AGILE SOFTWARE CORP
Form PREM14A
May 25, 2007

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Rule 14a-101)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement
¨ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to Rule 240.14a-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Agile Software Corporation

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

x Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: Common Stock, par value $0.001 per share, of Agile Software Corporation

(2) Aggregate number of securities to which transaction applies: 59,290,240 shares of Agile Common Stock (representing the number of shares of Agile Common Stock Outstanding on May 11, 2007) and 7,135,140 options to purchase shares of Agile common stock with an exercise price of less than $8.10

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
The filing fee was determined based upon the sum of (A) 59,290,240 shares of Agile common stock multiplied by $8.10 per share, and (B) options to purchase 7,135,140 shares of Agile common stock with exercise prices less than $8.10, multiplied by $2.27 per share (which is the difference between $8.10 and the weighted average exercise price per share). In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended (the Exchange Act), the filing fee was determined by multiplying $0.0000307 by the sum of the preceding sentence.

(4) Proposed maximum aggregate value of transaction: $496,447,712

(5) Total fee paid:
$15,241

¨ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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SPECIAL MEETING OF STOCKHOLDERS

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Agile Software Corporation stockholder:

The board of directors of Agile Software Corporation has approved a merger of a wholly owned subsidiary of Oracle Corporation with Agile, after which Agile will become a wholly owned subsidiary of Oracle.

If the merger is completed, holders of Agile common stock will receive $8.10 in cash, without interest, for each share of Agile common stock they own (except for shares held by stockholders who have perfected their dissenter s rights of appraisal under Delaware law).

Stockholders of Agile will be asked, at a special meeting of Agile s stockholders, to adopt the merger agreement. The board of directors of Agile has unanimously approved the merger agreement and deems it advisable and in the best interests of Agile s stockholders to consummate the merger and the other transactions contemplated by the merger agreement, on the terms and subject to the conditions set forth in the merger agreement. **The Board of Directors of Agile recommends that Agile s stockholders vote FOR adoption of the merger agreement.**

The date, time and place of the special meeting to consider and vote upon a proposal to adopt the merger agreement are as follows:

•, •, 2007

• a.m. local time

Agile Software Corporation Headquarters

6373 San Ignacio Avenue

San Jose, CA 95119

The proxy statement attached to this letter provides you with information about the special meeting of Agile s stockholders and the proposed merger. We encourage you to read the entire proxy statement carefully.

Your vote is very important. Whether or not you plan to attend the special meeting, if you are a holder of Agile common stock please take the time to vote by completing, signing and dating the enclosed proxy card and mailing it to the address indicated.

Jay B. Fulcher

Chief Executive Officer

Agile Software Corporation

The proxy statement is dated •, 2007, and is first being mailed to stockholders of Agile on or about •, 2007.

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AGILE SOFTWARE CORPORATION

6373 San Ignacio Avenue

San Jose, CA 95119

(408) 284-4000

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON •, 2007

To the stockholders of Agile Software Corporation:

A special meeting of stockholders of Agile Software Corporation, a Delaware corporation, will be held on •, •, 2007 at • a.m., local time, at Agile s headquarters located at 6373 San Ignacio Avenue, San Jose, California 95119, for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of May 15, 2007, among Oracle Corporation, a Delaware corporation, Aqua Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of Oracle, and Agile Software Corporation; and

2. To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

The board of directors of Agile has fixed the close of business on •, 2007 as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof. Only holders of record of shares of Agile common stock at the close of business on the record date are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of it. At the close of business on the record date, Agile had • shares of common stock outstanding and entitled to vote.

You may vote your shares in a number of ways. You may mark your votes on the enclosed proxy card, and date and sign and return the proxy card. If you have shares registered directly with our transfer agent, Computershare Trust Company, N.A, you may choose to vote those shares via the Internet at www.investorvote.com, or you may vote telephonically, within the United States and Canada only, by calling Computershare at •. **Your vote is important. The affirmative vote of the holders of a majority of the outstanding shares of Agile common stock is required to adopt the merger agreement. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy and thus ensure that your shares will be represented at the special meeting if you are unable to attend.**

By Order of the Board of Directors,

Douglas Clark Neilsson

Secretary

San Jose, California

•, 2007

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ANNEX A	AGREEMENT AND PLAN OF MERGER
ANNEX B	FORM OF VOTING AGREEMENT
ANNEX C	OPINION OF CITIGROUP GLOBAL MARKETS, INC.
ANNEX D	SECTION 262 OF THE DELAWARE GENERAL CORPORATION LAW APPRAISAL RIGHTS

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What will I receive in the merger?

A: As a result of the merger, you will receive $8.10 in cash, without interest, for each share of our common stock you own (except to the extent you properly exercise your appraisal rights under Delaware law). For example, if you own 100 shares of our common stock, you will receive $810 in cash in exchange for your Agile shares. See The Merger Merger Consideration.

Q: What do I need to do now?

A: We urge you to read this proxy statement carefully, including its annexes, and consider how the merger affects you. We urge you to respond by voting your shares through one of the following means: by mail, by completing, signing, dating and mailing each proxy card or voting instruction card you receive and returning it in the envelope provided; via telephone, using the toll-free number listed on each proxy card (if you are a registered stockholder, meaning that you hold your stock in your name) or voting instruction card (if your shares are held in street name, meaning that your shares are held in the name of a broker, bank or other nominee, and your bank, broker or nominee makes telephone voting available); via the Internet, at the address provided on each proxy card (if you are a registered stockholder) or voting instruction card (if your shares are held in street name and your bank, broker or nominee makes Internet voting available); or by person (if you are a registered stockholder), by attending the special meeting and submitting your vote in person.

Q: How does Agile s board of directors recommend I vote?

A: At a meeting held on May 15, 2007, our board of directors unanimously approved the merger agreement and deemed it advisable and in the best interests of Agile s stockholders to consummate the merger and the other transactions contemplated by the merger agreement, on the terms and subject to the conditions set forth in the merger agreement. **Our board of directors recommends that you vote FOR adoption of the merger agreement.** See The Merger Reasons For The Merger And Board Of Directors Recommendation.

Q: What happens if I do not return a proxy card?

A: The failure to return your proxy card will have the same effect as voting against the merger. See The Special Meeting Voting Of Proxies.

Q: What if I don t vote?

A: If you fail to vote, it will have the same effect as a vote against the merger. If you submit your executed proxy, but fail to indicate how you want to vote on the merger, your proxy will be counted as a vote in favor of the merger. If you submit your proxy and indicate that you are abstaining from voting, your proxy will have the same effect as a vote against the merger.

Q: How do I vote?

A: If your shares are registered in your name directly with our transfer agent, you may vote by returning a signed proxy card or voting in person at the meeting. If you have shares registered directly with our transfer agent, Computershare Trust Company, N.A., you may choose

to vote those shares via the Internet at *www.investorvote.com*, or you may vote telephonically, within the United States and Canada only, by calling Computershare at •. If your shares are held in street name through a broker or bank, you may vote by completing and returning the voting instruction form provided by your broker or bank or via the Internet or by telephone through your broker or bank, if such a service is provided. See The Special Meeting Voting Of Proxies.

Q: May I change my vote after I have mailed my signed proxy card?

A: Yes. You may change your vote at any time before your proxy card is voted at the special meeting. You can do this in one of three ways. First, you can send a written, dated notice to our Secretary at 6373 San Ignacio

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Avenue, San Jose, California 95119 stating that you would like to revoke your proxy. Second, you can complete, date, and submit a new proxy card. Third, you can attend the meeting and vote in person. Your attendance alone will not revoke your proxy. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change those instructions. See The Special Meeting Revocability Of Proxies.

Q: If my broker holds my shares in street name, will my broker vote my shares for me?

A: Your broker will not be able to vote your shares without instructions from you. You should instruct your broker to vote your shares, following the procedure provided by your broker. Without instructions, your shares will not be voted, which will have the effect of a vote against the merger. See The Special Meeting Voting Of Proxies.

Q: Should I send in my Agile stock certificates now?

A: No. After the merger is completed, you will receive written instructions for exchanging your shares of our common stock for the merger consideration of $8.10 in cash, without interest, for each share of our common stock.

Q: When do you expect the merger to be completed?

A: We are working toward completing the merger as quickly as possible. In addition to obtaining stockholder approval, we must satisfy all other closing conditions, including the expiration or termination of applicable regulatory waiting periods and receipt of specified antitrust approvals. We currently anticipate that the merger will close in July 2007.

Q: Am I entitled to appraisal rights?

A: Yes. Holders of our common stock are entitled to appraisal rights under the Delaware General Corporation Law in connection with the merger if they meet certain conditions. See The Merger Appraisal Rights.

Q: What does it mean if I get more than one proxy card or voting instruction card?

A: If your shares are registered differently and are in more than one account, you will receive more than one card. Please complete and return all of the proxy cards and voting instruction cards you receive (or submit your proxy by telephone or the Internet, if available to you) to ensure that all of your shares are voted.

Q: Who can help answer my questions?

A: If you would like additional copies, without charge, of this proxy statement or if you have questions about the merger, including the procedures for voting your shares, you should contact Agile Investor Relations or •, Agile s proxy solicitor, at:

Agile Software Corporation

Attn: Investor Relations

6373 San Ignacio Avenue

San Jose, CA 95119

Telephone: (408) 284-4000

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[NAME]

[ADDRESS]

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SUMMARY

This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire proxy statement and the documents we refer to herein. See Where You Can Find More Information. The merger agreement is attached as Annex A to this proxy statement. We encourage you to read the merger agreement as it is the legal document that governs the merger.

Forward-Looking Information

This proxy statement contains forward-looking statements, as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that are based on our current expectations, assumptions, estimates and projections about our company and our industry. The forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology, such as anticipate, believe, estimate, expect, intend, project, should, and similar expressions. Those statements include, among other things, the risk that the merger may not be consummated in a timely manner, if at all, risks regarding employee retention and other risks detailed in our and Oracle s current filings with the Securities and Exchange Commission, including our most recent filings on Form 10-K or Form 10-Q and Oracle s most recent filings on Form 10-K or Form 10-Q, which discuss these and other important risk factors concerning their respective operations. We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that, although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate. As a result, the forward-looking statements based on those assumptions could be incorrect. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances.

The Companies

Agile Software Corporation

6373 San Ignacio Avenue

San Jose, California 95119

Telephone: (408) 284-4000

Incorporated under the laws of Delaware in 1999, we develop and sell an integrated suite of product lifecycle management software products and offer related business consulting and implementation services. Our solutions enable our customers to accelerate their time-to-market, reduce costs, improve product quality, manage regulatory compliance and drive innovation throughout the product lifecycle and across the product network. See The Companies Agile.

Oracle Corporation

500 Oracle Parkway

Redwood Shores, CA 94065

Telephone: (650) 506-7000

Oracle, a Delaware corporation, is the world s largest enterprise software company. Oracle develops, manufactures, markets, distributes and services database and middleware software, as well as applications software designed to help its customers get better results from their most valuable asset information. Oracle offers customers scalable, reliable, secure, standards-based, and integrated database, middleware and applications software that provides transactional efficiencies, adapts to an organization s unique industry-specific needs and allows better ways to access and manage information at a low total cost of ownership. See The Companies Oracle.

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Aqua Acquisition Corporation

500 Oracle Parkway

Redwood Shores, CA 94065

Telephone: (650) 506-7000

Aqua Acquisition Corporation is a Delaware corporation and a wholly owned subsidiary of Oracle. Aqua Acquisition was organized solely for the purpose of entering into the merger agreement with Agile and completing the merger and has not conducted any business operations. See The Companies Aqua Acquisition Corporation.

Merger Consideration

If the merger is completed, you will receive $8.10 in cash, without interest, in exchange for each share of our common stock that you own.

After the merger is completed, you will have the right to receive the merger consideration, but you will no longer have any rights as an Agile stockholder and will not have any rights as an Oracle stockholder. Our stockholders will receive the merger consideration after exchanging their Agile stock certificates in accordance with the instructions contained in the letter of transmittal to be sent to our stockholders shortly after completion of the merger.

See The Merger Merger Consideration.

Treatment Of Awards Outstanding Under Agile s Stock Plans

Except as described below, stock options to purchase our common stock that are outstanding immediately prior to the effective time of the merger will each be converted into an option to acquire, on the same terms and conditions applicable to such Agile stock options prior to the merger, a number of shares of Oracle common stock (rounded down to the nearest whole share) equal to:

- the number of shares of our common stock subject to the option multiplied by
- a fraction (referred to as the option exchange ratio), the numerator of which is $8.10 and the denominator of which is the average closing price of Oracle common stock on the Nasdaq Global Market on the five trading days immediately prior to the effective date of the merger.

The exercise price for converted options will be equal to the per share exercise price for the shares of our common stock purchasable pursuant to the option divided by the option exchange ratio (rounded up to the nearest whole cent).

Oracle may elect not to assume options held by persons who are not employees of ours immediately prior to the effective time or who Oracle reasonably determines in its sole discretion will not be providing services to us, Oracle or our respective subsidiaries after the effective time. The options that are not assumed by Oracle will become fully vested at the effective time of the merger and exchanged into the right to receive an amount in cash (without interest and less applicable withholding) equal to the positive difference (if any) between $8.10 and the per-share exercise price of the option.

Restricted Shares. If you hold shares of our common stock that are subject to a right of repurchase by us, subject to forfeiture back to us and/or subject to transfer or lock-up restrictions (referred to as restricted shares), at the effective time your restricted shares will be converted into a right to receive (without interest and less applicable withholding) $8.10 in cash per share from Oracle on a deferred basis if and when the conditions to vesting of the shares are satisfied or the restrictions imposed on the shares lapse. If the vesting conditions applicable to restricted shares are not satisfied, or if the restrictions imposed on the shares do not lapse, then you will generally forfeit the cash merger consideration payable with respect to those shares.

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See The Merger Effect On Awards Outstanding Under Agile s Stock Plans.

Market Price And Dividend Data

Our common stock is listed on The Nasdaq Global Market under the symbol AGIL . On May 15, 2007, the last full trading day prior to the public announcement of the proposed merger, our common stock closed at $7.08. On •, 2007, the last full trading day prior to the date of this proxy statement, our common stock closed at $•. See Market Price And Dividend Data.

Material United States Federal Income Tax Consequences Of The Merger

The receipt of cash in exchange for shares of our common stock will be a taxable transaction for United States federal income tax purposes. See Material United States Federal Income Tax Consequences Of The Merger. We urge you to consult your own tax advisors to determine the particular tax consequences to you (including the application and effect of any state, local or foreign income and other tax laws) of the receipt of cash in the merger.

Reasons For The Merger

Our board of directors approved the merger based on a number of positive factors, including the following:

- the value of the consideration to be received by our stockholders in the merger pursuant to the merger agreement;
- the fact that the $8.10 per share to be paid as the consideration in the merger represents a premium of approximately 21.7% over the 90-day average trading price of our common stock of $6.65 per share of our common stock, a premium of approximately 14.4% over the 30 day average trading price of our common stock of $7.08 per share of our common stock, and a premium of approximately 11.6% over the $7.26 closing sale price for the shares of our common stock on The Nasdaq Global Market on May 14, 2007, the last trading day prior to the date our board of directors approved the merger agreement;
- the multiple of our revenue represented by the $8.10 per share purchase price relative to multiples of revenue represented by the consideration paid in comparable precedent transactions;
- our business and financial prospects, if we were to remain an independent company;
- the financial presentation of Citigroup Global Markets, Inc., our financial advisor, on May 15, 2007, and the oral opinion of Citigroup delivered on May 15, 2007, to our board of directors, subsequently confirmed by delivery of a written opinion dated May 15, 2007, to the effect that, as of the date of the written opinion, and based upon and subject to the considerations and limitations set forth in the written opinion, the $8.10 per share in cash to be received by holders of our common stock pursuant to the merger agreement was fair from a financial point of view to those holders (the full text of the written opinion, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Citigroup in connection with the opinion, is attached as Annex C to this proxy statement);
- the likelihood that the proposed acquisition would be consummated, in light of the experience, reputation and financial capabilities of Oracle;
- the form of merger consideration, consisting solely of cash, which provides certainty of value to our stockholders;

the process through which Agile, with the assistance of its financial advisors, engaged in or sought to engage in discussions with companies believed to be the most likely candidates to pursue a business combination with or acquisition of Agile;

the belief of our board of directors that, after extensive negotiations with Oracle and its representatives, we have obtained the highest price per share that Oracle is willing to pay and the highest price obtainable on the date of signing of the merger agreement;

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- the merger agreement, subject to the limitations and requirements contained in the agreement, allows our board of directors to furnish information to and conduct negotiations with third parties in certain circumstances and, upon payment to Oracle of a termination fee of $16,400,000, to terminate the merger agreement to accept a superior offer;
- the other terms and conditions of the merger agreement, including among other things the size of the termination fee and the circumstances when that fee may be payable; the limited number and nature of the conditions to Oracle s obligation to complete the merger, including (but not limited to) the absence of a financing condition and the adequacy of Oracle s capital resources to pay the merger consideration; and the definition of material adverse effect and the exceptions for what constitutes a material adverse effect for purposes of the merger agreement; and
- the voting agreements with our officers and directors terminate in the event that we terminate the merger agreement which permits those persons to support a transaction involving a superior offer.

In approving the merger, our board of directors also took into account a number of negative factors, including the following:

- the potential loss of customer or other commercial relationships of Agile as a result of the customer s or other party s unwillingness to do business with Oracle, or other potential disruption to customer, vendor or other commercial relationships important to us as a result of the merger;
- risks and contingencies related to the announcement and pendency of the merger, including the likely impact of the merger on our employees, customers and partners and the expected effect of the merger on our existing relationships with third parties;
- the possibility that the merger will not be consummated and the potential negative effect of public announcement of the merger on our sales, operating results and stock price and our ability to retain key management and personnel;
- that our stockholders would not benefit from any future increase in our value;
- the conditions to Oracle s obligation to complete the merger and the right of Oracle to terminate the merger agreement under certain circumstances;
- the possibility that we may be obligated to pay Oracle a termination fee or reimburse Oracle for its expenses if the merger agreement is terminated under certain circumstances;
- the fact that the merger consideration consists of cash and will therefore be taxable to our stockholders for U.S. federal income tax purposes;
- the restrictions on our ability to solicit or engage in discussions or negotiations regarding alternative business combination transactions, subject to specified exceptions, and the requirement that we pay a termination fee in order to accept a superior acquisition proposal, which may discourage a competing proposal to acquire us that may be more advantageous to our stockholders;
- the restrictions on the conduct of our business prior to the completion of the merger, requiring us to conduct our business in the ordinary course, subject to specific limitations, which may delay or prevent us from undertaking business opportunities that may

arise pending completion of the merger; and

the risk of diverting management s focus and resources from other strategic opportunities and from operational matters while working to implement the merger, and the possibility of other management and employee disruption associated with the merger, including the possible loss of key management, technical or other personnel.

See The Merger Reasons For The Merger And Board Of Directors Recommendation.

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Recommendation To Stockholders

Our board of directors has unanimously:

- approved the merger agreement; and
- deemed it advisable and in the best interests of our stockholders to consummate the merger and the other transactions contemplated by the merger agreement, on the terms and subject to the conditions set forth in the merger agreement.

Our board of directors recommends that our stockholders vote FOR adoption of the merger agreement.

See The Merger Reasons For The Merger And Board Of Directors Recommendation.

Opinion Of Our Financial Advisor

Citigroup delivered its opinion to our board of directors that, as of the date of the written opinion, and based upon and subject to the considerations and limitations set forth in the written opinion, the $8.10 per share of our common stock in cash to be received by the holders of shares of our common stock pursuant to the merger agreement was fair from a financial point of view to those holders.

The full text of the written opinion of Citigroup, dated May 15, 2007, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex C to this proxy statement. Our stockholders should read the opinion in its entirety. Citigroup provided its opinion for the information and assistance of our board of directors in connection with its consideration of the transaction contemplated by the merger agreement. The Citigroup opinion is not a recommendation as to how any holder of our common stock should vote with respect to the transaction.

See The Merger Opinion Of Agile s Financial Advisor.

The Special Meeting Of Agile s Stockholders

Time, Date and Place. A special meeting of our stockholders will be held on •, •, 2007, at our headquarters located at 6373 San Ignacio Avenue, San Jose, California 95119 at • a.m., local time, to consider and vote upon a proposal to adopt the merger agreement.

Record Date and Voting Power. You are entitled to vote at the special meeting if you owned shares of our common stock at the close of business on •, 2007, the record date for the special meeting. You will have one vote at the special meeting for each share of our common stock you owned at the close of business on the record date. There are • shares of our common stock entitled to be voted at the special meeting.

Required Vote. The adoption of the merger agreement requires the affirmative vote of a majority of the shares of our common stock outstanding at the close of business on the record date.

Share Ownership of Directors and Management. Our directors and executive officers and their affiliates own approximately •% of the shares entitled to vote at the special meeting. All of our directors and certain executive officers have entered into a voting agreement with Oracle, in their capacity as Agile stockholders, to vote shares held by them in favor of the adoption of the merger agreement. See The Voting Agreements.

See The Special Meeting.

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Interests Of Agile s Directors And Management In The Merger

When considering the recommendation by our board of directors in favor of adoption of the merger agreement, you should be aware that members of our board of directors and our executive officers have interests in the merger that are different from, or in addition to, yours, including, among others:

- certain indemnification arrangements, and the availability of directors and officer s liability insurance coverage, for our current and former directors and officers will be continued if the merger is completed;
- Jay Fulcher, our chief executive officer, may be entitled to one year of severance payments in an amount equal to his annual base salary and annual target bonus and continuation of certain of his benefits in the event his employment is terminated at the time of or following the merger;
- our other executive officers may be entitled to six months of severance payments in an amount equal to 50% of their respective annual base salary and annual target bonus and continuation of certain of their benefits for that period if their employment terminates under certain circumstances at the time of or following the merger pursuant to the terms of our executive retention and severance plan; and
- all of our executive officers will have the vesting of options and restricted shares (or the receipt of cash merger consideration into which such restricted shares are converted in the merger) accelerated in the event they are terminated by Oracle other than for cause or constructively terminated within 18 months following the merger; and
- our non-employee directors will have the vesting of options accelerated in connection with the merger.

See The Merger Interests Of Agile s Directors And Management In The Merger.

Conditions To The Completion Of The Merger

Each party s obligation to effect the merger is subject to the satisfaction or waiver of various conditions, which include, among others, the following:

- the holders of a majority of the outstanding shares of our common stock must have voted in favor of adopting the merger agreement;
- no applicable law or order prohibiting the closing of the merger; and
- the waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 must have expired or been terminated, and the waiting period must have been expired or approvals must have been obtained under specified foreign antitrust laws.

See The Merger Agreement Conditions To Completion Of The Merger.

Termination Of The Merger Agreement

Oracle and we can terminate the merger agreement under certain circumstances, including:

by mutual written agreement of Oracle and us;

by either Oracle or us, if the merger has not been completed by October 31, 2007 for any reason, provided that this right to terminate the merger agreement will not be available to a party whose material breach of the merger agreement results in the failure of the merger to be completed by October 31, 2007;

by either Oracle or us, if any law or order becomes final and non-appealable that makes closing of the merger illegal or otherwise prohibited or that enjoins closing of the merger;

by either Oracle or us, if our stockholders do not adopt the merger agreement at a duly held stockholders meeting;

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- by either Oracle or us, if the other party has breached any of its representations, warranties, covenants or other agreements contained in the merger agreement, which breach or failure to perform would result in failure of the conditions to the merger relating to representations, warranties and covenants, including the condition described in the sixth bullet point in the section entitled The Merger Agreement Conditions to Completion of the Merger, subject to a 30-day cure period under specified circumstances;

- by Oracle in the event that our board of directors makes an adverse recommendation change, we enter into or publicly announce an intention to enter into a definitive agreement or agreement in principle relating to an alternative acquisition proposal, or we or any of our representatives willfully and materially breach the provisions of the merger agreement relating to solicitation of alternative acquisition proposals; and

- by us in order to enter into a binding agreement with respect to a superior proposal from a third party, subject to specified conditions.

See The Merger Agreement Termination.

Limitations On Considering Other Acquisition Proposals

We have agreed that we and our subsidiaries will not, and will not authorize or permit any of our representatives to, directly or indirectly, take certain actions in connection with alternative acquisition proposal, including not to solicit, initiate or knowingly take any action to facilitate or encourage another transaction involving in excess of 15% of our equity or assets or any liquidation, recapitalization or other significant corporate reorganization.

See The Merger Agreement Board Recommendation; No Solicitation Of Alternative Proposals.

Expenses And Termination Fees

The merger agreement requires that we pay Oracle a termination fee of $16,400,000, or reimburse Oracle for up to $5,000,000 of its out-of-pocket expenses, if the merger agreement is terminated under certain circumstances.

See The Merger Agreement Termination Fee and The Merger Agreement Expenses.

Accounting Treatment

The merger will be accounted for as a purchase transaction for financial accounting purposes.

See The Merger Accounting Treatment.

Regulatory Matters

The Hart-Scott-Rodino Antitrust Improvements Act prohibits us from completing the merger until we have furnished certain information and materials to the Antitrust Division of the Department of Justice and the Federal Trade Commission and the required waiting period has ended. The merger is also subject to review or notice requirements under the antitrust laws of Germany, Austria, Brazil and China, and may be subject to review or notice requirements under the antitrust laws of other foreign jurisdictions.

See The Merger Regulatory Matters.

Voting Agreements

Our directors and certain of our executive officers, in their capacity as stockholders, have entered into voting agreements in substantially the form attached hereto as Annex B, pursuant to which each such stockholder

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has agreed, among other things, to vote their shares in favor of adoption of the merger agreement, and have granted irrevocable proxies to Oracle to vote their shares in favor of adoption of the merger agreement. These executive officers and directors owned in the aggregate • shares of our common stock that are subject to the voting agreements on the record date for the special meeting, representing •% of the votes entitled to be cast at the special meeting.

See The Voting Agreements.

Appraisal Rights

Our stockholders have the right under Delaware law to dissent from the approval of the merger and to exercise appraisal rights and to receive payment in cash for the fair value of their shares of our common stock determined in accordance with Delaware law. The fair value of shares of our common stock as determined in accordance with Delaware law may be more or less than the merger consideration to be paid to non-dissenting Agile sto may not have limited liability in some circumstances.

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

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

Unitholders may have liability to repay distributions.

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

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

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

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Tax Risks to Unitholders

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

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for federal income tax purposes. We believe that, under current law, we will be classified as a partnership for federal income tax purposes. We have not requested, and do not plan to request, a ruling from the IRS on this or any other tax matter affecting us. The IRS may adopt positions that differ from the positions we take. In addition, current law may change so as to cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to entity-level federal income taxation. Members of Congress have proposed substantive changes to the current federal income tax laws that would affect certain publicly traded partnerships and legislation that would eliminate partnership tax treatment for certain publicly traded partnerships. Although no legislation is currently pending that would affect our tax treatment as a partnership, we are unable to predict whether any such changes or other proposals will ultimately be enacted. Any modification to the U.S. tax laws and interpretations thereof may or may not be applied retroactively. If we were treated as a corporation for federal income tax purposes, we would be required to pay tax on our income at corporate tax rates (currently a maximum of U.S. federal rate of 35%) and likely would be required to pay state income tax at varying rates. Because a tax would be imposed upon us as a corporation, our cash available for distribution to our unitholders would be substantially reduced. Therefore, our treatment as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to our unitholders, likely causing a substantial reduction in the value of our common units. In addition, because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. Any such changes could negatively impact our ability to make distributions and also impact the value of an investment in our common units.

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

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

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

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

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

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

There are limits on a unitholder s deductibility of losses.

In the case of taxpayers subject to the passive loss rules (generally, individuals and closely held corporations), any losses generated by us will only be available to offset our future income and cannot be used to offset income from other activities, including other passive activities or investments. Unused losses may be deducted when the unitholder disposes of its entire investment in us in a fully taxable transaction with an unrelated party. A unitholder s share of our net passive income may be offset by unused losses from us carried over from prior years, but not by losses from other passive activities, including losses from other publicly-traded partnerships.

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

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

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

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

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

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

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

We prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The use of this proration method may not be permitted under existing Treasury Regulations. If the IRS were to challenge this method or new Treasury Regulations were issued, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

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

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

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

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

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

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

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ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of September 26, 2009, we owned approximately 75% of our customer service center and satellite locations and leased the balance of our retail locations from third parties. We own and operate a 22 million gallon refrigerated, aboveground propane storage facility in Elk Grove, California. Additionally, we own our principal executive offices located in Whippany, New Jersey.

The transportation of propane requires specialized equipment. The trucks and railroad tank cars utilized for this purpose carry specialized steel tanks that maintain the propane in a liquefied state. As of September 26, 2009, we had a fleet of 8 transport truck tractors, of which we owned two, and 23 railroad tank cars, of which we owned none. In addition, as of September 26, 2009 we had 773 bobtail and rack trucks, of which we owned approximately 40%, 112 fuel oil tankwagons, of which we owned approximately 39%, and 1,051 other delivery and service vehicles, of which we owned approximately 49%. We lease the vehicles we do not own. As of September 26, 2009, we also owned approximately 717,751 customer propane storage tanks with typical capacities of 100 to 500 gallons, 150,839 customer propane storage tanks with typical capacities of over 500 gallons and 257,479 portable propane cylinders with typical capacities of five to ten gallons.

ITEM 3. LEGAL PROCEEDINGS

Litigation

Our operations are subject to all operating hazards and risks normally incidental to handling, storing and delivering combustible liquids such as propane. As a result, we have been, and will continue to be, a defendant in various legal proceedings and litigation arising in the ordinary course of business. We are self-insured for general and product, workers compensation and automobile liabilities up to predetermined amounts above which third party insurance applies. We believe that the self-insured retentions and coverage we maintain are reasonable and prudent. Although any litigation is inherently uncertain, based on past experience, the information currently available to us, and the amount of our self-insurance reserves for known and unasserted self-insurance claims (which was approximately $52.2 million at September 26, 2009), we do not believe that these pending or threatened litigation matters, or known claims or known contingent claims, will have a material adverse effect on our results of operations, financial condition or cash flow. For the portion of our estimated self-insurance liability that exceeds our deductibles, we record a corresponding asset related to the amount of the liability covered by insurance (which was approximately $14.8 million at September 26, 2009).

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ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The 2009 Tri-Annual Meeting of the Partnership s Unitholders (the Tri-Annual Meeting) was held on July 22, 2009. At the Tri-Annual Meeting, the Unitholders re-elected to the Board of Supervisors, for a three-year term, all six nominees proposed by the Board:

Nominee	For	Withheld
Harold R. Logan, Jr.	30,441,054	838,790
John Hoyt Stookey	30,301,633	978,211
Dudley C. Mecum	30,320,031	959,813
John D. Collins	30,166,800	1,113,044
Jane Swift	30,378,578	901,266
Michael J. Dunn, Jr.	30,415,930	863,914

At the Tri-Annual Meeting, the Unitholders also approved the following proposals:

Adoption of the Partnership s 2009 Restricted Unit Plan, including the authorization of 1,200,000 Common Units to be available for grant under the plan:

For	Against	Abstain	Broker Non-Votes
15,829,007	2,251,830	578,168	12,620,839

Adjournment of the Tri-Annual Meeting, if necessary, to solicit additional proxies:

For	Against	Abstain	Broker Non-Votes
28,923,408	1,726,994	626,942	2,500

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PART II

ITEM 5. MARKET FOR THE REGISTRANT S COMMON UNITS, RELATED UNITHOLDER MATTERS AND ISSUER PURCHASES OF UNITS

(a) Our Common Units, representing limited partner interests in the Partnership, are listed and traded on the New York Stock Exchange (NYSE) under the symbol SPH. As of November 23, 2009, there were 745 Common Unitholders of record. The following table presents, for the periods indicated, the high and low sales prices per Common Unit, as reported on the NYSE, and the amount of quarterly cash distributions declared and paid per Common Unit in respect of each quarter.

	Common Unit Price Range		Cash Distribution Declared per Common Unit
	High	Low	
Fiscal 2009			
First Quarter	$ 35.46	$ 20.40	$ 0.8100
Second Quarter	41.60	31.00	0.8150
Third Quarter	42.98	35.81	0.8250
Fourth Quarter	46.41	39.79	0.8300
Fiscal 2008			
First Quarter	$ 48.50	$ 40.00	$ 0.7625
Second Quarter	42.43	34.00	0.7750
Third Quarter	42.60	37.88	0.8000
Fourth Quarter	39.59	33.13	0.8050

We make quarterly distributions to our partners in an aggregate amount equal to our Available Cash (as defined in our Partnership Agreement as adopted effective October 19, 2006, as amended) 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.

