SUBURBAN PROPANE PARTNERS LP
Form 424B5
August 07, 2012
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Filed Pursuant to Rule 424(b)(5)
Registration Statement No. 333-183124

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are part of an effective registration statement filed with the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell, nor do they seek an offer to buy, these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED AUGUST 7, 2012

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated August 7, 2012)

Suburban Propane Partners, L.P.

6,300,000 Common Units

We are selling 6,300,000 common units of Suburban Propane Partners, L.P. 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 August 6, 2012, the last sales price of our common units as reported by the New York Stock Exchange was $40.15 per common unit.

Investing in our common units involves risks. You should carefully consider each of the factors described under Risk Factors beginning on page S-12 of this prospectus supplement and page 6 of the accompanying prospectus, as well as the documents we previously have filed with the Securities and Exchange Commission that are incorporated by reference therein, for more information before you make any investment in our securities.

	Per Common Unit	Total
Public Offering Price	$	$
Underwriting Discounts and Commissions	$	$
Proceeds, Before Expenses, to Suburban Propane Partners, L.P.	$	$

We have granted the underwriters a 30-day option, exercisable from the date of this prospectus supplement, to purchase up to an additional 945,000 common units from us on the same terms and conditions set forth above.

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

We anticipate delivery of the common units in this offering through the facilities of the Depository Trust Company on or about , 2012, subject to customary closing conditions.

Book-Running Managers

Wells Fargo Securities **BofA Merrill Lynch** **Citigroup**

Credit Suisse

Deutsche Bank Securities

Goldman, Sachs & Co.

J.P. Morgan

Raymond James

Co-Manager

Stifel Nicolaus Weisel

The date of this prospectus supplement is , 2012

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PROSPECTUS SUPPLEMENT

PROSPECTUS

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of common units and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information about securities we may offer from time to time, some of which may not apply to this offering of common units.

If the information relating to the offering varies between the prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus prepared by or on behalf of Suburban Propane Partners, L.P. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell the common units in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement or in the accompanying prospectus is accurate as of any date other than the date on the front of that document. Our business, financial condition, results of operations and prospects may have changed since such date.

You should read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before making your investment decision.

Unless the context otherwise requires, references to Suburban, the Partnership, we, us and our refer to Suburban Propane Partners, L.P. and i subsidiaries. Unless we indicate otherwise, the information presented in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional common units.

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PROSPECTUS SUPPLEMENT SUMMARY

The following summary highlights information about us, this offering and information appearing elsewhere included or incorporated by reference in this prospectus supplement, the accompanying prospectus and in the documents we incorporate by reference. This summary is not complete and does not contain all of the information that you should consider before making an investment decision. You should read carefully the entire prospectus supplement, the accompanying prospectus, the documents incorporated by reference and the other documents to which we refer herein for a more complete understanding of this offering, including the factors described under the heading Risk Factors in this prospectus supplement beginning on page S-12, together with any free writing prospectus we have authorized for use in connection with this offering and the financial statements and other information included or incorporated by reference in this prospectus supplement. This prospectus supplement may add to, update or change information in the accompanying prospectus.

SUBURBAN PROPANE PARTNERS, L.P.

Overview

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

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

Subsidiaries of the Operating Partnership include Suburban Sales and Service, Inc. (the Service Company), which conducts a portion of Suburban s service work and appliance and parts businesses. Through an acquisition in fiscal 2004, we transformed our business from a marketer of a single fuel into one that provides multiple energy solutions, with expansion into the marketing and distribution of fuel oil and

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refined fuels, as well as the marketing of natural gas and electricity. Our fuel oil and refined fuels, natural gas and electricity and services businesses are structured as either limited liability companies or corporate entities and, as such, are subject to corporate level income tax.

Our common units are traded on the New York Stock Exchange under the symbol SPH. Our principal executive offices are located at One Suburban Plaza, 240 Route 10 West, Whippany, NJ 07981, and our telephone number is (973) 887-5300.

Acquisition of Inergy Propane and Related Transactions

On August 1, 2012, Suburban consummated its acquisition of the retail propane business (Inergy Propane) of Inergy, L.P., a Delaware limited partnership (Inergy), in exchange for consideration of approximately $1.8 billion, in accordance with the terms of the Contribution Agreement, dated April 25, 2012, as subsequently amended (the Contribution Agreement), by and among Suburban, Inergy and certain affiliates of Inergy (Inergy and such affiliates collectively, the Contributors). The acquisition of Inergy Propane and the related transactions contemplated by the terms of the Contribution Agreement are referred to as the Inergy Propane Acquisition.

The acquisition consideration consisted of: (i) the issuance by Suburban and Suburban Energy Finance Corp. (as co-issuers) of $1.0 billion in aggregate principal amount of newly issued unsecured senior notes (the SPH Notes) and Suburban s payment of $184.8 million in cash to Inergy noteholders pursuant to the Exchange Offers (as defined below); and (ii) the issuance by Suburban of $613.1 million of new Suburban common units to the Contributors, all but $6.1 million of which will be distributed by Inergy to its unitholders (the Equity Consideration Distribution).

The $1.0 billion of SPH Notes were issued, and $184.8 million in cash was distributed, in connection with the offers to exchange therefor (the Exchange Offers) any and all of the outstanding unsecured 7% Senior Notes due 2018 and 6 7/8% Senior Notes due 2021 issued by Inergy and Inergy Finance Corp. In addition, Suburban paid $65.0 million in cash to the Inergy noteholders for the consent payments pursuant to the Exchange Offers and Inergy paid us $36.5 million on the closing date of the Inergy Propane Acquisition. The Exchange Offers were conducted in connection with, and conditioned upon, the consummation of the Inergy Propane Acquisition.

In addition, on August 1, 2012, Suburban and the Operating Partnership entered into the First Amendment (the First Amendment to the Credit Agreement) to the Amended and Restated Credit Agreement, dated as of January 5, 2012 (the Credit Agreement), with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer and the other lenders named therein (collectively, the Lenders), to provide (i) in the aggregate, subject to the satisfaction of certain conditions precedent, an up to $250.0 million senior secured 364-day incremental term loan facility (the 364-Day Facility) and (ii) an increase in the aggregate, subject to the satisfaction of certain conditions precedent, of our existing revolving credit facility under the Credit Agreement from $250.0 million to $400.0 million (the Commitment Increase). The First Amendment to the Credit Agreement also includes provision for the reinstatement and increase from $150.0 million to $250.0 million of the existing uncommitted incremental term facility under the Credit Agreement when the 364-Day Facility is repaid or prepaid in full.

On August 1, 2012, we drew $225.0 million on the 364-Day Facility, which, together with available cash, we used for the purposes of paying (i) cash consideration pursuant to the Exchange Offers, (ii) costs and fees related to the Exchange Offers, and (iii) costs and expenses related to the Inergy Propane Acquisition. We intend to repay the $225.0 million borrowed under the 364-Day Facility with the net proceeds of the equity financing that is the subject of this prospectus supplement, which equity financing is subject to market conditions. In connection with any such voluntary prepayment, the Operating Partnership is not subject to any prepayment penalty or premium, except for a customary breakage fee on floating rate Eurodollar loans, which comprises the loans under the 364-Day Facility if the prepayment is made during an interest period and not on the final day of such period. The Operating Partnership expects to make any such prepayment so as not to incur breakage, but if any breakage were required, it is not expected to be material. See Use of Proceeds.

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Our Strategy

Our business strategy is to deliver increasing value to the holders of our common units through initiatives, both internal and external, that are geared toward achieving sustainable profitable growth and steady or increased quarterly distributions. The following are key elements of our strategy:

Internal Focus on Driving Operating Efficiencies, Right-Sizing Our Cost Structure and Enhancing Our Customer Mix. We focus internally on improving the efficiency of our existing operations, managing our cost structure and improving our customer mix. Through investments in our technology infrastructure, we continue to seek to improve operating efficiencies and the return on assets employed. We have developed a streamlined operating footprint and management structure to facilitate effective resource planning and decision making. Our internal efforts are particularly focused in the areas of route optimization, forecasting customer usage, inventory control, cash management and customer tracking.

Growing Our Customer Base by Improving Customer Retention and Acquiring New Customers. We set clear objectives to focus our employees on seeking new customers and retaining existing customers by providing highly responsive customer service. We believe that customer satisfaction is a critical factor in the growth and success of our operations. Our Business is Customer Satisfaction is one of our core operating philosophies. We measure and reward our customer service centers based on a combination of profitability of the individual customer service center and net customer growth.

Selective Acquisitions of Complementary Businesses or Assets. Externally, we seek to extend our presence or diversify our product offerings through selective acquisitions. Our acquisition strategy is to focus on businesses with a relatively steady cash flow that will extend our presence in strategically attractive markets, complement our existing business segments or provide an opportunity to diversify our operations with other energy-related assets. While we are active in this area, we are also very patient and deliberate in evaluating acquisition candidates. During fiscal 2011, we completed one acquisition of a mid-sized propane business in a market where we already have a strong presence. During fiscal 2010, we completed four acquisitions of mid-sized propane businesses; there were no acquisitions completed during fiscal 2009. These acquisitions complemented our existing operations, expanded our customer base and, with our focus on operational efficiencies, provided synergies through the blending of operations and assets into our existing facilities. The Inergy Propane Acquisition significantly enhances our geographic reach by expanding our service territory into eleven new states, while at the same time providing opportunities to achieve operational synergies through blending of operations in overlapping territories. We believe that this strategic acquisition will allow us to leverage our technology platform and operating philosophy on a broader geography and customer base in order to enhance our growth prospects and cash flow profile.

Selective Disposition of Non-Strategic Assets. We continuously evaluate our existing facilities to identify opportunities to optimize our return on assets by selectively divesting operations in slower growing markets, generating proceeds that can be reinvested in markets that present greater opportunities for growth. Our objective is to maximize the growth and profit potential of all of our assets.

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Organizational Structure

The following chart provides a simplified overview of our organization structure as of the date of this prospectus supplement. Our General Partner holds 784 common units in us.

