our general partner in exchange for the cancellation of (1) all incentive distribution rights in us and (2) the economic interests included in the general partner interests it held in us and the Operating Partnership. Immediately after the effectiveness of the registration statement of which this prospectus is a part, our general partner distributed 2,299,216 of these common units to its direct and indirect

members, who are the selling unitholders named in this prospectus. Suburban Energy Services Group LLC remains both our general partner and the general partner of the Operating Partnership; however it has no economic interest in any future cash distributions (other than as a holder of 784 common units received in the exchange transaction and not distributed to its members).

Use of Proceeds:

The selling unitholders will receive all of the net proceeds from the sale of common units in this offering. We will not receive any of the proceeds from the sale of common units by the selling unitholders.

New York Stock Exchange Symbol:

SPH

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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 prospectus before deciding to invest in our common units. Some factors in this section are “forward-looking statements.” See “Forward Looking Statements.”

#### 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 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 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. Our ability to pay principal and interest on our indebtedness depends on the cash generated by the Operating Partnership. The Operating Partnership's financial performance is affected by weather conditions. As a result, we can make no assurances 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 distributions to our

unitholders, and principal and interest on our indebtedness.

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 make 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 required to pay distributions to our unitholders, or principal and interest on our indebtedness.

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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 multi-state propane marketers, thousands of smaller local independent marketers and farm cooperatives. Our fuel oil business competes with fuel oil distributors offering a broad range of services and prices, from full service distributors to those offering



delivery only. 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 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 make 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.

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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 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.

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

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

Cash distributions on our common units are not guaranteed, and depend primarily on cash flow and 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 above;

- required principal and interest payments on our debt and restrictions contained in our debt instruments;
- issuances of debt and equity securities;
- our ability to control expenses;
- fluctuations in working capital;
- capital expenditures; and
- financial, business and other factors, a number of which will be beyond our control.

The Third Amended and Restated Agreement of Limited Partnership (the “Partnership Agreement”) gives our Board of Supervisors broad discretion in establishing cash reserves for, among other things, the proper conduct of our business. These cash reserves will affect the amount of cash available for distributions.

We have substantial indebtedness. Our debt agreements may limit our ability to make distributions to our 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 the Partnership 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 2003 Senior Notes. The amount of distributions that the Partnership makes is limited by the 2003 Senior Notes, and the amount of distributions that the Operating Partnership may make to the Partnership is limited by the Revolving Credit Agreement. 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.

Unitholders have limited voting rights.

A Board of Supervisors manages our operations. Holders of common units have only limited voting rights on matters affecting our business. Holders of common units elect our Board of Supervisors every three years. We presently expect that the next Tri-Annual Meeting of Unitholders will be held in the first half of 2009.

Our Partnership Agreement restricts business combinations with certain interested unitholders.

Our Partnership Agreement includes a provision based on Section 203 of the Delaware General Corporation Law. This provision may have an anti-takeover effect with respect to transactions the Board of Supervisors does not approve in advance. It generally prohibits us from engaging in a

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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” is defined generally as a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested unitholder. An “interested unitholder” is 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. Amendments to the provisions of the 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.

Unitholders may not have limited liability in some circumstances.

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

- a court or government agency determined that we were conducting business in the state but had not complied with the state's limited partnership statute; or
- unitholders' rights to act together to remove or replace the general partner or take other actions under the Partnership Agreement constitute “participation in the control” of our business for purposes of the state's limited partnership statute.

Unitholders may have liability to repay distributions.

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

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

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

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### Tax Risks to Unitholders

Our tax treatment depends on our status as a partnership for federal income tax purposes. The Internal Revenue Service could treat us as a corporation, which would substantially reduce the cash available for distribution to unitholders and affect the market for our common units.

The anticipated after-tax economic benefit of an investment in the common units depends largely on our being treated as a partnership for federal income tax purposes. We believe that, under current law, we will be classified as a partnership for federal income tax purposes. We have not requested, and do not plan to request, a ruling from the Internal Revenue Service (“IRS”) on this or any other tax matter affecting us. The IRS may adopt positions that differ from the positions we take. In addition, current law may change so as to cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to entity-level federal income taxation. If we were treated as a corporation for federal income tax purposes, we would be required to pay tax on our net income at corporate tax rates (currently a maximum of 35% federal rate) and likely would be required to pay state income tax to numerous states and localities as well. If such taxes were imposed upon us our cash available for distribution to our unitholders would be substantially reduced, resulting in a material reduction in the anticipated cash flow and after-tax return to our unitholders, likely causing a substantial reduction in the value of our common units.