We are a publicly traded limited partnership and, other than certain corporate subsidiaries, we are not subject to federal income tax. Instead, Unitholders are required to report their allocable share of our earnings or loss, regardless of whether we make distributions.

(b) Not applicable.

(c) None.

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ITEM 6. SELECTED FINANCIAL DATA

The following table presents our selected consolidated historical financial data as derived from our audited consolidated financial statements, certain of which are included elsewhere in this Annual Report. All amounts in the table below, except per unit data, are in thousands.

	Year Ended				
	September 26, 2009	September 27, 2008	September 29, 2007	September 30, 2006 (a)	September 24, 2005
Statement of Operations Data					
Revenues	$ 1,143,154	$ 1,574,163	$ 1,439,563	$ 1,657,130	$ 1,615,555
Costs and expenses	932,539	1,424,035	1,273,482	1,521,316	1,546,531
Restructuring charges and severance costs (b)			1,485	6,076	2,775
Impairment of goodwill (c)					656
Income before interest expense, loss on debt extinguishment and provision for income taxes (d)	210,615	150,128	164,596	129,738	65,593
Interest expense, net	38,267	37,052	35,596	40,680	40,374
Loss on debt extinguishment (e)	4,624				36,242
Provision for income taxes	2,486	1,903	5,653	764	803
Income (loss) from continuing operations (d)	165,238	111,173	123,347	88,294	(11,826)
Discontinued operations:					
Gain on disposal of discontinued operations (f)		43,707	1,887		976
Income from discontinued operations			2,053	2,446	2,774
Net income (loss)	165,238	154,880	127,287	90,740	(8,076)
Income (loss) from continuing operations per Common Unit basic	4.99	3.39	3.79	2.76	(0.38)
Net income (loss) per Common Unit basic (g)	4.99	4.72	3.91	2.84	(0.26)
Net income (loss) per Common Unit diluted (g)	4.96	4.70	3.89	2.83	(0.26)
Cash distributions declared per unit	$ 3.26	$ 3.09	$ 2.76	$ 2.48	$ 2.45
Balance Sheet Data (end of period)					
Cash and cash equivalents	$ 163,173	$ 137,698	$ 96,586	$ 60,571	$ 14,411
Current assets	307,556	359,551	295,940	236,027	236,803
Total assets	977,514	1,035,713	988,947	945,566	959,305
Current liabilities, excluding short-term borrowings and current portion of long-term borrowings	180,059	226,056	206,011	191,195	193,851
Total debt	349,415	531,772	548,538	548,304	575,295
Other long-term liabilities	88,323	57,809	68,121	105,366	114,043
Partners capital Common Unitholders	421,005	264,231	208,230	170,151	159,199
Partner s (deficit) capital General Partner	$	$	$	$ (1,969)	$ (1,779)

Statement of Cash Flows Data					
Cash provided by (used in)					
Operating activities	$ 246,551	$ 120,517	$ 145,957	$ 170,321	$ 39,005
Investing activities	(16,852)	36,630	(19,689)	(19,092)	(24,631)
Financing activities	$ (204,224)	$ (116,035)	$ (90,253)	$ (105,069)	$ (53,444)
Other Data					
Depreciation and amortization continuing operations	$ 30,343	$ 28,394	$ 28,790	$ 32,653	$ 37,260
Depreciation and amortization discontinued operations			452	498	502
EBITDA (h)	236,334	222,229	197,778	165,335	70,863
Adjusted EBITDA (h)	234,621	220,465	205,333	150,863	68,366
Capital expenditures maintenance and growth (i)	21,837	21,819	26,756	23,057	29,301
Retail gallons sold					
Propane	343,894	386,222	432,526	466,779	516,040
Fuel oil and refined fuels	57,381	76,515	104,506	145,616	244,536

(a) Fiscal 2006 includes 53 weeks of operations compared to 52 weeks in each of fiscal 2009, 2008, 2007 and 2005.

(b) During fiscal 2007, we incurred $1.5 million in charges associated with severance for positions eliminated unrelated to any specific plan of restructuring. During fiscal 2006, we incurred $6.1 million in restructuring charges associated primarily with severance costs from our field realignment efforts initiated during the fourth quarter of fiscal 2005, including the restructuring of our services business. During fiscal 2005, we incurred $2.8 million in restructuring charges associated primarily with severance costs from the realignment of our field operations.

(c) During fiscal 2005, we recorded a non-cash charge of $0.7 million related to the impairment of goodwill in our all other category.

(d) These amounts include gains from the disposal of property, plant and equipment of $0.7 million for fiscal 2009, $2.3 million for fiscal 2008, $2.8 million for fiscal 2007, $1.0 million for fiscal 2006 and $2.0 million for fiscal 2005.

(e) During fiscal 2009, we purchased $175.0 million aggregate principal amount of the 2003 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. During fiscal 2005, we incurred a charge of $36.2 million as a result of our March 31, 2005 debt refinancing to reflect the loss on debt extinguishment associated with a prepayment premium of $32.0 million and the write-off of $4.2 million of unamortized bond issuance costs associated with the previously outstanding senior notes.

(f) Gain on disposal of discontinued operations for fiscal 2008 of $43.7 million reflects the October 2, 2007 sale of our Tirzah, South Carolina underground granite propane storage cavern, and associated 62-mile pipeline, for $53.7 million in net proceeds (the Tirzah Sale). Gain on disposal of discontinued operations for fiscal 2007 of $1.9 million reflects the exchange, in a non-cash transaction, of nine non-strategic customer service centers for three customer service centers of another company in Alaska, as well as the sale of three additional customer service centers for net cash proceeds of $1.3 million. Gain on disposal of discontinued operations for fiscal 2005 of $1.0 million reflects the finalization of certain purchase price adjustments with the buyer of the customer service centers sold during fiscal 2004. The gains on disposal have been accounted for within discontinued operations. Prior period results of operations attributable to the customer service centers sold during fiscal 2007 were not significant and, as such, prior period results were not reclassified to remove financial results from continuing operations. The prior period results of operations attributable to the sale of our Tirzah, South Carolina storage cavern and associated pipeline have been reclassified to remove financial results from continuing operations.

(g) Computations of basic earnings per Common Unit for the years ended September 26, 2009, September 27, 2008 and September 29, 2007 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. For fiscal 2006, earnings per Common Unit were performed using the two-class method when participating securities exist, as applicable. The two-class method is an earnings allocation formula that computes earnings per unit for each class of Common Unit and participating security according to distributions declared and participating rights in undistributed earnings, as if all of the earnings were distributed to the limited partners and the General Partner (inclusive of the previously outstanding IDRs of the General Partner which were considered participating securities for purposes of the two-class method). Net income was allocated to the Common Unitholders and the General Partner in accordance with their respective partnership ownership interests, after giving effect to any priority income allocations for IDRs of the General Partner. As a result of the GP Exchange Transaction on October 19, 2006, the two-class method of computing income per Common Unit under is no longer applicable.

The requirements of the two-class method do not apply to the computation of earnings per Common Unit in periods in which a net loss is reported and therefore did not have any impact on loss per Common Unit for the year ended September 24, 2005. Application of the two-class method had a dilutive effect on income per Common Unit of $0.07 for the year ended September 30, 2006. Basic net loss per Common Unit for the year ended September 24, 2005 was computed by dividing net loss, after deducting our General Partner s interest, by the weighted average number of outstanding Common Units, and restricted units granted under our restricted unit plans to retirement-eligible grantees. Diluted net loss per Common Unit for the same period was computed by dividing net loss, after deducting our General Partner s interest, by the weighted average number of outstanding Common Units and unvested restricted units under our restricted unit plans. For purposes of the computation of income per Common Unit for the year ended September 29, 2007, earnings that would have been allocated to the General Partner for the period prior to the GP Exchange Transaction were not significant.

(h) EBITDA represents net income before deducting interest expense, income taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA excluding the unrealized net gain or loss on mark-to-market activity for derivative instruments. Our management uses EBITDA and Adjusted EBITDA as measures of liquidity and we are including them because we believe that they provide our investors and industry analysts with additional information to evaluate our ability to meet our debt service obligations and to pay our quarterly distributions to holders of our Common Units. In addition, certain of our incentive compensation plans covering executives and other employees utilize Adjusted EBITDA as the performance target. Moreover, our revolving credit agreement requires us to use Adjusted EBITDA as a component in calculating our leverage and interest coverage ratios. EBITDA and Adjusted EBITDA are not recognized terms under generally accepted accounting principles (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 (amounts in thousands):

	Fiscal 2009	Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005
Net income (loss)	$ 165,238	$ 154,880	$ 127,287	$ 90,740	$ (8,076)
Add:					
Provision for income taxes	2,486	1,903	5,653	764	803
Interest expense, net	38,267	37,052	35,596	40,680	40,374
Depreciation and amortization					
Continuing operations	30,343	28,394	28,790	32,653	37,260
Discontinued operations			452	498	502
EBITDA	236,334	222,229	197,778	165,335	70,863
Unrealized (non-cash) (gains) losses on changes in fair value of derivatives	(1,713)	(1,764)	7,555	(14,472)	(2,497)
Adjusted EBITDA	234,621	220,465	205,333	150,863	68,366
Add (subtract):					
Provision for income taxes current	(1,101)	(626)	(1,853)	(764)	(803)
Interest expense, net	(38,267)	(37,052)	(35,596)	(40,680)	(40,374)
Loss on debt extinguishment	4,624				36,242
Unrealized (non-cash) gains (losses) on changes in fair value of derivatives	1,713	1,764	(7,555)	14,472	2,497
Compensation cost recognized under Restricted Unit Plan	2,396	2,156	3,014	2,221	1,805
Gain on disposal of property, plant and equipment, net	(650)	(2,252)	(2,782)	(1,000)	(2,043)
Gain on disposal of discontinued operations		(43,707)	(1,887)		(976)
Pension settlement charge			3,269	4,437	
Changes in working capital and other assets and liabilities	43,215	(20,231)	(15,986)	40,772	(25,709)
Net cash provided by operating activities	$ 246,551	$ 120,517	$ 145,957	$ 170,321	$ 39,005

(i) 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.

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

The following is a discussion of our financial condition and results of operations, which should be read in conjunction with our consolidated financial statements and notes thereto included elsewhere in this Annual Report.

Executive Overview

The following are factors that regularly affect our operating results and financial condition. In addition, our business is subject to the risks and uncertainties described in Item 1A of this Annual Report.

Product Costs and Supply

The level of profitability in the retail propane, fuel oil, natural gas and electricity businesses is largely dependent on the difference between retail sales price and product cost. The unit cost of our products, particularly propane, fuel oil and natural gas, is subject to volatility as a result of product supply or other market conditions, including, but not limited to, economic and political factors impacting crude oil and natural gas supply or pricing. We enter into product supply contracts that are generally one-year agreements subject to annual renewal, and we also purchase product on the open market. We attempt to reduce our exposure to volatile product costs by short-term pricing arrangements, rather than long-term fixed price supply arrangements. Our propane supply contracts typically provide for pricing based upon index formulas using the posted prices established at major supply points such as Mont Belvieu, Texas, or Conway, Kansas (plus transportation costs) at the time of delivery.

To supplement our annual purchase requirements, we may utilize forward fixed price purchase contracts to acquire a portion of the propane that we resell to our customers, which allows us to manage our exposure to unfavorable changes in commodity prices and to assure adequate physical supply. The percentage of contract purchases, and the amount of supply contracted for under forward contracts at fixed prices, will vary from year to year based on market conditions.

Product cost changes can occur rapidly over a short period of time and can impact profitability. There is no assurance that we will be able to pass on product cost increases fully or immediately, particularly when product costs increase rapidly. Therefore, average retail sales prices can vary significantly from year to year as product costs fluctuate with propane, fuel oil, crude oil and natural gas commodity market conditions. In addition, in periods of sustained higher commodity prices, as has been experienced over the past several fiscal years, retail sales volumes have been negatively impacted by customer conservation efforts.

Seasonality

The retail propane and fuel oil distribution businesses, as well as the natural gas marketing business, are seasonal because of the primary use for heating in residential and commercial buildings. Historically, approximately two-thirds of our retail propane volume is sold during the six-month peak heating season from October through March. The fuel oil business tends to experience greater seasonality given its more limited use for space heating and approximately three-fourths of our fuel oil volumes are sold between October and March. Consequently, sales and operating profits are concentrated in our first and second fiscal quarters. Cash flows from operations, therefore, are greatest during the second and third fiscal quarters when customers pay for product purchased during the winter heating season. We expect lower operating profits and either net losses or lower net income during the period from April through September (our third and fourth fiscal quarters). To the extent necessary, we will reserve cash from the second and third quarters for distribution to holders of our Common Units in the first and fourth fiscal quarters.

Weather

Weather conditions have a significant impact on the demand for our products, in particular propane, fuel oil and natural gas, for both heating and agricultural purposes. Many of our customers rely heavily on propane, fuel oil or natural gas as a heating source. Accordingly, the volume sold is directly affected by the severity of the winter weather in our service areas, which can vary substantially from year to year. In any given area, sustained warmer than normal temperatures will tend to result in reduced propane, fuel oil and natural gas consumption, while sustained colder than normal temperatures will tend to result in greater consumption.

Hedging and Risk Management Activities

We engage in hedging and risk management activities to reduce the effect of price volatility on our product costs and to ensure the availability of product during periods of short supply. We enter into propane forward and option agreements with third parties, and use fuel oil and crude oil futures and option contracts traded on the New York Mercantile Exchange (NYMEX), to purchase and sell fuel oil and crude oil at fixed prices in the future. The majority of the futures, forward and option agreements are used to hedge price risk associated with propane and fuel oil physical inventory, as well as, in certain instances, forecasted purchases of propane or fuel oil. Forward contracts are generally settled physically at the expiration of the contract and futures are generally settled in cash at the expiration of the contract. Although we use derivative instruments to reduce the effect of price volatility associated with priced physical inventory and forecasted transactions, we do not use derivative instruments for speculative trading purposes. Risk management activities are monitored by an internal Commodity Risk Management Committee, made up of five members of management and reporting to our Audit Committee, through enforcement of our Hedging and Risk Management Policy.

Under our hedging and risk management strategy, realized gains or losses on futures or option contracts will typically offset losses or gains on the physical inventory once the product is sold to customers at market prices. However, as a result of lower than expected volumes primarily attributable to customer conservation, we realized losses under certain futures positions in fiscal 2008 that were not fully offset by sales of the physical product. Accordingly, our risk management activities had a negative effect on earnings of approximately $10.8 million during fiscal 2008 as a result of realized losses on futures contracts that were not fully offset by sales of physical product. See Item 7A of this Annual Report for a further discussion of risk management activities.

Critical Accounting Policies and Estimates

Our significant accounting policies are summarized in Note 2, Summary of Significant Accounting Policies, included within the Notes to Consolidated Financial Statements section elsewhere in this Annual Report.

Certain amounts included in or affecting our consolidated financial statements and related disclosures must be estimated, requiring management to make certain assumptions with respect to values or conditions that cannot be known with certainty at the time the financial statements are prepared. The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We are also subject to risks and uncertainties that may cause actual results to differ from estimated results. Estimates are used when accounting for depreciation and amortization of long-lived assets, employee benefit plans, self-insurance and litigation reserves, environmental reserves, allowances for doubtful accounts, asset valuation assessments and valuation of derivative instruments. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Any effects on our business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known to us. Management has reviewed these critical accounting estimates and related disclosures with the Audit Committee of our Board of Supervisors. We believe that the following are our critical accounting estimates:

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Allowances for Doubtful Accounts. We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We estimate our allowances for doubtful accounts using a specific reserve for known or anticipated uncollectible accounts, as well as an estimated reserve for potential future uncollectible accounts taking into consideration our historical write-offs. If the financial condition of one or more of our customers were to deteriorate resulting in an impairment in their ability to make payments, additional allowances could be required. As a result of our large customer base, which is comprised of approximately 850,000 customers, no individual customer account is material. Therefore, while some variation to actual results occurs, historically such variability has not been material. Schedule II, Valuation and Qualifying Accounts, provides a summary of the changes in our allowances for doubtful accounts during the period.

Pension and Other Postretirement Benefits. We estimate the rate of return on plan assets, the discount rate used to estimate the present value of future benefit obligations and the expected cost of future health care benefits in determining our annual pension and other postretirement benefit costs. While we believe that our assumptions are appropriate, significant differences in our actual experience or significant changes in market conditions may materially affect our pension and other postretirement benefit obligations and our future expense. See Liquidity and Capital Resources Pension Plan Assets and Obligations below for additional disclosure regarding pension benefits. With other assumptions held constant, an increase of 100 basis points in the discount rate would have an estimated favorable impact of $0.2 million on net pension and postretirement benefit costs and an increase of 100 basis points in the expected rate of return assumption would have an estimated favorable impact of $1.2 million on net pension benefit costs. With other assumptions held constant, a decrease of 100 basis points in the discount rate would have an estimated unfavorable impact of $0.2 million on net pension and postretirement benefit costs and a decrease of 100 basis points in the expected rate of return assumption would have an estimated unfavorable impact of $1.2 million on net pension benefit costs.

Self-Insurance Reserves. Our accrued self-insurance reserves represent the estimated costs of known and anticipated or unasserted claims under our general and product, workers compensation and automobile insurance policies. Accrued insurance provisions for unasserted claims arising from unreported incidents are based on an analysis of historical claims data. For each unasserted claim, we record a self-insurance provision up to the estimated amount of the probable claim utilizing actuarially determined loss development factors applied to actual claims data. Our self-insurance provisions are susceptible to change to the extent that actual claims development differs from historical claims development. We maintain insurance coverage wherein our net exposure for insured claims is limited to the insurance deductible, claims above which are paid by our insurance carriers. For the portion of our estimated self-insurance liability that exceeds our deductibles, we record an asset related to the amount of the liability expected to be paid by the insurance companies. Historically, we have not experienced significant variability in our actuarial estimates for claims incurred but not reported. Accrued insurance provisions for reported claims are reviewed at least quarterly, and our assessment of whether a loss is probable and/or reasonably estimable is updated as necessary. Due to the inherently uncertain nature of, in particular, product liability claims, the ultimate loss may differ materially from our estimates. However, because of the nature of our insurance arrangements, those material variations historically have not, nor are they expected in the future to have, a material impact on our results of operations or financial position.

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Results of Operations and Financial Condition

Net income for fiscal 2009 amounted to $165.2 million, or $4.99 per Common Unit, an increase of $10.3 million, or 6.6%, compared to net income of $154.9 million, or $4.72 per Common Unit, in fiscal 2008. Earnings before interest, taxes, depreciation and amortization (EBITDA) increased $14.1 million, or 6.3%, to $236.3 million in fiscal 2009 compared to $222.2 million for fiscal 2008. Net income and EBITDA for fiscal 2009 included a loss on debt extinguishment of $4.6 million associated with the debt tender offer completed during the fourth quarter of fiscal 2009. Net income and EBITDA for fiscal 2008 included a gain (reported within discontinued operations) of $43.7 million from the sale of our Tirzah, South Carolina underground propane storage cavern and associated 62-mile pipeline. Therefore, excluding the effects of these significant items on our earnings for both periods, EBITDA increased $62.4 million, or 35.0%, in fiscal 2009 compared to the prior year.

In addition to the increased earnings, fiscal 2009 included several notable achievements, including: (i) a $185 million reduction in total debt; (ii) the refinancing of our revolving credit facility to a new four-year facility on favorable terms relative to an otherwise challenging credit market; (iii) an upgrade to our credit ratings by both Moody s Investors Service and Standard & Poor s; (iv) the successful issuance of 2,430,934 Common Units, the proceeds of which were used to fund a portion of the debt reduction; and, (v) an increase of $0.10 per Common Unit, or 3.1%, in the annualized distribution rate compared to the end of fiscal 2008. We ended fiscal 2009 with $163.2 million of cash on hand, an increase of $25.5 million compared to the end of fiscal 2008, despite the use of cash for a portion of the debt reduction.

Revenues of $1,143.2 million decreased $431.0 million, or 27.4%, compared to $1,574.2 million in the prior year, primarily as a result of a decline in average selling prices associated with lower commodity prices and, to a lesser extent, lower sales volumes. Retail propane gallons sold for fiscal 2009 decreased 42.3 million gallons, or 11.0%, to 343.9 million gallons from 386.2 million gallons in fiscal 2008. Sales of fuel oil and other refined fuels decreased 19.1 million gallons, or 25.0%, to 57.4 million gallons compared to 76.5 million gallons in the prior year. Overall average temperatures in our service territories for fiscal 2009 were 5% colder than the prior year. The favorable volume impact from the colder average temperatures was more than offset by declines in commercial and industrial volumes resulting from the recession and, to a lesser extent, continued customer conservation.

In the commodities markets, average posted prices for propane and fuel oil during fiscal 2009 were 51.7% and 46.1% lower, respectively, compared to fiscal 2008. Cost of products sold declined $499.0 million, or 48.0%, to $540.4 million in fiscal 2009 compared to $1,039.4 million in the prior year. The sharp decline in commodity prices, particularly during the first half of fiscal 2009, compared to the historically high commodity prices reached during fiscal 2008, resulted in a reduction in product costs that outpaced the decline in average selling prices. In addition, during fiscal 2008 we reported realized losses from risk management activities that were not fully offset by sales of the physical product, resulting in a $10.8 million reduction to cost of products sold in fiscal 2009 compared to the prior year. Cost of products sold for fiscal 2009 and fiscal 2008 included a $1.7 million and $1.8 million unrealized (non-cash) gain, respectively, attributable to the mark-to-market adjustment for derivative instruments used in risk management activities.

Combined operating and general and administrative expenses of $361.8 million increased $5.6 million, or 1.6%, compared to $356.2 million in the prior year, primarily due to higher variable compensation associated with higher earnings, partially offset by continued savings in payroll and vehicle expenses attributable to further operating efficiencies and lower diesel costs, as well as lower bad debt expense.

Net interest expense increased $1.2 million, or 3.2%, to $38.3 million in fiscal 2009 compared to $37.1 million in fiscal 2008 as a result of lower interest income earned on invested cash. With the $175 million debt tender offer which was completed on September 9, 2009, we have reduced our interest expense requirement by approximately $12.0 million on an annualized basis beginning in fiscal 2010. As has been the case since April 2006, during fiscal 2009 there were no borrowings under our revolving credit facility to support working capital needs, as such needs continue to be funded from cash on hand.

As we look ahead to fiscal 2010, our anticipated cash requirements include: (i) maintenance and growth capital expenditures of approximately $25.0 million; (ii) approximately $28.1 million of interest and income tax payments; and (iii) assuming distributions remain at the current level, approximately $117.2 million of distributions to Common

Unitholders. Based on our current cash position, availability under the Revolving Credit Agreement (unused borrowing capacity of $92.8 million at September 26, 2009) and expected cash flow from operating activities, we expect to have sufficient funds to meet our current and future obligations. Based on our current forecast of working capital requirements for fiscal 2010, we currently do not expect to borrow under our credit facility to fund those requirements.

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Fiscal Year 2009 Compared to Fiscal Year 2008

Revenues

(Dollars in thousands)	Fiscal 2009	Fiscal 2008	(Decrease)	Percent (Decrease)
Revenues				
Propane	$ 864,012	$ 1,132,950	$ (268,938)	(23.7%)
Fuel oil and refined fuels	159,596	288,078	(128,482)	(44.6%)
Natural gas and electricity	76,832	103,745	(26,913)	(25.9%)
All other	42,714	49,390	(6,676)	(13.5%)
Total revenues	$ 1,143,154	$ 1,574,163	$ (431,009)	(27.4%)

Total revenues decreased $431.0 million, or 27.4%, to $1,143.2 million for the year ended September 26, 2009 compared to $1,574.2 million for the year ended September 27, 2008, due to a combination of lower volumes and lower average selling prices associated with lower product costs. Volumes for the fiscal 2009 were lower than the prior year due to the negative impact of adverse economic conditions, particularly on our commercial and industrial accounts, as well as ongoing customer conservation, partially offset by the favorable impact of colder temperatures. From a weather perspective, average heating degree days, as reported by the National Oceanic and Atmospheric Administration) in our service territories were 99% of normal for fiscal 2009 and 5% colder compared to the prior year.

Revenues from the distribution of propane and related activities of $864.0 million for the year ended September 26, 2009 decreased $268.9 million, or 23.7%, compared to $1,133.0 million for the year ended September 27, 2008, primarily due to lower average selling prices, as well as lower volumes in our commercial and industrial accounts and, to a lesser extent, our residential accounts. Retail propane gallons sold in fiscal 2009 decreased 42.3 million gallons, or 11.0%, to 343.9 million gallons from 386.2 million gallons in the prior year. The average propane selling prices during fiscal 2009 decreased approximately 14.0% compared to the prior year due to lower product costs, thereby having a negative impact on revenues. Additionally, revenues from wholesale and other propane activities of $43.4 million for the year ended September 26, 2009 decreased $18.3 million compared to the prior year.

Revenues from the distribution of fuel oil and refined fuels of $159.6 million for the year ended September 26, 2009 decreased $128.5 million, or 44.6%, from $288.1 million in the prior year, primarily due to lower volumes and lower average selling prices. Fuel oil and refined fuels gallons sold in fiscal 2009 decreased 19.1 million gallons, or 25.0%, to 57.4 million gallons from 76.5 million gallons in the prior year. Lower volumes in our fuel oil and refined fuels segment were primarily attributable to the impact of ongoing customer conservation driven by adverse economic conditions and continued high energy prices relative to historical averages. The average fuel oil and refined fuels selling prices during fiscal 2009 decreased approximately 26.9% compared to the prior year due to lower product costs, thereby having a negative impact on revenues.

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Revenues in our natural gas and electricity segment decreased $26.9 million, or 25.9%, to $76.8 million for the year ended September 26, 2009 compared to $103.7 million in the prior year as a result of lower average selling prices and lower volumes. Revenues in our all other segment decreased 13.5% to $42.7 million in fiscal 2009 from $49.4 million in the prior year, primarily due to reduced installation service activities as a result of the market decline in residential and commercial construction and other adverse economic conditions.

Cost of Products Sold

(Dollars in thousands)	Fiscal 2009	Fiscal 2008	(Decrease)	Percent (Decrease)
Cost of products sold				
Propane	$ 367,016	$ 689,921	$ (322,905)	(46.8%)
Fuel oil and refined fuels	104,634	247,310	(142,676)	(57.7%)
Natural gas and electricity	57,216	87,600	(30,384)	(34.7%)
All other	11,519	14,605	(3,086)	(21.1%)
Total cost of products sold	$ 540,385	$ 1,039,436	$ (499,051)	(48.0%)
As a percent of total revenues	47.3%	66.0%		

The cost of products sold reported in the consolidated statements of operations represents the weighted average unit cost of propane and fuel oil sold, as well as the cost of natural gas and electricity, including transportation costs to deliver product from our supply points to storage or to our customer service centers. Cost of products sold also includes the cost of appliances and related parts sold or installed by our customer service centers computed on a basis that approximates the average cost of the products. Unrealized (non-cash) gains or losses from changes in the fair value of derivative instruments that are not designated as cash flow hedges are recorded within cost of products sold. Cost of products sold excludes depreciation and amortization; these amounts are reported separately within the consolidated statements of operations.

Cost of products sold decreased $499.0 million, or 48.0%, to $540.4 million for the year ended September 26, 2009 compared to $1,039.4 million in the prior year due to the impact of the decline in product costs, lower volumes sold and the favorable impact from our risk management activities (during fiscal 2008 we reported realized losses from risk management activities that were not fully offset by sales of the physical product, resulting in a $10.8 million reduction to cost of products sold in fiscal 2009 compared to the prior year). Cost of products sold in fiscal 2009 and fiscal 2008 included a $1.7 million and $1.8 million unrealized (non-cash) gain, respectively, representing the net change in the fair value of derivative instruments during the period ($3.1 million increase in cost of products sold reported within the propane segment, offset by a $3.0 million decrease in cost of products sold within the fuel oil and refined fuels segment).

Cost of products sold associated with the distribution of propane and related activities of $367.0 million for the year ended September 26, 2009 decreased $322.9 million, or 46.8%, compared to the prior year. Lower average propane costs and lower propane volumes resulted in a decrease of $234.1 million and $71.8 million, respectively, in cost of products sold during fiscal 2009 compared to the prior year. Cost of products sold from wholesale and other propane activities decreased $20.1 million compared to the prior year due to lower product costs and lower sales volumes.

Cost of products sold associated with the distribution of fuel oil and refined fuels of $104.6 million for the year ended September 26, 2009 decreased $142.7 million, or 57.7%, compared to the prior year. Lower average fuel oil and refined fuels costs and lower volumes resulted in decreases of $72.7 million and $56.2 million, respectively, in cost of products sold during fiscal 2009 compared to the prior year. In addition, during fiscal 2008 we reported realized losses from risk management activities that were not fully offset by sales of the physical product, resulting in a $10.8 million reduction to cost of products sold associated with our fuel oil and refined fuels segment in fiscal 2009 compared to the prior year.

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Cost of products sold in our natural gas and electricity segment of $57.2 million for the year ended September 26, 2009 decreased $30.4 million, or 34.7%, compared to the prior year due to lower product costs and lower sales volumes. Cost of products sold in our all other segment of $11.5 million for the year ended September 26, 2009 decreased $3.1 million, or 21.1%, compared to the prior year primarily due to lower sales volumes.

For the fiscal year ended September 26, 2009, total cost of products sold represented 47.3% of revenues compared to 66.0% in the prior year. The decrease in costs as a percentage of revenues was primarily attributable to the decline in product costs which outpaced the decline in average selling prices, and, to a much lesser extent, the favorable variance attributable to risk management activities discussed above.

Operating Expenses

(Dollars in thousands)	**Fiscal 2009**	**Fiscal 2008**	**(Decrease)**	**Percent (Decrease)**
Operating expenses	$ 304,767	$ 308,071	$ (3,304)	(1.1%)
As a percent of total revenues	26.7%	19.6%		

All costs of operating our retail distribution and appliance sales and service operations are reported within operating expenses in the consolidated statements of operations. These operating expenses include the compensation and benefits of field and direct operating support personnel, costs of operating and maintaining our vehicle fleet, overhead and other costs of our purchasing, training and safety departments and other direct and indirect costs of operating our customer service centers.

Operating expenses of $304.8 million for year ended September 26, 2009 decreased $3.3 million, or 1.1%, compared to $308.1 million in the prior year as higher variable compensation expense associated with higher earnings was more than offset by our continued efforts to drive operational efficiencies and reduce costs across all operating segments. Savings were primarily attributable to payroll and benefit related expenses as a result of lower headcount, lower fuel costs to operate our fleet and lower bad debt expense.

General and Administrative Expenses

(Dollars in thousands)	**Fiscal 2009**	**Fiscal 2008**	**Increase**	**Percent Increase**
General and administrative expenses	$ 57,044	$ 48,134	$ 8,910	18.5%
As a percent of total revenues	5.0%	3.1%		

All costs of our back office support functions, including compensation and benefits for executives and other support functions, as well as other costs and expenses to maintain finance and accounting, treasury, legal, human resources, corporate development and the information systems functions are reported within general and administrative expenses in the consolidated statements of operations.

General and administrative expenses of $57.0 million for the year ended September 26, 2009 increased $8.9 million, or 18.5%, compared to $48.1 million during the prior year. The increase was primarily attributable to higher variable compensation expense resulting from higher earnings in fiscal 2009 compared to the prior year, and higher compensation costs recognized under certain long-term incentive plans.

Depreciation and Amortization

(Dollars in thousands)	Fiscal 2009	Fiscal 2008	Increase	Percent Increase
Depreciation and amortization	$ 30,343	$ 28,394	$ 1,949	6.9%
As a percent of total revenues	2.7%	1.8%		

Depreciation and amortization expense of $30.4 million for the year ended September 26, 2009 increased $1.9 million, or 6.9%, compared to $28.4 million in the prior year primarily as a result of accelerating depreciation expense for certain assets retired in the second half of fiscal 2009.