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The Offering

Common units offered by us under this Prospectus Supplement	6,300,000 common units; 7,245,000 common units if the underwriters exercise in full their option to purchase additional common units.
Common units outstanding after this Offering	56,047,240 common units; 56,992,240 common units if the underwriters exercise in full their option to purchase additional common units.
Use of proceeds	We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions and estimated offering expenses, will be approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase additional common units). We intend to use the net proceeds from this offering and from the underwriters exercise of their option to purchase additional common units, if any, to repay borrowings under the 364-Day Facility incurred in connection with the Inergy Propane Acquisition, and for working capital and general partnership purposes. Please see section titled Use of Proceeds on page S-14 of this prospectus supplement.
Distribution policy	Under our Partnership Agreement, we must distribute all of our available cash (as defined in our Partnership Agreement) at the end of each quarter, less reserves established by our Board of Supervisors in its discretion. On July 17, 2012, our Board of Supervisors declared a quarterly cash distribution for the quarter ended June 23, 2012 of $0.8525 per common unit, or $3.41 per common unit on an annualized basis. The distribution attributable to the quarter ended June 23, 2012 is payable on August 7, 2012 to holders of record of our common units as of July 31, 2012. On April 25, 2012, our Board of Supervisors approved an increase in our annualized distribution rate to $3.50 per common unit (conditioned on the closing of the Inergy Propane Acquisition). The distribution at this increased rate will be effective for the quarterly distribution paid in respect of our first quarter of fiscal 2013, ending December 29, 2012.
Estimated ratio of taxable income to distribution	We estimate that if you own common units you purchase in this offering through the record date for the distribution for the fourth calendar quarter of 2014, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be less than 20% of the cash distributed to you with respect to that period. Please read Material U.S. Federal Income Tax Considerations in this prospectus supplement for the basis of this estimate.

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Exchange listing	Our common units are traded on the New York Stock Exchange under the symbol SPH.
Material U.S. federal income tax considerations	For a discussion of material U.S. federal income tax considerations that may be relevant to potential holders of our common units, please read Material U.S. Federal Income Tax Considerations
Risk factors	You should carefully consider the information set forth under Risk Factors beginning on page S-12 of this prospectus supplement and page 6 of the accompanying prospectus, as well as the documents we previously have filed with the Securities and Exchange Commission that are incorporated by reference herein, before making an investment in our common units.

The number of our common units to be outstanding immediately after this offering as shown above is based on 49,747,240 common units outstanding as of August 2, 2012 and includes the 14,200,422 common units issued to Inergy and Inergy Sales & Service, Inc. (Inergy Sales) by us as the equity consideration in connection with the Inergy Propane Acquisition.

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Summary Historical Consolidated Financial and Other Information of Suburban

The following tables set forth, for the periods and at the dates indicated, summary historical consolidated financial and other information for Suburban. The summary historical consolidated financial information as of and for each of the years ended September 24, 2011, September 25, 2010 and September 26, 2009 is derived from and should be read in conjunction with the audited financial statements and accompanying footnotes for such periods incorporated by reference into the accompanying prospectus. The summary historical consolidated financial information as of and for the nine-month periods ended June 23, 2012 and June 25, 2011 is unaudited and derived from, and should be read in conjunction with, the unaudited financial statements and accompanying footnotes for such periods incorporated by reference into the accompanying prospectus. Such financial information has been prepared on a basis consistent with our audited annual financial information and includes all adjustments, consisting only of normal and recurring adjustments, necessary for a fair statement of the results for those periods. Historical results are not necessarily indicative of future performance or results of operations and results for any interim period are not necessarily indicative of the results that may be expected for a full year.

	For the Nine Months Ended		For the Year Ended		
	June 23, 2012	June 25, 2011	September 24, 2011	September 25, 2010	September 26, 2009
	(unaudited)				
	(in thousands, except per unit data and ratios)				
Statement of Operations Data					
Revenues	$ 837,113	$ 1,008,972	$ 1,190,552	$ 1,136,694	$ 1,143,154
Costs and Expenses	747,492	849,045	1,045,324	980,508	932,539
Restructuring charges and severance costs[(a)]		2,000	2,000		
Acquisition-related costs[(b)]	5,950				
Pension settlement charge[(c)]				2,818	
Operating income	83,671	157,927	143,228	153,368	210,615
Interest expense, net	19,742	20,532	27,378	27,397	38,267
Loss on debt extinguishment[(d)]	507			9,473	4,624
(Benefit from) provision for income taxes	(60)	737	884	1,182	2,486
Net income	63,482	136,658	114,966	115,316	165,238
Net income per Common Unit basic[(e)]	1.78	3.85	3.24	3.26	4.99
Cash distributions declared per unit	$ 2.56	$ 2.56	$ 3.41	$ 3.35	$ 3.26
Balance Sheet Data (end of period)					
Cash and cash equivalents	$ 115,804	$ 161,447	$ 149,553	$ 156,908	$ 163,173
Total assets	896,064	976,123	956,459	970,914	978,168
Total debt	348,331	348,115	348,169	347,953	349,415
Partners capital Common Unitholders	$ 394,086	$ 469,243	$ 418,134	$ 419,882	$ 418,824
Statement of Cash Flows Data					
Cash provided by (used in)					
Operating activities	$ 73,250	$ 109,841	$ 132,786	$ 155,797	$ 246,551
Investing activities	(12,017)	(14,869)	(19,505)	(30,111)	(16,582)
Financing activities	$ (94,982)	$ (90,433)	$ (120,636)	$ (131,951)	$ (204,224)
Other Data (unaudited)					
EBITDA[(f)]	$ 107,070	$ 184,231	$ 178,856	$ 174,729	$ 236,334
Adjusted EBITDA[(f)]	108,435	183,994	179,425	192,420	239,245
Capital expenditures[(g)]	$ 14,384	$ 17,241	$ 22,284	$ 19,131	$ 21,837
Retail gallons sold					
Propane	213,234	254,949	298,902	317,906	343,894
Fuel oil and refined fuels	22,574	33,263	37,241	43,196	57,381

Footnotes on following pages

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

(b) During the third quarter of fiscal 2012, we recorded acquisition-related costs of $6.0 million related to the Inergy Propane Acquisition.

(c) We incurred a non-cash pension settlement charge of $2.8 million during fiscal 2010 to accelerate the recognition of actuarial losses in our defined benefit pension plan as a result of the level of lump sum retirement benefit payments made.

(d) During the six months ended March 24, 2012 we recognized a non-cash charge of $0.5 million to write-off a portion of unamortized debt origination costs in connection with the execution of the amendment of our existing Credit Agreement. During fiscal 2010 we completed the issuance of $250.0 million of 7.375% senior notes maturing in March 2020 to replace the previously existing 6.875% senior notes that were set to mature in December 2013. In connection with the refinancing, we recognized a loss on debt extinguishment of $9.5 million in the second quarter of fiscal 2010, consisting of $7.2 million for the repurchase premium and related fees, as well as the write-off of $2.2 million in unamortized debt origination costs and unamortized discount. During fiscal 2009, we purchased $175.0 million aggregate principal amount of the 6.875% senior notes through a cash tender offer. In connection with the tender offer, we recognized a loss on the extinguishment of debt of $4.6 million in the fourth quarter of fiscal 2009, consisting of $2.8 million for the tender premium and related fees, as well as the write-off of $1.8 million in unamortized debt origination costs and unamortized discount.

(e) Computations of basic earnings per common unit were performed by dividing net income by the weighted average number of outstanding common units, and restricted units granted under our restricted unit plans to retirement-eligible grantees.

(f) EBITDA represents net income before deducting interest expense, income taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA excluding certain items as provided in the table below. Our management uses EBITDA and Adjusted EBITDA as measures of liquidity and we are including them because we believe that they provide our investors and industry analysts with additional information to evaluate our ability to meet our debt service obligations and to pay our quarterly distributions to holders of our common units. In addition, certain of our incentive compensation plans covering executives and other employees utilize Adjusted EBITDA as the performance target. Moreover, our Credit Agreement requires us to use Adjusted EBITDA, with certain additional adjustments, in calculating our leverage and interest coverage ratios. EBITDA and Adjusted EBITDA are not recognized terms under GAAP and should not be considered as an alternative to net income or net cash provided by operating activities determined in accordance with GAAP. Because EBITDA and Adjusted EBITDA as determined by us excludes some, but not all, items that affect net income, they may not be comparable to EBITDA and Adjusted EBITDA or similarly titled measures used by other companies.

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

	For the Nine Months Ended		For the Year Ended		
	June 23, 2012	June 25, 2011	September 24, 2011	September 25, 2010	September 26, 2009
	(unaudited)				
			(in thousands)		
Net income	$ 63,482	$ 136,658	$ 114,966	$ 115,316	$ 165,238
Add:					
(Benefit from) provision for income taxes	(60)	737	884	1,182	2,486
Interest expense, net	19,742	20,532	27,378	27,397	38,267
Depreciation and amortization	23,906	26,304	35,628	30,834	30,343
EBITDA	107,070	184,231	178,856	174,729	236,334
Unrealized (non-cash) (gains) losses on changes in fair value of derivatives	(7,170)	(2,237)	(1,431)	5,400	(1,713)
Loss on debt extinguishment	507			9,473	4,624
Loss on asset disposal	2,078				
Severance charges		2,000	2,000		
Acquisition-related costs	5,950				
Pension settlement charge				2,818	
Adjusted EBITDA	108,435	183,994	179,425	192,420	239,245
Add (subtract):					
Benefit from (provision for) income taxes current	60	(737)	(884)	(1,182)	(1,101)
Interest expense, net	(19,742)	(20,532)	(27,378)	(27,397)	(38,267)
Unrealized (non-cash) gains (losses) on changes in fair values of derivatives	7,170	2,237	1,431	(5,400)	1,713
Acquisition-related costs	(5,950)				
Severance charges		(2,000)	(2,000)		
Compensation cost recognized under Restricted Unit Plans	3,261	3,136	3,922	4,005	2,396
(Gain) loss on disposal of property, plant and equipment, net	(246)	(2,844)	(2,772)	38	(650)
Changes in working capital and other assets and liabilities	(19,738)	(53,413)	(18,958)	(6,687)	43,215
Net cash provided by operating activities	$ 73,250	$ 109,841	$ 132,786	$ 155,797	$ 246,551

(g) 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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Summary Unaudited Pro Forma Condensed Combined Financial and Other Information

The summary unaudited pro forma condensed combined financial and other information presented below reflect the pro forma effect of the Inergy Propane Acquisition on Suburban. The summary unaudited pro forma condensed combined statements of operations for the nine months ended June 23, 2012 and the year ended September 24, 2011 assume the Inergy Propane Acquisition occurred at the beginning of the earliest period presented. The unaudited pro forma condensed combined balance sheet shows the financial effects of the Inergy Propane Acquisition as of June 23, 2012. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The summary unaudited pro forma condensed combined financial information is for informational purposes only and does not purport to project the results of operations for any future period.