Furthermore, if the IRS were to adopt positions that differ from the positions we take, it may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with the positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. In addition, our costs of any contest with the IRS will be borne indirectly by our unitholders and our general partner because the costs will reduce our cash available for distribution.

A common unitholder's tax liability could exceed cash distributions on its common units.

Because our unitholders are treated as partners to whom we allocate taxable income which could be different in amount than the cash we distribute, a common unitholder may be required to pay federal income taxes and, in some cases, state and local income taxes on its allocable share of our income, even if it receives no cash distributions from us. We cannot guarantee that a common unitholder will receive cash distributions equal to its allocable share of our taxable income or even to the tax liability resulting from that income.

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

Investment in common units by certain tax-exempt entities and foreign persons raises issues specific to them. For example, virtually all of our taxable income allocated to organizations exempt from federal income tax, including individual retirement accounts and other retirement plans, will be unrelated business taxable income and thus will be taxable to the common unitholder. Distributions to foreign persons will be reduced by withholding taxes at the highest applicable effective tax rate, and foreign persons will be required to file United States federal tax returns and pay tax on their share of our taxable income.

There are limits on a common unitholder's deductibility of losses.

In the case of taxpayers subject to the passive loss rules (generally, individuals and closely held corporations), any losses generated by us will only be available to offset our future income and cannot be used to offset income from other activities, including other passive activities or investments. Unused losses may be deducted when the common

unitholder disposes of its entire investment in us in a fully taxable transaction with an unrelated party. A common unitholder's share of our net passive income may be offset by unused losses from us carried over from prior years, but not by losses from other passive activities, including losses from other publicly-traded partnerships.

Tax shelter registration could increase the risk of a potential audit by the IRS.

We registered as a "tax shelter" under the law in effect at the time of our initial public offering and were assigned tax shelter registration number 96080000050. The issuance of a tax shelter

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registration number to us could increase the risk of an IRS audit and does not indicate that a common unit investment in us or the claimed tax benefits have been reviewed, examined or approved by the IRS.

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

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

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

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

We treat each holder of our common units as having the same tax benefits as every other holder without regard to the time such common units were purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units.

Because we cannot match transferors and transferees of common units and because of other reasons, uniformity of the economic and tax characteristics of the common units to a purchaser of common units of the same class must be maintained. To maintain uniformity and for other reasons, we have adopted certain depreciation and amortization conventions which may be inconsistent with Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to a common unitholder. It also could affect the timing of these tax benefits or the amount of gain from the sale of common units, and could have a negative impact on the value of our common units or result in audit adjustments to a common unitholder's income tax return.

There are state, local and other tax considerations for our unitholders.

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

Unitholders may have negative tax consequences if we default on our debt or sell assets.

If we default on any of our debt obligations, our lenders will have the right to sue us for non-payment. This could cause an investment loss and negative tax consequences for unitholders through the realization of taxable income by unitholders without a corresponding cash distribution.

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Likewise, if we were to dispose of assets and realize a taxable gain while there is substantial debt outstanding and proceeds of the sale were applied to the debt, unitholders could have increased taxable income without a corresponding cash distribution.

The sale or exchange of 50% or more of our capital and profits interests during any twelve-month period will result in a deemed termination (and reconstitution) of the Partnership for federal income tax purposes which would cause unitholders to be allocated an increased amount of taxable income.

We will be deemed to have terminated (and reconstituted) for federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period. Were this to occur, it would, among other things, result in the closing of our taxable year for all unitholders and could result in a deferral of depreciation deductions allowable in computing our taxable income. This would result in unitholders being allocated an increased amount of taxable income.

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#### USE OF PROCEEDS

We will not receive any of the proceeds from the sale of common units by the selling unitholders. All proceeds from the sale of common units by the selling unitholders will be solely for the accounts of the selling unitholders.

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## SELLING UNITHOLDERS

A total of 2,299,216 common units have been registered for possible sale by the selling unitholders using this prospectus. The table below sets forth information with respect to the selling unitholders, including the name of each selling unitholder, his or her positions with us or our affiliates within the past three years, the number of common units beneficially owned by each selling unitholder as of the date of this prospectus, and the maximum number of common units that may be offered for sale by such selling unitholder pursuant to this prospectus.

We have prepared the table based on information given to us by, or on behalf of, the selling unitholders, before the date of this prospectus. Information about the selling unitholders may change from time to time. Any changed information given to us by the selling unitholders will be set forth in prospectus supplements or amendments to this prospectus if and when necessary.

As of October 19, 2006, Mark A. Alexander beneficially owned approximately 3.2%, and no other selling unitholder beneficially owned more than 1%, of the 32,614,262 common units outstanding.