Interest Expense, net

(Dollars in thousands)	Fiscal 2009	Fiscal 2008	Increase	Percent Increase
Interest expense, net	$ 38,267	$ 37,052	$ 1,215	3.3%
As a percent of total revenues	3.3%	2.4%		

Net interest expense increased $1.2 million, or 3.3%, to $38.3 million for the year ended September 26, 2009, compared to $37.1 million in the prior year as a result of lower market interest rates for short-term investments, which contributed to less interest income earned, and a non-cash charge of $0.4 million to write-off the unamortized debt issuance costs associated with the previous credit agreement which was terminated in the third quarter of fiscal 2009.

Loss on Debt Extinguishment

On September 9, 2009, we purchased $175,000 aggregate principal amount of the 2003 Senior Notes through a cash tender offer. In connection with the tender offer, we recognized a loss on the extinguishment of debt of $4,624 in the fourth quarter of fiscal 2009, consisting of $2,821 for the tender premium and related fees, as well as the write-off of $1,803 in unamortized debt origination costs and unamortized discount.

Discontinued Operations

On October 2, 2007, the Operating Partnership completed the sale of its Tirzah, South Carolina underground granite propane storage cavern, and associated 62-mile pipeline, for approximately $53.7 million in cash, after taking into account certain adjustments. As part of the agreement, we entered into a long-term storage arrangement, not to exceed 7 million propane gallons, with the purchaser of the cavern that will enable us to continue to meet the needs of our retail operations, consistent with past practices. As a result of this sale, we reported a $43.7 million gain on disposal of discontinued operations during the first quarter of fiscal 2008.

Net Income and EBITDA

We reported net income of $165.2 million, or $4.99 per Common Unit, for the year ended September 26, 2009 compared to net income of $154.9 million, or $4.72 per Common Unit, in the prior year. EBITDA for fiscal 2008 of $236.3 million increased $14.1 million, or 6.3%, compared to EBITDA of $222.2 million in the prior year.

Net income and EBITDA for fiscal 2009 included a $4.6 million charge for the loss on extinguishment of $175 million of our 6.875% Senior Notes. By comparison, net income and EBITDA for fiscal 2008 included a gain (reported within discontinued operations) of $43.7 million from our sale of its Tirzah, South Carolina underground storage cavern and associated 62-mile pipeline.

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EBITDA represents net income before deducting interest expense, income taxes, depreciation and amortization. Our management uses EBITDA as a measure of liquidity and we disclose it because we believe that it provides our investors and industry analysts with additional information to evaluate our ability to meet our debt service obligations and to pay our quarterly distributions to holders of our Common Units. In addition, certain of our incentive compensation plans covering executives and other employees utilize EBITDA as the performance target. We use this non-GAAP financial measure in order to assist industry analysts and investors in assessing our liquidity on a year-over-year basis. Moreover, our revolving credit agreement requires us to use EBITDA as a component in calculating our leverage and interest coverage ratios. EBITDA is not a recognized term 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 as determined by us excludes some, but not all, items that affect net income, it may not be comparable to EBITDA or similarly titled measures used by other companies. The following table sets forth (i) our calculations of EBITDA and (ii) a reconciliation of EBITDA, as so calculated, to our net cash provided by operating activities:

	Year Ended	
(Dollars in thousands)	**September 26, 2009**	**September 27, 2008**
Net income	$ 165,238	$ 154,880
Add:		
Provision for income taxes	2,486	1,903
Interest expense, net	38,267	37,052
Depreciation and amortization	30,343	28,394
EBITDA	236,334	222,229
Unrealized (non-cash) (gains) on changes in fair value of derivatives	(1,713)	(1,764)
Adjusted EBITDA	234,621	220,465
Add (subtract):		
Provision for income taxes current	(1,101)	(626)
Interest expense, net	(38,267)	(37,052)
Loss on debt extinguishment	4,624	
Unrealized (non-cash) gains on changes in fair value of derivatives	1,713	1,764
Compensation cost recognized under Restricted Unit Plan	2,396	2,156
Gain on disposal of property, plant and equipment, net	(650)	(2,252)
Gain on disposal of discontinued operations		(43,707)
Changes in working capital and other assets and liabilities	43,215	(20,231)
Net cash provided by operating activities	$ 246,551	$ 120,517

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Fiscal Year 2008 Compared to Fiscal Year 2007

Revenues

(Dollars in thousands)	Fiscal 2008	Fiscal 2007	Increase / (Decrease)	Percent Increase / (Decrease)
Revenues				
Propane	$ 1,132,950	$ 1,019,798	$ 113,152	11.1%
Fuel oil and refined fuels	288,078	262,076	26,002	9.9%
Natural gas and electricity	103,745	94,352	9,393	10.0%
All other	49,390	63,337	(13,947)	(22.0%)
Total revenues	$ 1,574,163	$ 1,439,563	$ 134,600	9.4%

Total revenues increased $134.6 million, or 9.4%, to $1,574.2 million for the year ended September 27, 2008 compared to $1,439.6 million for the year ended September 29, 2007, due to higher average selling prices associated with higher product costs, partially offset by lower volumes. Volumes in our propane, fuel oil and refined fuels and natural gas and electricity segments were lower in fiscal 2008 compared to the prior year primarily due to ongoing customer conservation resulting from the historically high commodity prices, proactive steps to manage customer credit risk, warmer weather in our service territories during the peak heating months and, to a lesser extent, the effects of eliminating certain lower margin accounts which occurred throughout much of the prior year. From a weather perspective, average heating degree days in our service territories were 94% of normal for fiscal 2008 and flat compared to the prior year; however, the winter heating season of fiscal 2008 was warmer than the comparable prior year period, particularly in the northeast where average heating degree days were 7% below normal and the prior year, thus having a negative effect on volumes.

Revenues from the distribution of propane and related activities of $1,133.0 million for the year ended September 27, 2008 increased $113.2 million, or 11.1%, compared to $1,019.8 million for the year ended September 29, 2007, primarily due to higher average selling prices, partially offset by lower volumes. Retail propane gallons sold in fiscal 2008 decreased 46.3 million gallons, or 10.7%, to 386.2 million gallons from 432.5 million gallons in the prior year. The average posted price of propane during fiscal 2008 increased 48.6% compared to the average posted prices in the prior year, while our average propane selling prices during fiscal 2008 increased approximately 27.0% compared to the prior year. Additionally, revenues from wholesale and other propane activities for the year ended September 27, 2008 decreased $13.2 million compared to the prior year.

Revenues from the distribution of fuel oil and refined fuels of $288.1 million for the year ended September 27, 2008 increased $26.0 million, or 9.9%, from $262.1 million in the prior year, primarily due to higher average selling prices, partially offset by lower volumes. Fuel oil and refined fuels gallons sold in fiscal 2008 decreased 28.0 million gallons, or 26.8%, to 76.5 million gallons from 104.5 million gallons in the prior year. Lower volumes in our fuel oil and refined fuels segment were attributable to the impact of ongoing customer conservation from continued high energy prices combined with our decision to exit certain lower margin diesel and gasoline businesses. Our decision to exit the majority of our low sulfur diesel and gasoline businesses resulted in a reduction in volumes in the fuel oil and refined fuels segment of approximately 9.7 million gallons, or 34.5% of the total volume decline in fiscal 2008 compared to the prior year. The average posted price of fuel oil during fiscal 2008 increased approximately 63.8% compared to the average posted prices in the prior year, while our average selling prices in our fuel oil and refined fuels segment increased approximately 47.4% compared to the prior year period.

Revenues in our natural gas and electricity segment increased $9.3 million, or 10.0%, to $103.7 million for the year ended September 27, 2008 compared to $94.4 million in the prior year as a result of higher average selling prices for both electricity and natural gas, partially offset by lower electricity and natural gas volumes. Revenues in our all other segment decreased 22.0% to $49.4 million in fiscal 2008 from $63.3 million in the prior year as a result of the decision to reduce the level of certain installation service activities. The focus of our ongoing service offerings are in

support of our existing core commodity segments.

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Cost of Products Sold

(Dollars in thousands)	Fiscal 2008	Fiscal 2007	Increase / (Decrease)	Percent Increase / (Decrease)
Cost of products sold				
Propane	$ 689,921	$ 573,305	$ 116,616	20.3%
Fuel oil and refined fuels	247,310	194,213	53,097	27.3%
Natural gas and electricity	87,600	77,116	10,484	13.6%
All other	14,605	20,784	(6,179)	(29.7%)
Total cost of products sold	$ 1,039,436	$ 865,418	$ 174,018	20.1%
As a percent of total revenues	66.0%	60.1%		

Cost of products sold in fiscal 2008 included a $1.8 million unrealized (non-cash) gain representing the net unrealized change in the fair value of derivative instruments during the period, compared to a $7.6 million unrealized (non-cash) loss in the prior year resulting in a decrease of $9.4 million in cost of products sold for the year ended September 27, 2008 compared to the prior year.

Cost of products sold associated with the distribution of propane and related activities of $689.9 million increased $116.6 million, or 20.3%, compared to the prior year. Higher average propane costs resulted in an increase of $189.8 million in cost of products sold during fiscal 2008 compared to the prior year. The impact of the sharp increase in commodity prices was partially offset by lower propane volumes which resulted in a $55.8 million decrease in cost of products sold during fiscal 2008 compared to the prior year. Lower wholesale and other propane revenues, noted above, decreased cost of products sold by approximately $14.2 million compared to the prior year. In addition, the portion of the total net change in the fair value of derivative instruments associated with the propane segment during fiscal 2008, noted above, resulted in a $3.2 million decrease in cost of products sold compared to the prior year.

Cost of products sold associated with our fuel oil and refined fuels segment of $247.3 million increased $53.1 million, or 27.3%, compared to the prior year. Higher average fuel oil costs resulted in an increase of $101.8 million in cost of products sold during fiscal 2008 compared to the prior year period. This increase was partially offset by lower fuel oil sales volumes, which resulted in a $53.3 million decrease in cost of products sold during fiscal 2008 compared to the prior year. In addition, as described above, risk management activities during fiscal 2008 resulted in a $10.8 million increase in cost of products sold compared to the prior year as a result of realized losses on futures contracts that were not fully offset by sales of physical product. The portion of the total net change in the fair value of derivative instruments associated with the fuel oil and refined fuels segment during the period resulted in a $6.2 million decrease in cost of products sold compared to the prior year.

Cost of products sold in our natural gas and electricity segment of $87.6 million increased $10.5 million, or 13.6%, compared to the prior year due to higher average electricity costs and, to a lesser extent, natural gas costs. Cost of products sold in our all other segment of $14.6 million decreased $6.2 million, or 29.7%, compared to the prior year primarily due to lower sales volumes.

For the year ended September 27, 2008, total cost of products sold represented 66.0% of revenues compared to 60.1% in the prior year. This increase was primarily attributable to the significant increase in product costs which we were not able to fully pass on to customers, as well as the favorable market conditions discussed above that contributed approximately $14.7 million of incremental margin opportunities in the prior year that were not present in fiscal 2008 and the negative effect of higher commodity prices on our risk management activities which resulted in $10.8 million of realized losses during the second half of fiscal 2008 that were not fully offset by sales of physical product.

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Operating Expenses

(Dollars in thousands)	Fiscal 2008	Fiscal 2007	Decrease	Percent Decrease
Operating expenses	$ 308,071	$ 322,852	$ (14,781)	(4.6%)
As a percent of total revenues	19.6%	22.4%		

Operating expenses of $308.1 million for the year ended September 27, 2008 decreased $14.8 million, or 4.6%, compared to $322.9 million in the prior year as a result of our continued efforts to drive operational efficiencies and reduce costs across all operating segments. Payroll and benefit related expenses declined $18.8 million due to lower headcount, as well as lower variable compensation associated with lower earnings in fiscal 2008 compared to the prior year. In addition, vehicle expenditures decreased $0.6 million compared to the prior year, despite a significant increase in the cost of diesel fuel, as a result of a lower vehicle count enabled by ongoing routing efficiencies. Savings from payroll and benefit related expenses and vehicle expenditures were partially offset by higher bad debt expense and increased costs to operate our customer service centers in the high energy price environment.

General and Administrative Expenses

(Dollars in thousands)	Fiscal 2008	Fiscal 2007	Decrease	Percent Decrease
General and administrative expenses	$ 48,134	$ 56,422	$ (8,288)	(14.7%)
As a percent of total revenues	3.1%	3.9%		

General and administrative expenses of $48.1 million for the year ended September 27, 2008 decreased $8.3 million, or 14.7%, compared to $56.4 million during the prior year. The decrease was primarily attributable to a reduction in variable compensation resulting from lower earnings in fiscal 2008 compared to the prior year and the reduction of compensation costs recognized under certain long-term incentive plans.

Restructuring Charges and Severance Costs

We did not record any restructuring charges for the year ended September 27, 2008. For the year ended September 29, 2007, we recorded a charge of $1.5 million primarily related to employee termination costs incurred as a result of further refinements to our plan to restructure our services business.

Depreciation and Amortization

(Dollars in thousands)	Fiscal 2008	Fiscal 2007	Decrease	Percent Decrease
Depreciation and amortization	$ 28,394	$ 28,790	$ (396)	(1.4%)
As a percent of total revenues	1.8%	2.0%		

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Depreciation and amortization expense of $28.4 million for the year ended September 27, 2008 was relatively unchanged compared to the prior year.

Interest Expense, net

(Dollars in thousands)	Fiscal 2008	Fiscal 2007	Increase	Percent Increase
Interest expense, net	$ 37,052	$ 35,596	$ 1,456	4.1%
As a percent of total revenues	2.4%	2.5%		

Net interest expense increased $1.5 million, or 4.1%, to $37.1 million for the year ended September 27, 2008, compared to $35.6 million in the prior year as a result of lower market interest rates for short-term investments, which contributed to less interest income earned. As has been the case since April 2006, there were no borrowings under our working capital facility as seasonal working capital needs have been funded through cash on hand and cash flow from operations. We ended fiscal 2008 in a strong cash position with $137.7 million in cash on the consolidated balance sheet.

Discontinued Operations

On October 2, 2007, the Operating Partnership completed the sale of its Tirzah, South Carolina underground granite propane storage cavern, and associated 62-mile pipeline, for approximately $53.7 million in cash, after taking into account certain adjustments. As part of the agreement, we entered into a long-term storage arrangement, not to exceed 7 million propane gallons, with the purchaser of the cavern that will enable us to continue to meet the needs of our retail operations, consistent with past practices. As a result of this sale, we reported a $43.7 million gain on disposal of discontinued operations during the first quarter of fiscal 2008. The results of operations from the Tirzah facilities have been reported within discontinued operations on the consolidated statements of operations for fiscal 2007 and the assets and liabilities have been classified as held for sale on the consolidated balance sheet as of September 29, 2007.

During the first quarter of fiscal 2007, in a non-cash transaction, we disposed of nine customer service centers considered to be non-strategic in exchange for three customer service centers of another company located in Alaska. We reported a $1.0 million gain within discontinued operations during the first quarter of fiscal 2007 for the amount by which the fair value of assets relinquished exceeded the carrying value of the assets relinquished. During fiscal 2007 we also sold three customer service centers for net cash proceeds of $1.3 million and reported a gain on sale within discontinued operations of $0.9 million.

Net Income and EBITDA

We reported net income of $154.9 million, or $4.72 per Common Unit, for the year ended September 27, 2008 compared to net income of $127.3 million, or $3.91 per Common Unit, in the prior year. EBITDA for fiscal 2008 of $222.2 million increased $24.4 million, or 12.3%, compared to EBITDA of $197.8 million in the prior year.

Net income and EBITDA for fiscal 2008 included a gain (reported within discontinued operations) of $43.7 million from our sale of its Tirzah, South Carolina underground storage cavern and associated 62-mile pipeline. By comparison, net income and EBITDA for fiscal 2007 included (i) the non-cash pension settlement charge of $3.3 million; (ii) severance costs of $1.5 million related to positions eliminated; (iii) a gain of $2.0 million from the recovery of a substantial portion of legal fees associated with the successful defense of a matter following the 1999 acquisition of certain propane assets in North and South Carolina; (iv) gains (reported within discontinued operations) of $1.9 million from the sale and exchange of customer service centers considered to be non-strategic; and (v) a non-cash adjustment to the provision for income taxes of $3.8 million.

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

(Dollars in thousands)	Year Ended September 27, 2008	Year Ended September 29, 2007
Net income	$ 154,880	$ 127,287
Add:		
Provision for income taxes	1,903	5,653
Interest expense, net	37,052	35,596
Depreciation and amortization continuing operations	28,394	28,790
Depreciation and amortization discontinued operations		452
EBITDA	222,229	197,778
Unrealized (non-cash) (gains) losses on changes in fair value of derivatives	(1,764)	7,555
Adjusted EBITDA	220,465	205,333
Add (subtract):		
Provision for income taxes current	(626)	(1,853)
Interest expense, net	(37,052)	(35,596)
Unrealized (non-cash) gains (losses) on changes in fair value of derivatives	1,764	(7,555)
Compensation cost recognized under Restricted Unit Plan	2,156	3,014
Gain on disposal of property, plant and equipment, net	(2,252)	(2,782)
Gain on disposal of discontinued operations	(43,707)	(1,887)
Pension settlement charge		3,269
Changes in working capital and other assets and liabilities	(20,231)	(15,986)
Net cash provided by operating activities	$ 120,517	$ 145,957

Liquidity and Capital Resources

Analysis of Cash Flows

Operating Activities. Net cash provided by operating activities for the year ended September 26, 2009 amounted to $246.6 million, an increase of $126.1 million compared to $120.5 million in the prior year. The increase was attributable to a $63.2 million increase in earnings, after adjusting for non-cash items in both periods (deprecation, amortization, compensation costs recognized under our Restricted Unit Plan, gains on disposal of assets and deferred tax provision), coupled with a $62.9 million reduction in our investment in working capital as a result of the decline in propane and fuel oil commodity prices.

Net cash provided by operating activities for the year ended September 27, 2008 amounted to $120.5 million, a decrease of $25.5 million compared to $146.0 million in fiscal 2007. The decrease was attributable to a $21.2 million decrease in earnings, after adjusting for non-cash items in both periods (deprecation, amortization, compensation costs recognized under our Restricted Unit Plan, gains on disposal of assets, pension settlement charges and deferred tax provision) and a $29.3 million increased investment in working capital, partially offset by a $25.0 million voluntary contribution to our defined benefit pension plan made in fiscal 2007. No pension contributions were made during fiscal 2009 or fiscal 2008.

Investing Activities. Net cash used in investing activities of $16.9 million for the year ended September 26, 2009 consisted of capital expenditures of $21.8 million (including $12.2 million for maintenance expenditures and $9.6 million to support the growth of operations), partially offset by the net proceeds from the sale of property, plant and equipment of $4.9 million. Capital spending in fiscal 2009 was flat compared to fiscal 2008.

Net cash provided by investing activities of $36.6 million for the year ended September 27, 2008 consisted of the net proceeds from the sale of discontinued operations of $53.7 million and the net proceeds from the sale of property, plant and equipment of $4.7 million, partially offset by capital expenditures of $21.8 million (including $12.0 million for maintenance expenditures and $9.8 million to support the growth of operations). Capital spending in fiscal 2008 decreased $5.0 million, or 18.7%, compared to fiscal 2007 primarily as a result of lower spending on tanks and information technology as much of the incremental spending on our field realignment efforts has been incurred.

Financing Activities. Net cash used in financing activities for the year ended September 26, 2009 of $204.2 million reflects $106.7 million in quarterly distributions to Common Unitholders at a rate of $0.805 per Common Unit in respect of the fourth quarter of fiscal 2008, at a rate of $0.81 per Common Unit in respect of the first quarter of fiscal 2009, at a rate of $0.815 per Common Unit in respect of the second quarter of fiscal 2009 and at a rate of $0.825 per Common Unit in respect of the third quarter of fiscal 2009. In addition, financing activities for fiscal 2009 reflects $110.0 million of repayments on our term loan, which was partially funded by borrowings of $100.0 million under the revolving credit facility executed on June 26, 2009; the $5.5 million payment of debt issuance costs associated with the execution of the new revolving credit facility; and the repurchase of $175.0 million aggregate principal amount of our 6.875% Senior Notes for $177.8 million, which was partially funded by the proceeds of $95.9 million from the issuance of 2,430,934 of our Common Units.

Net cash used in financing activities for the year ended September 27, 2008 of $116.0 million reflects $101.0 million in quarterly distributions to Common Unitholders at a rate of $0.75 per Common Unit in respect of the fourth quarter of fiscal 2007, at a rate of $0.7625 per Common Unit in respect of the first quarter of fiscal 2008, at a rate of $0.775 per Common Unit in respect of the second quarter of fiscal 2008 and at a rate of $0.80 per Common Unit in respect of the third quarter of fiscal 2008, as well as a prepayment of $15.0 million to reduce amounts outstanding under our previous term loan.

Equity Offering

On August 10, 2009, we sold 2,200,000 Common Units in a public offering (the Equity Offering) at a price of $41.50 per Common Unit, realizing proceeds of $86.7 million, net of underwriting commissions and other offering expenses. On August 24, 2009, we announced that the underwriters had given notice of their exercise of their over-allotment option, in part, to acquire 230,934 Common Units at the Equity Offering price of $41.50 per Common Unit. Net proceeds from the over-allotment exercise amounted to $9.2 million. The aggregate net proceeds from the Equity Offering of $95.9 million were used, along with cash on hand, to fund the purchase of $175.0 million aggregate principal amount of our 6.875% Senior Notes. These transactions increased the total number of Common Units

outstanding by 2,430,934 to 35,227,954.

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Summary of Long-Term Debt Obligations and Revolving Credit Lines

As of September 26, 2009, our long-term borrowings and revolving credit lines consist of $250.0 million in 6.875% senior notes due December 2013 (the 2003 Senior Notes) and a $250.0 million senior secured revolving credit facility at the Operating Partnership level (the Revolving Credit Facility). The Revolving Credit Facility was executed on June 26, 2009 and replaces the Operating Partnership s previous credit facility which, as amended, provided for a $108.0 million term loan (the Term Loan) and a separate $175.0 million working capital facility both of which were scheduled to mature in March 2010. Borrowings under the Revolving Credit Facility may be used for general corporate purposes, including working capital, capital expenditures and acquisitions until maturity on June 25, 2013. Our Operating Partnership has the right to prepay loans under the Revolving Credit Facility, in whole or in part, without penalty at any time prior to maturity. At closing, the Operating Partnership borrowed $100.0 million under the Revolving Credit Facility and, with cash on hand, repaid the $108.0 million then outstanding under the Term Loan and terminated the previous credit agreement. We have standby letters of credit issued under the Revolving Credit Facility in the aggregate amount of $57.2 million primarily in support of retention levels under our self-insurance programs, which expire periodically through April 15, 2010. Therefore, as of September 26, 2009 we had available borrowing capacity of $92.8 million under the Revolving Credit Facility.

On September 9, 2009, with proceeds of $95.9 million from our Equity Offering along with cash on hand, we purchased $175.0 million of our 2003 Senior Notes through a cash tender offer. Holders who validly tendered their 2003 Senior Notes on or prior to the early tender date of August 21, 2009 received a cash payment of $1,012.50 for each $1,000 principal amount of 2003 Senior Notes accepted for payment, and holders who validly tendered their 2003 Senior Notes thereafter, but on or prior to the expiration date of September 8, 2009, received a cash payment of $982.50 for each $1,000 principal amount of 2003 Senior Notes accepted for payment.

The remaining $250 million of 2003 Senior Notes mature on December 15, 2013 and require semi-annual interest payments. We are permitted to redeem some or all of the 2003 Senior Notes any time on or after December 15, 2008 at redemption prices specified in the indenture governing the 2003 Senior Notes. In addition, the 2003 Senior Notes have a change of control provision that would require us to offer to repurchase the notes at 101% of the principal amount repurchased, if the holders of the notes elected to exercise the right of repurchase.

Borrowings under the Revolving Credit Facility bear interest at prevailing interest rates based upon, at our Operating Partnership s option, LIBOR plus the applicable margin or the base rate, defined as the higher of the Federal Funds Rate plus $^{1}/2$ of 1%, the agent bank s prime rate, or LIBOR plus 1%, plus in each case the applicable margin. The applicable margin is dependent upon our ratio of total debt to EBITDA on a consolidated basis, as defined in the Revolving Credit Facility. As of September 26, 2009, the interest rate for the Revolving Credit Facility was approximately 4.1%. The interest rate and the applicable margin will be reset at the end of each calendar quarter.

In connection with the Revolving Credit Facility, our Operating Partnership amended its existing interest rate swap agreement, which has a termination date of March 31, 2010, to reduce the notional amount to $100.0 million from $108.0 million. Our Operating Partnership will pay a fixed interest rate of 4.66% to the issuing lender on the notional principal amount outstanding, effectively fixing the LIBOR portion of the interest rate at 4.66%. In return, the issuing lender will pay to our Operating Partnership a floating rate, namely LIBOR, on the same notional principal amount. On July 31, 2009, our Operating Partnership entered into a forward starting interest rate swap agreement with a March 31, 2010 effective date, which is commensurate with the maturity of the existing interest rate swap agreement, and termination date of June 25, 2013. Under the forward starting interest rate swap agreement, our Operating Partnership will pay a fixed interest rate of 3.12% to the issuing lender on the notional principal amount outstanding, effectively fixing the LIBOR portion of the interest rate at 3.12%. In return, the issuing lender will pay to our Operating Partnership a floating rate, namely LIBOR, on the same notional principal amount.

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The Revolving Credit Facility and the 2003 Senior Notes both contain various restrictive and affirmative covenants applicable to the Operating Partnership and the Partnership, respectively, including (i) restrictions on the incurrence of additional indebtedness, and (ii) restrictions on certain liens, investments, guarantees, loans, advances, payments, mergers, consolidations, distributions, sales of assets and other transactions. The Revolving Credit Facility contains certain financial covenants (a) requiring the consolidated interest coverage ratio, as defined, at the Partnership level to be not less than 2.5 to 1.0 as of the end of any fiscal quarter; (b) prohibiting the total consolidated leverage ratio, as defined, at the Partnership level from being greater than 4.5 to 1.0 as of the end of any fiscal quarter; and (c) prohibiting the senior secured consolidated leverage ratio, as defined, of the Operating Partnership from being greater than 3.0 to 1.0 as of the end of any fiscal quarter. Under the 2003 Senior Note indenture, we are generally permitted to make cash distributions equal to available cash, as defined, as of the end of the immediately preceding quarter, if no event of default exists or would exist upon making such distributions, and the Partnership s consolidated fixed charge coverage ratio, as defined, is greater than 1.75 to 1. We were in compliance with all covenants and terms of the 2003 Senior Notes and the Revolving Credit Facility as of September 26, 2009.

Partnership Distributions

We are required to make distributions in an amount equal to all of our Available Cash, as defined in the Partnership Agreement, as amended, no more than 45 days after the end of each fiscal quarter to holders of record on the applicable record dates. Available Cash, as defined in the Partnership Agreement, generally means all cash on hand at the end of the respective fiscal quarter less the amount of cash reserves established by the Board of Supervisors in its reasonable discretion for future cash requirements. These reserves are retained for the proper conduct of our business, the payment of debt principal and interest and for distributions during the next four quarters. The Board of Supervisors reviews the level of Available Cash on a quarterly basis based upon information provided by management.

On October 22, 2009, we announced a quarterly distribution of $0.83 per Common Unit, or $3.32 on an annualized basis, in respect of the fourth quarter of fiscal 2009 payable on November 10, 2009 to holders of record on November 3, 2009. This quarterly distribution included an increase of $0.005 per Common Unit, or $0.02 per Common Unit on an annualized basis, from the previous quarterly distribution rate representing the twenty-third increase since our recapitalization in 1999 and a 3.1% increase in the quarterly distribution rate since the fourth quarter of the prior year.

Pension Plan Assets and Obligations

Our defined benefit pension plan was frozen to new participants effective January 1, 2000 and, in furtherance of our effort to minimize future increases in our benefit obligations, effective January 1, 2003, all future service credits were eliminated. Therefore, eligible participants will receive interest credits only toward their ultimate defined benefit under the defined benefit pension plan. There were no minimum funding requirements for the defined benefit pension plan during fiscal 2009, 2008 or 2007. As of September 26, 2009 the plan s projected benefit obligation exceeded the fair value of plan assets by $17.1 million. Conversely, as of September 27, 2008 the fair value of plan assets exceeded the projected benefit obligation by $0.1 million. As a result, the funded status of the defined benefit pension plan declined $17.2 million during fiscal 2009, which was primarily attributable to an increase in the present value of the benefit obligation due to a general decrease in market interest rates, partially offset by a positive return on plan assets during fiscal 2009. The funded status of pension and other postretirement benefit plans are recognized as an asset or liability on our balance sheets and the changes in the funded status are recognized in comprehensive income (loss) in the year the changes occur.

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Our investment policies and strategies, as set forth in the Investment Management Policy and Guidelines, are monitored by a Benefits Committee comprised of five members of management. During fiscal 2007, the Benefits Committee proposed and the Board of Supervisors approved contributions to the plan to improve the funded status of the projected benefit obligation and changed the plan s asset allocation to reduce investment risk and more closely match the expected returns on plan assets to the future cash requirements of the plan. The implementation of this strategy resulted in a $25.0 million voluntary contribution in fiscal 2007 from cash on hand and changed the asset allocation to reflect a greater concentration of fixed income securities.

The shift in investment strategy to a higher concentration of fixed income securities was intended to reduce investment risk and, over the long-term, generate returns on plan assets that largely fund the annual interest on the accumulated benefit obligation. However, as we experienced in fiscal 2009 and fiscal 2008, significant declines in interest rates relevant to our benefit obligations, or poor performance in the broader capital markets in which our plan assets are invested, could have an adverse impact on the funded status of the defined benefit pension plan. For purposes of measuring the projected benefit obligation, we decreased the discount rate to 5.125% as of September 26, 2009 from 7.625% as of September 27, 2008, reflecting current market rates for debt obligations of a similar duration to our pension obligations. The impact of the 250 basis points reduction in the discount rate on the projected benefit obligation significantly exceeded the actual return on plan assets of 14.1% in fiscal 2009, thus substantially contributing to the reduction in the funded status of the plan. For purposes of computing net periodic pension cost for fiscal 2009, 2008 and 2007, our assumed long-term rate of return on plan assets was 7.39%, 6.00% and 8.00%, respectively, based on the investment mix of our pension asset portfolio, historical asset performance and expectations for future performance.

During fiscal 2007, lump sum benefit payments of $10.8 million exceeded the combined service and interest costs of the net periodic pension cost. As a result, we recorded a non-cash settlement charge of $3.3 million in order to accelerate recognition of a portion of cumulative unrecognized losses in the defined benefit pension plan. These unrecognized losses were previously accumulated as a reduction to partners capital and were being amortized to expense as part of our net periodic pension cost. During fiscal 2009 and fiscal 2008, the amount of the pension benefit obligation settled through lump sum payments did not exceed the settlement threshold; therefore, a settlement charge was not required to be recognized for fiscal 2009 or fiscal 2008. Additional pension settlement charges may be required in future periods depending on the level of lump sum benefit payments made in future periods.

We also provide postretirement health care and life insurance benefits for certain retired employees. Partnership employees who were hired prior to July 1993 and retired prior to March 1998 are eligible for health care benefits if they reached a specified retirement age while working for the Partnership. Partnership employees hired prior to July 1993 are eligible for postretirement life insurance benefits if they reach a specified retirement age while working for the Partnership. Effective January 1, 2000, we terminated our postretirement health care benefit plan for all eligible employees retiring after March 1, 1998. All active and eligible employees who were to receive health care benefits under the postretirement plan subsequent to March 1, 1998 were provided an increase to their accumulated benefits under the defined benefit pension plan. Our postretirement health care and life insurance benefit plans are unfunded. Effective January 1, 2006, we changed our postretirement health care plan from a self-insured program to one that is fully insured under which we pay a portion of the insurance premium on behalf of the eligible participants.

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Long-Term Debt Obligations and Operating Lease Obligations

Contractual Obligations

The following table summarizes payments due under our known contractual obligations as of September 26, 2009.

(Dollars in thousands)	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015 and thereafter
Long-term debt obligations	$	$	$	$ 100,000	$ 250,000	$
Future interest payments	25,838	25,058	25,058	25,058	8,594	
Operating lease obligations (a)	14,297	11,461	8,643	6,791	5,522	4,223
Self-insurance obligations (b)	12,995	10,239	7,474	5,021	3,054	13,465
Other contractual obligations	24,210	18,278	17,288	14,005	14,508	64,115
Total	$ 77,340	$ 65,036	$ 58,463	$ 150,875	$ 281,678	$ 81,803

(a) Payments exclude costs associated with insurance, taxes and maintenance, which are not material to the operating lease obligations.