You should read the summary unaudited pro forma condensed combined financial and other information of Suburban below in conjunction with the information under the captions Capitalization, and Summary Acquisition of Inergy Propane and Related Transactions in this prospectus supplement and the unaudited pro forma condensed combined financial information of Suburban, our audited and unaudited financial statements and the Inergy Propane, LLC audited and unaudited financial statements incorporated by reference herein.

	For the Nine Months Ended June 23, 2012[(a)]	For the Year Ended September 24, 2011[(a)]
	(unaudited) *(in thousands)*	
Pro Forma Statement of Operations Data		
Revenues	$ 1,582,831	$ 2,242,876
Costs and expenses	1,441,884	2,010,483
Operating income	140,947	232,393
Interest expense, net	79,017	106,675
Loss on debt extinguishment	507	
Other income	(156)	(200)
(Benefit from) provision for income taxes	(180)	1,284
Net income	$ 61,759	$ 124,634
Pro Forma Balance Sheet Data (end of period)		
Cash and cash equivalents	$ 83,005	N/A
Total assets	2,842,369	N/A
Total debt	$ 1,648,374	N/A
Other Pro Forma Data		
EBITDA (b)	$ 233,743	$ 361,530
Adjusted EBITDA (b)	234,938	373,012

(a) Summary unaudited pro forma condensed combined financial information for the periods presented is presented on an adjusted basis to give effect to the consummation of the Inergy Propane Acquisition and the draw of $225.0 million on the 364-Day Facility.

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(b) The following table sets forth a reconciliation of our unaudited pro forma net income to our unaudited pro forma calculations of EBITDA and Adjusted EBITDA:

	For the Nine Months Ended June 23, 2012	For the Year Ended September 24, 2011
	(unaudited) *(in thousands)*	
Net income	$ 61,759	$ 124,634
Add:		
(Benefit from) provision for income taxes	(180)	1,284
Interest expense, net	79,017	106,675
Depreciation and amortization	93,147	128,937
EBITDA	233,743	361,530
Unrealized (non-cash) (gains) on changes in fair value of derivatives	(7,170)	(1,431)
Loss on debt extinguishment	507	
Loss on asset disposal	7,858	10,913
Severance charges		2,000
Adjusted EBITDA	$ 234,938	$ 373,012

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RISK FACTORS

An investment in our common units involves risks. You should carefully read the risk factors included in Item 1A. Risk Factors in our annual report on Form 10-K for the fiscal year ended September 24, 2011, the risk factors set forth in this prospectus supplement and the risk factors included in the accompanying prospectus beginning on page 6 therein, together with all of the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus. If any of these risks were to occur, our business, financial condition, results of operations or prospects could be materially adversely affected. In such case, the trading price of our common units could decline, and you could lose all or part of your investment.

The issuance of additional limited partner interests relating to this offering and the Equity Consideration Distribution may make it more difficult to pay distributions.

Cash distributions are made out of our available cash, pro rata, to our unitholders. Although our Board of Supervisors has increased our annualized distribution rate per common unit following the closing of the Inergy Propane Acquisition, the increase in the number of our common units outstanding, as a result of the issuance of new common units representing limited partner interests relating to this offering and the Equity Consideration Distribution, may make it more difficult to pay such distributions. Also see Risk Factors Risks Inherent in the Ownership of Our Common Units Cash distributions are not guaranteed and may fluctuate with our performance and other external factors in the accompanying prospectus.

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 holder of our common units will be diminished over time due to the dilution of the interests of each holder of our common units and additional taxable income may be allocated to each holder of our common units.

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

On August 1, 2012 we issued 14,200,422 common units representing limited partner interests in connection with the Inergy Propane Acquisition in the Equity Consideration Distribution. The common units being offered hereby (excluding any common units related to the underwriters option to purchase additional common units) constitute approximately 13% of our outstanding common units immediately prior to this offering (based on 49,747,240 common units outstanding as of August 2, 2012, including the 14,200,422 common units issued by us in connection with the Inergy Propane Acquisition). This offering will have the effects described in the paragraph above.

Holders of Inergy s common units may sell or otherwise dispose of the Suburban common units that will be distributed to them by Inergy in connection with the Inergy Propane Acquisition, which could have an adverse impact on the trading price of our common units.

Upon contribution, transfer, assignment and delivery of Inergy Propane to Suburban, Suburban issued and delivered to Inergy and Inergy Sales, as consideration in connection with the Inergy Propane Acquisition, an aggregate of 14,200,422 newly issued Suburban common units. Inergy Sales distributed all of the Suburban common units it received in connection with the Inergy Propane Acquisition to Inergy. Inergy has agreed to distribute 14,058,418 of the Suburban common units (or 99% of the Suburban common

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units delivered to Inergy and Inergy Sales) to the holders of its common units, on a pro rata basis, at a future record date to be determined by the board of directors of Inergy s managing general partner. Inergy s management currently expects this distribution to occur between September 1, 2012 and September 16, 2012, although this distribution could occur prior to September 1, 2012 or after September 16, 2012. Following such distribution, the sale of these units in the public markets could have an adverse impact on the trading price of our common units.

Management will have broad discretion as to the use of the net proceeds from this offering, and we may not use the proceeds effectively.

We intend to use the net proceeds from the offering and from the underwriters exercise of their option to purchase additional common units, if any, to repay our borrowings under the 364-Day Facility related to the Inergy Propane Acquisition. Any net proceeds not so applied will be used for working capital and general partnership purposes, over which our management will have broad discretion in the application of such net proceeds from this offering. There is no guarantee that any such expenditures would result in improvement of our results of operations or enhancement of the value of our common units.

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USE OF PROCEEDS

We estimate that the net proceeds to us from this offering, after deducting underwriting discounts and commissions and estimated offering expenses, will be approximately $ million (or approximately $ million if the underwriters exercise their option to purchase additional common units in full).

We intend to use the net proceeds from the offering and from the underwriters exercise of their option to purchase additional common units, if any, to repay our borrowings under the 364-Day Facility, which were used to pay (i) the cash consideration in the Exchange Offers, (ii) costs and fees related to the Exchange Offers, and (iii) costs and expenses related to the Inergy Propane Acquisition. Any net proceeds from this offering and from the underwriters exercise of their option to purchase additional common units, if any, which are not so applied, will be used for working capital and general partnership purposes. In connection with the Operating Partnership s voluntary prepayment of the 364-Day Facility, to the extent that we are subject to a customary breakage fee on floating rate Eurodollar loans, if any, such fee will be paid out of the net proceeds of this offering.

As of August 2, 2012, an aggregate of approximately $225.0 million of borrowings were outstanding under our 364-Day Facility. The weighted average interest rate on the total amount outstanding at August 2, 2012 was approximately 3.5%. Our 364-Day Facility matures on July 31, 2013.

Affiliates of Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., J.P. Morgan Securities LLC and Raymond James & Associates, Inc. are lenders under our 364-Day Facility and will receive a portion of the net proceeds of this offering through the repayment of indebtedness under our 364-Day Facility. See Underwriting (Conflicts of Interest) Relationships/FINRA Rules/Conflicts of Interest.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and our capitalization as of June 23, 2012:

- on an actual basis;
- on an adjusted basis to give effect to the consummation of each of the Inergy Propane Acquisition (including the exchange of all the Inergy Notes in the Exchange Offers) and the draw of $225.0 million on the 364-Day Facility; and
- on an adjusted basis to give effect to the consummation of each of the Inergy Propane Acquisition (including the exchange of all the Inergy Notes in the Exchange Offers) and this offering.

You should read our financial statements and notes that are incorporated by reference into the accompanying prospectus for additional information regarding us.

	Actual	June 23, 2012 As Adjusted for the Inergy Propane Acquisition and the 364-Day Facility	As Adjusted for the Inergy Propane Acquisition and this Offering[1]
		(in thousands)	
Cash and cash equivalents	$ 115,804	$ 83,005	$
Debt, including current maturities:			
Revolving credit facility[2]	100,000	100,000	100,000
364-Day Facility		225,000	
2020 Senior Notes[3]	248,331	248,331	248,331
2018 Senior Notes[3]		530,695	530,695
2021 Senior Notes[3]		544,348	544,348
Total debt	348,331	1,648,374	1,423,374
Partners capital:			
Common unit holders	394,086	968,364	
Total capitalization	$ 742,417	$ 2,616,738	$

(1) Assumes the consummation of this offering and the use of proceeds as described under the section Use of Proceeds in the prospectus supplement.

(2) As of August 2, 2012, we had drawn $100.0 million and had issued standby letters of credit in the aggregate amount of $46.9 million under the revolving credit facility pursuant to our Credit Agreement.

(3) As of August 2, 2012, we had $250.0 million in aggregate principal amount outstanding of 7.375% senior notes due 2020 issued by us and our wholly owned subsidiary, Suburban Energy Finance Corp. (the 2020 Senior Notes), $496.6 million in aggregate principal amount outstanding of 7.5% senior notes due 2018 (the 2018 Senior Notes) and $503.4 million in aggregate principal amount outstanding of 7.375% senior notes due 2021 (the 2021 Senior Notes) issued by us and our wholly-owned subsidiary, Suburban Energy Finance Corp.

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PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS

Our common units are listed on the New York Stock Exchange under the symbol SPH. On August 6, 2012, the last sales price of our common units as reported by the NYSE was $40.15 per common unit. As of August 2, 2012, we had issued and outstanding 49,747,240 common units, which were held by approximately 619 holders of our common units of record (based on the number of record holders and nominees for those common units held in street name). The following table sets forth the range of high and low closing sales prices of the common units by quarter as reported by the New York Stock Exchange, as well as the amount of cash distributions paid per common unit for the periods indicated.

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

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

	Price Ranges		Cash Distributions per Unit
	High	Low	
Fiscal Year Ended September 25, 2010			
First Quarter	47.12	41.10	0.8350
Second Quarter	50.00	42.53	0.8400
Third Quarter	49.46	39.16	0.8450
Fourth Quarter	55.01	45.85	0.8500
Fiscal Year Ended September 24, 2011			
First Quarter	57.24	51.50	0.8525
Second Quarter	58.99	49.30	0.8525
Third Quarter	57.89	49.90	0.8525
Fourth Quarter	53.23	40.25	0.8525
Fiscal Year Ended September 29, 2012			
First Quarter	49.19	45.50	0.8525
Second Quarter	48.25	40.25	0.8525
Third Quarter	44.52	34.58	0.8525(1)
Fourth Quarter (through August 6, 2012)	45.61	39.81	(2)

(1) On July 17, 2012, we declared a quarterly cash distribution for the quarter ended June 23, 2012 of $0.8525 per common unit, or $3.41 per common unit on an annualized basis. The distribution attributable to the quarter ended June 23, 2012 will be paid on August 7, 2012 to holders of record of our common units as of July 31, 2012.