Selling Unitholder	Position(s) with the Partnership within the Past 3 Years	Units Beneficially Owned Prior to Offering <sup>(1)</sup>	Units Offered for Sale	Units Beneficially Owned After Offering <sup>(2)</sup>
Mark A. Alexander	Chief Executive Officer; Member of the Board of Supervisors; (formerly President)	1,055,010 <sup>(3)(4)</sup>	1,025,226 <sup>(4)</sup>	29,784 <sup>(3)(4)</sup>
Michael J. Dunn, Jr.	President; Member of the Board of Supervisors; (formerly SVP Corporate Development)	168,216 <sup>(4)</sup>	168,216 <sup>(4)</sup>	—
David R. Eastin	Vice President and Chief Operating Officer (through February 2004)	142,312	142,312	—
Michael M. Keating	Vice President – Human Resources and Administration	126,206	125,206	1,000
Jeffrey S. Jolly	Vice President and Chief Information Officer	94,241	92,641	1,600
Russell T. Rupp	Vice President Support Services	92,038	82,038	10,000
Robert M. Plante	Vice President and Chief Financial Officer	94,300	82,038	12,262
Mark Anton II	Vice President – Business Development	68,140	68,140	—
Janice G. Sokol	Vice President, General Counsel and Secretary (through June 2006)	65,747	65,747	—
Susan V. Dunn	None	55,200	55,200	—
David R. Macdaid	Manager – Regional (through June 2003)	46,157	46,157	—
Steven C. Boyd	Managing Director – West Operations	26,033	24,555	1,478



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Douglas T. Brinkworth	VP Product Supply; (formerly Managing Director Product Supply & Transportation)	29,213	24,555	4,658
Dee A. Tate	Manager – General; Managing Director – South East Operations	25,820	23,945	1,875
C. H. Robinson	Director – Industry Relations; Manager – Regional	15,926	15,826	100
Martin L. Baker, Jr.	Managing Director – West Operations (through October 2003)	15,405	15,405	—
Valarie D. Finneran	Managing Director – Customer Satisfaction (through August 2005)	13,299	12,299	1,000
Elmer J. Dante	Assistant Controller	12,839	12,164	675
Neil E. Scanlon	Managing Director – Information Services	17,942	12,164	5,778
Robert T. Ross	Manager – General; Manager – Regional	12,814	12,299	515
John M. Cummins	Director – Supply Operations	10,279	10,279	—
Kerry P. Bannister	Manager – Customer Service Center	9,255	9,255	—

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	Position(s) with the Partnership within the Past 3 Years	Units Beneficially Owned Prior to Offering <sup>(1)</sup>	Units Offered for Sale	Units Beneficially Owned After Offering <sup>(2)</sup>
Selling Unitholder				
Jeffrey A. Harris	Manager – Customer Service Center	9,255	9,255	—
A. Davin D' Ambrosio	Treasurer	17,153	9,255	7,898
Helene A. Fischer	Assistant Controller	15,883	9,255	6,628
Peter J. Haller	Manager – Area Employment & Labor Relations	9,255	9,255	—
Kenneth L. Sanford	Director – Buying	9,255	9,255	—
Alan Skolnik	Managing Director – Human Resources	16,228	9,255	6,973
Susan McNew	Director – Buying	9,255	9,255	—
Dale L. Amabile	Director – Information Services Field Support	9,435	9,255	180
Sandra N. Zwickel	Counsel	9,255	9,255	—
Andrew J. Taylor	Director – Agway Energy Services/National Accounts (through February 2005)	9,255	9,255	—
Paul L. Callahan	Manager – Area Sales (through June 2005)	9,255	9,255	—
Douglas R. Ouweleen	Manager – Regional (through February 2004)	9,255	9,255	—
A. David Randolph	Representative – Account (through January 2004)	9,255	9,255	—

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Edward Walsh	Not employed during last 3 years	9,255	9,255	—
Jeremy D. West	Manager – Regional (through March 2003)	9,255	9,255	—
Thomas A. Mattingly	Manager – Regional (through February 2004)	9,255	9,255	—
Rene Holst	Analyst – Human Resources Information Services	9,255	9,255	—
Richard A. Nodes	Manager – Regional (through March 2004)	8,107	8,107	—
Paul N. Weldon	Manager – Regional (through February 2004)	8,115	8,107	8
Total Common Units Registered			2,299,216	

(1)Includes all common units beneficially owned by the selling unitholder, including restricted units that are scheduled to vest within 60 days. Excludes restricted units that may vest more than 60 days hereafter.