(b) The timing of when payments are due for our self-insurance obligations is based on estimates that may differ from when actual payments are made. In addition, the payments do not reflect amounts to be recovered from our insurance providers, which was $14.8 million as of

September 26, 2009 and included in other assets on the consolidated balance sheet.

Additionally, we have standby letters of credit in the aggregate amount of $57.2 million, in support of retention levels under our casualty insurance programs and certain lease obligations, which expire periodically through April 15, 2010.

Operating Leases

We lease certain property, plant and equipment for various periods under noncancelable operating leases, including approximately 55% of our vehicle fleet, approximately 25% of our customer service centers and portions of our information systems equipment. Rental expense under operating leases was $17.3 million, $17.7 million and $19.6 million for fiscal 2009, 2008 and 2007, respectively. Future minimum rental commitments under noncancelable operating lease agreements as of September 26, 2009 are presented in the table above.

Off-Balance Sheet Arrangements

Guarantees

Certain of our operating leases, primarily those for transportation equipment with remaining lease periods scheduled to expire periodically through fiscal 2016, contain residual value guarantee provisions. Under those provisions, we guarantee that the fair value of the equipment will equal or exceed the guaranteed amount upon completion of the lease period, or we will pay the lessor the difference between fair value and the guaranteed amount. Although the fair value of equipment at the end of its lease term has historically exceeded the guaranteed amounts, the maximum potential amount of aggregate future payments we could be required to make under these leasing arrangements, assuming the equipment is deemed worthless at the end of the lease term, is approximately $18.3 million. The fair value of residual value guarantees for outstanding operating leases was de minimis as of September 26, 2009 and September 27, 2008.

Recently Issued Accounting Standards

In December 2008, the Financial Accounting Standards Board (FASB) issued new financial reporting guidance to require more detailed disclosures about employers pension plan assets. These new disclosures will include more information on investment strategies, major categories of plan assets, concentrations of risk within plan assets and valuation techniques used to measure the fair value of plan assets. The new guidance is effective for fiscal years ending after December 15, 2009, which will be our 2010 fiscal year ending September 25, 2010. Since it only addresses disclosures, the adoption of the new guidance is not expected to have an impact on our consolidated financial position, results of operations and cash flows.

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In December 2007, the FASB issued revised accounting guidance concerning business combinations. Among other things, this revised guidance requires an entity to recognize acquired assets, liabilities assumed and any noncontrolling interest at their respective fair values as of the acquisition date, clarifies how goodwill involved in a business combination is to be recognized and measured, as well as requires the expensing of acquisition-related costs as incurred. Most of its provisions are effective for business combinations entered into in fiscal years beginning on or after December 15, 2008, which will be our 2010 fiscal year beginning September 27, 2009, with early adoption prohibited. Certain provisions, in particular a provision related to the accounting for acquired tax benefits, are required to be applied in future fiscal years regardless of when the business combination occurred. To the extent our Corporate Entities generate taxable profits in future years that enable the utilization of tax benefits acquired in the Agway Energy acquisition, the corresponding reduction in the valuation allowance will be recorded as a reduction in the provision for income taxes.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

We enter into product supply contracts that are generally one-year agreements subject to annual renewal, and also purchase product on the open market. Our propane supply contracts typically provide for pricing based upon index formulas using the posted prices established at major supply points such as Mont Belvieu, Texas, or Conway, Kansas (plus transportation costs) at the time of delivery. In addition, to supplement our annual purchase requirements, we may utilize forward fixed price purchase contracts to acquire a portion of the propane that we resell to our customers, which allows us to manage our exposure to unfavorable changes in commodity prices and to ensure adequate physical supply. The percentage of contract purchases, and the amount of supply contracted for under forward contracts at fixed prices, will vary from year to year based on market conditions. In certain instances, and when market conditions are favorable, we are able to purchase product under our supply arrangements at a discount to the market.

Product cost changes can occur rapidly over a short period of time and can impact profitability. We attempt to reduce commodity price risk by pricing product on a short-term basis. The level of priced, physical product maintained in storage facilities and at our customer service centers for immediate sale to our customers will vary depending on several factors, including, but not limited to, price, availability of supply, and demand for a given time of the year. Typically, our on hand priced position does not exceed more than four to eight weeks of our supply needs, depending on the time of the year. In the course of normal operations, we routinely enter into contracts such as forward priced physical contracts for the purchase or sale of propane and fuel oil that, under accounting rules for derivative instruments and hedging activities, qualify for and are designated as normal purchase or normal sale contracts. Such contracts are exempted from fair value accounting and are accounted for at the time product is purchased or sold under the related contract.

Under our hedging and risk management strategies, we enter into a combination of exchange-traded futures and option contracts, forward contracts and, in certain instances, over-the-counter option contracts (collectively, derivative instruments) to manage the price risk associated with priced, physical product and with future purchases of the commodities used in our operations, principally propane and fuel oil, as well as to ensure the availability of product during periods of high demand. We do not use derivative instruments for speculative or trading purposes. Futures and forward contracts require that we sell or acquire propane or fuel oil at a fixed price for delivery at fixed future dates. An option contract allows, but does not require, its holder to buy or sell propane or fuel oil at a specified price during a specified time period. However, the writer of an option contract must fulfill the obligation of the option contract, should the holder choose to exercise the option. At expiration, the contracts are settled by the delivery of the product to the respective party or are settled by the payment of a net amount equal to the difference between the then current price and the fixed contract price or option exercise price. To the extent that we utilize derivative instruments to manage exposure to commodity price risk and commodity prices move adversely in relation to the contracts, we could suffer losses on those derivative instruments when settled. Conversely, if prices move favorably, we could realize gains. Under our hedging and risk management strategy, realized gains or losses on derivative instruments will typically offset losses or gains on the physical inventory once the product is sold to customers at market prices.

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Market Risk

We are subject to commodity price risk to the extent that propane or fuel oil market prices deviate from fixed contract settlement amounts. Futures traded with brokers of the NYMEX require daily cash settlements in margin accounts. Forward and option contracts are generally settled at the expiration of the contract term either by physical delivery or through a net settlement mechanism. Market risks associated with futures, options and forward contracts are monitored daily for compliance with our Hedging and Risk Management Policy which includes volume limits for open positions. Open inventory positions are reviewed and managed daily as to exposures to changing market prices.

Credit Risk

Futures and fuel oil options are guaranteed by the NYMEX and, as a result, have minimal credit risk. We are subject to credit risk with over-the-counter forward and propane option contracts to the extent the counterparties do not perform. We evaluate the financial condition of each counterparty with which we conduct business and establish credit limits to reduce exposure to the risk of non-performance by our counterparties.

Interest Rate Risk

A portion of our borrowings bear interest at prevailing interest rates based upon, at the Operating Partnership s option, LIBOR, plus an applicable margin or the base rate, defined as the higher of the Federal Funds Rate plus 1/2 of 1% or the agent bank s prime rate, or LIBOR plus 1%, plus the applicable margin. The applicable margin is dependent on the level of the Partnership s total leverage (the total of debt to EBITDA). Therefore, we are subject to interest rate risk on the variable component of the interest rate. We manage our interest rate risk by entering into interest rate swap agreements. The interest rate swaps have been designated as a cash flow hedge. Changes in the fair value of the interest rate swaps are recognized in other comprehensive income (OCI) until the hedged item is recognized in earnings. At September 26, 2009, the fair value of the interest rate swaps was $4.2 million representing an unrealized loss and is included within other current liabilities and other liabilities, as applicable, with a corresponding debit in OCI.

Derivative Instruments and Hedging Activities

All of our derivative instruments are reported on the balance sheet at their fair values. On the date that futures, forward and option contracts are entered into, we make a determination as to whether the derivative instrument qualifies for designation as a hedge. Changes in the fair value of derivative instruments are recorded each period in current period earnings or OCI, depending on whether a derivative instrument is designated as a hedge and, if so, the type of hedge. For derivative instruments designated as cash flow hedges, we formally assess, both at the hedge contract s inception and on an ongoing basis, whether the hedge contract is highly effective in offsetting changes in cash flows of hedged items. Changes in the fair value of derivative instruments designated as cash flow hedges are reported in OCI to the extent effective and reclassified into cost of products sold during the same period in which the hedged item affects earnings. The mark-to-market gains or losses on ineffective portions of cash flow hedges are immediately recognized in cost of products sold. Changes in the fair value of derivative instruments that are not designated as cash flow hedges, and that do not meet the normal purchase and normal sale exemption, are recorded within cost of products sold as they occur. Cash flows associated with derivative instruments are reported as operating activities within the consolidated statement of cash flows.

At September 26, 2009, the fair value of derivative instruments described above resulted in current derivative assets (unrealized gains) of $9.2 million included within other current assets, non-current derivative assets of $0.5 million included within other assets, $4.8 million of derivative liabilities (unrealized losses) included within other current liabilities and non-current derivative liabilities of $0.2 million included within other liabilities. Cost of products sold included unrealized (non-cash) gains of $1.7 million and $1.8 million for the years ended September 26, 2009 and September 27, 2008, respectively, attributable to the change in fair value of derivative instruments not designated as cash flow hedges. Our outstanding commodity-related derivatives mature between fiscal 2010 and fiscal 2011, and have a weighted average maturity of approximately 7 months as of September 26, 2009.

Sensitivity Analysis

In an effort to estimate our exposure to unfavorable market price changes in commodities related to our open positions under derivative instruments, we developed a model that incorporates the following data and assumptions:

A. The fair value of open positions as of September 26, 2009 for each of the future periods.

B. The estimated forward market prices as of September 26, 2009 as derived from the NYMEX for traded commodities for each of the future periods.

C. The market prices determined in B. above were adjusted adversely by a hypothetical 10% change in the forward prices and compared to the fair value amounts in A. above to project the potential negative impact on earnings that would be recognized for the respective scenario.

Based on the sensitivity analysis described above, the hypothetical 10% adverse change in market prices for each of the future months for which a future or option contract exists indicates a reduction in potential future net gains of $2.5 million as of September 26, 2009. The above hypothetical change does not reflect the worst case scenario. Actual results may be significantly different depending on market conditions and the composition of the open position portfolio.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our Consolidated Financial Statements and the Report of Independent Registered Public Accounting Firm thereon listed on the accompanying Index to Financial Statements (see page F-1) and the Supplemental Financial Information listed on the accompanying Index to Financial Statement Schedule (see page S-1) are included herein.

Selected Quarterly Financial Data

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Fiscal 2009					
Revenues	$ 363,315	$ 445,225	$ 184,372	$ 150,242	$ 1,143,154
Cost of products sold	174,230	208,259	87,463	70,433	540,385
Income (loss) before interest expense, loss on debt extinguishment and provision for income taxes (a)	90,229	125,194	3,793	(8,601)	210,615
Loss on debt extinguishment (b)				(4,624)	(4,624)
Net income (loss) (a)	80,688	114,866	(7,435)	(22,881)	165,238
Net income (loss) per common unit basic (d)	2.46	3.50	(0.23)	(0.67)	4.99
Net income (loss) per common unit diluted (d)	2.45	3.48	(0.23)	(0.67)	4.96
Cash provided by (used in)					
Operating activities	25,004	133,948	64,546	23,053	246,551
Investing activities	(3,724)	(2,515)	(3,632)	(6,981)	(16,852)
Financing activities	(28,390)	(26,564)	(40,272)	(108,998)	(204,224)
EBITDA (e)	$ 97,252	$ 132,325	$ 11,506	$ (4,749)	$ 236,334
Adjusted EBITDA (e)	$ 82,246	$ 142,015	$ 17,654	$ (7,294)	$ 234,621
Retail gallons sold					
Propane	99,047	134,512	61,212	49,123	343,894
Fuel oil and refined fuels	16,716	24,125	9,677	6,863	57,381
Fiscal 2008					
Revenues	$ 425,109	$ 587,097	$ 305,476	$ 256,481	$ 1,574,163
Cost of products sold	277,715	380,757	212,974	167,990	1,039,436
Income (loss) before interest expense and provision for income taxes (a)	51,789	104,375	(4,380)	(1,656)	150,128
Income (loss) from continuing operations (a)	41,722	94,523	(13,747)	(11,325)	111,173
Discontinued operations:					
Gain on disposal of discontinued operations (c)	43,707				43,707
Net income (loss) (a)	85,429	94,523	(13,747)	(11,325)	154,880
Net income (loss) from continuing operations per common unit basic (d)	1.27	2.89	(0.42)	(0.35)	3.39
Net income (loss) per common unit basic (d)	2.61	2.89	(0.42)	(0.35)	4.72
Net income (loss) per common unit diluted (d)	2.60	2.87	(0.42)	(0.35)	4.70
Cash (used in) provided by					
Operating activities	(41,953)	50,340	48,601	63,529	120,517
Investing activities	48,875	(3,553)	(5,419)	(3,273)	36,630
Financing activities	(24,539)	(24,953)	(25,362)	(41,181)	(116,035)

EBITDA (e)	$ 102,555	$ 111,482	$ 2,779	$ 5,413	$ 222,229
Adjusted EBITDA (e)	$ 105,238	$ 113,817	$ (1,916)	$ 3,326	$ 220,465
Retail gallons sold					
Propane	111,937	146,252	71,420	56,613	386,222
Fuel oil and refined fuels	23,594	31,435	12,614	8,872	76,515

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Due to the seasonality of the retail propane business, our first and second quarter revenues and earnings are consistently greater than third and fourth quarter results. The following presents our selected quarterly financial data for the last two fiscal years (unaudited; in thousands, except per unit amounts).

(a) These amounts include gains from the disposal of property, plant and equipment of $0.7 million for fiscal 2009 and $2.3 million for fiscal 2008.

(b) During the fourth quarter of fiscal 2009, we purchased $175.0 million aggregate principal amount of the 2003 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.

(c) Gain on disposal of discontinued operations reflects a $43.7 million

gain on the Tirzah Sale during the first quarter of fiscal 2008 for net cash proceeds of $53.7 million. These gains were accounted for within discontinued operations.

(d) Basic net income (loss) per Common Unit is computed under by dividing net income (loss) by the weighted average number of outstanding Common Units, and restricted units granted under the Restricted Unit Plans to retirement-eligible grantees. Diluted net income per Common Unit is computed by dividing net income (loss) by the weighted average number of outstanding Common Units and unvested restricted units granted under our Restricted Unit Plans.

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

plans covering executives and other employees utilize Adjusted EBITDA as the performance target. Moreover, our revolving credit agreement requires us to use Adjusted EBITDA as a component in calculating our leverage and interest coverage ratios. EBITDA and Adjusted EBITDA are not recognized terms under 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. The following table sets forth (i) our calculations of EBITDA and (ii) a reconciliation of EBITDA, as so calculated, to our net cash provided by operating activities (amounts in thousands):

Fiscal 2009	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Net income (loss)	$ 80,688	$ 114,866	$ (7,435)	$ (22,881)	$ 165,238
Add:					
Provision for income taxes	138	886	1,160	302	2,486
Interest expense, net	9,403	9,442	10,068	9,354	38,267
Depreciation and amortization	7,023	7,131	7,713	8,476	30,343
EBITDA	97,252	132,325	11,506	(4,749)	236,334
Unrealized (non-cash) (gains) losses on changes in fair value of derivatives	(15,006)	9,690	6,148	(2,545)	(1,713)
Adjusted EBITDA	82,246	142,015	17,654	(7,294)	234,621
Add (subtract):					
Provision for income taxes current	(138)	(426)	(240)	(297)	(1,101)
Interest expense, net	(9,403)	(9,442)	(10,068)	(9,354)	(38,267)
Loss on debt extinguishment				4,624	4,624
Unrealized (non-cash) gains (losses) on changes in fair value of derivatives	15,006	(9,690)	(6,148)	2,545	1,713
Compensation cost recognized under Restricted Unit Plan	569	672	644	511	2,396
(Gain) loss on disposal of property, plant and equipment, net	(230)	(393)	(147)	120	(650)
Changes in working capital and other assets and liabilities	(63,046)	11,212	62,851	32,198	43,215
Net cash provided by operating activities	$ 25,004	$ 133,948	$ 64,546	$ 23,053	$ 246,551

Fiscal 2008	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Net income (loss)	$ 85,429	$ 94,523	$ (13,747)	$ (11,325)	$ 154,880
Add:					
Provision for (benefit from) income taxes	1,679	434	(157)	(53)	1,903
Interest expense, net	8,388	9,418	9,524	9,722	37,052
Depreciation and amortization	7,059	7,107	7,159	7,069	28,394
EBITDA	102,555	111,482	2,779	5,413	222,229
Unrealized (non-cash) losses (gains) on changes in fair value of derivatives	2,683	2,335	(4,695)	(2,087)	(1,764)
Adjusted EBITDA	105,238	113,817	(1,916)	3,326	220,465
Add (subtract):					
(Provision for) benefit from income taxes current	(402)	(190)	(87)	53	(626)
Interest expense, net	(8,388)	(9,418)	(9,524)	(9,722)	(37,052)
Unrealized (non-cash) (gains) losses on changes in fair value of derivatives	(2,683)	(2,335)	4,695	2,087	1,764
Compensation cost recognized under Restricted Unit Plan	(67)	753	817	653	2,156
Gain on disposal of property, plant and equipment, net	(1,429)	(283)	(109)	(431)	(2,252)
Gain on disposal of discontinued operations	(43,707)				(43,707)
Changes in working capital and other assets and liabilities	(90,515)	(52,004)	54,725	67,563	(20,231)
Net cash (used in) provided by operating activities	$ (41,953)	$ 50,340	$ 48,601	$ 63,529	$ 120,517

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES. The Partnership maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the Exchange Act)) that are designed to provide reasonable assurance that information required to be disclosed in the Partnership s filings under the Exchange Act is recorded, processed, summarized and reported within the periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to the Partnership s management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Before filing this Annual Report, the Partnership completed an evaluation under the supervision and with the participation of the Partnership s management, including the Partnership s principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Partnership s disclosure controls and procedures as of September 26, 2009. Based on this evaluation, the Partnership s principal executive officer and principal financial officer concluded that the Partnership s disclosure controls and procedures were effective at the reasonable assurance level as of September 26, 2009.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING. There have not been any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended September 26, 2009, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Management s Report on Internal Control over Financial Reporting is included below.

In the ordinary course of business, we review our system of internal control over financial reporting and make changes to our systems and processes to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems and automating manual processes.

MANAGEMENT S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING. Management of the Partnership is responsible for establishing and maintaining adequate internal control over financial reporting. The Partnership s internal control over financial reporting is designed to provide reasonable assurance as to the reliability of the Partnership s financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

The Partnership s management has assessed the effectiveness of the Partnership s internal control over financial reporting as of September 26, 2009. In making this assessment, the Partnership used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. These criteria are in the areas of control environment, risk assessment, control activities, information and communication, and monitoring. The Partnership s assessment included documenting, evaluating and testing the design and operating effectiveness of its internal control over financial reporting.

Based on the Partnership s assessment, as described above, management has concluded that, as of September 26, 2009, the Partnership s internal control over financial reporting was effective.

Our independent registered public accounting firm, PricewaterhouseCoopers LLP, issued an attestation report dated November 25, 2009 on the effectiveness of our internal control over financial reporting, which is included herein.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Partnership Management

Our Partnership Agreement provides that all management powers over our business and affairs are exclusively vested in our Board of Supervisors and, subject to the direction of the Board of Supervisors, our officers. No Unitholder has any management power over our business and affairs or actual or apparent authority to enter into contracts on behalf of or otherwise to bind us. There are currently six Supervisors, who serve on the Board of Supervisors pursuant to the terms of the Partnership Agreement. Under the current Partnership Agreement, all Supervisors are elected by the Common Unitholders for three-year terms. Most recently, all six current Supervisors were elected to three-year terms at the Tri-Annual Meeting held on July 22, 2009 (see Item 4 above).

Five Supervisors, who are not officers or employees of the Partnership or its subsidiaries, serve on the Audit Committee with authority to review, at the request of the Board of Supervisors specific matters as to which the Board of Supervisors believes there may be a conflict of interest, or which may be required to be disclosed pursuant to Item 404(a) of Regulation S-K adopted by the Securities and Exchange Commission, in order to determine if the resolution or course of action in respect of such conflict proposed by the Board of Supervisors is fair and reasonable to us. Under the Partnership Agreement, any matter that receives the Special Approval of the Audit Committee (i.e., approval by a majority of the members of the Audit Committee) is conclusively deemed to be fair and reasonable to us, is deemed approved by all of our partners and shall not constitute a breach of the Partnership Agreement or any duty stated or implied by law or equity as long as the material facts known to the party having the potential conflict of interest regarding that matter were disclosed to the Audit Committee at the time it gave Special Approval. The Audit Committee also assists the Board of Supervisors in fulfilling its oversight responsibilities relating to (a) integrity of the Partnership s financial statements and internal control over financial reporting; (b) the Partnership s compliance with applicable laws, regulations and its code of conduct; (c) independence and qualifications of the independent registered public accounting firm; (d) performance of the internal audit function and the independent registered public accounting firm; and (e) accounting complaints.

The Board of Supervisors has determined that all five members of the Audit Committee, Harold R. Logan, Jr., John Hoyt Stookey, Dudley C. Mecum, John D. Collins and Jane Swift are audit committee financial experts and are independent within the meaning of the NYSE corporate governance listing standards and in accordance with Rule 10A-3 of the Exchange Act, Item 407 of Regulation S-K and the Partnership s criteria for Supervisor independence (as discussed in Item 13, herein) as of the date of this Annual Report. Mr. Logan, Chairman of the Board, presides at the regularly scheduled executive sessions of the non-management Supervisors, all of whom are independent, held as part of the meetings of the Audit Committee. Investors and other parties interested in communicating directly with the non-management Supervisors as a group may do so by writing to the Non-Management Members of the Board of Supervisors, c/o Company Secretary, Suburban Propane Partners, L.P., P.O. Box 206, Whippany, New Jersey 07981-0206.

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Board of Supervisors and Executive Officers of the Partnership

The following table sets forth certain information with respect to the members of the Board of Supervisors and our executive officers as of November 23, 2009. Officers are appointed by the Board of Supervisors for one-year terms and Supervisors are elected by the Unitholders for three-year terms.

Name	Age	Position With the Partnership
Michael J. Dunn, Jr.	60	President and Chief Executive Officer; Member of the Board of Supervisors
Michael A. Stivala	40	Chief Financial Officer
Michael M. Keating	56	Senior Vice President Administration
A. Davin D Ambrosio	45	Vice President and Treasurer
Paul Abel	56	Vice President, General Counsel and Secretary
Mark Anton, II	52	Vice President Business Development
Steven C. Boyd	45	Vice President Field Operations
Douglas T. Brinkworth	48	Vice President Product Supply
Neil Scanlon	44	Vice President Information Services
Mark Wienberg	47	Vice President Operational Support and Analysis
Michael Kuglin	39	Controller and Chief Accounting Officer
Harold R. Logan, Jr.	65	Member of the Board of Supervisors (Chairman)
John Hoyt Stookey	79	Member of the Board of Supervisors (Chairman of the Compensation Committee)
Dudley C. Mecum	74	Member of the Board of Supervisors
John D. Collins	71	Member of the Board of Supervisors (Chairman of the Audit Committee)
Jane Swift	44	Member of the Board of Supervisors

In accordance with a management succession plan developed by the Compensation Committee of the Partnership s Board of Supervisors and Mark Alexander, our Chief Executive Officer, Mr. Alexander stepped down from his position as Chief Executive Officer of the Partnership at the conclusion of fiscal 2009. At that time, Michael J. Dunn, Jr., our President, assumed the additional role of Chief Executive Officer effective September 27, 2009 (the beginning of our fiscal 2010).

Mr. Dunn has served as President since May 2005 and as Chief Executive Officer since September 2009. From June 1998 until May 2005 he was Senior Vice President, becoming Senior Vice President Corporate Development in November 2002. Mr. Dunn has served as a Supervisor since July 1998. He was Vice President Procurement and Logistics from March 1997 until June 1998. Before joining the Partnership, Mr. Dunn was Vice President of Commodity Trading for the investment banking firm of Goldman Sachs & Company (Goldman Sachs). Mr. Dunn is the sole member of the General Partner.

Mr. Stivala has served as Chief Financial Officer since November 2009, and Chief Financial Officer and Chief Accounting Officer since October 2007. Prior to that he was Controller and Chief Accounting Officer since May 2005 and Controller since December 2001. Before joining the Partnership, he held several positions with PricewaterhouseCoopers LLP, an international accounting firm, most recently as Senior Manager in the Assurance practice. Mr. Stivala is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.

Mr. Keating has served as Senior Vice President Administration since July 2009. From July 1996 to that date he was Vice President Human Resources and Administration. He previously held senior human resource positions at Hanson Industries (the United States management division of Hanson plc, a global diversified industrial conglomerate) and Quantum Chemical Corporation (Quantum), a predecessor of the Partnership.

Mr. D Ambrosio has served as Treasurer since November 2002 and was additionally made a Vice President in October 2007. He served as Assistant Treasurer from October 2000 to November 2002 and as Director of Treasury Services from January 1998 to October 2000. Mr. D Ambrosio joined the Partnership in May 1996 after ten years in the commercial banking industry.

Mr. Abel has served as General Counsel and Secretary since June 2006 and was additionally made a Vice President in October 2007. From May 2005 until June 2006, Mr. Abel was Assistant General Counsel of Velocita Wireless, L.P., the owner and operator of a nationwide wireless data network. From 1998 until May 2005, Mr. Abel was Vice President, Secretary and General Counsel of AXS-One Inc. (formerly known as Computron Software, Inc.), an international business software company.

Mr. Anton has served as Vice President Business Development since he joined the Partnership in 1999. Prior to joining the Partnership, Mr. Anton worked as an Area Manager for another large multi-state propane marketer and was a Vice President at several large investment banking organizations.

Mr. Boyd has served as Vice President Field Operations (formerly Vice President Operations) since October 2008. Prior to that he was Southeast and Western Area Vice President since March 2007, Managing Director Area Operations since November 2003 and Regional Manager Northern California since May 1997. Mr. Boyd held various managerial positions with predecessors of the Partnership from 1986 through 1996.

Mr. Brinkworth has served as Vice President Product Supply (formerly Vice President Supply) since May 2005. Mr. Brinkworth joined the Partnership in April 1997 after a nine year career with Goldman Sachs and, since joining the Partnership, has served in various positions in the product supply area.

Mr. Scanlon became Vice President Information Services in November 2008. Prior to that he served as Assistant Vice President Information Services since November 2007, Managing Director Information Services from November 2002 to November 2007 and Director Information Services from April 1997 until November 2002. Prior to joining the Partnership, Mr. Scanlon spent several years with JP Morgan & Co., most recently as Vice President Corporate Systems and earlier held several positions with Andersen Consulting (Accenture), an international systems consulting firm, most recently as Manager.

Mr. Wienberg has served as Vice President Operational Support and Analysis (formerly Vice President Operational Planning) since October 2007. Prior to that he served as Managing Director, Financial Planning and Analysis from October 2003 to October 2007 and as Director, Financial Planning and Analysis from July 2001 to October 2003. Prior to joining the Partnership, Mr. Wienberg was Assistant Vice President Finance of International Home Foods Corp., a consumer products manufacturer.

Mr. Kuglin has served as Controller and Chief Accounting Officer since November 2009, and Controller since October 2007. For the eight years prior to joining the Partnership he held several financial and managerial positions with Alcatel-Lucent, a global communications solutions provider. Prior to Alcatel-Lucent, Mr. Kuglin held several positions with the international accounting firm PricewaterhouseCoopers LLP, most recently Manager in the Assurance practice. Mr. Kuglin is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.

Mr. Logan has served as a Supervisor since March 1996 and was elected as Chairman of the Board of Supervisors in January 2007. Mr. Logan is a Co-Founder and, from 2006 to the present has been serving as a Director of Basic Materials and Services LLC, an investment company that has invested in companies that provide specialized infrastructure services and materials for the pipeline construction industry and the sand/silica industry. From 2003 to September 2006, Mr. Logan was a Director and Chairman of the Finance Committee of the Board of Directors of TransMontaigne Inc., which provided logistical services (i.e. pipeline, terminaling and marketing) to producers and end-users of refined petroleum products. From 1995 to 2002, Mr. Logan was Executive Vice President/Finance, Treasurer and a Director of TransMontaigne Inc. From 1987 to 1995, Mr. Logan served as Senior Vice President of Finance and a Director of Associated Natural Gas Corporation, an independent gatherer and marketer of natural gas, natural gas liquids and crude oil. Mr. Logan is also a Director of Graphic Packaging Holding Company, Hart Energy Publishing LLP and Cimarex Energy Co.

Mr. Stookey has served as a Supervisor since March 1996. He was Chairman of the Board of Supervisors from March 1996 through January 2007. From 1986 until September 1993, he was the Chairman, President and Chief Executive Officer of Quantum. He served as non-executive Chairman and a Director of Quantum from its acquisition by Hanson plc in September 1993 until October 1995, at which time he retired. Since then, Mr. Stookey has served as a trustee for a number of non-profit organizations, including founding and serving as non-executive Chairman of Per Scholas Inc. (a non-profit organization dedicated to using technology to improve the lives of residents of the South Bronx) and Landmark Volunteers (places high school students in volunteer positions with non-profit organizations during summer vacations) and has also served on the Board of Directors of The Clark Foundation, The Robert Sterling Clark Foundation and The Berkshire Taconic Community Foundation.

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

Mr. Collins has served as a Supervisor since April 2007. He served with KPMG, LLP, an international accounting firm, from 1962 until 2000, most recently as senior audit partner of its New York office. He has served as a United States representative on the International Auditing Procedures Committee, a committee of international accountants responsible for establishing international auditing standards. Mr. Collins is a Director of Montpelier Re, Mrs. Fields Original Cookies, Inc. and Columbia Atlantic Funds, and serves as a Trustee of LeMoyne College.

Ms. Swift has served as a Supervisor since April 2007. She is the founder of WNP Consulting, LLC, providing expert advice and guidance to early stage education companies. From 2003 to 2006 she was a General Partner at Arcadia Partners, a venture capital firm focused on the education industry. She currently serves on the boards of K12, Inc., Animated Speech Company and Sally Ride Science Inc. and several not-for-profit boards, including The Republican Majority for Choice and Landmark Volunteers, Inc. Prior to joining Arcadia, Ms. Swift served for 15 years in Massachusetts state government, becoming Massachusetts first woman governor in 2001.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our Supervisors, executive officers and holders of ten percent or more of our Common Units to file initial reports of ownership and reports of changes in ownership of our Common Units with the SEC. Supervisors, executive officers and ten percent Unitholders are required to furnish the Partnership with copies of all Section 16(a) forms that they file. Based on a review of these filings, we believe that all such filings were timely made during fiscal 2009.

Codes of Ethics and of Business Conduct

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

Corporate Governance Guidelines

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

Audit Committee Charter

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

Compensation Committee Charter

Five Supervisors, who are not officers or employees of the Partnership or its subsidiaries, serve on the Compensation Committee. We have adopted a Compensation Committee Charter in accordance with the NYSE corporate governance listing standards in effect as of the date of this Annual Report. A copy of our Compensation Committee Charter is available without charge from our website at www.suburbanpropane.com or upon written request directed to: Suburban Propane Partners, L.P., Investor Relations, P.O. Box 206, Whippany, New Jersey 07981-0206.

NYSE Annual CEO Certification

The NYSE requires the Chief Executive Officer of each listed company to submit a certification indicating that the company is not in violation of the Corporate Governance listing standards of the NYSE on an annual basis. Our then current Chief Executive Officer submitted his Annual CEO Certification for 2009 to the NYSE without qualification.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis explains our executive compensation philosophy, policies and practices with respect to the following executive officers of the Partnership (the named executive officers): the Chief Executive Officer, the President, the Chief Financial Officer and the other three most highly compensated executive officers. In accordance with a management succession plan developed by the Compensation Committee of the Partnership s Board of Supervisors and Mark Alexander, our Chief Executive Officer, Mr. Alexander stepped down from his position as Chief Executive Officer of the Partnership at the conclusion of fiscal 2009. At that time, Michael J. Dunn, Jr., our President, assumed the additional role of Chief Executive Officer effective September 27, 2009 (the beginning of our fiscal 2010).

Executive Compensation Philosophy and Components

The objectives of our executive compensation program are as follows:

- The attraction and retention of talented executives who have the skills and experience required to achieve our goals; and
- The alignment of the short-term and long-term interests of our executive officers with the short-term and long-term interests of our Unitholders.