(2) The distribution attributable to the quarter ending September 29, 2012 has not yet been declared or paid. We expect to declare and pay a cash distribution within 45 days following the end of the quarter.

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

This section is a summary of the material U.S. federal income tax considerations that may be relevant to prospective holders of our common units. The discussion in this section replaces the discussion in Material U.S. Federal Income Tax Considerations beginning on page 44 in the accompanying prospectus in its entirety. The following portion of this section and the opinion of Proskauer Rose LLP, our tax counsel, that is set out herein are based upon the Internal Revenue Code of 1986, as amended, regulations thereunder and current administrative rulings and court decisions, all of which are subject to change possibly with retroactive effect. Subsequent changes in such authorities may cause the tax consequences to vary substantially from the consequences described below.

No attempt has been made in the following discussion to comment on all U.S. federal income tax matters affecting us or the holders of our common units. Moreover, the discussion focuses on holders of our common units who are individuals and who are citizens or residents of the United States and has only limited application to corporations, estates, trusts, non-resident aliens or other holders of our common units subject to specialized tax treatment, such as tax-exempt institutions, foreign persons, individual retirement accounts, REITs (real estate investment trusts) or RICs (regulated investment companies). Accordingly, each prospective holder of our common units should consult, and should depend on, its own tax advisor in analyzing the U.S. federal, state, local and foreign tax and other tax consequences of the purchase, ownership or disposition of common units.

All statements as to matters of law and legal conclusions, but not as to factual matters, contained in this section, unless otherwise noted, are the opinion of Proskauer Rose LLP and are based on the accuracy of the representations made by us.

For reasons described below, Proskauer Rose LLP has not rendered an opinion with respect to the following specific U.S. federal income tax issues: (1) the treatment of a holder of our common units whose common units are loaned to a short seller to cover a short sale of common units (please read Tax Treatment of Holders of Our Common Units Treatment of Short Sales); (2) whether our monthly convention for allocating taxable income and losses is permitted by existing Treasury Regulations (please read Disposition of Common Units Allocations Between Transferors and Transferees); and (3) whether our method for depreciating Section 743 adjustments is sustainable in certain cases (please read Tax Treatment of Holders of Our Common Units Section 754 Election).

Partnership Status

An entity that is treated as a partnership for U.S. federal income tax purposes is not a taxable entity and incurs no U.S. federal income tax liability. Instead, each partner is required to take into account its share of the items of income, gain, loss and deduction of the partnership in computing its U.S. federal income tax liability, regardless of whether distributions are made. Distributions of cash by a partnership to a partner are generally not taxable unless the amount of cash distributed to a partner is in excess of the partner s tax basis in his partnership interest.

Section 7704 of the Internal Revenue Code provides that publicly traded partnerships will, as a general rule, be taxed as corporations. However, an exception exists with respect to publicly traded partnerships of which 90% or more of the gross income for every taxable year consists of qualifying income, as described in clause (c) below. If we fail to meet this qualifying income exception in any taxable year, other than a failure that is determined by the IRS to be inadvertent and which is cured within a reasonable time after discovery (in which case, the IRS may also require us to make adjustments with respect to our holders of our common units or pay other amounts), we will be treated as if we transferred all of our assets (subject to liabilities) to a newly formed corporation, on the first day of such taxable year in return for stock in that corporation, and as though we then distributed that stock to our partners in liquidation of their interests in us. This contribution and liquidation should be tax-free to our partners and to us, so long as we do not have liabilities at that time in excess of the tax basis of our assets. Thereafter, we would be treated as a corporation for U.S. federal income tax purposes.

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No ruling has been or will be sought from the IRS, and the IRS has made no determination as to our status for U.S. federal income tax purposes. Instead, we rely on the opinion of Proskauer Rose LLP on such matters. It is the opinion of Proskauer Rose LLP that, based upon the Code, its regulations and published revenue rulings, the court decisions and certain assumptions and representations made by us, that, as of the date hereof, each of Suburban and the Operating Partnership will be classified as a partnership for U.S. federal income tax purposes, provided that:

(a) neither we nor the Operating Partnership has elected or will elect to be treated as a corporation;

(b) we and the Operating Partnership have been and will be operated in accordance with (i) all applicable partnership statutes and (ii) the Partnership Agreement or the Operating Partnership Agreement (whichever is applicable); and

(c) for each of our taxable years from and after our formation, more than 90% of our gross income has been and will be income of a character that Proskauer Rose LLP has opined or will opine is qualifying income within the meaning of Section 7704(d) of the Internal Revenue Code.

Suburban believes that such assumptions have been true in the past and expects that such assumptions will be true in the future.

An opinion of counsel represents only that particular counsel s best legal judgment, is based upon certain assumptions and representations made by us and does not bind the IRS or the courts. No assurance can be provided that the opinions and statements set forth herein would be sustained by a court if contested by the IRS. Any such contest with the IRS may materially and adversely impact the market for the common units and the prices at which common units trade even if we prevail. In addition, our costs of any contest with the IRS will be borne indirectly by our holders of our common units and our general partner because the costs will reduce our cash available for distribution.

If we or the Operating Partnership were treated as a corporation in any taxable year, either as a result of a failure to meet the qualifying income exception or otherwise, our items of income, gain, loss and deduction would be reflected only on our tax return rather than being passed through to our holders of our common units, and our net income would be taxed at corporate rates. In addition, if we were treated as a corporation, any distribution we made to a holder of our common units would be treated as taxable dividend income to the extent of our current or accumulated earnings and profits, then, in the absence of earnings and profits, such distributions would be treated as a nontaxable return of capital, to the extent of the tax basis of the holder of common units in his common units, and would be treated as taxable capital gain after the tax basis of the holder of common units in the common units is reduced to zero. Accordingly, treatment of either us or the Operating Partnership as a corporation would result in a material reduction in the cash flow and after-tax return of a holder of our common units and thus would likely result in a substantial reduction of the value of the common units.

The discussion below is based on our counsel s opinion that each of Suburban and the Operating Partnership will be classified as a partnership for U.S. federal income tax purposes.

Ratio of Taxable Income to Distributions

We estimate that if a holder of our common units purchases common units in this offering and owns them through the record date for the distribution for the fourth calendar quarter of 2014, such holder of our common units will be allocated, on a cumulative basis, an amount of U.S. federal taxable income for that period that will be less than 20% of the cash distributed to the holder of our common units with respect to that period. These estimates are based upon the assumption that our available cash for distribution will be sufficient for us to make quarterly distributions of $0.875 per unit to the holders of our common units, and other assumptions with respect to capital expenditures, net working capital, cash flow and anticipated cash distributions. These estimates and assumptions are subject to, among other things, numerous business, economic, regulatory, legislative, competitive and political uncertainties beyond our control. Further, the estimates are based on current tax law and certain tax reporting positions that we have adopted with which

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the IRS could disagree. Accordingly, we cannot assure you that the estimates will be correct. The actual percentage of distributions that will constitute taxable income to a purchaser of common units in this offering could be higher or lower than expected, and any differences could be material and could materially affect the value of the common units. For example, the ratio of allocable taxable income to cash distributions to a purchaser of common units in this offering will be higher, and perhaps substantially higher, than our estimate with respect to the period described above, if, during this period:

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

- legislation is passed that would limit or repeal certain U.S. federal income tax preferences currently available to oil and gas exploration and production companies.

Tax Treatment of Holders of Our Common Units

Partner Status

Holders of our common units who have become our limited partners will be treated as our partners for U.S. federal income tax purposes. Also, holders of our common units whose common units are held in street name or by a nominee and who have the right to direct the nominee in the exercise of the rights attendant to the ownership of their common units will be treated as our partners for U.S. federal income tax purposes.

An owner of common units whose common units have been transferred to a short seller to complete a short sale would appear to lose his status as a partner with respect to such common units for U.S. federal income tax purposes and may recognize gain or loss on such transfer. Please read Treatment of Short Sales below.

No part of our income, gain, deductions or losses is reportable by a holder of our common units who is not a partner for U.S. federal income tax purposes, and any distributions received by such a holder of our common units should therefore be fully taxable as ordinary income. These holders are urged to consult their own tax advisors with respect to their tax consequences of holding our common units.

In the following portion of this section titled Tax Treatment of Holders of Our Common Units, the word unitholder refers to a holder of our common units who is one of our partners.

Flow-Through of Taxable Income

Subject to the discussion below under Entity-Level Collections, we will not pay any U.S. federal income tax. Instead, each unitholder will be required to report on his income tax return his share of our income, gains, losses and deductions without regard to whether we make cash distributions to him. Consequently, we may allocate income to a unitholder even if he has not received a cash distribution. Each unitholder will be required to include in income his allocable share of our income, gains, losses and deductions for our taxable year ending with or within his taxable year.

Treatment of Distributions by Suburban

Our distributions to a unitholder generally will not be taxable to it for U.S. federal income tax purposes to the extent of the tax basis it has in its common units immediately before the distribution. Our distributions in excess of a unitholder s tax basis generally will be gain from the sale or exchange of the common units, taxable in accordance with the rules described under Disposition of Common Units Recognition of Gain or Loss below. Any reduction in a unitholder s share of our liabilities for which no partner, including the general partner, bears the economic risk of loss (nonrecourse liabilities) will be treated as a distribution of cash to that unitholder. To the extent our distributions cause a unitholder s at-risk amount to be less than zero at the end of any taxable year, he must recapture any losses deducted in previous years. Please read Limitations on Deductibility of Suburban s Losses below.

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A decrease in a unitholder s percentage interest in us because of our issuance of additional common units will decrease such unitholder s share of nonrecourse liabilities, if any, and thus will result in a corresponding deemed distribution of cash. This deemed distribution may constitute a non-pro rata distribution. A non-pro rata distribution of money or property may result in ordinary income to a unitholder if such distribution reduces the unitholder s share of our unrealized receivables, including depreciation recapture or substantially appreciated inventory items, both as defined in Section 751 of the Internal Revenue Code (collectively, Section 751 assets). In that event, the unitholder will be treated as having received as a distribution the portion of the Section 751 assets that used to be allocated to such partner and as having exchanged such portion of our assets with us in return for the non-pro rata portion of the actual distribution made to him. This latter deemed exchange will generally result in the unitholder s realization of ordinary income in an amount equal to the excess of (1) the non-pro rata portion of such distribution over (2) the unitholder s tax basis for the share of such Section 751 assets deemed relinquished in the exchange.