(2)Assumes all common units registered hereunder are sold by the selling unitholder, and that the selling unitholder does not acquire additional common units (including vested restricted units) before the completion of this offering. The common units issued to the selling unitholders in the exchange transaction are subject to restrictions on transfer as described below. Based on such assumption and based on 32,614,262 common units outstanding as of October 19, 2006, no selling unitholder will beneficially own more than 1% of the outstanding common units after the offering.

(3)Includes the 784 common units owned by our general partner, of which, as an accommodation to us, Mr. Alexander remains the sole member.

(4)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 us 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.

Pursuant to the Distribution, Release and Lock-up Agreement that we, the Operating Partnership, the general partner and the direct and indirect members of the general partner entered into as part of the exchange transaction, each of Messrs. Alexander and Dunn has agreed not to transfer any of the common units received by him as a result of the exchange transaction for a period of two years following the consummation of the exchange, which occurred on October 19, 2006,

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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; (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 selling unitholders have agreed

to not transfer any of the common units received by him or her as a result of the exchange transaction for a period of 90 days following consummation of the exchange, except under the circumstances described in clauses (i) through (v) above.

Our registration of the common units covered by this prospectus does not necessarily mean that any of the selling unitholders will sell all or any portion of the common units. The selling unitholders may offer and sell all or a portion of the common units from time to time, but are under no obligation to offer or sell any of the common units. Because the selling unitholders may sell all, none, or any part of the common units from time to time, we do not know the actual number of common units that will be beneficially owned by the selling unitholders upon termination of any offering by them, or the actual percentage of our total outstanding common units that the selling unitholders will beneficially own after termination of any offering.

This prospectus also covers possible sales by certain persons who may become the record or beneficial owners of some of the common units as a result of certain types of private transactions, including but not limited to, gifts, private sales, distributions, and transfers pursuant to a foreclosure or similar proceeding by a lender or other creditor to whom common units may be pledged as collateral to secure an obligation of a named selling unitholder. Each such potential transferee of a named selling unitholder is hereby deemed to be a selling unitholder for purposes of selling common units using this prospectus. To the extent required by applicable law, information (including the name and number of common units owned and proposed to be sold) about such transferees, if there shall be any, will be set forth in an appropriate supplement to this prospectus.

#### Certain Other Relationships and Related Transactions

As described in this prospectus, each of the selling unitholders was previously a direct or indirect member of our general partner and Mr. Alexander continues as the sole member of our general partner. Other than as described in the table above or the discussion below, the selling unitholders have not held any office or position or, to our knowledge, had any other material relationship with us or our affiliates within the past three years.

During fiscal 2004, two relatives of our 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 our 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 us concerning the franchises. Our 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, we and one of our Chief Executive Officer's relatives terminated their franchise agreement in March 2006. Our 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 us with other franchisees over the prior twelve (12) month period.

As an accommodation to us, our Chief Executive Officer will be the sole member of the general partner and the general partner will hold 784 common units. Under the Distribution Agreement, we and the Operating Partnership have agreed to pay or reimburse our Chief Executive Officer for taxes imposed upon the general partner by any state other than the state in which the Chief Executive Officer 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).

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We provide tax services to our general partner at no cost. We have also paid the cost of external tax return preparation services for the direct and indirect members of our general partner, which amounted to approximately \$47,000 in fiscal 2003, \$65,000 in fiscal 2004, \$50,000 in fiscal 2005 and \$46,500 in fiscal 2006. We will continue to pay these costs for the current and former direct and indirect members of our general partner in fiscal 2007.

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PLAN OF DISTRIBUTION

We have been advised that the common units may be offered and sold by or for the account of the selling unitholders (or their pledgees, donees, transferees, or successors in interest), from time to time as market conditions permit, on the New York Stock Exchange, any other exchange on which our common units may be listed, over the counter, or otherwise, at prices and on terms then prevailing or in negotiated transactions, and that the common units may be sold by one or more of the following methods, without limitation:

- purchases by underwriters, brokers, dealers, and agents who may receive compensation in the form of underwriting discounts, concessions, or commissions from the selling unitholders and/or the purchasers of the common units for whom they may act as agent;
- one or more block trades in which a broker or dealer so engaged will attempt to sell the common units as agent, but may position and resell a portion of the block as principal to facilitate the transaction or, in crosses, in which the same broker acts as agent on both sides;
- purchases by a broker or dealer (including a specialist or market maker) as principal and resale by such broker or dealer for its account pursuant to this prospectus;
- ordinary brokerage transactions and transactions in which the broker solicits purchasers;
- face-to-face transactions between sellers and purchasers without a broker-dealer;
- the pledge of common units as security for any loan or obligation, including pledges to brokers or dealers who may from time to time effect distributions of the common units or other interests in the common units;