We accomplish these objectives by providing our executives with compensation packages that combine various components that are specifically linked to either short-term or long-term performance measures. Therefore, our executive compensation packages are designed to achieve our overall goal of sustainable, profitable growth by rewarding our executive officers for behaviors that facilitate our achievement of this goal.

The principal components of the compensation we provide to our named executive officers are as follows:

- Base salary;
- Cash incentives paid under a performance-based annual bonus plan;
- Long-term Incentive Plan awards; and
- Discretionary awards of restricted units under the Restricted Unit Plans.

We align the short-term and long-term interests of our executive officers with the short-term and long-term interests of our Unitholders by:

- Providing our executive officers with an annual incentive target that encourages them to achieve or exceed targeted financial results and operating performance for the fiscal year;
- Providing a long-term incentive plan that encourages our executive officers to implement activities and practices conducive to sustainable, profitable growth because it permits them to share in benefits generated in the future; and
- Providing our executive officers with restricted units in order to retain the services of the participating executive officers over a five-year period while simultaneously encouraging behaviors conducive to the long-term appreciation of our Common Units.

Establishing Executive Compensation

The Compensation Committee (the Committee) is responsible for overseeing our executive compensation program. In accordance with its charter, available on our website at www.suburbanpropane.com, the Committee ensures that the compensation packages provided to our executive officers are designed in accordance with our compensation philosophy. The Committee reviews and approves the compensation packages of our managing directors, assistant vice presidents, vice presidents and our named executive officers.

Annually, our Senior Vice President of Administration prepares a comprehensive analysis of each executive officer s past and current compensation to assist the Committee in the assessment and determination of executive compensation packages for the subsequent fiscal year. The Committee considers a number of factors in establishing the compensation packages for each executive officer, including, but not limited to, tenure, scope of responsibility and individual performance. The relative importance assigned to each of these factors by the Committee may differ from executive to executive. The performance of each of our executive officers is continually assessed by the Committee and by our highest-ranking executive officers and also factors into the decision-making process, particularly in relation to promotions and increases in base compensation. In addition, as part of the Committee s annual review of

each executive officer s total compensation package, the Committee was provided with benchmarking data for a relevant peer group of companies for comparison purposes. The benchmarking data is just one of a number of factors considered by the Committee, but is not necessarily the most persuasive factor.

The benchmarking data used in determining compensation for the 2009 fiscal year was derived from the Mercer Human Resource Consulting, Inc. (Mercer) Benchmark Database containing information obtained from surveys of over 2,500 organizations and approximately 200 positions which may include similarly-sized national propane marketers. The Committee does not base its benchmarking solely on a peer group of other propane marketers. The use of the Mercer database provides a broad base of compensation benchmarking information for companies of a similar size to Suburban. The peer group used for the Suburban positions consisted of organizations included in the Mercer database that report median annual revenues of between $1.0 billion and $4 billion per year.

The Committee believes that benchmarking against such companies in determining total cash compensation opportunities is appropriate because of the proximity of the Partnership s headquarters to New York City and the need to realistically compete for skilled executives in an environment shared by numerous other enterprises that seek skilled employees. For this reason, the Committee chooses not to base its benchmarking on the compensation practices of other propane marketers due to the fact that the other, similarly-sized propane marketers compete for employees in vastly different economic environments.

Alternatively, for the reasons below, the Committee decided to include all other propane marketers, structured as publicly traded partnerships, in the peer group it selected for the 2003 Long-Term Incentive Plan (for more on the 2003 Long-Term Incentive Plan, refer to the subheading 2003 Long-Term Incentive Plan below). Earning a payment under the 2003 Long-Term Incentive Plan is dependent upon the performance (referred to in the plan document as total return to unitholders) of our Common Units in comparison to the unit performance of a peer group of eleven other master limited partnerships over a three-year measurement period. Because total return to unitholders is based on unit price appreciation and distributions, both of which are impacted by earnings, this plan was implemented by the Committee to provide an incentive to management to grow the business and to be conservative in regard to the management of expenses, among other things, and, thereby, enhance the return that we provide to our investors. Because master limited partnerships are not taxpaying entities, potentially these entities have more available cash to distribute to their investors than similar businesses that operate as corporations and do pay corporate-level taxes. This sometimes enables master limited partnerships to provide a greater return, in the form of cash distributions, to their investors than similarly situated corporations. As a result of this reasoning, the Committee selected a peer group for the 2003 Long-Term Incentive Plan that included other propane marketers.

In establishing the fiscal 2007 executive compensation packages, the Committee used the median total compensation paid by the peer group to assess whether the total cash compensation opportunities that we provide to our executive officers are both competitive and commensurate with each executive officer s position and corresponding duties. However, in establishing the executive compensation packages for subsequent fiscal years, due to the Committee s perception of the competitiveness of executive compensation packages provided to executives in the New York area, the Committee used the mean of the reported data as its benchmark. Generally speaking, the mean of the reported data is higher than the median. In recent fiscal years, the members of the Committee have focused on lessening the shortfalls between the compensation packages that we provide to our executive officers and the mean compensation paid by the companies whose data underlie the Mercer database. The Committee does not, however, have a formal target with respect to the amount of the shortfall it is trying to lessen. Moreover, the Committee does not set specific percentile targets for total compensation of our executive officers compared to the total compensation of the peer group.

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In making their decisions regarding our fiscal 2009 executive compensation packages, during the Committee s November 13, 2008 meeting, the members of the Committee reviewed the total cash compensation opportunities that we provided to our executive officers during fiscal 2008. Each executive officer s total cash compensation opportunities consist of base salary, an annual cash bonus, and 2003 Long-Term Incentive Plan awards. The Committee then compared each executive officer s total cash compensation opportunity to the total mean cash compensation opportunity for the parallel position in the Mercer study. By focusing on each executive officer s total cash compensation opportunities as a whole, instead of on single components of compensation such as base salary, the Committee created fiscal 2009 compensation packages for our executive officers that emphasize the performance-based components of compensation.

The Committee also met on July 22, 2009 to consider salary increases for seven of our executive officers (four of whom are among our named executive officers) who assumed additional responsibilities as a result of the administrative reorganization that occurred following our April 23, 2009 announcement that Mr. Dunn would succeed Mr. Alexander as our Chief Executive Officer (while, at the same time, remaining as our President). Mr. Dunn received a base salary increase (from $425,000 to $475,000) in recognition of his assumption of the additional responsibilities of Chief Executive Officer; Mr. Stivala, our Chief Financial Officer, received a base salary increase (from $260,000 to $275,000) in recognition of his assumption of responsibility for our Information Services Department; Mr. Keating, our former Vice President of Human Resources, received a base salary increase (from $225,000 to $260,000), an increased cash bonus percentage (from 65% to 70%) and was promoted to Senior Vice President of Administration in recognition of his assumption of administrative responsibilities for the entire enterprise; and Mr. Brinkworth, our Vice President of Product Supply, received a base salary increase (from $225,000 to $245,000) in recognition of his assumption of responsibility for our Non-Fuel Purchasing Department.

These base salary increases and Mr. Keating s promotion became effective on August 1, 2009. Although the cash incentives under our annual cash bonus plan and our Long-term Incentive Plan awards bear a formulaic relationship to base salary, all fiscal 2009 cash incentive payments and Long-term Incentive Plan awards for these seven executive officers were based upon the base salaries (and, in Mr. Keating s case, bonus percentage) approved by the Committee at its November 13, 2008 meeting. In anticipation of their July 22, 2009 meeting, the members of the Committee conducted reviews that were similar to those conducted in anticipation of their November 13, 2008 meeting. The Committee indicated that it will not consider base salary increases for the seven executive officers who received base salary increases at its July 22, 2009 meeting until fiscal 2011 (unless unforeseen circumstances arise that require special consideration).

Role of Executive Officers and Compensation Committee in Compensation Process

The Committee establishes and enforces our general compensation philosophy in consultation with our Chief Executive Officer. The role of our Chief Executive Officer in the executive compensation process is to recommend individual pay adjustments for the executive officers, other than himself, to the Committee based on market conditions, our performance, and individual performance. With the assistance of our Senior Vice President of Administration, our Chief Executive Officer presents the Committee with information comparing each executive officer s compensation to the mean compensation figures provided in the Mercer database.

The Partnership s sole use of Mercer was to provide the Committee with benchmarking data. Therefore, neither our Chief Executive Officer nor our President met with representatives from Mercer. The information provided by Mercer was derived from a proprietary database maintained by Mercer and, as such, there was no formal consultancy role played by them. The Committee believes that the Mercer benchmarking data, which is provided to the Committee by our Senior Vice President of Administration, can be used by the Committee as an objective benchmark on which decisions relative to executive compensation can be based. In the course of its deliberations, the Committee compares the objective data obtained from the Mercer database to the internal analyses prepared by our Senior Vice President of Administration.

Among other duties, the Committee has overall responsibility for:

- Reviewing and approving compensation of our Chief Executive Officer, President, Chief Financial Officer and our other executive officers;
- Reporting to the Board of Supervisors any and all decisions regarding compensation changes for our Chief Executive Officer, President, Chief Financial Officer and our other executive officers;
- Evaluating and approving our annual cash bonus plan, long-term incentive plan, restricted unit plan, as well as all other compensation policies and programs;
- Administering and interpreting the compensation plans that constitute each component of our executive officers compensation packages; and
- Engaging consultants, when appropriate, to provide independent, third-party advice on executive officer-related compensation.

Allocation Among Components

Under our compensation structure, the mix of base salary, cash bonus and long-term compensation provided to each executive officer varies depending on his or her position. The base salary for each executive officer is the only fixed component of compensation. All other cash compensation, including annual cash bonuses and long-term incentive compensation, is variable in nature as it is dependent upon achievement of certain performance measures. The following tables summarize the components as percentages of each named executive officer s total cash compensation opportunity in fiscal 2009 (as determined at the Committee s November 13, 2008 and July 22, 2009 meetings, respectively).

November 13, 2008 Meeting

	Base Salary	Cash Bonus Target	Long-Term Incentive
Mark A. Alexander(1)	43%	43%	14%
Michael A. Stivala	47%	35%	18%
Michael J. Dunn, Jr.	40%	40%	20%
Steven C. Boyd	47%	35%	18%
Michael M. Keating	50%	33%	17%
Douglas T. Brinkworth	47%	35%	18%

(1) Mr. Alexander s Long-Term Incentive Plan award was established per the terms of an agreement between Mr. Alexander and the Partnership.

July 22, 2009 Meeting

	Base Salary	Cash Bonus Target	Long-Term Incentive

Michael A. Stivala	47%	35%	18%
Michael J. Dunn, Jr.	40%	40%	20%
Michael M. Keating	48%	34%	18%
Douglas T. Brinkworth	45%	36%	19%

In allocating compensation among these components, we believe that the compensation of our senior-most levels of management the levels of management having the greatest ability to influence our performance should be at least 50% performance-based, while lower levels of management should receive a greater portion of their compensation in base salary. Additionally, our short-term and long-term incentive plans do not provide for minimum payments and are, thus, truly pay-for-performance compensation plans.

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Internal Pay Equity

In determining the different compensation packages for each of our named executive officers, the Committee takes into consideration a number of factors, including the level of responsibility and influence that each named executive officer has over the affairs of the Partnership, tenure with the Partnership, individual performance and years of experience in his or her current position. The relative importance assigned to each of these factors by the Committee may differ from executive to executive. The Committee will also consider the existing level of equity ownership of each of our named executive officers when granting awards under our Restricted Unit Plans and the 2003 Long-Term Incentive Plan (see below for a description of these plans). The fiscal 2007, fiscal 2008 and fiscal 2009 compensation packages for our Chief Executive Officer and our President were set forth in their respective employment agreements, as further described below. As a result, different weight may be given to different components of compensation among each of our named executive officers. In addition, as discussed in the section above titled Allocation Among Components, the compensation packages that we provide to our senior-most levels of management are, at a minimum, 50% performance-based. In order to align the interests of senior management with the interests of our Common Unitholders, we consider it requisite to accentuate the performance-based elements of the compensation packages that we provide to these individuals because the actions and decisions of these individuals have a direct impact on our performance.

Base Salary

Base salaries for the named executive officers and, indeed, all of our other executive officers, are reviewed and approved annually by the Committee. In order to determine the fiscal 2009 base salary increases, the Committee compared each executive officer s fiscal 2008 base salary with the corresponding mean salary provided in the Mercer database. The Committee determined base salary adjustments, which may be higher or lower than the comparative data, following an assessment of our overall results as well as each executive officer s position, performance and scope of responsibility, while at the same time considering each executive officer s previous total cash compensation opportunities. At the beginning of fiscal 2009, each named executive officer received adjustments to his base salary in accordance with the philosophy and process described above, ranging from 0% to 6%. In the event of a promotion, a significant increase in an executive officer s responsibilities, or a new hire, the Committee reviews and takes action at its next meeting as it did at its July 22, 2009 meeting.

The fiscal 2009 adjustments to each named executive officer s base salary were as follows:

	November 13, 2008	July 22, 2009
Mark A. Alexander	0%(1)	n/a
Michael A. Stivala	4%	6%(2)
Michael J. Dunn, Jr	0%(1)	12%(3)
Steven C. Boyd	6%	n/a
Michael M. Keating	2%	16%(4)
Douglas T. Brinkworth	5%	9%(5)

(1) Because Mr. Alexander s and Mr. Dunn s base salaries were set forth under the provisions of their respective employment agreements, the

Committee did not adjust their base salaries on November 13, 2008.

(2) The Committee s July 22, 2009 decision to increase Mr. Stivala s salary by 6% was based on consideration of his assuming responsibility for our Information Services Department.

(3) The Committee s July 22, 2009 decision to increase Mr. Dunn s salary by 12% was based on consideration of his assuming the additional responsibilities as Chief Executive Officer, in addition to those of President.

(4) The Committee s July 22, 2009 decision to increase Mr. Keating s salary by 16% was based on consideration of his assuming the increased responsibilities of Senior Vice President of Administration.

(5) The Committee s July 22, 2009 decision to increase Mr. Brinkworth s salary by 9% was based on consideration of his assuming responsibility for our Non-Fuel Purchasing Department.

The total base salary paid to each named executive officer in fiscal 2009 is reported in the column titled Salary ($) in the Summary Compensation Table below.

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Annual Cash Bonus Plan

Annual cash bonuses (which fall within the SEC s definition of Non-Equity Incentive Plan Compensation for the purposes of the Summary Compensation Table and otherwise) are earned by our executive officers in accordance with the performance objective provisions of our annual cash bonus plan. The cash bonuses earned by Mr. Alexander and Mr. Dunn are the only exceptions to this general rule because their bonus provisions are established in their respective employment agreements. Mr. Alexander s employment agreement, which was superseded by his separation and consulting agreement (for more information on Mr. Alexander s separation and consulting agreement, please refer to the section titled Employment Agreements below), provided for a maximum annual cash bonus equal to his base salary whereas Mr. Dunn s employment agreement provides for a maximum annual cash bonus equal to 110% of his base salary. During fiscal 2007, in recognition of performance, the Committee provided Mr. Alexander with a cash bonus payment of 110% of his base salary to parallel the cash bonuses earned by the other named executive officers under our annual cash bonus plan. During fiscal 2009, as part of the negotiated terms of Mr. Alexander s separation and consulting agreement, the Committee agreed to provide Mr. Alexander with a cash bonus payment of up to 110% of his base salary to parallel the cash bonuses earned by the other named executive officers under our annual cash bonus plan. Mr. Dunn has agreed with the Partnership to terminate his employment agreement effective as of the start of fiscal 2010; hereafter, Mr. Dunn s annual cash bonus will, like those of the other executive officers, be governed by the terms of our annual cash bonus plan.

Although our annual cash bonus plan is generally administered using the formula described below, occasionally the Committee may exercise its broad discretionary powers to decrease or increase the annual cash bonus paid to a particular executive officer when the Committee recognizes that a particular executive officer s performance warrants a decreased or an increased bonus. Such adjustments, if any, are recommended to the Committee by our Chief Executive Officer. During fiscal 2009, our Chief Executive Officer did not make any such recommendations to the Committee.

The terms of our annual cash bonus plan provide for cash payments of a specified percentage (which, in fiscal 2009 ranged from 65% to 100%) of our named executive officers annual base salaries (target cash bonus) if, for the fiscal year, actual EBITDA (as defined in Item 6, herein) equals the Partnership s budgeted EBITDA. For purposes of calculating the annual cash bonus, the Committee may exercise discretion to adjust both budgeted and actual EBITDA for various items considered to be non-recurring in nature; including, but not limited to, unrealized (non-cash) gains or losses on derivative instruments reported within cost of products sold in our statement of operations and gains or losses on the disposal of discontinued operations (cash bonus plan EBITDA). Executive officers have the opportunity to earn between 90% and 110% of their target cash bonuses, in accordance with the terms of the plan, paralleling the percentage of actual cash bonus plan EBITDA in relationship to budgeted cash bonus plan EBITDA ranging from 90% to 110%. Under the annual cash bonus plan, no bonuses are earned if actual cash bonus plan EBITDA is less than 90% of budgeted cash bonus plan EBITDA and cash bonuses cannot exceed 110% of the target cash bonus even if actual cash bonus plan EBITDA is more than 110% of budgeted cash bonus plan EBITDA.

For fiscal 2009, our budgeted cash bonus plan EBITDA was $187 million. Our actual cash bonus plan EBITDA was such that each of our executive officers earned 110% of his or her target cash bonus. The following table provides the fiscal 2009 budgeted cash bonus plan EBITDA targets that were established at the November 13, 2008 Compensation Committee meeting:

Fiscal 2009 Budgeted Cash Bonus Plan EBITDA (in Millions)	Target Bonus Percentage that would have been Earned if Actual Cash Bonus Plan EBITDA Equaled the Figure

		in the Previous Column
$	205.7	110%
$	196.4	105%
$	**187.0**(1)	**100%**
$	177.7	95%
$	168.3	90%

(1) Budgeted cash bonus plan EBITDA for fiscal 2009.

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The bonuses earned under the annual cash bonus plan by each of our named executive officers are reported in the column titled Non-Equity Incentive Plan Compensation ($) in the Summary Compensation Table below.
The 2009 target cash bonus percentages and target cash bonuses established for each named executive officer and the actual cash bonuses earned by each of them during fiscal 2009 are summarized as follows:

Name	2009 Target Cash Bonus as a % of Base Salary Established by the Committee at its November 13, 2008 Meeting	2009 Target Cash Bonus	2009 Actual Cash Bonus Earned
Mark A. Alexander[(1)]	100%	$ 450,000	$ 495,000
Michael A. Stivala[(2)]	75%	$ 195,000	$ 214,500
Michael J. Dunn, Jr.[(1)]	100%	$ 425,000	$ 467,500
Steven C. Boyd	75%	$ 195,000	$ 214,500
Michael M. Keating[(3)]	65%	$ 146,250	$ 160,875
Douglas T. Brinkworth[(2)]	75%	$ 168,750	$ 185,625

(1) Mr. Alexander s and Mr. Dunn s target cash bonuses were originally established by the terms of their respective employment agreements. However, for fiscal 2009, as part of the negotiated terms of Mr. Alexander s separation and consulting agreement, the

Committee agreed to provide Mr. Alexander with a cash bonus payment of up to 110% of his base salary to parallel the cash bonuses earned by the other named executive officers under our annual cash bonus plan. Although Mr. Dunn received a salary increase that was approved by the Committee at its July 22, 2009 meeting, Mr. Dunn s fiscal 2009 cash bonus payment was based upon his previous salary. See Employment Agreements section below.

(2) Mr. Stivala s and Mr. Brinkworth s cash bonus payments were based upon the salaries set for them by the Committee at its November 13, 2008 meeting.

(3) Mr. Keating s fiscal 2009 cash bonus payment was based upon the salary and target cash bonus percentage set for him by the Committee at its

November 13, 2008 meeting. However, because of the action taken by the Committee at its July 22, 2009 meeting, for fiscal 2010 his target cash bonus percentage will be 70%.

For purposes of establishing the cash bonus targets for fiscal 2009, the Committee reviewed and approved our fiscal 2009 budgeted cash bonus plan EBITDA at its meeting on November 13, 2008. The budgeted cash bonus plan EBITDA is developed annually using a bottom-up process factoring in reasonable growth targets from the prior year performance, while at the same time attempting to reach a good balance between a target that is reasonably achievable, yet not assured. As described above, executive officers have the opportunity to earn between 90% and 110% of their target cash bonuses, paralleling the percentage of actual cash bonus plan EBITDA in relationship to budgeted cash bonus plan EBITDA ranging from 90% to 110%. Over the past three years, our actual cash bonus plan EBITDA was such that each of our executive officers earned 110%, 95%, and 110% of their respective target cash bonus for fiscal 2009, fiscal 2008, and fiscal 2007, respectively.

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2003 Long-Term Incentive Plan

At the beginning of fiscal 2003, we adopted the 2003 Long-Term Incentive Plan (LTIP-2), a phantom unit plan, as a principal component of our executive compensation program. While the annual cash bonus plan is a pay-for-performance plan that focuses on our short-term financial goals, LTIP-2 is designed to motivate our executive officers to focus on long-term financial goals. LTIP-2 measures the market performance of our Common Units on the basis of total return to our Unitholders (TRU) during a three-year measurement period commencing on the first day of the fiscal year in which an unvested award was granted and compares our TRU to the TRU of each of the other members of a predetermined peer group, consisting solely of other master limited partnerships, approved by the Committee. The predetermined peer group may vary from year-to-year, but for all current awards, includes AmeriGas Partners, L.P., Ferrellgas Partners, L.P. and Inergy, L.P. (the other propane master limited partnerships). Unvested awards are granted at the beginning of each fiscal year as a Committee-approved percentage of each executive officer s salary. Cash payouts, if any, are earned and paid at the end of the three-year measurement period.

LTIP-2 is designed to:

- Align a portion of our executive officers compensation opportunities with the long-term goals of our Unitholders;
- Provide long-term compensation opportunities consistent with market practice;
- Reward long-term value creation; and
- Provide a retention incentive for our executive officers and other key employees.

At the beginning of the three-year measurement period, each executive officer s unvested award of phantom units is calculated by dividing a predetermined percentage (which is 30% for Mr. Alexander and for all other executive officers is 52%), established upon adoption of LTIP-2, of the executive officer s target cash bonus by the average of the closing prices of our Common Units for the twenty days preceding the beginning of the fiscal year. At the end of the three-year measurement period, depending on the quartile ranking within which our TRU falls relative to the other members of the peer group, our executive officers, as well as the other participants, all of whom are key employees, will receive a cash payout equal to:

- The quantity of the participant s phantom units multiplied by the average of the closing prices of our Common Units for the twenty days preceding the conclusion of the three-year measurement period;
- The quantity of the participant s phantom units multiplied by the sum of the distributions that would have inured to one of our outstanding Common Units during the three-year measurement period; and
- The sum of the products of the two preceding calculations multiplied by: zero if our performance falls within the lowest quartile of the peer group; 50% if our performance falls within the second lowest quartile; 100% if our performance falls within the second highest quartile; and 125% if our performance falls within the top quartile.

The three-year measurement period of the fiscal 2007 award ended simultaneously with the conclusion of fiscal 2009. The TRU for the fiscal 2007 award fell within the highest quartile. The following is a summary of the cash payouts related to the fiscal 2007 award earned by our named executive officers at the conclusion of fiscal 2009.

Mark A. Alexander	$	252,479(1)(2)
Michael A. Stivala	$	101,004(1)
Michael J. Dunn, Jr.	$	389,020(1)
Steven C. Boyd	$	128,350(1)
Michael M. Keating	$	132,761(1)
Douglas T. Brinkworth	$	113,795(1)

(1) The cash payouts related to our named executive officers fiscal

2007 awards earned at the conclusion of fiscal 2009 is an additional disclosure that bears no meaningful relationship to the expense recognized during fiscal 2009 and reported in column (e) of the Summary Compensation Table below.

(2) Mr. Alexander s payment is considerably smaller than Mr. Dunn s as a result of an agreement between Mr. Alexander and the Partnership.

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The following is a summary of the quantity of phantom units that signify the unvested awards granted to our named executive officers during fiscal 2008 and fiscal 2009 that will be used to calculate cash payments at the end of each respective award s three-year measurement period (i.e., at the end of fiscal 2010 for the fiscal 2008 award and at the end of fiscal 2011 for the fiscal 2009 award):

	Fiscal 2008 Award	Fiscal 2009 Award
Mark A. Alexander	2,989	3,752
Michael A. Stivala	1,871	2,818
Michael J. Dunn, Jr.	4,894	6,142
Steven C. Boyd	1,693	2,818
Michael M. Keating	1,647	2,114
Douglas T. Brinkworth	1,857	2,439

The peer group members selected by the Committee for the fiscal 2007, fiscal 2008 and fiscal 2009 awards consist entirely of publicly-traded partnerships, inclusive of all propane-related partnerships. The Committee decided upon this peer group because all publicly-traded partnerships have similar tax attributes and can, as a result, distribute more cash than similarly-sized corporations generating similar revenues. The following table lists, in alphabetical order, the names and ticker symbols of the peer group used to measure our performance during the fiscal 2007, fiscal 2008 and fiscal 2009 LTIP-2 awards three-year measurement periods:

Fiscal 2007, Fiscal 2008 and Fiscal 2009 LTIP-2 Awards Peer Group

Peer Group Member Name	**Ticker Symbol**
AmeriGas Partners, L.P.	APU
Copano Energy, LLC	CPNO
Crosstex Energy, L.P.	XTEX
Dorchester Minerals, L.P.	DMLP
Energy Transfer Partners, L.P.	ETP
Ferrellgas Partners, L.P.	FGP
Inergy, L.P.	NRGY
MarkWest Energy Partners, L.P.	MWE
Plains All American Pipeline, L.P.	PAA
Star Gas Partners, L.P.	SGU
Sunoco Logistics Partners, L.P.	SXL

Formerly, the LTIP-2 plan document contained a retirement provision that provided for the immediate termination of the three-year measurement period for all outstanding LTIP-2 awards held by a retirement-eligible participant upon retirement. Under the former provisions, TRU was calculated as if the three-year measurement period for each outstanding award ended on the participant s retirement date in order to determine whether a payment had been earned by the retiree. On January 24, 2008, the Committee amended the retirement provisions of the plan document to provide that a retirement-eligible participant s outstanding awards vest as of the retirement-eligible date, but such awards remain subject to the same three-year measurement period for purposes of determining the eventual cash payout, if any, at the conclusion of the measurement period.

Because the cash payments under the LTIP-2 are based on the value of our Common Units, compensation expense generated by this plan is recognized ratably over the plan s three-year measurement period; however, in the case of awards held by retirement-eligible participants, compensation expense is recognized in full when the unvested award is granted to the participant. As a result, because Mr. Dunn and Mr. Keating are, in accordance with the plan s retirement provisions retirement-eligible participants, the compensation expense for Mr. Dunn s and for Mr. Keating s unvested awards appear higher than the compensation charges related to unvested awards held by the other named executive officers, none of whom meet the plan document s retirement criteria. Therefore, the disparity in LTIP-2 compensation-related expense between the named executive officers who are retirement-eligible participants and the

named executive officers who are not is attributable to the accounting requirements for the timing of expense recognition rather than to a disparity in actual compensation. In addition, as part of the negotiated terms of Mr. Alexander s separation and consulting agreement, Mr. Alexander s outstanding awards under the LTIP-2 vest as of September 26, 2009, but such awards remain subject to the same three-year measurement period for purposes of determining the eventual cash payout, if any, at the conclusion of the measurement period. As a result, it was necessary to recognize all remaining unrecognized expense attributable to his unvested fiscal 2008 and fiscal 2009 awards during fiscal 2009. All such charges to this year s earnings relative to our named executive officers are reported in the column titled Unit Awards ($) in the Summary Compensation Table below.

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Restricted Unit Plans

2000 Restricted Unit Plan

We adopted the 2000 Restricted Unit Plan (RUP) effective November 1, 2000. Upon adoption, this plan authorized the issuance of 487,805 Common Units to our executive officers, managers and other employees and to the members of our Board of Supervisors. On October 17, 2006, following approval by our Unitholders, we adopted amendments to the RUP which, among other things, increased the number of Common Units authorized for issuance under the RUP by 230,000 for a total of 717,805. At the conclusion of fiscal 2009, there remained 37,397 restricted units available for future awards.

When the Committee authorizes an award of restricted units, the unvested units underlying an award do not provide the grantee with voting rights and do not receive distributions or accrue rights to distributions during the vesting period. Restricted unit awards vest as follows: 25% on each of the third and fourth anniversaries of the grant date and the remaining 50% on the fifth anniversary of the grant date. Unvested awards are subject to forfeiture in certain circumstances as defined in the RUP document. Upon vesting, restricted units are automatically converted into our Common Units, with full voting rights and rights to receive distributions.

The RUP document previously contained a retirement provision that provided for the immediate vesting of all unvested RUP awards held by a retiring participant who met all three of the following conditions on his or her retirement date:

1. The unvested RUP award has been held by the grantee for at least six months;
2. The RUP grantee is age 55 or older; and
3. The RUP grantee has worked for us or one of our predecessors for at least 10 years.

On October 31, 2007, in order to comply with the regulations promulgated under Internal Revenue Code (IRC) Section 409A, the Board of Supervisors amended the retirement provision to require a six-month delay between a retirement eligible RUP participant s retirement date and the date on which unvested RUP awards vest.

All RUP awards are made at the discretion of the Committee. Because individual circumstances differ, the Committee has not adopted a formulaic approach to making RUP awards. Awards are granted at the Committee s discretion when the need arises. Although the reasons for granting an award can vary, the objective of granting an award to a recipient is twofold: to retain the services of the recipient over the five-year vesting period while, at the same time providing the type of motivation that further aligns the long-term interests of the recipient with the long-term interests of our Unitholders. The reasons for which the Committee grants RUP awards include, but are not limited to, the following:

- To attract skilled and capable candidates to fill vacant positions;
- To retain the services of an employee;
- To provide an adequate compensation package to accompany an internal promotion; and
- To reward outstanding performance.

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In determining the quantity of restricted units to grant to executive officers and other key employees, the Committee considers, without limitation:

- The executive officer s scope of responsibility, performance and contribution to meeting our objectives;
- The total cash compensation opportunity provided to the executive officer for whom the award is being considered;
- The value of similar equity awards to executive officers of similarly sized enterprises; and
- The current value of a similar quantity of outstanding Common Units.

In addition, in establishing the level of restricted units to grant to our executive officers, the Committee considers the existing level of equity ownership by our executive officers and, prior to October 17, 2006, the level of equity representation through management s ownership of the then General Partner.

When the Committee decides to grant an equity award, it approves a dollar amount of equity compensation that it wants to provide to a particular employee. This dollar amount is then converted into a quantity of restricted units by dividing that dollar amount by the average of the closing prices of our Common Units for the twenty trading days preceding the grant date. The Committee generally makes these awards at their first meeting each year following the availability of the financial results for the prior fiscal year; however, occasionally the Committee grants awards at other times of the year, particularly when the need arises to grant awards because of promotions and new hires.

Until October 17, 2007, the grant date for RUP awards usually coincided with the Committee s approval date. However, on October 31, 2007, the Committee adopted a policy with respect to the effective grant date of subsequent awards of restricted units under the RUP which states that:

Unless the Committee expressly determines otherwise for a particular award at the time of its approval of such award, the effective date of grant of all awards of restricted units under the RUP in a given calendar year will be the first business day in the month of December of that calendar year. If, at the discretion of the Committee, an award is expressed as a dollar amount, then such award will be converted into the number of restricted units, as of the effective date of grant, obtained by dividing the dollar amount of the award by the average of the closing prices, on the New York Stock Exchange, of one Common Unit of the Partnership for the 20 trading days immediately prior to that effective date of grant.