Basis of Common Units

A unitholder s initial tax basis in its common units will be the amount paid for the units increased by the unitholder s share of our nonrecourse liabilities. That basis will be increased by its share of our income and by any increase in its share of our nonrecourse liabilities. That basis will be decreased, but not below zero, by its share of our distributions, by its share of our losses, by any decrease in its share of our nonrecourse liabilities and by its share of our expenditures that are not deductible in computing our taxable income and are not required to be capitalized.

Limitations on Deductibility of Suburban s Losses

The deduction by a unitholder of that unitholder s share of our losses will be limited to the amount of that unitholder s tax basis in the common units and, in the case of an individual unitholder, estate, trust or a corporate unitholder (if more than 50% of the value of the corporate unitholder s stock is owned directly or indirectly by five or fewer individuals or some tax-exempt organizations) to the amount for which the unitholder is considered to be at risk with respect to our activities, if that amount is less than the unitholder s tax basis. A unitholder subject to these limitations must recapture losses deducted in previous years to the extent that our distributions cause the unitholder s at-risk amount to be less than zero at the end of any taxable year. Losses disallowed to a unitholder or recaptured as a result of these limitations will carry forward and will be allowable to the extent that the unitholder s at-risk amount is subsequently increased, provided such losses do not exceed such unitholder s tax basis in his units. Upon the taxable disposition of a unit, any gain recognized by a unitholder can be offset by losses that were previously suspended by the at-risk limitation but may not be offset by losses suspended by the basis limitation. Any loss previously suspended by the at-risk limitation in excess of that gain would no longer be utilizable.

In general, a unitholder will be at risk to the extent of the unitholder s tax basis in the unitholder s common units, excluding any portion of that basis attributable to the unitholder s share of our nonrecourse liabilities, reduced by (i) any portion of that basis representing amounts otherwise protected against loss because of a guarantee, stop loss agreement or other similar arrangement and (ii) any amount of money the unitholder borrows to acquire or hold the unitholder s common units if the lender of such borrowed funds owns an interest in us, is related to such a person or can look only to common units for repayment. A unitholder s at-risk amount will increase or decrease as the tax basis of the unitholder s common units increases or decreases, other than tax basis increases or decreases attributable to increases or decreases in the unitholder s share of our nonrecourse liabilities.

In addition to the basis and at-risk limitations on the deductibility of losses, the passive loss limitations generally provide that individuals, estates, trusts, certain closely-held corporations and personal service corporations can deduct losses from passive activities, which include any trade or business activity in which the taxpayer does not materially participate, only to the extent of the taxpayer s income from those passive activities. Moreover, the passive loss limitations are applied separately with respect to each publicly traded partnership. Consequently, any passive losses generated by us will only be available to our

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partners who are subject to the passive loss rules to offset future passive income generated by us and, in particular, will not be available to offset income from other passive activities, investments or salary. Passive losses that are not deductible because they exceed a unitholder s share of our income may be deducted in full when the unitholder disposes of the unitholder s entire investment in us in a fully taxable transaction to an unrelated party, such as a sale by the unitholder of all of its units in the open market. The passive activity loss rules are applied after other applicable limitations on deductions such as the at risk rules and the basis limitation.

Limitations on Interest Deductions

The deductibility of a non-corporate taxpayer s investment interest expense is generally limited to the amount of such taxpayer s net investment income. Investment interest expense includes (i) interest on indebtedness properly allocable to property held for investment, (ii) our interest expense attributed to portfolio income, and (iii) the portion of interest expense incurred to purchase or carry an interest in a passive activity to the extent attributable to portfolio income. The computation of a unitholder s investment interest expense will take into account interest on any margin account borrowing or other loan incurred to purchase or carry a common unit.

Net investment income includes gross income from property held for investment and amounts treated as portfolio income pursuant to the passive loss rules less deductible expenses, other than interest, directly connected with the production of investment income, but generally does not include gains attributable to the distribution of property held for investment or qualified dividend income. The IRS has indicated that any net passive income earned by a publicly traded partnership will be treated as investment income to its unitholders for purposes of the investment interest deduction limitation. In addition, a unitholder s share of our portfolio income will be treated as investment income.

Entity-Level Collections

If we are required or elect under applicable law to pay any U.S. federal, state or local income tax on behalf of any partner, we are authorized to pay those taxes from our funds. Such payment, if made, will be treated as a distribution of cash to the partner on whose behalf the payment was made. If the payment is made on behalf of a person whose identity cannot be determined, we are authorized to treat the payment as a distribution to current unitholders.

We also have the discretion, in certain circumstances, to amend our Partnership Agreement as appropriate to preserve or achieve uniformity of the intrinsic tax characteristics of our common units. Any payment that we make as described above could give rise to an overpayment of tax on behalf of an individual unitholder, in which event the unitholder could be required to file a tax return or a claim for refund in order to obtain a credit or refund of that tax.

Allocation of Partnership Income, Gain, Loss and Deduction

For U.S. federal income tax purposes, a unitholder s allocable share of our items of income, gain, loss, deduction or credit will be governed by the Partnership Agreement if such allocations have substantial economic effect or are determined to be in accordance with a unitholder s partnership interest. Our items of income, gain, loss and deduction generally are allocated among the general partner and the unitholders in accordance with their respective percentage interests in us, subject to Section 704(c) of the Internal Revenue Code. We believe that for U.S. federal income tax purposes, subject to the issues described below in Section 754 Election and Disposition of Common Units Allocations Between Transferors and Transferees, such allocations will have substantial economic effect or be in accordance with your partnership interest. If the IRS successfully challenges the allocations made pursuant to the limited partnership agreement, the resulting allocations for U.S. federal income tax purposes might be less favorable than the allocations set forth in the limited partnership agreement.

Certain items of our income, gain, loss or deduction will be allocated as required or permitted by Section 704(c) of the Internal Revenue Code to account for any difference between the tax basis and fair

market value of property heretofore contributed to us. Allocations may also be made to account for the difference between the fair market value of our assets and their tax basis at the time of any offering made pursuant to this prospectus.

In addition, certain items of recapture income which we recognize on the sale of any of our assets will be allocated to the extent provided in regulations which generally require such depreciation recapture to be allocated to the partner who (or whose predecessor in interest) was allocated the deduction giving rise to the treatment of such gain as recapture income.

Treatment of Short Sales

A unitholder whose units are loaned to a short seller to cover a short sale of units may be considered as having disposed of those units. If so, he would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition. As a result, during this period:

any of our income, gain, loss or deduction with respect to those units would not be reportable by the unitholder;

any cash distributions received by the unitholder as to those units would be fully taxable; and

all of these distributions would appear to be ordinary income.

Proskauer Rose LLP has not rendered an opinion regarding the tax treatment of a unitholder whose units are loaned to a short seller to cover a short sale of units; therefore, unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to modify any applicable brokerage account agreements to prohibit their brokers from borrowing and loaning their units. Please also read Disposition of Common Units Recognition of Gain or Loss.

Alternative Minimum Tax

Each unitholder will be required to take into account his share of our items of income, gain, loss or deduction for purposes of the alternative minimum tax. The current minimum tax rate for noncorporate taxpayers is 26% on the first $175,000 of alternative minimum taxable income in excess of the exemption amount and 28% on any additional alternative minimum taxable income. Prospective unitholders are urged to consult their own tax advisors as to the impact of an investment in common units on their liability for the alternative minimum tax.

Tax Rates

Under current law, the highest marginal U.S. federal income tax rate applicable to ordinary income of individuals is 35% and the highest marginal U.S. federal income tax rate applicable to long-term capital gains (generally, gains from the sale or exchange of certain investment assets held for more than 12 months) of individuals is 15%. However, absent new legislation extending the current rates, beginning January 1, 2013, the highest marginal U.S. federal income tax rate applicable to ordinary income and long-term capital gains of individuals will increase to 39.6% and 20%, respectively. Moreover, these rates are subject to change by new legislation at any time.

The Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, is scheduled to impose a 3.8% Medicare tax on certain net investment income earned by individuals, estates and trusts for taxable years beginning after December 31, 2012. For these purposes, net investment income generally includes a unitholder s allocable share of our income and gain realized by a unitholder from a sale of units. In the case of an individual, the tax will be imposed on the lesser of (i) the unitholder s net investment income or (ii) the amount by which the unitholder s modified adjusted gross income exceeds $250,000 (if the unitholder is married and filing jointly or a surviving spouse), $125,000 (if the unitholder is married and filing separately) or $200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (i) undistributed net investment income, or (ii) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

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Section 754 Election

We have made the election permitted by Section 754 of the Internal Revenue Code, which permits us to adjust the tax basis of our assets as to each purchaser of our common units pursuant to Section 743(b) of the Internal Revenue Code to reflect the purchaser s purchase price. The Section 743(b) adjustment is intended to provide a purchaser with the equivalent of an adjusted tax basis in the purchaser s share of our assets equal to the value of such share that is indicated by the amount that the purchaser paid for the common units.

A Section 754 election is advantageous if the transferee s tax basis in the transferee s common units is higher than such common units share of the aggregate tax basis of our assets immediately prior to the transfer because the transferee would have, as a result of the election, a higher tax basis in the transferee s share of our assets. Conversely, a Section 754 election is disadvantageous if the transferee s tax basis in the transferee s common units is lower than such common units share of the aggregate tax basis of our assets immediately prior to the transfer. Thus, the fair market value of the common units may be affected either favorably or unfavorably by the election. A basis adjustment is required regardless of whether a Section 754 election is made in the case of a transfer of an interest in us if we have a substantial built-in loss immediately after the transfer, or if we distribute property and have a substantial basis reduction. The Section 754 election is irrevocable without the consent of the IRS.

Under our partnership agreement, we are authorized (but not required) to take an alternate tax position in order to preserve the uniformity of common units even if that position is not consistent with the Treasury Regulations or if the position would result in lower annual depreciation or amortization deductions than would otherwise be allowable to some unitholders. Please read Uniformity of Common Units. Proskauer Rose LLP is unable to opine as to the validity of any such alternate tax positions because there is no direct or indirect controlling authority addressing the validity of these positions.

The calculations involved in the Section 754 election are complex and are made by us on the basis of certain assumptions as to the value of our assets and other matters. There is no assurance that the determinations made by us will prevail if challenged by the IRS and that the deductions resulting from them will not be reduced or disallowed altogether.