During fiscal 2009, RUP awards were granted to the following named executive officers:

	Grant Date	Quantity of Restricted Units
Michael A. Stivala	December 1, 2008	4,818
Steven C. Boyd	December 1, 2008	2,570
Michael M. Keating	December 1, 2008	4,818
Douglas T. Brinkworth	December 1, 2008	3,212

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At its November 13, 2008 meeting, Mr. Stivala, Mr. Boyd, Mr. Keating and Mr. Brinkworth were the only named executive officers to whom the Committee granted RUP awards. All fiscal 2009 awards were made in recognition of the exemplary performance of each of the recipients and as retention tools. In determining the fiscal 2009 awards for Mr. Stivala, Mr. Boyd, Mr. Keating and Mr. Brinkworth, the Committee relied upon information provided by Mercer to conclude that these awards were necessary to remediate shortfalls perceived by the Committee in the cash compensation of these named executive officers. At its November 13, 2008 meeting, the Committee did not provide Mr. Alexander with a RUP award because, at the time, his compensation was dictated by the provisions of his employment agreement. The Committee chose not to provide Mr. Dunn with a fiscal 2009 award because his fiscal 2008 award was considerably higher than the quantities granted to the other recipients of fiscal 2008 awards due to the Committee s desire to recognize his responsibilities as President and in consideration of his not having received any prior awards under the RUP. Because the Committee utilizes RUP awards as a retention tool and because at the time Mr. Dunn received his fiscal 2008 RUP award he satisfied the criteria found in the retirement provisions of the RUP document, the Committee exercised its discretionary authority to make his award subject to the special stipulation that he hold his unvested award for three years before the retirement provisions of the RUP document become applicable.

At its November 10, 2009 meeting, the Committee concluded an extensive review of Mr. Dunn s compensation relative to his assumption of additional responsibilities as the Partnership s Chief Executive Officer at the commencement of fiscal 2010. Because the Committee believes that equity compensation is a critical component of executive compensation that helps to retain and motivate our executives, the Committee concluded, after comparing the cash components of Mr. Dunn s compensation to the Mercer study, that it would be prudent to provide Mr. Dunn with a RUP award as of December 1, 2009, equal in value to $500,000, in recognition of his assuming the responsibilities of our Chief Executive Officer. This RUP award will be converted into a number of restricted units on the grant date using the formula set forth above.

Generally, compensation expense for unvested RUP awards is recognized ratably over the vesting periods and is net of estimated forfeitures. However, when a RUP award is granted to a retirement-eligible individual, compensation expense associated with such award is recognized ratably over the six-month period following the grant date (because the RUP document requires that a retirement-eligible individual hold an unvested award for at least six months before the award becomes subject to the plan document s retirement provisions). Although Mr. Dunn is a retirement-eligible participant, because the Committee stipulated that his fiscal 2008 award will not become subject to the RUP document s retirement provisions until the conclusion of fiscal 2012, the compensation expense associated with Mr. Dunn s fiscal 2008 award will be recognized ratably over the three-year period between the grant date and the conclusion of fiscal 2012. Because Mr. Keating is retirement-eligible participant whose fiscal 2009 award is subject to the normative retirement provisions of the RUP document, the timing of compensation expense recognition associated with his fiscal 2009 RUP award was recognized ratably over the six-month period following the grant date. As a result, all of the compensation expense associated with Mr. Keating s fiscal 2009 RUP award was recognized during fiscal 2009 and, therefore, was greatly accelerated when contrasted to the recognition of compensation expense relative to the unvested RUP awards held by Mr. Stivala, Mr. Boyd and Mr. Brinkworth who do not meet the retirement criteria of the plan document. The RUP-related compensation expense recognized in the Partnership s fiscal 2009 statement of operations, excluding forfeiture estimates, on behalf of each of the named executive officers is reported in the column titled Unit Awards ($) in the Summary Compensation Table below.

2009 Restricted Unit Plan

At our July 22, 2009, Tri-Annual Meeting, our Unitholders approved our adoption of the 2009 Restricted Unit Plan (RUP-2) effective August 1, 2009. This plan was adopted because the 2000 Restricted Unit Plan, which terminates on October 31, 2010, had insufficient remaining units reserved for awards to meet our long term compensation needs. Upon adoption, this plan authorized the issuance of 1,200,000 Common Units to our executive officers, managers and other employees and to the members of our Board of Supervisors. At the conclusion of fiscal 2009, no awards had been granted under this plan. The provisions of this plan are substantially identical to those of the 2000 Restricted Unit Plan.

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Recoupment of Incentive Compensation

On April 25, 2007, upon recommendation by the Committee, the Board of Supervisors approved an Incentive Compensation Recoupment Policy which permits the Committee to seek the reimbursement from certain executives of the Partnership and Operating Partnership of incentive compensation paid to those executives in connection with any fiscal year for which there is a significant restatement of the published financial statements of the Partnership triggered by a material accounting error, which results in less favorable results than those originally reported by the Partnership. Such reimbursement can be sought from executives even if they had no responsibility for the restatement. In addition to the foregoing, if the Committee determines that any fraud or intentional misconduct by an executive was a contributing factor to the Partnership having to make a significant restatement, then the Committee is authorized to take appropriate action against such executive, including disciplinary action, up to, and including, termination, and requiring reimbursement of all, or any part, of the compensation paid to that executive in excess of that executive s base salary, including cancellation of any unvested restricted units. The Incentive Compensation Recoupment Policy is available on our website at www.suburbanpropane.com.

On July 31, 2007, the Board amended the annual cash bonus plan, LTIP-2 and the RUP to expressly make future awards under such plans subject to the Incentive Compensation Recoupment Policy. RUP-2 was adopted with provisions that made it subject to the Incentive Compensation Recoupment Policy.

Pension Plan

We sponsor a noncontributory defined benefit pension plan that was originally designed to cover all of our eligible employees who met certain criteria relative to age and length of service. Effective January 1, 1998, we amended the plan in order to provide for a cash balance format rather than the final average pay format that was in effect prior to January 1, 1998. The cash balance format is designed to evenly spread the growth of a participant s earned retirement benefit throughout his or her career rather than the final average pay format, under which a greater portion of a participant s benefits were earned toward the latter stages of his or her career. Effective January 1, 2000, we amended the plan to limit participation in this plan to existing participants and no longer admit new participants to the plan. On January 1, 2003, we amended the plan to cease future service and pay-based credits on behalf of the participants and, from that point on, participants benefits have increased only due to interest credits.

Each of our named executive officers, with the exception of Mr. Stivala, participates in the plan. The changes in the actuarial value relative to each named executive officer s participation in the plan is reported in the column titled Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) in the Summary Compensation Table below.

Deferred Compensation

All employees, including the named executive officers, who satisfy certain service requirements, are entitled to participate in our IRC Section 401(k) Plan (the 401(k) Plan), in which participants may defer a portion of their eligible cash compensation up to the limits established by law. We offer the 401(k) Plan to attract and retain talented employees by providing them with a tax-advantaged opportunity to save for retirement.

For fiscal 2009, all of our named executive officers participated in the 401(k) Plan. The benefits provided to our named executive officers under the 401(k) Plan are provided on the same basis as to our other exempt employees. Amounts deferred by our named executive officers under the 401(k) Plan are included in the column titled Salary ($) in the Summary Compensation Table below.

In order to be competitive with other employers, if certain performance criteria are met, we will match our employee-participants contributions up to the lesser of 6% of their base salary or $245,000, at a rate determined based on a performance-based scale. The following chart shows the performance target criteria that must be met for each level of matching contribution:

If We Meet This Percentage of Budgeted EBITDA[1]	The Participating Employee Will Receive this Matching Contribution for the Year

115% or higher	100%
100% to 114%	50%
90% to 99%	25%
Less than 90%	0%

(1) For additional information regarding the non-GAAP term Budgeted EBITDA, refer to the explanation provided under the subheading Annual Cash Bonus Plan above.

For fiscal 2009, our budgeted 401(k) Plan EBITDA was $187.0 million. Our actual 401(k) Plan EBITDA fiscal 2009 results were such that each of our executive officers earned a matching contribution of 100%. As a result, we will provide participants with a match equal to 100% of their calendar year 2009 contributions that did not exceed 6% of their total base pay up to a maximum base pay of $245,000. The matching contributions that we will make on behalf of our named executive officers are reported in the column titled All Other Compensation ($) in the Summary Compensation Table below.

Non-Qualified Deferred Compensation

Until January 2008, we maintained a Non-Qualified Deferred Compensation Plan (the Compensation Deferral Plan) to which vested restricted units from the 1996 Restricted Unit Plan (which was subsequently replaced by the 2000 Restricted Unit Plan described above) were deferred by the recipients, some of whom are our named executive officers, on May 26, 1999 in connection with our Recapitalization. The Compensation Deferral Plan operated through a rabbi trust, which held the deferred restricted units. On November 2, 2005, for the purpose of IRC Section 409A compliance, our Board of Supervisors approved an amendment to the Compensation Deferral Plan that prohibited any additional deferral elections.

At the end of fiscal 2007, Mr. Alexander and Mr. Dunn were the only remaining beneficiaries of the Compensation Deferral Plan. In accordance with their deferral elections, the entire corpus of the rabbi trust was distributed to them during January 2008 and the fair market value of their respective portions of the corpus is included in their taxable wage earnings for calendar year 2008.

Because the Compensation Deferral Plan contained only Common Units, and because the cash distributions that inured to those units were immediately distributed to the beneficiaries, the plan did not provide Mr. Alexander and Mr. Dunn with above market interest; nor did they receive distributions on the Common Units at a rate higher than the distributions paid on behalf of our Common Units held by the investing public. As a result, nothing relative to the Compensation Deferral Plan is reported in the Summary Compensation Table below for fiscal 2009, fiscal 2008 or fiscal 2007.

Supplemental Executive Retirement Plan

In 1998, we adopted a non-qualified, unfunded supplemental retirement plan known as the Suburban Propane Company Supplemental Executive Retirement Plan (the SERP). The purpose of the SERP was to provide Mr. Alexander and Mr. Dunn with a level of retirement income from us, without regard to statutory maximums, including the IRC s limitation for defined benefit plans. In light of the conversion of the Pension Plan to a cash balance formula as described under the subheading Pension Plan above, the SERP was amended and restated effective January 1, 1998. The annual retirement benefit under the SERP represents the amount of annual benefits that the participants in the SERP would otherwise be eligible to receive, calculated using the same pay-based credits referenced in the Pension Plan section above, applied to the amount of annual compensation that exceeds the IRC s statutory maximums for defined benefit plans, which was $200,000 in 2002. Effective January 1, 2003, the SERP was discontinued with a frozen benefit determined for Mr. Alexander and Mr. Dunn.

When the SERP was adopted, prior to its being frozen, the plan was intended to provide Mr. Alexander with a monthly benefit of $6,737 and Mr. Dunn with a monthly benefit of $373 upon retirement. In accordance with the provisions of his separation and consulting agreement (for more information on Mr. Alexander s separation and consulting agreement, please refer to the section titled Employment Agreements below), Mr. Alexander received a lump sum payment equal to what said lump sum payment would have been if Mr. Alexander had attained age 55 and retired on September 26, 2009. The amount of Mr. Alexander s payment was $444,030. This amount was paid to Mr. Alexander during the thirty-day period following the conclusion of fiscal 2009. As a result of this payment to Mr. Alexander, Mr. Dunn is the plan s sole remaining participant. Because Mr. Alexander was granted an additional four year s interest credits (by September 26, 2009 he had attained age 51), he received above market interest credits. The above-market interest credits allocated to Mr. Alexander have been reported in the column titled Change in Pension Value and Nonqualified Deferred Compensation Earnings in the Summary Compensation Table below. During fiscal 2009, Mr. Dunn received no above-market interest credits relative to the SERP; therefore, nothing relative to Mr. Dunn s participation in the SERP is reported in the Summary Compensation Table below.

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Other Benefits

As part of his total compensation package, each named executive officer is eligible to participate in all of our other employee benefit plans, such as the medical, dental, group life insurance and disability plans. In each case, with the exception of Mr. Alexander for whom we purchase supplemental life insurance and supplemental long-term disability policies at a cost of $6,556 per year, these benefits are provided on the same basis as are provided to other exempt employees. These benefit plans are offered to attract and retain talented employees by providing them with competitive benefits.

Other than to Mr. Alexander, in accordance with the terms of his separation and consulting agreement that superseded his employment agreement (both of which are described below in the section titled Employment Agreements), and Mr. Dunn, in accordance with the terms of his employment agreement (described below in the section titled Employment Agreements), there are no post-termination or other special rights provided to any named executive officer to participate in these benefit programs other than the right to participate in such plans for a fixed period of time following termination of employment, on the same basis as is provided to other exempt employees, as required by law. As described below in the section titled Employment Agreements, Mr. Dunn has agreed with the Partnership to terminate his employment agreement effective as of the commencement of fiscal 2010.

The costs of all such benefits incurred on behalf of our named executive officers are reported in the column titled All Other Compensation ($) in the Summary Compensation Table below.

Perquisites

Perquisites represent a minor component of our executive officers compensation. Each of the named executive officers is eligible for tax preparation services, a company-provided vehicle, and an annual physical. The following table summarizes both the value and the utilization of these perquisites by the named executive officers in fiscal 2009.

Name	Tax Preparation Services	Employer-Provided Vehicle	Physical
Mark A. Alexander	$ 3,500	$ 11,819	$ 1,300
Michael A. Stivala	$ -0-	$ 11,318	$ 1,300
Michael J. Dunn, Jr.	$ 3,000	$ 12,205	$ -0-
Steven C. Boyd	$ 3,000	$ 6,205	$ -0-
Michael M. Keating	$ 3,000	$ 11,015	$ 1,300
Douglas T. Brinkworth	$ 3,000	$ 10,610	$ -0-

Perquisite-related costs are reported in the column titled All Other Compensation ($) in the Summary Compensation Table below.

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Impact of Accounting and Tax Treatments of Executive Compensation

As we are a partnership and not a corporation for federal income tax purposes, we are not subject to the limitations of IRC Section 162(m) with respect to tax deductible executive compensation. Accordingly, none of the compensation paid to our named executive officers is subject to a limitation as to tax deductibility. However, if such tax laws related to executive compensation change in the future, the Committee will consider the implications on us.

In accordance with their respective employment agreements, Mr. Alexander and Mr. Dunn were entitled to receive tax gross-up payments for any parachute excise tax incurred pursuant to IRC Section 4999; they are also entitled to receive tax gross-up payments for any payment that violates the provisions of IRC Section 409A or its associated regulations.

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

Mr. Alexander s separation and consulting agreement does not meet the criteria under which IRC Section 4999 parachute excise tax is triggered. Additionally, it is the Partnership s practice to comply with the statutory and regulatory provisions of IRC Section 409A; therefore, all payments associated with Mr. Alexander s severance and consulting agreement will be made in accordance with the statutory and regulatory provisions of IRC Section 409A and, as a result, will not incur the 20% federal excise tax triggered by payments that violate said provisions.

Employment Agreements

Mr. Alexander, our Chief Executive Officer through the conclusion of fiscal 2009, and Mr. Dunn, our President (and Chief Executive Officer commencing with the start of fiscal 2010), are the only executive officers, named or otherwise, with whom we formerly had employment agreements. Mr. Alexander s employment agreement remained in effect until the conclusion of fiscal 2009 in accordance with the terms of his separation and consulting agreement announced on April 23, 2009. At the conclusion of fiscal 2009, Mr. Alexander s employment agreement no longer had force or effect; instead, the provisions of his separation and consulting agreement went into effect. For more information regarding Mr. Alexander s separation and consulting agreement, refer to the subsection below titled *Separation and Consulting Agreement of Mr. Alexander* and to the table below titled Actual Payments to Mr. Alexander under His Separation and Consulting Agreement. As a result of an agreement reached between Mr. Dunn and the Committee at its November 10, 2009 Committee meeting, Mr. Dunn s employment agreement was terminated retroactively as of September 27, 2009 and replaced with a letter of agreement. For more information regarding Mr. Dunn s letter of agreement, refer to the subsection below titled *Letter of Agreement of Mr. Dunn* and to the table below titled Potential Payments upon Termination to Mr. Dunn under his Letter of Agreement.

In regard to the history of Mr. Alexander s employment agreement, we entered into an employment agreement with him when it was announced, on March 5, 1996, that he would become our Chief Executive Officer. This agreement was subsequently amended on October 23, 1997, April 14, 1999 and November 2, 2005. In regard to the history of Mr. Dunn s employment agreement, on February 5, 2007, we entered into an employment agreement with him that had an effective date of February 1, 2007. On November 13, 2008, the Committee approved an amendment to each of Mr. Alexander s and Mr. Dunn s employment agreements to bring these agreements into conformance with the final regulations issued by the IRS under IRC Section 409A.

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The final provisions of both Mr. Alexander s and Mr. Dunn s employment agreements were the results of negotiations between the Committee and each individual and are not reducible to a specific process. For example, Mr. Alexander was the only Chief Executive Officer that had been employed by the Partnership until Mr. Dunn assumed the role on September 27, 2009. As a result, some aspects of Mr. Alexander s employment arrangements predate the existence of the Partnership and were agreed to by our former general partner. Over the years, when considering whether to renew Mr. Alexander s contract, the Committee considered, among other factors, Mr. Alexander s experience, performance and the fact that our headquarters are located in the New York Metropolitan area. Similar considerations applied to the circumstances under which Mr. Dunn s employment agreement was negotiated. In particular, the Committee believed that the termination and change of control arrangements contained in both of these employment agreements were an important part of the competitive total compensation provided to our Chief Executive Officer and to our President. The Committee also believed that the termination and change of control provisions of Mr. Alexander s and Mr. Dunn s employment agreements were necessary to eliminate, or at least reduce, the possibility of reluctance on the part of our Chief Executive Officer and our President to pursue potential change of control transactions that might have been in the best interests of our Unitholders. These arrangements did not affect any decision made in fiscal 2009 with respect to any other compensation elements for our named executive officers.

Employment Agreement of Mr. Alexander

Mr. Alexander s employment agreement had an initial term of three years, and was renewed automatically for all successive one-year periods through the end of fiscal 2009. The employment agreement provided for an annual base salary of $450,000 and provided Mr. Alexander with the opportunity to earn a cash bonus of up to 100% of base salary based upon the achievement of the same EBITDA-related performance criteria as contained in our annual cash bonus plan described in the section titled Annual Cash Bonus Plan above. Under our Partnership Agreement, the Committee had the authority to grant Mr. Alexander a bonus in excess of 100% if, in accordance with the terms of the annual cash bonus plan, our other executive officers earned bonuses exceeding their target bonuses for the fiscal year. The Committee exercised this authority in connection with Mr. Alexander s cash bonus for fiscal 2007 in recognition of performance. For fiscal 2009, in accordance with the provisions of Mr. Alexander s separation and consulting agreement, the Committee agreed to provide Mr. Alexander with a cash bonus payment of up to 110% of his base salary to parallel the cash bonuses earned by the other named executive officers under our annual cash bonus plan.

Mr. Alexander s employment agreement provided him the opportunity to participate in benefit plans made available to our other executive officers and our other key employees. Under the provisions of this agreement, we also provided Mr. Alexander with a term life insurance policy with a face amount equal to three times his base salary.

If, while Mr. Alexander s employment agreement had force and effect, a change of control (as defined in the Change of Control section below) of the Partnership had occurred, and within six months prior thereto or at any time subsequent to such change of control, we had terminated Mr. Alexander s employment without cause (as defined in the Severance Benefits section below) or if Mr. Alexander had resigned with good reason (as defined in the Severance Benefits section below) or had terminated his employment commencing on the six month anniversary and ending on the twelve month anniversary of such change of control, then Mr. Alexander would have been entitled to:

- A lump sum severance payment equal to three times his annual base salary in effect as of the date of termination plus three times his annual cash bonus at 100%; and
- Medical benefits for three years from the date of such termination.

In situations unconnected to a change of control event, if the Partnership had terminated Mr. Alexander s employment without cause or if Mr. Alexander had resigned with good reason, then Mr. Alexander would have been entitled to:

- A severance payment equal to (A) the portion of his base salary earned but not paid as of the date of termination, (B) his pro-rata annual cash bonus under the employment agreement based upon the number of days worked during the fiscal year of termination, and (C) three times his annual base salary in effect as of the date of termination; and
- Medical benefits for three years from the date of such termination reduced to the extent comparable benefits are provided to Mr. Alexander by another party.

The employment agreement required that if any payment received by Mr. Alexander had been subject to the 20% excise tax under IRC Section 4999, the payment would have been increased to permit Mr. Alexander to retain a net amount on an after-tax basis equal to what he would have received had the excise tax not been payable.

If Mr. Alexander s employment had been terminated due to death, disability, or pursuant to delivery of a non-renewal notice to the Partnership in accordance with the terms and conditions of his employment agreement, he or his estate would have been entitled to earned but unpaid base salary plus his pro-rata cash bonus. If his employment had been terminated by the Partnership for cause, he would have been entitled to his earned but unpaid base salary only.

Separation and Consulting Agreement of Mr. Alexander

In order to provide for an orderly transition from his leadership as our Chief Executive Officer to that of his successor, after making his decision to resign as our Chief Executive Officer, Mr. Alexander entered into negotiations with the Board of Supervisors to plan an orderly transition. As a result of negotiations between Mr. Alexander and the Board of Supervisors, Mr. Alexander agreed to a termination of his existing employment agreement simultaneous with Mr. Dunn s succession as our next Chief Executive Officer at the close of business on September 26, 2009. The following items are the essential elements of Mr. Alexander s separation and consulting agreement that was entered into as a result of Mr. Alexander s and the Board of Supervisor s collaborative efforts to ensure an orderly transition:

Mr. Alexander was to remain our Chief Executive Officer until the close of business on September 26, 2009. At that time, Mr. Dunn would succeed him as our President and Chief Executive Officer. Mr. Alexander agreed not to stand for election to our Board of Supervisors at the July 22, 2009 Tri-Annual Meeting.

Mr. Alexander s existing employment agreement was to remain in effect until the end of fiscal 2009 and subsequently have no further force or effect. During the period between April 23, 2009 and September 26, 2009, the Board of Supervisors would retain the right to terminate the existing agreement for cause. During the period between April 23, 2009 and September 26, 2009, Mr. Alexander was permitted to seek other employment opportunities that were not inconsistent with the non-compete provisions of his separation and consulting agreement.

Mr. Alexander will remain bound to non-competition, non-solicitation and confidentiality obligations substantially identical to those contained in his former employment agreement, in each case, for the three year period commencing at the close of business on September 26, 2009.

For the three year period commencing at the close of business on September 26, 2009, Mr. Alexander will remain engaged by the Partnership as an independent consultant providing transitional assistance and strategic advice to the Board of Supervisors and to Mr. Dunn with respect to operational matters, acquisitions, dispositions and other transactional matters.

As payment for his three-year consulting services, Mr. Alexander will receive an aggregate consulting fee of $1,000,000, payable over the course of the three-year consulting period.

Mr. Alexander will be paid his fiscal 2009 cash bonus (110% of base salary), without proration.

Mr. Alexander received a payment ($444,030) under the SERP equal to what said payment would have been if Mr. Alexander had attained age 55 on September 26, 2009.

Mr. Alexander will be reimbursed for income tax preparation services for the filing of his 2009, 2010 and 2011 income tax returns.

We will continue to pay the lease expense and insurance on Mr. Alexander s employer-provided vehicle for the three years during which he acts as a consultant.

We will pay for Mr. Alexander s supplemental life insurance coverage for the three years during which he acts as a consultant.

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In lieu of a fiscal 2009 matching contribution of $14,700 to Mr. Alexander s 401(k), Mr. Alexander will receive a cash payment of $14,700 on or about the same day that fiscal 2009 matching contributions are made to the 401(k) accounts of the Partnership s employees.

We will reimburse Mr. Alexander s payments for medical and dental benefits coverage until he is covered under another employer s medical/dental plan for a period not to exceed the three year consulting period.

Mr. Alexander has provided us with a general release from future litigation. He will retain his rights to indemnification and to director and officer insurance.

Mr. Alexander transferred his sole membership interest in the general partner to Mr. Dunn at the close of business on September 26, 2009.

The change of control benefits under Mr. Alexander s existing employment agreement terminated at the close of business on September 26, 2009. However, if a change of control occurs during the three year period during which he provides consulting services to us, his consulting obligations will cease and he will be paid the remaining, unpaid portion of the agreed upon consulting fee of $1,000,000. In addition, he will receive payment of any unpaid LTIP-2 awards in accordance with the terms and conditions of the plan document.

For comparative purposes, the section titled Potential Payments Upon Termination below includes a table containing hypothetical severance payments that would have been made under Mr. Alexander s former employment agreement and another containing the actual payments he will receive under his separation and consulting agreement.

Employment Agreement of Mr. Dunn

Mr. Dunn s employment agreement had an initial term of two years commencing on February 1, 2007, the term of which were to automatically renew for successive one-year periods, unless earlier terminated by us or by Mr. Dunn or otherwise terminated in accordance with the terms of the employment agreement. The provisions of Mr. Dunn s employment agreement provided for an initial annual base salary of $400,000 per year (which was permitted to be adjusted upwards annually at the Committee s discretion) and, in accordance with the provisions of our annual cash bonus plan, the opportunity to earn a cash bonus in each fiscal year up to 110% of his annual base salary for each fiscal year (the Maximum Annual Cash Bonus). Additionally, Mr. Dunn s employment agreement permitted his participation in the same benefit plans made available to our other executive officers and other key employees.

If, while Mr. Dunn s employment agreement had force and effect, a change of control (as defined in the Change of Control section below) of the Partnership had occurred and within six months prior thereto or within two years thereafter the Partnership had terminated Mr. Dunn s employment without cause (as defined in the Severance Benefits section below) or if Mr. Dunn had resigned with good reason (as defined in the Severance Benefits section below), then Mr. Dunn would have been entitled to a severance payment equal to the sum of:

The portion of his base salary earned but not paid as of the date of termination;

His pro-rata cash bonus (the bonus Mr. Dunn would have been entitled to under the employment agreement for the full fiscal year in which the termination occurred multiplied by the number of days from the beginning of that fiscal year until the termination date and divided by 365);

Two times the sum of (1) his annual base salary in effect as of the date of termination, plus (2) the Maximum Annual Cash Bonus; and

Medical benefits for two years from the date of such termination.

In situations unconnected to a change of control event, if the Partnership had terminated Mr. Dunn s employment without cause, or if Mr. Dunn had resigned with good reason, then Mr. Dunn would have been entitled to:

- A severance payment equal to (A) the portion of his base salary earned but not paid as of the date of termination, (B) the annual cash bonus Mr. Dunn would have been entitled to under the employment agreement for the full fiscal year in which the termination occurred had Mr. Dunn remained employed by the Partnership for that full fiscal year, and (C) two times his annual base salary in effect as of the date of termination; and

- Medical benefits for two years from the date of such termination.

The employment agreement required that if any payment received by Mr. Dunn had been subject to the 20% excise tax under IRC Section 4999, the payment would have been increased to permit Mr. Dunn to retain a net amount on an after-tax basis equal to what he would have received had the excise tax not been payable.

If Mr. Dunn s employment had been terminated due to death, disability, or pursuant to delivery of a non-renewal notice to the Partnership in accordance with the terms and conditions of his employment agreement, he or his estate, as the case may be, would have been entitled to earned but unpaid base salary plus his pro-rata cash bonus for the fiscal year during which termination occurred. If his employment were terminated by the Partnership for cause, or if he resigned without good reason, he would have been entitled to his earned but unpaid base salary only.

Letter of Agreement of Mr. Dunn

Simultaneous with the commencement of fiscal 2010, Mr. Dunn s employment agreement was terminated and replaced with a letter of agreement governing retirement and the implementation of a mutually agreed upon succession plan. The letter of agreement between Mr. Dunn and us is summarized as follows:

- Mr. Dunn will participate in our Severance Protection Plan at the 78-week participation level.

- If on or after the last day of fiscal 2012, Mr. Dunn retires or leaves as a result of an agreed-upon succession plan, he will receive the following:
  - A lump sum payment equal to two years of base salary.
  - Payment of medical benefits until attainment of age 65 (Mr. Dunn will be 63 at the conclusion of fiscal 2012).
  - Payment of unvested LTIP-2 awards held by Mr. Dunn at separation in accordance with the terms and conditions of the LTIP-2 plan document.
  - Transfer of ownership of employer-provided vehicle to Mr. Dunn.
  - Receipt of other vested and certain unvested benefits including restricted unit awards, earned cash bonus, pension plan in accordance with the terms and conditions of each plan.

In return for the foregoing, Mr. Dunn agreed to provide us with a release of all claims he might have against us at the time of his departure. Mr. Dunn also agreed to provide us with transition consultation services for a period not to exceed two years following his departure. Mr. Dunn will not be deemed to have retired or terminated his employment if he simply relinquishes the title and responsibilities of President but remains our Chief Executive Officer.

For comparative purposes, the section titled Potential Payments Upon Termination below includes a table containing hypothetical severance payments that would have been made under the provisions Mr. Dunn s former employment agreement and another containing hypothetical payments under the provisions of his letter of agreement.

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Severance Benefits

We believe that, in most cases, employees should be paid reasonable severance benefits. Therefore, it is the general policy of the Committee to provide executive officers and other key employees who are terminated by us without cause or who choose to terminate their employment with us for good reason with a severance payment equal to, at a minimum, one year s base salary, unless circumstances dictate otherwise. This policy was adopted because it may be difficult for former executive officers and other key employees to find comparable employment within a short period of time. However, depending upon individual facts and circumstances, particularly the severed employee s tenure with us, the Committee may make exceptions to this general policy.

A key employee is an employee who has attained a director level pay-grade or higher. Cause will be deemed to exist where the individual has been convicted of a crime involving moral turpitude, has stolen from us, has violated his or her non-competition or confidentiality obligations, or has been grossly negligent in fulfillment of his or her responsibilities. Good reason generally will exist where an executive officer s position or compensation has been decreased or where the employee has been required to relocate.

Change of Control

Our executive officers and other key employees have built the Partnership into the successful enterprise that it is today; therefore, we believe that it is important to protect them in the event of a change of control. Further, it is our belief that the interests of our Unitholders will be best served if the interests of our executive officers are aligned with them, and that providing change of control benefits should eliminate, or at least reduce, the reluctance of our executive officers to pursue potential change of control transactions that may be in the best interests of our Unitholders. Additionally, we believe that the severance benefits provided to our executive officers and to our key employees are consistent with market practice and appropriate because these benefits are an inducement to accepting employment and because the executive officers have agreed to and are subject to non-competition and non-solicitation covenants for a period following termination of employment. Therefore, our executive officers and other key employees are provided with employment protection following a change of control (the Severance Protection Plan). During fiscal 2009, our Severance Protection Plan covered all executive officers, including the named executive officers, with the exception of our Chief Executive Officer and our President, whose severance provisions were established in their respective employment agreements.

The Severance Protection Plan provides for severance payments of either sixty-five or seventy-eight weeks of base salary and target cash bonuses for such officers and key employees following a change of control and termination of employment. All named executive officers who participate in the Severance Protection Plan are eligible for seventy-eight weeks of base salary and target bonuses. The cash components of any change of control benefits are paid in a lump sum.

In addition, upon a change of control, without regard to whether a participant s employment is terminated, all unvested awards granted under the RUP will vest immediately and become distributable to the participants and all outstanding, unvested LTIP-2 awards will vest immediately as if the three-year measurement period for each outstanding award concluded on the date the change of control occurred and our TRU was such that, in relation to the performance of the other members of the peer group, it fell within the top quartile.

For purposes of these benefits, a change of control is deemed to occur, in general, if:

An acquisition of our Common Units or voting equity interests by any person immediately after which such person beneficially owns more than 30% of the combined voting power of our then outstanding Common Units, unless such acquisition was made by (a) us or our subsidiaries, or any employee benefit plan maintained by us, our Operating Partnership or any of our subsidiaries, or (b) any person in a transaction where (A) the existing holders prior to the transaction own at least 50% of the voting power of the entity surviving the transaction and (B) none of the Unitholders other than Suburban, our subsidiaries, any employee benefit plan maintained by us, our Operating Partnership, or the surviving entity, or the existing beneficial owner of more than 25% of the outstanding Common Units owns more than 25% of the combined voting power of the surviving entity (such transaction, a Non-Control Transaction); or

The consummation of (a) a merger, consolidation or reorganization involving Suburban other than a Non-Control Transaction; (b) a complete liquidation or dissolution of Suburban; or (c) the sale or other disposition of 40% or more of the gross fair market value of all the assets of Suburban to any person (other than a transfer to a subsidiary).

The SERP (as discussed above in the section titled Supplemental Executive Retirement Plan) will terminate effective on the close of business thirty days following the change of control. Mr. Dunn, the remaining participant, will be deemed to have retired and will have his respective benefits determined as of the date the plan is terminated with payment of his benefits no later than ninety days after the change of control. He will receive a lump sum payment equivalent to the present value of his benefit payable under the plan utilizing the lesser of the prime rate of interest as published in the Wall Street Journal as of the date of the change of control or one percent, as the discount rate to determine the present value of the accrued benefit.