Tax Treatment of Operations

Initial Tax Basis, Depreciation, Amortization and Certain Nondeductible Items

We use the adjusted tax basis of our various assets for purposes of computing depreciation and cost recovery deductions and gain or loss on any disposition of such assets. If we dispose of depreciable property, all or a portion of any gain may be subject to the recapture rules and taxed as ordinary income rather than capital gain.

To the extent allowable, we may elect to use the depreciation and cost recovery methods that will result in the largest deductions being taken in the early years after assets subject to these allowances are placed in service. Property we subsequently acquire or construct may be depreciated using accelerated methods permitted by the Internal Revenue Code.

The costs incurred in promoting the issuance of common units (i.e., syndication expenses) must be capitalized and cannot be deducted by us currently, ratably or upon our termination. Uncertainties exist regarding the classification of costs as organization expenses, which may be amortized, and as syndication expenses, which may not be amortized, but underwriters discounts and commissions are treated as syndication costs.

Valuation of Suburban s Property and Basis of Properties

The U.S. federal income tax consequences of the ownership and disposition of common units will depend in part on our estimates of the fair market values and our determinations of the adjusted tax basis of our assets. Although we may from time to time consult with professional appraisers with respect to valuation matters, we will make many of the fair market value estimates ourselves. These estimates and determinations are subject to challenge and will not be binding on the IRS or the courts. If such estimates or

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determinations of basis are subsequently found to be incorrect, the character and amount of items of income, gain, loss or deductions previously reported by holders of our common units might change, and holders of our common units might be required to adjust their tax liability for prior years.

Disposition of Common Units

Recognition of Gain or Loss

A unitholder will recognize gain or loss on a sale of common units equal to the difference between the amount realized and the unitholder s tax basis in the common units sold. A unitholder s amount realized is measured by the sum of the cash and the fair market value of other property received plus the unitholder s share of our nonrecourse liabilities. Because the amount realized includes a unitholder s share of our nonrecourse liabilities, the gain recognized on the sale of common units could result in a tax liability in excess of any cash received from such sale.

Prior distributions from us in excess of cumulative net taxable income for a common unit that decreased a 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 unitholder s tax basis in that common unit, even if the price received is less than his original cost.

Gain or loss recognized by a unitholder, other than a dealer in common units, on the sale or exchange of a common unit will generally be a capital gain or loss. Capital gain recognized on the sale of common units held for more than one year will generally be taxed at a maximum rate of 15% (such rate to be increased to 20% for taxable years beginning after December 31, 2012). A portion of this gain or loss (which could be substantial), however, will be separately computed and will be classified as ordinary income or loss under Section 751 of the Internal Revenue Code to the extent attributable to assets giving rise to depreciation recapture or other unrealized receivables or to inventory items owned by us. Ordinary income attributable to unrealized receivables, inventory items and depreciation recapture may exceed net taxable gain realized upon the sale of the common units and will be recognized even if there is a net taxable loss realized on the sale of the common units. Thus, a unitholder may recognize both ordinary income and a capital loss upon a disposition of common units. Net capital loss may offset no more than $3,000 ($1,500 in the case of a married individual filing a separate return) of ordinary income in the case of individuals and may only be used to offset capital gain in the case of corporations.

The IRS has ruled that a partner who acquires interests in a partnership in separate transactions must combine those interests and maintain a single adjusted tax basis. Upon a sale or other disposition of less than all of such interests, a portion of that tax basis must be allocated to the interests sold based upon relative fair market values. If this ruling is applicable to the holders of common units, a unitholder will be unable to select high or low basis common units to sell as would be the case with corporate stock. Thus, the ruling may result in an acceleration of gain or a deferral of loss on a sale of a portion of a unitholder s common units. It is not entirely clear that the ruling applies to us because, similar to corporate stock, our interests are evidenced by separate certificates. Accordingly, counsel is unable to opine as to the effect such ruling will have on the holders of our common units. On the other hand, a selling unitholder who can identify common units transferred with an ascertainable holding period may elect to use the actual holding period of the common units transferred. A unitholder electing to use the actual holding period of common units transferred must consistently use that identification method for all later sales or exchanges of common units.

Specific provisions of the Code affect the taxation of some financial products and securities, including partnership interests, by treating a taxpayer as having sold an appreciated partnership interest, one in which gain would be recognized if it were sold, assigned or terminated at its fair market value, if the taxpayer or related persons enter(s) into:

a short sale;

an offsetting notional principal contract; and

a futures or forward contract with respect to the partnership interest or substantially identical property.

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Moreover, if a taxpayer has previously entered into a short sale, an offsetting notional principal contract, or a futures or forward contract with respect to the partnership interest, the taxpayer will be treated as having sold that position if the taxpayer or a related person then acquires the partnership interest or substantially identical property. The Secretary of the Treasury is also authorized to issue regulations that treat a taxpayer that enters into transactions or positions that have substantially the same effect as the preceding transactions as having constructively sold the financial position.

Allocations between Transferors and Transferees

In general, we will prorate our annual taxable income and losses on a monthly basis and such income as so prorated will be subsequently apportioned among the holders of our common units in proportion to the number of common units owned by each of them as of the opening of the principal national securities exchange on which the common units are then traded on the first business day of the month. However, gain or loss realized on a sale or other disposition of our assets other than in the ordinary course of business will be allocated among the holders of our common units as of the opening of the principal national securities exchange on the first business day of the month in which such gain or loss is recognized for U.S. federal income tax purposes. As a result, a unitholder transferring common units in the open market may be allocated income, gain, loss and deduction accrued after the date of transfer.

The Department of the Treasury has issued proposed Treasury Regulations that provide a safe harbor pursuant to which a publicly traded partnership may use a similar monthly simplifying convention to allocate tax items among transferor and transferee holders of its common units, although such tax items must be prorated on a daily basis. Existing publicly traded partnerships are entitled to rely on these proposed Treasury Regulations; however, they are subject to change until final Treasury Regulations are issued. Accordingly, Proskauer Rose LLP is unable to opine on the validity of this method of allocating income and deductions between transferor and transferee holders of our common units. If this method is not allowed under the Treasury Regulations, or only applies to transfers of less than all of the unitholder interest, our taxable income or losses might be reallocated among the holders of our common units. We are authorized to revise our method of allocation between transferor and transferee holders of our common units, as well as holders of our common units whose interests vary during a taxable year, to conform to a method permitted under future Treasury Regulations.

Notification Requirements

A unitholder who sells or exchanges common units is required to notify us in writing of that sale or exchange within 30 days after the sale or exchange and in any event by no later than January 15 of the year following the calendar year in which the sale or exchange occurred. We are required to notify the IRS of that transaction and to furnish certain information to the transferor and transferee. However, these reporting requirements do not apply with respect to a sale by an individual who is a citizen of the United States and who effects the sale or exchange through a broker. Additionally, a transferor and a transferee of a common unit will be required to furnish statements to the IRS, filed with their income tax returns for the taxable year in which the sale or exchange occurred, that set forth the amount of the consideration paid or received for the common unit. Failure to satisfy these reporting obligations may lead to the imposition of substantial penalties. Because we have made an election under Section 754 of the Internal Revenue Code, a purchaser of an interest in us, or his broker, is required to notify us of the transfer of such interest and we are required to include a statement with our Partnership Return for the taxable year in which we receive notice of the transfer, setting forth the name and taxpayer identification number of the transferee, the computation of any Section 743(b) basis adjustment and the allocation of such adjustment among the properties.

Constructive Termination

We will be considered terminated if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a 12-month period. Any such termination would, among other things, result in the closing of our taxable year for all holders of our common units. In the case of a unitholder reporting on a taxable year that does not end with our taxable year, the closing of our taxable year may result in more

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than 12 months of our taxable income or loss being includable in that unitholder s taxable income for the year of termination. A constructive termination occurring on a date other than December 31 will result in us filing two tax returns for one fiscal year and the cost of preparing these returns will be borne by all holders of our common units. However, pursuant to an IRS relief procedure the IRS may allow, among other things, a constructively terminated partnership to provide a single Schedule K-1 for the calendar year in which a termination occurs. New tax elections required to be made by us, including a new election under Section 754 of the Internal Revenue Code, must be made subsequent to a termination and a termination could result in a deferral of our deductions for depreciation. A termination could also result in penalties if we were unable to determine that the termination had occurred. Moreover, a termination might either accelerate the application of, or subject us to, any tax legislation enacted prior to the termination.

Uniformity of Common Units

Because we cannot match transferors and transferees of our common units, we must maintain uniformity of the economic and tax characteristics of our common units to a purchaser of these units. In the absence of uniformity, we may be unable to completely comply with a number of U.S. federal income tax requirements, both statutory and regulatory. For example, a lack of uniformity could result from a literal application of Treasury Regulation Section 1.167(c)-1(a)(6). Any non-uniformity could have a negative impact on the value of our common units.

Tax-Exempt Organizations and Certain Other Investors

Ownership of common units by employee benefit plans, other tax-exempt organizations, non-resident aliens, foreign corporations and other foreign persons raises issues unique to such persons and, as described below, may have substantially adverse tax consequences. Employee benefit plans and most other organizations exempt from U.S. federal income tax, including individual retirement accounts and other retirement plans, are subject to U.S. federal income tax on unrelated business taxable income. Much of the taxable income derived by such an organization from the ownership of a common unit will be unrelated business taxable income and thus will be taxable to such a unitholder.

Non-resident aliens and foreign corporations, trusts or estates which hold common units will be considered to be engaged in business in the United States on account of ownership of common units. As a consequence they will be required to file U.S. federal income tax returns in respect of their share of our income, gain, loss or deduction and pay U.S. federal income tax at regular rates on any net income or gain. Generally, a partnership is required to pay a withholding tax on the portion of the partnership s income which is effectively connected with the conduct of a United States trade or business and which is allocable to its foreign partners, regardless of whether any actual distributions have been made to such partners. However, under rules applicable to publicly traded partnerships, distributions to non-U.S. holders of our common units are subject to withholding at the highest marginal effective tax rate. Each foreign unitholder must obtain a taxpayer identification number from the IRS and submit that number to the applicable withholding agent on the appropriate Form W-8 in order to obtain credit for the taxes withheld. A change in applicable law may require us to change these procedures.

Because a foreign corporation that owns common units will be treated as engaged in a United States trade or business, such a corporation will also be subject to United States branch profits tax at a rate of 30% (or any applicable lower treaty rate) of the portion of any reduction in the foreign corporation s U.S. net equity, which is the result of our activities. In addition, such a unitholder is subject to special information reporting requirements under Section 6038C of the Internal Revenue Code.

In a published ruling, the IRS has taken the position that gain realized by a foreign unitholder who sells or otherwise disposes of a limited partnership unit will be treated as effectively connected with a United States trade or business of the foreign unitholder, and thus subject to U.S. federal income tax, to the extent that such gain is attributable to appreciated personal property used by the limited partnership in a United States trade or business. Moreover, a foreign unitholder is subject to U.S. federal income tax on gain realized on the sale or disposition of a common unit to the extent that such gain is attributable to

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appreciated United States real property interests; however, a foreign unitholder will not be subject to U.S. federal income tax under this rule unless such foreign unitholder has owned more than 5% in value of our common units during the five-year period ending on the date of the sale or disposition, provided the common units are regularly traded on an established securities market at the time of the sale or disposition.

Administrative Matters

Information Returns and Audit Procedures

We intend to furnish to each unitholder, within 90 days after the close of each calendar year, certain tax information, including a Schedule K-1 that sets forth such unitholder s share of our income, gain, loss and deduction for our preceding taxable year. In preparing this information, which will generally not be reviewed by counsel, we will use various accounting and reporting conventions. We cannot assure prospective holders of our common units that the IRS will not successfully contend in court that such accounting and reporting conventions are impermissible. Any such challenge by the IRS could negatively affect the value of the common units.

The IRS may audit our U.S. federal income tax information returns. Adjustments resulting from any such audit may require each unitholder to adjust a prior year s tax liability, and possibly may result in an audit of the unitholder s own return. Any audit of a unitholder s return could result in adjustments not related to our returns as well as those related to our returns.

Partnerships generally are treated as separate entities for purposes of U.S. federal tax audits, judicial review of administrative adjustments by the IRS and tax settlement proceedings. The tax treatment of partnership items of income, gain, loss and deduction is determined in a partnership proceeding rather than in separate proceedings with the partners. The Internal Revenue Code provides for one partner to be designated as the tax matters partner for these purposes. Our Partnership Agreement appoints our general partner as our tax matters partner.

The tax matters partner will make certain elections on our behalf and on behalf of the holders of our common units and can extend the statute of limitations for assessment of tax deficiencies against holders of our common units with respect to items in our returns. The tax matters partner may bind a unitholder with less than a 1% profits interest in us to a settlement with the IRS unless that unitholder elects, by filing a statement with the IRS, not to give such authority to the tax matters partner. The tax matters partner may seek judicial review, by which all of the holders of our common units are bound, of a final partnership administrative adjustment and, if the tax matters partner fails to seek judicial review, such review may be sought by any unitholder having at least a 1% interest in our profits and by holders of our common units having in the aggregate at least a 5% interest in our profits. However, only one action for judicial review will go forward, and each unitholder with an interest in the outcome may participate.

A unitholder must file a statement with the IRS identifying the treatment of any item on his U.S. federal income tax return that is not consistent with the treatment of the item on our return. Intentional or negligent disregard of the consistency requirement may subject a unitholder to substantial penalties.

Nominee Reporting

Persons who hold an interest in us as a nominee for another person are required to furnish to us the following information: (a) the name, address and taxpayer identification number of the beneficial owner and the nominee; (b) whether the beneficial owner is (i) a person that is not a United States person, (ii) a foreign government, an international organization or any wholly-owned agency or instrumentality of either of the foregoing, or (iii) a tax-exempt entity; (c) the amount and description of common units held, acquired or transferred for the beneficial owner; and (d) certain information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition cost for purchases, as well as the amount of net proceeds from sales. Brokers and financial institutions are required to furnish additional information, including whether they are United States persons and certain information on common units that they acquire, hold or transfer for their own account. A penalty of $100 per failure, up to a maximum of

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$1,500,000 per calendar year, is imposed by the Internal Revenue Code for failure to report such information to us. The nominee is required to supply the beneficial owner of the common units with the information furnished to us.

Accuracy-Related Penalties

An additional tax equal to 20% of the amount of any portion of an underpayment of tax that is attributable to one or more specified causes, including negligence or disregard of rules or regulations, substantial understatements of income tax and substantial valuation misstatements, is imposed by the Internal Revenue Code. No penalty will be imposed, however, with respect to any portion of an underpayment if it is shown that there was a reasonable cause for that portion and that the taxpayer acted in good faith with respect to that portion.

A substantial understatement of income tax in any taxable year exists if the amount of the understatement exceeds the greater of 10% of the tax required to be shown on the return for the taxable year or $5,000 ($10,000 for most corporations). The amount of any understatement subject to penalty generally is reduced if any portion is attributable to a position adopted on the return (i) with respect to which there is, or was, substantial authority or (ii) as to which there is a reasonable basis and the pertinent facts of such position are disclosed on the return.

More stringent rules, which increase penalties and extend the statutes of limitations, apply to tax shelters, a term that in this context does not appear to include us, listed transactions, and reportable transactions with a significant tax avoidance purpose. We do not anticipate participating in listed transactions or reportable transactions with a significant tax avoidance purpose. However, if any item of our income, gain, loss or deduction included as a share of our income by a unitholder might result in such an understatement of income for which no substantial authority exists, we must disclose the pertinent facts on our return. In addition, we will make a reasonable effort to furnish sufficient information for holders of our common units to make adequate disclosure on their returns to avoid liability for this penalty.

A substantial valuation misstatement exists if the value of any property, or the adjusted basis of any property, claimed on a tax return is 150% or more of the amount determined to be the correct amount of such valuation or adjusted basis. No penalty is imposed unless the portion of the underpayment attributable to a substantial valuation misstatement exceeds $5,000 ($10,000 for most corporations). If the valuation claimed on a return is 200% or more than the correct valuation, the penalty imposed increases to 40%. Investors should consult their own tax advisors concerning any possible accuracy-related penalties with respect to their investment and should be aware that we and our material advisors intend to comply with the disclosure requirements.

In addition, the 20% accuracy-related penalty also applies to any portion of underpayment of tax that is attributable to transactions lacking economic substance. To the extent that such transactions are not disclosed, the penalty imposed is increased to 40%. Additionally, there is no reasonable cause defense to the imposition of this penalty to such transactions.

Reportable Transactions

If we were to engage in a reportable transaction, we (and possibly our holders of our common units) would be required to make a detailed disclosure of the transaction to the IRS. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a listed transaction or that it produces certain kinds of losses for partnerships, individuals, S corporations, and trusts in excess of $2 million in any single year, or $4 million in any combination of 6 successive tax years. Our participation in a reportable transaction could increase the likelihood that our U.S. federal income tax information return (and possibly the tax returns of our holders of our common units) would be audited by the IRS. Please read Information Returns and Audit Procedures.

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Moreover, if we were to participate in a reportable transaction with a significant purpose to avoid or evade tax, or in any listed transaction, a unitholder may be subject to the following additional consequences:

- accuracy-related penalties with a broader scope, significantly narrower exceptions, and potentially greater amounts than described above at Accuracy-Related Penalties ;
- for those persons otherwise entitled to deduct interest on federal tax deficiencies, nondeductibility of interest on any resulting tax liability; and
- in the case of a listed transaction, an extended statute of limitations.

We do not expect to engage in any reportable transactions.

Recent Legislative Developments

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by legislative, judicial or administrative changes and differing interpretations thereof at any time. For example, the Obama Administration and members of Congress have recently considered substantive changes to the existing U.S. federal income tax laws that would affect the tax treatment of, or impose additional administrative requirements on, publicly traded partnerships. It is possible that these legislative efforts could result in changes to the existing U.S. federal income tax laws that affect publicly traded partnerships. We are unable to predict whether any of these changes, or other proposals, will ultimately be enacted. Any such changes could negatively impact the value of an investment in our units.

State, Local and Other Tax Considerations

In addition to U.S. federal income taxes, a unitholder will be subject to other taxes, such as state and local income taxes, unincorporated business taxes, and estate, inheritance or intangible taxes that may be imposed by the various jurisdictions in which such unitholder resides or in which we do business or own property. Although an analysis of those various taxes is not presented here, each prospective unitholder should consider their potential impact on such unitholder s investment in us. We currently conduct business in 30 states. A unitholder will be required to file state income tax returns and to pay state income taxes in some or all of the states in which we do business or own property and may be subject to penalties for failure to comply with those requirements. In certain states, tax losses may not produce a tax benefit in the year incurred and also may not be available to offset income in subsequent taxable years. Some of the states may require that we, or we may elect to, withhold a percentage of income from amounts to be distributed to a unitholder who is not a resident of the state. Our withholding of an amount, which may be greater or less than a particular unitholder s income tax liability to the state, generally does not relieve the non-resident unitholder from the obligation to file an income tax return. Any amount that is withheld will be treated as distributed to holders of our common units. See Tax Treatment of Holders of Our Common Units Entity-Level Collections above. Based on current law and our estimate of future operations, we anticipate that any amounts required to be withheld will not be material.

It is the responsibility of each unitholder to investigate the legal and tax consequences of such unitholder s investment in us under the laws of pertinent states and localities. Accordingly, each prospective unitholder should consult, and must depend upon, its own tax counsel or other advisor with regard to those matters. Further, it is the responsibility of each unitholder to file all state and local, as well as U.S. federal, tax returns that may be required of such unitholder. Proskauer Rose LLP has not rendered an opinion on the state or local tax consequences of an investment in us.

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UNDERWRITING (CONFLICTS OF INTEREST)

Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC and Raymond James & Associates, Inc. are acting as joint book-running managers and representatives of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has agreed to purchase, and we have agreed to sell to that underwriter, the number of common units set forth opposite the underwriter s name.

Underwriter	Number of Common Units
Wells Fargo Securities, LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Citigroup Global Markets Inc.	
Credit Suisse Securities (USA) LLC	
Deutsche Bank Securities Inc.	
Goldman, Sachs & Co.	
J.P. Morgan Securities LLC	
Raymond James & Associates, Inc.	
Stifel, Nicolaus & Company, Incorporated	
Total	6,300,000

The underwriting agreement provides that the obligations of the underwriters to purchase the common units included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all of the common units (other than those covered by the over-allotment option to purchase additional common units described below) if they purchase any of the common units. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

Option to Purchase Additional Common Units

We have granted to the underwriters a 30-day option, exercisable from the date of this prospectus supplement to purchase up to 945,000 additional common units at the public offering price less the underwriting discount. To the extent the option is exercised, each underwriter must purchase a number of additional common units approximately proportionate to that underwriter s initial purchase commitment.