For purposes of the SERP, a change of control is deemed to occur, in general, if:

An acquisition of our Common Units or voting equity interests by any person immediately after which such person beneficially owns more than 25% of the combined voting power of our then outstanding Common Units, unless such acquisition was made by (a) us or our subsidiaries, Suburban Energy Services Group, LLC, or any employee benefit plan maintained by us, our Operating Partnership or any of our subsidiaries, or (b) any person in a transaction where (A) the existing holders prior to the transaction own at least 60% of the voting power of the entity surviving the transaction and (B) none of the Unitholders other than the Partnership, our subsidiaries, any employee benefit plan maintained by us, our Operating Partnership, or the surviving entity, or the existing beneficial owner of more than 25% of the outstanding Common Units owns more than 25% of the combined voting power of the surviving entity (such transaction, a Non-Control Transaction); or

Approval by our partners of (a) a merger, consolidation or reorganization involving the Partnership other than a Non-Control Transaction; (b) a complete liquidation or dissolution of the Partnership; or (c) the sale or other disposition of 50% or more of our net assets to any person (other than a transfer to a subsidiary).

For additional information pertaining to severance payable to our named executive officers following a change of control-related termination, see the tables titled Potential Payments Upon Termination below.

Report of the Compensation Committee

The Compensation Committee has reviewed and discussed with management this Compensation Discussion and Analysis. Based on its review and discussions with management, the Committee recommended to the Board of Supervisors that this Compensation Discussion and Analysis be included in this Annual Report on Form 10-K for fiscal 2009.

The Compensation Committee:
John Hoyt Stookey, Chairman
John D. Collins
Harold R. Logan, Jr.
Dudley C. Mecum
Jane Swift

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ADDITIONAL INFORMATION REGARDING EXECUTIVE COMPENSATION
Summary Compensation Table for Fiscal 2009
The following table sets forth certain information concerning the compensation of each named executive officer during the fiscal years ended September 26, 2009, September 27, 2008 and September 29, 2007:

Name and Principal Position	Year	Salary ($)[(1)]	Bonus ($)[(2)]	Unit Awards ($)[(3)]	Non-Equity Incentive Plan Compensation ($)[(4)]	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)[(5)]	All Other Compensation ($)[(6)]	Total ($)
(a)	(b)	(c)	(d)	(e)	(g)	(h)	(i)	(j)
Mark A. Alexander	2009	$ 450,000		$ 367,525	$ 495,000	$ 64,042	$ 1,126,693	$ 2,503,260
Chief Executive Officer	2008	$ 450,000		$ 171,606	$ 427,500		$ 46,926	$ 1,096,032
	2007	$ 450,000	$ 45,000	$ 410,238	$ 456,188		$ 52,507	$ 1,413,933
Michael A. Stivala	2009	$ 262,500		$ 230,025	$ 214,500		$ 41,728	$ 748,753
Chief Financial Officer	2008	$ 250,000		$ 157,913	$ 154,375		$ 32,589	$ 594,877
&	2007	$ 200,000		$ 210,370	$ 132,831		$ 32,356	$ 575,557
Chief Accounting Officer								
Michael J. Dunn, Jr.	2009	$ 433,333		$ 719,286	$ 467,500	$ 56,050	$ 48,065	$ 1,724,234
President	2008	$ 425,000		$ 498,395	$ 403,750		$ 38,976	$ 1,366,121
	2007	$ 391,552		$ 824,713	$ 443,568	$ 6,752	$ 44,879	$ 1,711,464
Steven C. Boyd	2009	$ 260,000		$ 243,600	$ 214,500	$ 53,577	$ 39,811	$ 811,488
Vice President of Field	2008	$ 245,000		$ 178,116	$ 139,650		$ 26,406	$ 589,172
Operations	2007	$ 226,232		$ 243,910	$ 155,868		$ 34,202	$ 660,212
Michael M. Keating	2009	$ 230,833		$ 218,072	$ 160,875	$ 107,821	$ 45,583	$ 763,184
Senior Vice President of	2008	$ 220,000		$ 290,955	$ 135,850		$ 35,109	$ 681,914
Administration	2007	$ 210,000		$ 266,908	$ 151,611	$ 5,648	$ 43,816	$ 677,983
Douglas T. Brinkworth	2009	$ 228,333		$ 203,655	$ 185,625	$ 31,679	$ 43,440	$ 692,732
Vice President of	2008	$ 215,000		$ 148,463	$ 153,188		$ 34,881	$ 551,532
Product Supply	2007	$ 195,000		$ 213,167	$ 129,758		$ 41,720	$ 579,645

(1) Includes amounts deferred by named executive officers as

contributions to the qualified 401(k) Plan. For more information on Mr. Alexander s and Mr. Dunn s base salaries, refer to the subheading titled Employment Agreements in the Compensation Discussion and Analysis above. During fiscal 2007, Mr. Stivala was not our Chief Financial Officer. His promotion from Controller to Chief Financial Officer was effective on September 30, 2007; therefore, the $50,000 increase between his fiscal 2007 and fiscal 2008 base salary is attributable to the increased responsibilities associated with his promotion.

For more information on the relationship between salaries and other cash compensation (i.e., annual cash incentives and 2003

Long-Term Incentive Plan awards), refer to the subheading titled Allocation Among Components in the Compensation Discussion and Analysis above.

(2) For fiscal 2007, in recognition of performance, the Committee provided Mr. Alexander with an incentive payment equal to 110% of his target cash bonus to parallel the cash bonuses earned by the other named executive officers under the annual cash bonus plan. The amount reported in this column represents the additional 10% awarded to Mr. Alexander at the Committee s discretion. For fiscal 2009, as part of the negotiated terms of Mr. Alexander s separation and consulting agreement, the Committee agreed to

provide Mr. Alexander with a cash bonus payment of up to 110% of his base salary to parallel the cash bonuses earned by the other named executive officers under our annual cash bonus plan. Because the additional 10% for 2009 was pursuant to a written agreement (i.e., Mr. Alexander s separation and consulting agreement), this amount has been reported in column g .

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(3) The amounts reported in this column represent the expense, before the application of forfeiture estimates, recognized in our fiscal 2009, 2008 and 2007 statements of operations with respect to RUP awards made in fiscal years 2009, 2008 and 2007, as well as in prior fiscal years, and for LTIP-2 awards made in fiscal years 2009, 2008 and 2007 as well as in prior fiscal years. The specific details regarding these plans are provided in the preceding Compensation Discussion and Analysis under the subheadings 2000 Restricted Unit Plan and 2003 Long-Term Incentive Plan. The breakdown for each plan with respect to each named executive officer is as follows:

Plan Name	Mr. Alexander	Mr. Stivala	Mr. Dunn	Mr. Boyd	Mr. Keating	Mr. Brinkworth
2009						
RUP	$ N/A	$ 105,677	$ 337,490	$ 111,438	$ 87,177	$ 80,802
LTIP-2	367,528	124,348	381,796	132,162	130,895	122,853
Total	**$ 367,528**	**$ 230,025**	**$ 719,286**	**$ 243,600**	**$ 218,072**	**$ 203,655**
2008						
RUP	N/A	$ 81,983	$ 309,366	$ 94,480	$ 160,358	$ 65,106
LTIP-2	$ 171,606	75,930	189,029	83,636	130,597	83,357
Total	**$ 171,606**	**$ 157,913**	**$ 498,395**	**$ 178,116**	**$ 290,955**	**$ 148,463**
2007						
RUP	N/A	$ 82,507	N/A	$ 87,127	$ 39,911	$ 73,536
LTIP-2	$ 410,238	127,863	$ 824,713	156,783	226,997	139,631
Totals	**$ 410,238**	**$ 210,370**	**$ 824,713**	**$ 243,910**	**$ 266,908**	**$ 213,167**

Because Mr. Dunn has met the retirement eligibility criteria under the provisions of LTIP-2, all compensation expense relative to unvested awards granted to Mr. Dunn under this plan was recognized in full in the year the award is granted. Although Mr. Dunn has also met the retirement eligibility criteria under the RUP s normative retirement provisions, at the

discretion of the Committee, Mr. Dunn s unvested fiscal 2008 RUP award must be held for three years from the grant date of December 3, 2007 before the retirement provisions become applicable. As a result, the expense associated with Mr. Dunn s fiscal 2008 RUP award will be recognized over this three year period. Mr. Dunn s December 3, 2007 RUP award of 29,533 units was granted in consideration of his responsibilities as the Partnership s President and in consideration of his not having received a prior award under this plan.

Because Mr. Keating satisfied the RUP and LTIP-2 retirement criteria during fiscal 2008, all remaining unrecognized expense relative to unvested

awards held by him in fiscal 2008 was recognized during fiscal 2008. Additionally, all compensation expense relative to unvested awards granted to Mr. Keating during fiscal 2009 was fully recognized during fiscal 2009.

(4) For fiscal 2009 and fiscal 2008, the amounts reported in this column represent each named executive officer s annual cash bonus earned in accordance with the performance measures discussed under the subheading Annual Cash Bonus Plan in the Compensation Discussion and Analysis. For fiscal 2007, the amounts included in this column also include the interest credits made on behalf of the remaining balances of LTIP-2 s predecessor plan. Because the

remaining balances of the predecessor plan were distributed to the participants during November 2007, there were no fiscal 2009 or fiscal 2008 interest credits. The fiscal 2007 breakdown for each plan with respect to each named executive officer is as follows:

Plan Name	Mr. Alexander	Mr. Stivala	Mr. Dunn	Mr. Boyd	Mr. Keating	Mr. Brinkworth
Cash Bonus	$ 450,000	$ 132,000	$ 440,000	$ 155,100	$ 150,150	$ 128,700
LTIP-1 Interest Credits	6,188	831	3,568	768	1,461	1,058
Totals	**$ 456,188**	**$ 132,831**	**$ 443,568**	**$ 155,868**	**$ 151,611**	**$ 129,758**

(5) The amounts reported in this column represent each named executive officer s Cash Balance Plan earnings and for Messrs. Alexander and Dunn, SERP earnings for the year. The decline in values of pension and nonqualified deferred compensation balances for fiscal 2008 were ($150,315), ($23,157), ($29,043), ($57,881) and ($17,463) for Messrs. Alexander,

Dunn, Boyd, Keating and Brinkworth, respectively. The decline in values of pension and nonqualified deferred compensation balances for fiscal 2007 were ($1,460), ($3,348) and ($1,339) for Messrs. Alexander, Boyd and Brinkworth, respectively. These amounts have been omitted from the table because they are negative.
Mr. Stivala is not a participant in these plans.

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(6) The amounts reported in this column consist of the following:

	2009					
Type of Compensation	**Mr. Alexander**	**Mr. Stivala**	**Mr. Dunn**	**Mr. Boyd**	**Mr. Keating**	**Mr. Brinkworth**
401(k) Match	$	$ 14,700	$ 14,700	$ 14,700	$ 14,200	$ 13,825
Value of Annual Physical Examination	1,300	1,300	N/A	N/A	1,300	N/A
Value of Partnership Provided Vehicle	11,819	11,318	12,205	6,205	11,015	10,610
Tax Preparation Services	3,500	N/A	3,000	3,000	3,000	3,000
Cash Balance Plan Administrative Fees	1,500	N/A	1,500	1,500	1,500	1,500
Insurance Premiums	19,082	14,410	16,660	14,406	14,568	14,505
Severance Payments	1,126,693	N/A	N/A	N/A	N/A	N/A
Totals	**$ 1,163,894**	**$ 41,728**	**$ 48,065**	**$ 39,811**	**$ 45,583**	**$ 43,440**

	2008					
Type of Compensation	**Mr. Alexander**	**Mr. Stivala**	**Mr. Dunn**	**Mr. Boyd**	**Mr. Keating**	**Mr. Brinkworth**
401(k) Match	$ 3,450	$ 3,450	$ 3,450	$ 3,450	$ 3,300	$ 3,248
Value of Annual Physical Examination	1,500	1,500	1,500	N/A	1,200	1,200
Value of Partnership Provided Vehicle	11,395	12,647	12,888	6,549	11,522	11,395
Tax Preparation Services	5,000	N/A	2,500	900	2,500	2,500
Cash Balance Plan Administrative Fees	1,500	N/A	1,500	1,500	1,500	1,500
Insurance Premiums	24,081	14,992	17,138	14,007	15,087	15,038
Totals	**$ 46,926**	**$ 32,589**	**$ 38,976**	**$ 26,406**	**$ 35,109**	**$ 34,881**

	2007					
Type of Compensation	**Mr. Alexander**	**Mr. Stivala**	**Mr. Dunn**	**Mr. Boyd**	**Mr. Keating**	**Mr. Brinkworth**
401(k) Match	$ 13,500	$ 12,485	$ 13,500	$ 13,500	$ 12,697	$ 11,894
Value of Annual Physical Examination	1,200	1,200	1,200	N/A	1,500	1,500
Value of Partnership Provided Vehicle or, in Mr. Stivala s Case, Car	11,078	4,675	10,198	5,647	11,522	10,395

Allowance						
Tax Preparation Services	2,000	N/A	2,000	950	2,000	2,000
Cash Balance Plan						
Administrative Fees	1,500	N/A	1,500	1,500	1,500	1,500
Insurance Premiums	23,229	13,996	16,481	12,605	14,597	14,431
Totals	**$ 52,507**	**$ 32,356**	**$ 44,879**	**$ 34,202**	**$ 43,816**	**$ 41,720**

Note: Column (f) was omitted from the Summary Compensation Table because the Partnership does not grant options to its employees.

Grants of Plan Based Awards Table for Fiscal 2009

The following table sets forth certain information concerning grants of awards made to each named executive officer during the fiscal year ended September 26, 2009:

				Phantom Units Underlying Equity Incentive Plan Awards	Estimated Future Payments Under Non-Equity Incentive Plan Awards		Estimated Future Payments Under Equity Incentive Plan Awards		All Other stock Awards: Number of Shares of Stock or Units	Grant Date Fair Value of Stock and Option Awards
Name	**Plan Name**	**Grant Date**	**Approval Date**	**(LTIP-2)[4]**	**Target ($)**	**Maximum ($)**	**Target ($)**	**Maximum ($)**	**(#)**	**($)[5]**
(a)		(b)			(d)	(e)	(g)	(h)	(i)	(l)
Mark Alexander	RUP [1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Bonus[2]	28 Sep 08			$ 450,000	$ 495,000				
	LTIP-2[3]	28 Sep 08		3,752			$ 191,936	$ 239,920		
Michael Stivala	RUP[1]	1 Dec 08	13 Nov 08						4,818	$ 87,177
	Bonus[2]	28 Sep 08			$ 195,000	$ 214,500				
	LTIP-2[3]	28 Sep 08		2,818			$ 144,156	$ 180,195		
Michael Dunn, Jr.	RUP [1]	1 Sep 09	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Bonus[2]	28 Sep 08			$ 425,000	$ 467,500				

	LTIP-2[3]	28 Sep 08		6,142			$ 314,197	$ 392,746		
Steven Boyd	RUP [1]	1 Dec 08	13 Nov 08						2,570	$ 46,504
	Bonus[2]	28 Sep 08			$ 195,000	$ 214,500				
	LTIP-2[3]	28 Sep 08		2,818			$ 144,156	$ 180,195		
Michael Keating	RUP [1]	1 Dec 08	13 Nov 08						4,818	$ 87,177
	Bonus[2]	28 Sep 08			$ 146,250	$ 160,875				
	LTIP-2[3]	28 Sep 08		2,114			$ 108,143	$ 135,179		
Douglas. Brinkworth	RUP [1]	1 Dec 08	13 Nov 08						3,212	$ 58,115
	Bonus[2]	28 Sep 08			$ 168,750	$ 185,625				
	LTIP-2[3]	28 Sep 08		2,439			$ 124,768	$ 155,960		

(1) The quantities reported on these lines represent discretionary awards under the Partnership s 2000 Restricted Unit Plan. RUP awards vest as follows: 25% of the award on the third anniversary of the grant date; 25% of the award on the fourth anniversary of the grant date; and 50% of the award on the fifth anniversary of the grant date. If a recipient has held an unvested award for at least six months; is 55 years or older; and has worked for the Partnership for

at least ten years, an award held by such participant will vest six months following such participant s retirement if the participant retires prior to the conclusion of the normal vesting schedule unless the Committee exercises its discretionary authority to alter the applicability of the plan s retirement provisions in regard to a particular award. On September 26, 2009, Mr. Dunn and Mr. Keating were the only named executive officers who held RUP awards and, at the same time, satisfied all three retirement eligibility criteria. However, as a condition of Mr. Dunn s fiscal 2008 award, the Committee requires Mr. Dunn to hold his award for three years from the grant date before the

plan s retirement provisions become applicable. Detailed discussions of the general terms of the RUP and the facts and circumstances considered by the Committee in authorizing the 2009 awards to the named executive officers is included in the Compensation Discussion and Analysis under the subheading 2000 Restricted Unit Plan.

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(2) Amounts reported on these lines are the targeted and maximum annual cash bonus compensation potential for each named executive officer under the annual cash bonus plan as described in the Compensation Discussion and Analysis under the subheading Annual Cash Bonus Plan. Actual amounts earned by the named executive officers for fiscal 2009 were equal to 110% of the Target amounts reported on this line. Column (c) (Threshold $) was omitted because the annual cash bonus plan does not provide for a minimum cash payment. Because these plan awards were granted to, and 110% of the Target awards were earned by, our named executive

officers during fiscal 2009, 110% of the Target amounts reported under column (d) have been reported in the Summary Compensation Table above.

(3) LTIP-2 is a phantom unit plan. As discussed in the Compensation Discussion and Analysis above, under the subheading 2003 Long-Term Incentive Plan, in accordance with a verbal agreement between Mr. Alexander and the Board of Supervisors, Mr. Alexander s award is based upon 30% of his annual target cash bonus; however, Mr. Dunn s award (as are the awards of all of the other named executive officers) is based upon 52% of his annual target cash bonus. The different percentages account for the apparent

differences between amounts reported for Mr. Alexander and for Mr. Dunn.

Payments, if earned, are based on a combination of (1) the fair market value of our Common Units at the end of a three-year measurement period, which, for purposes of the plan, is the average of the closing prices for the twenty business days preceding the conclusion of the three-year measurement period, and (2) cash equal to the distributions that would have inured to the same quantity of outstanding Common Units during the same three-year measurement period. The fiscal 2009 award Target ($) and Maximum ($) amounts are estimates based upon (1) the fair market value (the average of the closing

prices of our Common Units for the twenty business days preceding September 26, 2009) of our Common Units at the end of fiscal 2009, and (2) the estimated distributions over the course of the award s three-year measurement period. Column (f) (Threshold $) was omitted because LTIP-2 does not provide for a minimum cash payment. Detailed descriptions of the plan and the calculation of awards are included in the Compensation Discussion and Analysis under the subheading 2003 Long-Term Incentive Plan.

(4) This column is frequently used when non-equity incentive plan awards are denominated in units; however, in this case, the numbers reported represent the phantom units

each named executive officer was awarded under LTIP-2 during fiscal 2009.

(5) The dollar amounts reported in this column represent the aggregate fair value of the RUP awards on the grant date, net of estimated future distributions during the vesting period. The fair value shown may not be indicative of the value realized in the future upon vesting due to the variability in the trading price of our Common Units.

Note: Columns (j) and (k) were omitted from the Grants of Plan Based Awards Table because the Partnership does not award options to its employees.

Outstanding Equity Awards at Fiscal Year End 2009 Table

The following table sets forth certain information concerning outstanding equity awards under our 2000 Restricted Unit Plan and phantom equity awards under our 2003 Long-Term Incentive Plan for each named executive officer as of September 26, 2009 (no awards were granted under our 2009 Restricted Unit Plan as of such date):

Stock Awards	
	Equity Incentive

Name	Number of Shares or Units of Stock That Have Not Vested (#)[6]		Market Value of Shares or Units of Stock That Have Not Vested ($)[7]	Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)[8]		Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[9]
(a)	(g)		(h)	(i)		(j)
Mark A. Alexander				6,741	$	344,206
Michael A. Stivala[1]	16,694	$	689,212	4,689	$	239,471
Michael J. Dunn, Jr. [2]	29,533	$	1,219,270	11,036	$	563,515
Steven C. Boyd[3]	16,874	$	696,643	4,511	$	230,404
Michael M. Keating[4]	10,424	$	430,355	3,761	$	192,047
Douglas T. Brinkworth[5]	14,252	$	588,394	4,296	$	219,370

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(1) Mr. Stivala s RUP awards will vest as follows:

Vesting Date	Oct. 1, 2009	Nov 1, 2009	Apr 25, 2010	Oct 1, 2010	Nov 1, 2010	Dec 3, 2010	Apr 25, 2011	Dec 1, 2011	Dec 3, 2011	Apr 25, 2012	Dec 1, 2012	Dec 3, 2012	Dec 1, 2013
Quantity of Units	870	900	1,374	1,738	600	568	1,374	1,205	568	2,748	1,205	1,136	2,408

(2) Despite Mr. Dunn s having met the plan s retirement criteria (explained under the subheading 2000 Restricted Unit Plan in the Compensation Discussion and Analysis), Mr. Dunn s fiscal 2008 RUP award of 29,533 unvested units will not be subject to the plan s retirement provisions until December 3, 2010. For more information on this and the retirement provisions, refer to the subheading 2000 Restricted Unit Plan in the Compensation Discussion and Analysis. If Mr. Dunn does not retire prior to the

conclusion of the normal vesting schedule of his RUP awards, his RUP awards will vest as follows:

Vesting Date	**Dec 3, 2010**	**Dec 3, 2011**	**Dec 3, 2012**
Quantity of Units	7,384	7,384	14,765

(3) Mr. Boyd s RUP awards will vest as follows:

Vesting Date	**Nov 1, 2009**	**Apr 25, 2010**	**Nov 1, 2010**	**Dec 3, 2010**	**Apr 25, 2011**	**Dec 1, 2011**	**Dec 3, 2011**	**Apr 25, 2012**	**Dec 1, 2012**	**Dec 3, 2012**	**Dec 1, 2013**
Quantity of Units	2,200	1,374	3,200	852	1,374	643	852	2,748	643	1,704	1,284

(4) Mr. Keating met the retirement eligibility criteria (explained under the subheading 2000 Restricted Unit Plan in the Compensation Discussion and Analysis) during fiscal 2008. If he does not retire prior to the conclusion of the normal vesting schedule of his RUP awards, his RUP awards will vest as follows:

Vesting Date	**Apr 25, 2010**	**Dec 3, 2010**	**Apr 25, 2011**	**Dec 1, 2011**	**Dec 3, 2011**	**Apr 25, 2012**	**Dec 1, 2012**	**Dec 3, 2012**	**Dec 1, 2013**
Quantity of Units	550	852	550	1,205	852	1,098	1,205	1,704	2,408

(5)

Mr. Brinkworth s RUP awards will vest as follows:

Vesting Date	Oct 1, 2009	Nov 1, 2009	Apr 25, 2010	Oct 1, 2010	Nov 1, 2010	Dec 3, 2010	Apr 25, 2011	Dec 1, 2011	Dec 3, 2011	Apr 25 2012	Dec 1, 2012	Dec 3, 2012	Dec 1, 2013
Quantity of Units	870	1,525	413	1,738	1,850	852	413	803	852	823	803	1,704	1,606

(6) The figures reported in this column represent the total quantity of each of our named executive officer s unvested RUP awards.

(7) The figures reported in this column represent the figures reported in column (g) multiplied by the average of the highest and the lowest trading prices of our Common Units on September 25, 2009, the last trading day of fiscal 2009.

(8) The amounts reported in this column represent the quantities of phantom units that underlie the outstanding and unvested fiscal 2008 and fiscal

2009 awards under LTIP-2. Payments, if earned, will be made to participants at the end of a three-year measurement period and will be based upon our total return to Common Unitholders in comparison to the total return provided by a predetermined peer group of eleven other companies, all of which are publicly-traded partnerships, to their unitholders. For more information on LTIP-2, refer to the subheading 2003 Long-Term Incentive Plan in the Compensation Discussion and Analysis.

(9) The amounts reported in this column represent the estimated future target payouts of the fiscal 2008 and fiscal 2009 LTIP-2 awards. These amounts were computed by multiplying the

quantities of the unvested phantom units in column (i) by the average of the closing prices of our Common Units for the twenty business days preceding September 26, 2009 (in accordance with the plan s valuation methodology), and by adding to the product of that calculation the product of each year s underlying phantom units times the sum of the distributions that are estimated to inure to an outstanding Common Unit during each award s three-year measurement period. Due to the variability in the trading prices of our Common Units, as well as our performance relative to the peer group, actual payments, if any, at the end of the three-year measurement period may differ. The

following chart provides a breakdown of each year s awards:

	Mr. Alexander	Mr. Stivala	Mr. Dunn	Mr. Boyd	Mr. Keating	Mr. Brinkworth
Fiscal 2008 Phantom Units	2,989	1,871	4,894	1,693	1,647	1,857
Value of Fiscal 2008 Phantom Units	$ 123,447	$ 77,273	$ 202,125	$ 69,922	$ 68,022	$ 76,695
Estimated Distributions over Measurement Period	$ 28,823	$ 18,042	$ 47,193	$ 16,326	$ 15,882	$ 17,907
Fiscal 2009 Phantom Units	3,752	2,818	6,142	2,818	2,114	2,439
Value of Fiscal 2009 Phantom Units	$ 154,960	$ 116,385	$ 253,667	$ 116,385	$ 87,309	$ 100,732
Estimated Distributions over Measurement Period	$ 36,976	$ 27,771	$ 60,530	$ 27,771	$ 20,834	$ 24,036

Note: Columns (b), (c), (d), (e) and (f), all of which are for the reporting of option-related compensation, have been omitted from the Outstanding Equity Awards At Fiscal Year End Table because we do not grant options to our employees.

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Equity Vested Table for Fiscal 2009

Awards under the 2000 Restricted Unit Plan are settled in Common Units upon vesting. Awards under the 2003 Long-Term Incentive Plan, a phantom-equity plan, are settled in cash. The following two tables set forth certain information concerning the vesting of awards under our 2000 Restricted Unit Plan and the vesting of the fiscal 2007 award under our 2003 Long-Term Incentive Plan for each named executive officer during the fiscal year ended September 26, 2009:

2000 Restricted Unit Plan

Name	Unit Awards: Number of Common Units Acquired on Vesting (#)	Unit Awards: Value Realized on Vesting ($)[1]
Mark A. Alexander		
Michael A. Stivala	2,070	$ 69,528
Michael J. Dunn, Jr.		
Steven C. Boyd	2,500	$ 84,150
Michael M. Keating		
Douglas T. Brinkworth	2,695	$ 90,566

(1) The value realized is equal to the average of the high and low trading prices of our Common Units on the vesting date, multiplied by the number of units that vested.

2003 Long-Term Incentive Plan Fiscal 2007[2] Award

Name	Cash Awards: Number of Phantom Units Acquired on Vesting (#)[3]	Cash Awards: Value Realized on Vesting ($)[4]
Mark A. Alexander	4,007	$ 254,479
Michael A. Stivala	1,603	$ 101,004
Michael J. Dunn, Jr.	6,174	$ 389,020
Steven C. Boyd	2,037	$ 128,305
Michael M. Keating	2,107	$ 132,761

Douglas T. Brinkworth	1,806	$	113,795

(2) The fiscal 2007 award s three-year measurement period concluded on September 26, 2009.

(3) In accordance with the formula described in the Compensation Discussion and Analysis under the subheading 2003 Long-Term Incentive Plan, these quantities were calculated at the beginning of the three-year measurement period and were, therefore, based upon each individual s salary and target cash bonus at that time.

(4) The value (i.e., cash payment) realized was calculated in accordance with the terms and conditions of LTIP-2. For more information, refer to the subheading 2003 Long-Term Incentive Plan in the Compensation

Discussion and
Analysis.

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Pension Benefits Table for Fiscal 2009

The following table sets forth certain information concerning each plan that provides for payments or other benefits at, following, or in connection with retirement for each named executive officer as of the end of the fiscal year ended September 26, 2009:

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Mark A. Alexander	SERP [1]	7	$ 444,030	$ 444,030
	Cash Balance Plan [2]	7	$ 216,432	$
Michael A. Stivala[3]	N/A	N/A	$	$
Michael J. Dunn, Jr.	SERP [1]	6	$ 51,610	$
	Cash Balance Plan [2]	6	$ 220,698	$
	LTIP-2 [4]	N/A	$ 563,515	$
	RUP[5]	N/A	N/A	$
Steven C. Boyd	Cash Balance Plan [2]	15	$ 120,322	$
Michael M. Keating	Cash Balance Plan [2]	15	$ 388,163	$
	LTIP-2 [4]	N/A	$ 192,047	$
	RUP[5]	N/A	$ 430,355	$
Douglas T. Brinkworth	Cash Balance Plan (2	6	$ 75,716	$

(1) Mr. Dunn is the sole remaining SERP participant. In accordance with the terms of Mr. Alexander s separation and consulting agreement, the figure reported on this line is the payment he received and represents the accumulated benefit due to Mr. Alexander

if he had remained in our employ until attaining age 55. For more information on the SERP, refer to the subheading Supplemental Executive Retirement Plan in the Compensation Discussion and Analysis.

(2) For more information on the Cash Balance Plan, refer to the subheading Pension Plan in the Compensation Discussion and Analysis.

(3) Because Mr. Stivala commenced employment with the Partnership after January 1, 2000, the date on which the Cash Balance Plan was closed to new participants, he does not participate in the Cash Balance Plan.

(4) Currently, Mr. Dunn and Mr. Keating are the only named

executive officers who meet the retirement criteria of the LTIP-2 plan document. For such participants, upon retirement, outstanding but unvested LTIP-2 awards become fully vested. However, payouts on those awards are deferred until the conclusion of each outstanding award s three-year measurement period, based on the outcome of the TRU relative to the peer group. The number reported on this line represents a projected payout of Mr. Dunn s and Mr. Keating s outstanding fiscal 2008 and fiscal 2009 LTIP-2 awards. Because the ultimate payout, if any, is predicated on the trading prices of the Partnership s Common Units at the end of the three-year

measurement period, as well as where within the peer group our TRU falls, the value reported may not be indicative of the value realized in the future upon vesting due to the variability in the trading price of our Common Units.

(5) Currently, Mr. Dunn and Mr. Keating are the only named executive officers who meet the retirement criteria of the RUP document. Despite Mr. Dunn s having met the plan s retirement criteria, his fiscal 2008 award will not be subject to the plan s retirement provisions until December 3, 2010. For more information on this and the retirement provisions, refer to the subheading 2000 Restricted Unit Plan in the Compensation Discussion and Analysis. For participants who

meet the retirement criteria, upon retirement, outstanding RUP awards vest six months and one day after retirement. The value reported in this table on behalf of Mr. Keating represents the value of 10,424 Common Units using the average of the highest and the lowest trading prices of our Common Units on September 25, 2009.

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Potential Payments Upon Termination

Potential Payments upon Termination to Named Executive Officers with Employment Agreements

Although concurrent with the beginning of fiscal 2010, Mr. Alexander s employment agreement no longer has force or effect and Mr. Dunn agreed to the termination of his employment agreement in exchange for a letter of agreement and participation in the Severance Protection Plan, the following table sets forth certain information concerning the potential payments to Mr. Alexander and Mr. Dunn under their former employment agreements, the SERP, LTIP-2 and the RUP for the hypothetical circumstances listed in the table assuming a September 26, 2009 termination date. Ancillary tables follow this table to illustrate the payments that Mr. Alexander will actually receive under his separation and consulting agreement and to illustrate potential payments to Mr. Dunn in accordance with the letter of agreement between him and the Board of Supervisors that went into effect and replaced his employment agreement as of the beginning of fiscal 2010.