Underwriting Discounts and Expenses

The underwriters propose to offer some of the common units directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the common units to dealers at the public offering price less a concession not to exceed $ per common unit. After the offering, the underwriters may change the public offering price and the other selling terms. All compensation received by the underwriters in connection with this offering will not exceed eight percent of the gross offering proceeds. The offering of the common units by the underwriters is subject to receipt and acceptance and subject to the underwriters right to reject any order in whole or in part.

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The following table shows the underwriting discounts that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters option to purchase additional common units.

	No Exercise	Full Exercise
Per Unit	$	$
Total	$	$

We estimate that our total expenses of this offering, other than underwriting discounts and commissions, will be approximately $1.0 million.

Lock-Up Agreements

We, our General Partner and members of our Board of Supervisors, our executive officers and certain of our affiliates have agreed that during the 60 days after the date of the final prospectus supplement, we and they will not, without the prior written consent of Wells Fargo Securities LLC, directly or indirectly, offer for sale, contract to sell, sell, pledge, distribute, announce the intention to sell or otherwise dispose of, or enter into any transaction designed to, or be expected to, result in the disposition by any person at any time in the future of, any of our common units or securities convertible into or exchangeable for common units, grant any option, right or warrant to purchase, hypothecate, enter into any derivative transaction with similar effect as a sale or publicly disclose the intention to do any of the foregoing, in each case within the time period of the lock-up, other than (1) pursuant to a trading plan that complies with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, (2) with respect to an individual, pursuant to any transfer of any or all of the common units owned by the unitholder (including but not limited to transfers to a spouse or an ex-spouse pursuant to marital separation or divorce arrangements), either during the unitholder s lifetime or on death, by gift, will or intestate succession to the immediate family of the unitholder or to a trust the beneficiaries of which are exclusively the unitholder and/or a member or members of its immediate family, or (3) pursuant to the underwriters option to purchase additional securities; *provided*, *however*, that any recipient of common units pursuant to clause (2) above will agree to a lock-up agreement in form and substance satisfactory to the representatives of the underwriters. Wells Fargo Securities, LLC may, in its sole discretion, allow any of these parties to offer for sale, contract to sell, sell, pledge, distribute, announce the intention to sell or otherwise dispose of, or enter into any transaction designed to, or be expected to, result in the disposition by any person at any time in the future of, any of our common units or securities convertible into or exchangeable for common units, grant any option, right or warrant to purchase, hypothecate, enter into any derivative transaction with similar effect as a sale or publicly disclose the intention to do any of the foregoing prior to the expiration of the 60 day period in whole or in part at anytime without notice. Wells Fargo Securities, LLC has informed us that in the event that consent to a waiver of these restrictions is requested by us or any other person, it, in deciding whether to grant its consent, will consider the unitholder s reasons for requesting the release, the number of units for which the release is being requested and market conditions at the time of the request for such release. However, Wells Fargo Securities, LLC has informed us that as of the date of this prospectus supplement there are no agreements between it and any party that would allow such party to transfer any common units, nor does it have any intention of releasing any of the common units subject to the lock-up agreements prior to the expiration of the lock-up period at this time.

Listing

Our common units are listed on the New York Stock Exchange under the symbol SPH.

Passive Market Making

In connection with the offering, the underwriters may engage in passive market making transactions in the common units on the New York Stock Exchange in accordance with Rule 103 of Regulation M under the Securities Exchange Act of 1934 during the period before the commencement of offers or sales of common units and extending through the completion of distribution. A passive market maker must display its bids at a

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price not in excess of the highest independent bid of the security. However, if all independent bids are lowered below the passive market maker s bid that bid must be lowered when specified purchase limits are exceeded.

Price Stabilization, Short Positions and Penalty Bids

In connection with the offering, the representatives, on behalf of the underwriters, may purchase and sell common units in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of common units in excess of the number of common units to be purchased by the underwriters in the offering, which creates a syndicate short position. Covered short sales are sales of common units made in an amount up to the number of common units represented by the underwriters option to purchase additional common units. In determining the source of common units to close out the covered syndicate short position, the underwriters will consider, among other things, the price of common units available for purchase in the open market as compared to the price at which they may purchase units through the underwriters option to purchase additional common units. Transactions to close out the covered syndicate short position involve either purchases of the common units in the open market after the distribution has been completed or the exercise of the underwriters option to purchase additional common units. The underwriters may also make naked short sales of common units in excess of the underwriters option to purchase additional common units. The underwriters must close out any naked short position by purchasing common units in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common units in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of bids for or purchases of common units in the open market while the offering is in progress.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the representatives repurchase common units originally sold by that syndicate member in order to cover syndicate short positions or make stabilizing purchases.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the common units. They may also cause the price of the common units to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the New York Stock Exchange or in the over-the-counter market, or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

Relationships/FINRA Rules/Conflicts of Interest

The underwriters and their affiliates have performed investment and commercial banking and advisory services for us and our affiliates from time to time for which they have received customary fees and expenses. The underwriters and their affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business. Affiliates of Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co. and Raymond James & Associates, Inc. are lenders under our revolving credit facility. Affiliates of Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., J.P. Morgan Securities LLC and Raymond James & Associates, Inc. are also lenders under our 364-Day Facility and will receive a portion of the net proceeds of this offering through the repayment of indebtedness under our 364-Day Facility. The affiliates of these underwriters may each receive at least 5% of the net proceeds of this offering. Nonetheless, in accordance with FINRA Rule 5121, the appointment of a qualified independent underwriter is not necessary in connection with this offering because the common units offered hereby are interests in a direct participation program.

Because FINRA views our common units as interests in a direct participation program, the offering is being made in compliance with Rule 2310 of the FINRA Rules. Investor suitability with respect to the common units will be judged similarly to the suitability with respect to other securities that are listed for trading on a national securities exchange.

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Electronic Distribution

This prospectus supplement and the accompanying prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters. The underwriters may agree to allocate a number of common units for sale to their online brokerage account holders. The common units will be allocated to underwriters that may make Internet distributions on the same basis as other allocations. In addition, common units may be sold by the underwriters to securities dealers who resell common units to online brokerage account holders.

Other than this prospectus supplement and the accompanying prospectus in electronic format, information contained in any website maintained by an underwriter is not part of this prospectus supplement or the accompanying prospectus or registration statement of which the accompanying prospectus forms a part, has not been endorsed by us and should not be relied on by investors in deciding whether to purchase common units. The underwriters are not responsible for information contained in websites that they do not maintain.

Indemnification

We and our Operating Partnership have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

Sales Outside the United States

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the common units, or the possession, circulation or distribution of this prospectus supplement, the accompanying prospectus or any other material relating to us or the common units in any jurisdiction where action for that purpose is required. Accordingly, the common units may not be offered or sold, directly or indirectly, and none of this prospectus supplement, the accompanying prospectus or any other offering material or advertisements in connection with the common units may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the underwriters may arrange to sell common units offered hereby in certain jurisdictions outside the United States, either directly or through affiliates, where they are permitted to do so. In that regard, Wells Fargo Securities, LLC may arrange to sell securities in certain jurisdictions through an affiliate, Wells Fargo Securities International Limited, or WFSIL. WFSIL is a wholly-owned indirect subsidiary of Wells Fargo & Company and an affiliate of Wells Fargo Securities, LLC. WFSIL is a U.K. incorporated investment firm regulated by the Financial Services Authority. Wells Fargo Securities is the trade name for certain corporate and investment banking services of Wells Fargo & Company and its affiliates, including Wells Fargo Securities, LLC and WFSIL.

European Economic Area

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a Relevant Member State), including each Relevant Member State that has implemented amendments to Article 3(2) of the Prospectus Directive introduced by the 2010 PD Amending Directive (each, an Early Implementing Member State), an offer of securities to the public may not be made in that Relevant Member State and each underwriter represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of the common units to the public in that Relevant Member State prior to the publication of a prospectus in relation to common units that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer of common units to the public in that

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Relevant Member State may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity that is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 (or, in the case of Early Implementing Member States, 150) natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Subscribers; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of common units referred to in (a) through (c) above shall require the issuer or any subscriber to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive and each person who initially acquires any common units or to whom any offer is made will be deemed to have represented, warranted and agreed to and with the issuer or any Subscriber that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an offer to the public in relation to any common units in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and common units to be offered so as to enable an investor to decide to purchase or subscribe to common units, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

United Kingdom

This prospectus supplement is an invitation to you to participate in an unregulated collective investment scheme. The Partnership is characterised as an unregulated collective investment scheme for the purposes of the United Kingdom Financial Services and Markets Act 2000 (FSMA), so that the distribution of this document by an authorised person under FSMA is restricted by Sections 238 and 240 of FSMA. Accordingly, this document is not being distributed to, and must not be passed on to, anyone other than (i) persons who have professional experience of participating in unregulated collective investment schemes defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of CIS) (Exemptions) Order 2001 (the CIS Promotion Order) as investment professionals , (ii) high net worth companies, unincorporated associations and other persons falling within the category of persons described in Article 22 of the CIS Promotion Order, and (iii) any other person to whom it may lawfully be provided (all such persons being referred to as Relevant Persons). This document must not be acted upon or relied on by anyone else in the United Kingdom except Relevant Persons. Any investment activity to which this document relates will be engaged in only with Relevant Persons. Other persons distributing this document in, from or into the UK must satisfy themselves that it is lawful to do so.

This communication is exempt from the scheme promotion restriction in Section 238 of FSMA on the communication of invitations or inducements to participate in unregulated collective investment schemes on the ground that it is made to Relevant Persons.

Buying the common units to which this communication relates may expose investors to significant risk of losing all of the property invested. Any individual who is in any doubt about the investment to which this communication relates should consult an authorised person under FSMA specialising in advising on investments of the kind in question other than the person making this promotion.

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Notice to Prospective Investors in Germany

The common units offered by this prospectus supplement have not been and will not be offered to the public within the meaning of the German Securities Prospectus Act (Wertpapierprospektgesetz). No securities prospectus pursuant to the German Securities Prospectus Act has been or will be published or circulated in Germany or filed with the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht). This prospectus supplement does not constitute an offer to the public in Germany, and it does not serve for public distribution of the common units in Germany. Neither this prospectus supplement, nor any other document issued in connection with this offering, may be issued or distributed to any person in Germany except under circumstances that do not constitute an offer to the public under the German Securities Prospectus Act. Prospective Investors should consult with their legal and/or tax advisor before investing into the common units.

Netherlands

The common units will not be offered or sold, directly or indirectly, in the Netherlands, other than:

(g) with a minimum denomination of 50,000 or the equivalent in another currency per investor;

(h) for a minimu