Executive Payments and Benefits Upon Termination	**Death**	**Disability**	**Involuntary Termination Without Cause by the Partnership or by the Executive for Good Reason without a Change of Control Event**	**Involuntary Termination Without Cause by the Partnership or by the Executive for Good Reason with a Change of Control Event**
Mark A. Alexander				
Cash Compensation[1]	$ -0-(3)	$ -0-(4)	$ 1,350,000	$ 2,835,000
Accelerated Vesting of Fiscal 2008 and 2009 LTIP-2 Awards[2]	N/A	N/A	N/A	386,974
SERP[5]	227,800	477,000	N/A	662,700
Medical Benefits	N/A	N/A	26,307	26,307
280G Tax Gross-up	N/A	N/A	N/A	N/A
409A Tax Gross-up	N/A	N/A	N/A	N/A
Total	$ 227,800	$ 477,000	$ 1,376,307	$ 3,910,981
Michael J. Dunn, Jr.				
Cash Compensation[1]	$ -0-(3)	$ -0-(4)	$ 950,000	$ 1,995,000
Accelerated Vesting of Fiscal 2008 and 2009 LTIP-2 Awards[2]	N/A	N/A	N/A	633,534
Accelerated Vesting of Outstanding RUP Awards[6]	N/A	1,219,270	N/A	1,219,270
SERP	30,300	53,500	53,500	51,800
Medical Benefits	N/A	N/A	23,384	23,384
280G Tax Gross-up	N/A	N/A	N/A	N/A
409A Tax Gross-up	N/A	N/A	N/A	N/A

Total	$ 30,300	$ 1,272,770	$ 1,026,884	$ 3,922,988

(1) For additional information on the cash compensation that would have been payable to Mr. Alexander and Mr. Dunn under the provisions of their respective former employment agreements if any of the four hypothetical events had occurred at the conclusion of fiscal 2009, refer to the subheading Employment Agreements in the Compensation Discussion and Analysis.

(2) In the event of a change of control, all LTIP-2 awards will vest immediately regardless of whether termination immediately follows. If a change of control event occurs, the calculation of the LTIP-2 payment will be made as if our total return to

our Common Unitholders in the top quartile of the peer group. For more information, refer to the subheading 2003 Long-Term Incentive Plan in the Compensation Discussion and Analysis. In the event of death, the inability to continue employment due to permanent disability, or a termination without cause or a good reason resignation unconnected to a change of control event, awards will vest in accordance with the normal vesting schedule and will be subject to the same requirements and risks as awards held by individuals still employed by the Partnership and will be subject to the same risks as awards held by all other participants.

(3) Under their former employment agreements, in

the event of death, Mr. Alexander s and Mr. Dunn s estates would have been entitled to a payment equal to the decedent s earned but unpaid salary and pro-rata cash bonus at the time of death.

(4) Under their former employment agreements, in the event of disability, each is entitled to a payment equal to his earned but unpaid salary and pro-rata cash bonus.

(5) Because Mr. Alexander had not attained age 55 on September 26, 2009, had it not been for the terms of his separation and consulting agreement, if any of the above hypothetical events had occurred on that date, without regard to the terms of his separation and consulting agreement that superseded the

normative provisions of the SERP, only death, disability or a change of control would have given rise to a SERP-related payment. Change of control related payments are due to Mr. Alexander and Mr. Dunn within 30 days of the change of control event, regardless of whether termination or resignation follows the event. In the event of death, Mr. Alexander s estate would have received a lump sum payment of $227,800. In the event of disability, if Mr. Alexander remained disabled until age 55, he would be eligible for a lump sum payment, at that time, of $960,300. The figure $477,000 reported in the table represents the present value of the hypothetical future payment.

(6) The RUP document makes no provisions for the vesting of awards held by recipients who die prior to the completion of the vesting schedule. If a recipient of a RUP award becomes permanently disabled, only those awards that have been held for at least one year on the date that the employee s employment is terminated as a result of his or her permanent disability will immediately vest; all awards held by the recipient for less than one year will be forfeited by the recipient. Because Mr. Dunn s fiscal 2008 RUP award of 29,533 units was granted more than one year prior to September 26, 2009, if he had become permanently disabled on September 26, 2009, his fiscal 2008 RUP

award would have vested.

Under circumstances unrelated to a change of control, if a RUP award recipient s employment is terminated without cause or he or she resigns for good reason, any RUP awards held by such recipient will be forfeited. In the event of a change of control, as defined in the RUP document, all unvested RUP awards will vest immediately on the date the change of control is consummated, regardless of the holding period and regardless of whether the recipient s employment is terminated.

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Actual Payments to Mr. Alexander under His Separation and Consulting Agreement

The following table provides information concerning the Partnership s separation and consulting agreement with Mr. Alexander who was succeeded as our Chief Executive Officer by Mr. Dunn on September 27, 2009:

Executive Payments and Benefits Upon Termination	**Payments Received for Orderly Plan of Succession: Separation and Consulting Agreement**
Cash Compensation[1]	$ 1,000,000
Annual Cash Bonus[2]	495,000
Payment of Remaining LTIP-2 Awards[3]	344,206
Vehicle[4]	58,947
Medical Benefits & Supplemental Life Insurance Coverage[5]	57,246
Income Tax Preparation Services for Three Years[6]	10,500
SERP Payment[7]	444,030
280(G)Tax Gross-up	N/A
409(A)Tax Gross-up	N/A
Total	**$ 2,409,929**

(1) The amount reported on this line represents the aggregate consulting fee that Mr. Alexander will receive for the three-year consulting period commencing on September 27, 2009. During the consulting period, Mr. Alexander will provide transitional assistance and strategic advice to the Board of Supervisors and to Mr. Dunn. This amount

will be paid in bi-weekly installments over the course of the three-year consulting period and has been reported in the column titled All Other Compensation ($) in the Summary Compensation Table above.

(2) The amount reported on this line represents Mr. Alexander s full annual cash bonus, without pro-ration, for fiscal 2009 and has been reported in the column titled Non-Equity Incentive Plan Compensation ($) in the Summary Compensation Table above.

(3) The amount reported on this line represents the estimated payments of Mr. Alexander s two remaining, unvested LTIP-2 awards (i.e., the fiscal 2008 and 2009 awards). Mr. Alexander s fiscal 2008 and 2009 awards will be paid, if

earned, in accordance with the provisions of the LTIP-2 plan document. Because Mr. Alexander, the service provider, has no additional services to perform in order to receive any cash payments for these awards, all remaining, unamortized compensation expense associated with these awards was recognized during fiscal 2009 and has been reported in the column titled Unit Awards ($) in the Summary Compensation Table above.

(4) The amount reported on this line represents the imputed fair market value for use of a vehicle provided by the Partnership and the estimated cost of fuel for the vehicle during the three-year consulting period and has been reported in the column titled All Other

Compensation ($) in the Summary Compensation Table above.

(5) The amount reported on this line represents the estimated cost of health insurance premiums and supplemental life insurance coverage during the three-year consulting period and has been reported in the column titled All Other Compensation ($) in the Summary Compensation Table above.

(6) The amount reported on this line represents the estimated cost to reimburse Mr. Alexander for income tax preparation services for three years and has been reported in the column titled All Other Compensation ($) in the Summary Compensation Table above.

(7) The amount reported on this

line represents the lump-sum payment under the SERP equal to what said payment would have been if Mr. Alexander had attained age 55 on September 26, 2009. In accordance with the provisions of Mr. Alexander s separation and consulting agreement, this amount was paid within thirty days of the conclusion of fiscal 2009. All above market interest credits relative to this payment have been reported in the column titled Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) in the Summary Compensation Table above.

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Potential Payments upon Termination to Mr. Dunn under his Letter of Agreement

The following table sets forth certain information containing potential payments to Mr. Dunn under the letter of agreement between him and the Partnership and in accordance with the provisions of the Severance Protection Plan, the RUP and LTIP-2 for the circumstances listed in the table assuming a September 26, 2009 termination date:

Executive Payments and Benefits Upon Termination	Death	Disability	Involuntary Termination Without Cause by the Partnership or by the Executive for Good Reason without a Change of Control Event	Involuntary Termination Without Cause by the Partnership or by the Executive for Good Reason with a Change of Control Event	Termination as a Result of Retirement or an Agreed-Upon Succession Plan in Accordance with the Letter of Agreement between Mr. Dunn and the Board
Michael J. Dunn					
Cash Compensation	$ -0-(1)	$ -0-(2)	$ 475,000(3)	$ 1,425,000(4)	$ -0-(5)
Accelerated Vesting of Fiscal 2008 and 2009 LTIP-2 Awards[6]	N/A	N/A	N/A	633,534	N/A
Accelerated Vesting of Outstanding RUP Awards[7]	N/A	1,219,270	N/A	1,219,270	N/A
SERP[8]	30,300	53,500	53,500	51,800	N/A
Medical Benefits[3]	N/A	N/A	N/A	N/A	N/A
280G Tax Gross-up	N/A	N/A	11,692	N/A	N/A
409A Tax Gross-up	N/A	N/A	N/A	N/A	N/A
Total	$ 30,300	$ 1,272,770	$ 540,192	$ 3,329,604	$ N/A

(1) In the event of death, Mr. Dunn s estate would be entitled to a

payment equal to his earned but unpaid salary and pro-rata cash bonus.

(2) In the event of disability, Mr. Dunn would be entitled to a payment equal to his earned but unpaid salary and pro-rata cash bonus.

(3) Any severance benefits, unrelated to a change of control event, payable to Mr. Dunn would be determined by the Committee on a case-by-case basis in accordance with prior treatment of other similarly situated executives and may, as a result, differ from this hypothetical presentation. For purposes of this table, we have assumed that Mr. Dunn would, upon termination of employment without cause or for resignation for good reason, receive accrued salary and benefits through

the date of termination plus one times annual salary, paid in the form of salary continuation, and continued participation, at active employee rates, in the Partnership s health insurance plans for one year.

(4) In the event of a change of control followed by a termination without cause or by a resignation with good reason, Mr. Dunn, and each of the other named executive officers without employment agreements or letters of understanding, will receive 78 weeks of base pay plus a sum equal to their annual target cash bonus divided by 52 and multiplied by 78 in accordance with the terms of the Severance Protection Plan. For more information on the Severance Protection Plan, refer to the

subheading Change of Control in the Compensation Discussion and Analysis.

(5) In accordance with the terms of Mr. Dunn s letter of agreement, if he retires prior to the last day of fiscal 2012, the assumptions contained in footnote 3 (above) will govern. If, in accordance with an agreed upon succession plan, he were to retire on the last day of fiscal 2012 or anytime thereafter, he will receive a lump-sum cash payment equal to two years of his base salary at that time.

(6) In the event of a change of control, all LTIP-2 awards will vest immediately regardless of whether termination immediately follows. If a change of control event occurs, the calculation of the LTIP-2

payment will be made as if our total return to Common Unitholders was in the top quartile of the peer group. For more information, refer to the subheading 2003 Long-Term Incentive Plan in the Compensation Discussion and Analysis. In the event of death, the inability to continue employment due to permanent disability, or a termination without cause or a good reason resignation unconnected to a change of control event, awards will vest in accordance with the normal vesting schedule and will be subject to the same requirements as awards held by individuals still employed by the Partnership and will be subject to the same risks as awards held by all other participants.

(7)

The RUP document makes no provisions for the vesting of awards held by recipients who die prior to the completion of the vesting schedule. If a recipient of a RUP award becomes permanently disabled, only those awards that have been held for at least one year on the date that the employee s employment is terminated as a result of his or her permanent disability will immediately vest; all awards held by the recipient for less than one year will be forfeited by the recipient. Because Mr. Dunn s fiscal 2008 RUP award of 29,533 units was granted more than one year prior to September 26, 2009, if he had become permanently disabled on September 26, 2009, his fiscal 2008 RUP award would

have vested; however, because his fiscal 2009 RUP award of 25,000 units was granted less than one year prior to September 26, 2009, his fiscal 2009 RUP award would have been forfeited.

In the event of death, the inability to continue employment due to permanent disability, or a termination without cause or a good reason resignation unconnected to a change of control event, awards will vest in accordance with the normal vesting schedule and will be subject to the same requirements as awards held by individuals still employed by the Partnership and will be subject to the same risks as awards held by all other participants.

(8) Because Mr. Dunn attained age 55

prior to September 26, 2009, if any of the above hypothetical events had occurred on that date, each event would give rise to a SERP-related payment.

Potential Payments upon Termination to Named Executive Officers without Employment Agreements

The following table sets forth certain information containing potential payments to the three named executive officers without employment agreements in accordance with the provisions of the Severance Protection Plan, the RUP and LTIP-2 for the circumstances listed in the table assuming a September 26, 2009 termination date:

Executive Payments and Benefits Upon Termination	Death	Disability	Involuntary Termination Without Cause by the Partnership or by the Executive for Good Reason without a Change of Control Event	Involuntary Termination Without Cause by the Partnership or by the Executive for Good Reason with a Change of Control Event
Michael A. Stivala				
Cash Compensation[1] [2] [3] [4]	$ -0-	$ -0-	$ 275,000	$ 721,875
Accelerated Vesting of Fiscal 2008 and 2009 LTIP-2 Awards[5]	N/A	N/A	N/A	268,374
Accelerated Vesting of Outstanding RUP Awards[6]	N/A	490,301	N/A	689,212
Medical Benefits[3]	N/A	N/A	11,692	N/A
280G Tax Gross-up	N/A	N/A	N/A	N/A
409A Tax Gross-up	N/A	N/A	N/A	N/A
Total	$ 0	$ 490,301	$ 286,692	$ 1,679,461
Steven C. Boyd				
Cash Compensation[1] [2] [3] [4]	$ -0-	$ -0-	$ 260,000	$ 682,500
Accelerated Vesting of Fiscal 2008 and 2009 LTIP-2 Awards[5]	N/A	N/A	N/A	257,774
Accelerated Vesting of Outstanding RUP Awards[6]	N/A	590,541	N/A	696,643
Medical Benefits[3]	N/A	N/A	11,422	N/A
280G Tax Gross-up	N/A	N/A	N/A	N/A
409A Tax Gross-up	N/A	N/A	N/A	N/A
Total	$ 0	$ 590,541	$ 271,422	$ 1,636,917
Michael M. Keating				
Cash Compensation[1] [2] [3] [4]	$ -0-	$ -0-	$ 260,000	$ 663,000
Accelerated Vesting of Fiscal 2008 and 2009 LTIP-2 Awards[5]	N/A	N/A	N/A	215,824

Accelerated Vesting of Outstanding RUP Awards(6)	N/A	231,444	N/A	430,355
Medical Benefits(3)	N/A	N/A	11,692	N/A
280G Tax Gross-up	N/A	N/A	N/A	N/A
409A Tax Gross-up	N/A	N/A	N/A	N/A
Total	$ 0	$ 231,444	$ 271,692	$ 1,309,179
Douglas T. Brinkworth				
Cash Compensation(1) (2) (3) (4)	$ -0-	$ -0-	$ 245,000	$ 643,125
Accelerated Vesting of Fiscal 2008 and 2009 LTIP-2 Awards(5)	N/A	N/A	N/A	246,432
Accelerated Vesting of Outstanding RUP Awards(6)	N/A	455,786	N/A	588,394
Medical Benefits(3)	N/A	N/A	11,692	N/A
280G Tax Gross-up	N/A	N/A	N/A	N/A
409A Tax Gross-up	N/A	N/A	N/A	N/A
Total	$ 0	$ 455,786	$ 256,692	$ 1,477,951

(1) In the event of death, the named executive officer s estate is entitled to a payment equal to the decedent s earned but unpaid salary and pro-rata cash bonus.

(2) In the event of disability, the named executive officer is entitled to a payment equal to his earned but unpaid salary and pro-rata cash bonus.

(3) Any severance benefits, unrelated to a change of control event, payable to these

officers would be determined by the Committee on a case-by-case basis in accordance with prior treatment of other similarly situated executives and may, as a result, differ from this hypothetical presentation. For purposes of this table, we have assumed that each of these named executive officers would, upon termination of employment without cause or for resignation for good reason, receive accrued salary and benefits through the date of termination plus one times annual salary, paid in the form of salary continuation, and continued participation, at active employee rates, in the Partnership s health insurance plans for one year.

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(4) In the event of a change of control followed by a termination without cause or by a resignation with good reason, each of the named executive officers without employment agreements will receive 78 weeks of base pay plus a sum equal to their annual target cash bonus divided by 52 and multiplied by 78 in accordance with the terms of the Severance Protection Plan. For more information on the Severance Protection Plan, refer to the subheading Change of Control in the Compensation Discussion and Analysis.

(5) In the event of a change of control, all LTIP-2 awards will vest immediately regardless of whether termination immediately

follows. If a change of control event occurs, the calculation of the LTIP-2 payment will be made as if our total return to Common Unitholders was higher than that provided by any of the other members of the peer group to their unitholders. For more information, refer to the subheading 2003 Long-Term Incentive Plan in the Compensation Discussion and Analysis.

In the event of death, the inability to continue employment due to permanent disability, or a termination without cause or a good reason resignation unconnected to a change of control event, awards will vest in accordance with the normal vesting schedule and will be subject to the same

requirements as awards held by individuals still employed by the Partnership and will be subject to the same risks as awards held by all other participants.

(6) The RUP document makes no provisions for the vesting of awards held by recipients who die prior to the completion of the vesting schedule. If a recipient of a RUP award becomes permanently disabled, only those awards that have been held for at least one year on the date that the employee s employment is terminated as a result of his or her permanent disability will immediately vest; all awards held by the recipient for less than one year will be forfeited by the recipient. Because Mr. Stivala, Mr. Boyd, Mr. Keating and Mr. Brinkworth each received a

RUP award during fiscal 2009, if any or all of the three had become permanently disabled on September 26, 2009, the following quantities of unvested restricted units would have vested: Stivala, 11,876; Boyd, 14,304; Keating, 5,606; Brinkworth, 11,040 and the following quantities would have been forfeited: Stivala, 4,818; Boyd, 2,570; Keating, 4,818; Brinkworth, 3,212.

Under circumstances unrelated to a change of control, if a RUP award recipient s employment is terminated without cause or he or she resigns for good reason, any RUP awards held by such recipient will be forfeited.

In the event of a change of control, as defined in the

RUP document, all unvested RUP awards will vest immediately on the date the change of control is consummated, regardless of the holding period and regardless of whether the recipient s employment is terminated.

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SUPERVISORS COMPENSATION

The following table sets forth the compensation of the non-employee members of the Board of Supervisors of the Partnership during fiscal 2009.

Supervisor	Fees Earned or Paid in Cash ($) (1)	Unit Awards ($) (2)	Total ($)
John D. Collins	$ 75,000	$ 49,861	$ 124,861
Harold R. Logan, Jr.	100,000		100,000
Dudley C. Mecum	75,000		75,000
John Hoyt Stookey	75,000		75,000
Jane Swift	75,000	49,861	124,861

(1) Includes amounts earned for fiscal 2009, including quarterly retainer installments for the fourth quarter of 2009 that were paid in October 2009. Does not include amounts paid in fiscal 2009 for fiscal 2008 quarterly retainer installments.

(2) Represents the dollar amount charged to earnings for financial statement reporting purposes during fiscal 2009 for restricted unit awards of 5,496 awarded to both Mr. Collins and Ms. Swift on April 25, 2007.

All awards were made in accordance with the provisions of our 2000 Restricted Unit Plan and vest accordingly. The average of the high and low sales price, discounted for projected distributions during the vesting period, was used to calculate the value of the restricted unit awards for purposes of amortizing compensation expense. Because Messrs. Logan, Mecum and Stookey have satisfied the plan s retirement provisions, all expense for their unvested awards was previously recognized. As of September 26, 2009, each non-employee member of the Board of Supervisors held the following quantities of unvested restricted unit awards: Mr. Collins, 5,496 units;

Mr. Logan, 7,250 units; Mr. Mecum, 7,250 units; Mr. Stookey, 7,250 units; and Ms. Swift, 5,496 units.

Note: The columns for reporting option awards, non-equity incentive plan compensation, changes in pension value and non-qualified deferred compensation plan earnings and all other forms of compensation were omitted from the Supervisor s Compensation Table because the Partnership does not provide these forms of compensation to its non-employee supervisors.

Fees and Benefit Plans for Non-Employee Supervisors

Annual Cash Retainer Fees. As the Chairman of the Board of Supervisors, Mr. Logan receives an annual retainer of $100,000, payable in quarterly installments of $25,000 each. Each of the other non-employee Supervisors receives an annual cash retainer of $75,000, payable in quarterly installments of $18,750 each.

Meeting Fees. The members of our Board of Supervisors receive no additional remuneration for attendance at regularly scheduled meetings of the Board or its Committees, other than reimbursement of reasonable expenses incurred in connection with such attendance.

Restricted Unit Plan. Each non-employee Supervisor participates in the 2000 and 2009 Restricted Unit Plans. All awards vest in accordance with the provisions of the plan document (see Compensation Discussion and Analysis sections titled 2000 Restricted Unit Plan and 2009 Restricted Unit Plan for a description of the vesting schedule). Upon vesting, all awards are settled by issuing Common Units. During fiscal 2004, Messrs. Logan, Mecum and Stookey were granted unvested restricted unit plan awards of 8,500 units each; during fiscal 2007, each of them received an additional unvested award of 3,000 units. Upon commencement of their terms as supervisors in fiscal 2007, Mr. Collins and Ms. Swift each received an award of 5,496 units.

Additional Supervisor Compensation. Non-employee Supervisors receive no other forms of remuneration from us. The only perquisite provided to the members of the Board of Supervisors is the ability to purchase propane at the same discounted rate that we offer propane to our employees, the value of which was less than $10,000 in fiscal 2009 for each Supervisor.

Compensation Committee Interlocks and Insider Participation. None.

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED UNITHOLDER MATTERS

The following table sets forth certain information as of November 23, 2009 regarding the beneficial ownership of Common Units by each member of the Board of Supervisors, each executive officer named in the Summary Compensation Table in Item 11 of this Annual Report, and all members of the Board of Supervisors and executive officers as a group. Based upon filings under Section 13(d) or (g) under the Exchange Act, the Partnership does not know of any person or group who beneficially owns more than 5% of the outstanding Common Units. Except as set forth in the notes to the table, each individual or entity has sole voting and investment power over the Common Units reported.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class
Mark A. Alexander	1,298,912	3.7%
Michael J. Dunn, Jr. (a)	208,947	*
Michael A. Stivala (b)	10,732	*
Steven C. Boyd (c)	31,933	*
Michael M. Keating (d)	98,500	*
Douglas T. Brinkworth (e)	25,395	*
John Hoyt Stookey (f)	18,322	*
Harold R. Logan, Jr.(f)	17,044	*
Dudley C. Mecum (f)	14,134	*
John D. Collins (g)	12,450	*
Jane Swift (g)	-0-	*
All Members of the Board of Supervisors and Executive Officers (including former CEO, Mark Alexander) as a Group (17 persons) (h)	1,831,336	5.2%

(1) With the exception of the 784 units held by the General Partner (see (a) below), there is a possibility that any of the above listed units could be pledged as security.

* Less than 1%.

(a) Includes 784 Common Units held by the General Partner, of which Mr. Dunn is the

sole member. Excludes 29,533 unvested restricted units, none of which will vest in the 60-day period following November 23, 2009.

(b) Excludes 14,924 unvested restricted units, none of which will vest in the 60-day period following November 23, 2009.

(c) Excludes 14,674 unvested restricted units, none of which will vest in the 60-day period following November 23, 2009.

(d) Excludes 10,424 unvested restricted units, none of which will vest in the 60-day period following November 23, 2009.

(e) Excludes 11,857 unvested restricted units, none of which will vest in the 60-day period following November 23, 2009.

(f) Excludes 3,000 unvested restricted units, none of which will vest in the 60-day period following November 23, 2009.

(g) Excludes 5,496 unvested restricted units, none of which will vest in the 60-day period following November 23, 2009.

(h) Inclusive of the units referred to in footnotes (a), (b), (c), (d), (e), (f) and (g) above, the reported number of units excludes 157,110 unvested restricted units, none of which will vest in the 60 day period following November 23, 2009, owned by certain executive officers, whose restricted units vest on the same basis as described in footnotes (b), (c), (d), (e), (f) and (g) above.

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Securities Authorized for Issuance Under the Restricted Unit Plans

The following table sets forth certain information, as of September 26, 2009, with respect to the Partnership s Restricted Unit Plans, under which restricted units of the Partnership, as described in the Notes to the Consolidated Financial Statements included in this Annual Report, are authorized for issuance.

Plan Category	Number of Common Units to be issued upon vesting of restricted units (a)	Weighted-average grant date fair value per restricted unit (b)	Number of restricted units remaining available for future issuance under the Restricted Unit Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (1)	415,295(2)	$ 28.89	1,249,457
Equity compensation plans not approved by security holders			
Total	415,295	$ 28.89	1,249,457

(1) Relates to the Restricted Unit Plans.

(2) Represents number of restricted units that, as of September 26, 2009, had been granted under the 2000 Restricted Unit Plan but had not yet vested. No restricted units have yet been granted under the 2009 Restricted Unit Plan.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Related Person Transactions

None.

Supervisor Independence

The Corporate Governance Guidelines and Principles adopted by the Board of Supervisors provide that a Supervisor is deemed to be lacking a material relationship to the Partnership and is therefore independent of management if the following criteria are satisfied:

1. Within the past three years, the Supervisor:
   a. has not been employed by the Partnership and has not received more than $100,000 per year in direct compensation from the Partnership, other than Supervisor and committee fees and pension or other forms of deferred compensation for prior service;
   b. has not provided significant advisory or consultancy services to the Partnership, and has not been affiliated with a company or a firm that has provided such services to the Partnership in return for aggregate payments during any of the last three fiscal years of the Partnership in excess of the greater of 2% of the other company s consolidated gross revenues or $1 million;
   c. has not been a significant customer or supplier of the Partnership and has not been affiliated with a company or firm that has been a customer or supplier of the Partnership and has either made to the Partnership or received from the Partnership payments during any of the last three fiscal years of the Partnership in excess of the greater of 2% of the other company s consolidated gross revenues or $1 million;
   d. has not been employed by or affiliated with an internal or external auditor that within the past three years provided services to the Partnership; and
   e. has not been employed by another company where any of the Partnership s current executives serve on that company s compensation committee;
2. The Supervisor is not a spouse, parent, sibling, child, mother- or father-in-law, son- or daughter-in-law or brother- or sister-in-law of a person having a relationship described in 1. above nor shares a residence with such person;
3. The Supervisor is not affiliated with a tax-exempt entity that within the past 12 months received significant contributions from the Partnership (contributions of the greater of 2% of the entity s consolidated gross revenues or $1 million are considered significant); and
4. The Supervisor does not have any other relationships with the Partnership or with members of senior management of the Partnership that the Board determines to be material.

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ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth the aggregate fees for services related to fiscal years 2009 and 2008 provided by PricewaterhouseCoopers LLP, our independent registered public accounting firm.

	Fiscal 2009	Fiscal 2008
Audit Fees (a)	$ 2,265,000	$ 2,325,000
Audit-Related Fees (b)		84,000
Tax Fees (c)	840,030	722,000
All Other Fees (d)	1,605	1,605

(a) Audit Fees consist of professional services rendered for the integrated audit of our annual consolidated financial statements and our internal control over financial reporting, including reviews of our quarterly financial statements, as well as the issuance of consents in connection with other filings made with the SEC.

(b) Audit-Related Fees consist of professional services rendered in connection with acquisition-related due diligence and consultations concerning financial accounting and reporting standards.

(c) Tax Fees consist of fees for professional

services related to tax reporting, tax compliance and transaction services assistance.

(d) All Other Fees represent fees for the purchase of a license to an accounting research software tool.

The Audit Committee of the Board of Supervisors has adopted a formal policy concerning the approval of audit and non-audit services to be provided by the independent registered public accounting firm, PricewaterhouseCoopers LLP. The policy requires that all services PricewaterhouseCoopers LLP may provide to us, including audit services and permitted audit-related and non-audit services, be pre-approved by the Audit Committee. The Audit Committee pre-approved all audit and non-audit services provided by PricewaterhouseCoopers LLP during fiscal 2009 and fiscal 2008.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report:

1. Financial Statements

   See Index to Financial Statements set forth on page F-1.

2. Financial Statement Schedule

   See Index to Financial Statement Schedule set forth on page S-1.

3. Exhibits

   See Index to Exhibits set forth on page E-1.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SUBURBAN PROPANE PARTNERS, L.P.

Date: November 25, 2009

By: /s/ MICHAEL J. DUNN, JR.
Michael J. Dunn, Jr.
President, Chief Executive Officer and Supervisor

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
By: /s/ MICHAEL J. DUNN, JR (Michael J. Dunn, Jr.)	President, Chief Executive Officer and Supervisor	November 25, 2009
By: /s/ HAROLD R. LOGAN, JR. (Harold R. Logan, Jr.)	Chairman and Supervisor	November 25, 2009
By: /s/ JOHN HOYT STOOKEY (John Hoyt Stookey)	Supervisor	November 25, 2009
By: /s/ DUDLEY C. MECUM (Dudley C. Mecum)	Supervisor	November 25, 2009
By: /s/ JOHN D. COLLINS (John D. Collins)	Supervisor	November 25, 2009
By: /s/ JANE SWIFT (Jane Swift)	Supervisor	November 25, 2009
By: /s/ MICHAEL A. STIVALA (Michael A. Stivala)	Chief Financial Officer	November 25, 2009
By: /s/ MICHAEL A. KUGLIN (Michael A. Kuglin)	Controller and Chief Accounting Officer	November 25, 2009

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INDEX TO EXHIBITS

The exhibits listed on this Exhibit Index are filed as part of this Annual Report. Exhibits required to be filed by Item 601 of Regulation S-K, which are not listed below, are not applicable.

Exhibit Number	Description
2.1	Exchange Agreement dated as of July 27, 2006 by and among the Partnership, the Operating Partnership and the General Partner. (Incorporated by reference to Exhibit 10.1 to the Partnership s Current Report on Form 8-K filed July 28, 2006).
3.1	Third Amended and Restated Agreement of Limited Partnership of the Partnership dated as of October 19, 2006, as amended as of July 31, 2007. (Incorporated by reference to Exhibit 3.1 to the Partnership s Current Report on Form 8-K filed August 2, 2007).
3.2	Third Amended and Restated Agreement of Limited Partnership of the Operating Partnership dated as of October 19, 2006, as amended as of June 24, 2009. (Incorporated by reference to Exhibit 10.2 to the Partnership s Current Report on Form 8-K filed June 30, 2009).
3.3	Amended and Restated Certificate of Limited Partnership of Suburban Propane Partners, L.P. dated May 26, 1999 (Incorporated by reference to Exhibit 3.2 to the Partnership s Quarterly Report on Form 10-Q filed August 6, 2009).
3.4	Amended and Restated Certificate of Limited Partnership of Suburban Partners, L.P. dated May 26, 1999 (Incorporated by reference to Exhibit 3.3 to the Partnership s Quarterly Report on Form 10-Q filed August 6, 2009).
4.1	Description of Common Units of the Partnership. (Incorporated by reference to Exhibit 4.1 to the Partnership s Current Report on Form 8-K filed October 19, 2006).
4.2	Indenture, dated as of December 23, 2003, between Suburban Propane Partners, L.P., Suburban Energy Finance Corp. and The Bank of New York, as Trustee (including Form of Senior Global Exchange Note). (Incorporated by reference to Exhibit 10.28 to the Partnership s Quarterly Report on Form 10-Q for the fiscal quarter ended December 27, 2003).
4.3	Exchange and Registration Rights Agreement, dated December 23, 2003 among Suburban Propane Partners, L.P., Suburban Energy Finance Corp., Wachovia Capital Markets, LLC and Goldman, Sachs & Co. (Incorporated by reference to Exhibit 4.1 to the Partnership s Registration Statement on Form S-4 dated December 19, 2003).
4.4	Exchange and Registration Rights Agreement, dated March 31, 2005 among Suburban Propane Partners, L.P., Suburban Energy Finance Corp., Wachovia Capital Markets, LLC and Goldman, Sachs & Co. (Incorporated by reference to Exhibit 4.1 to the Partnership s Current Report on Form 8-K filed April 1, 2005).
10.1	Agreement between Mark A. Alexander and the Partnership, dated April 22, 2009. (Incorporated by reference to Exhibit 10.1 to the Partnership s Quarterly Report on

	Form 10-Q filed August 6, 2009).
10.5	Agreement between Michael J. Dunn, Jr. and the Partnership, effective as of September 27, 2009. (Incorporated by reference to Exhibit 10.1 to the Partnership s Current Report on Form 8-K filed November 10, 2009).

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Exhibit Number	Description
10.6	Suburban Propane Partners, L.P. 2000 Restricted Unit Plan, as amended and restated effective October 17, 2006 and as further amended on July 31, 2007, October 31, 2007, January 24, 2008, January 20, 2009 and November 10, 2009. (Filed herewith).
10.7	Suburban Propane Partners, L.P. 2009 Restricted Unit Plan, effective August 1, 2009. (Incorporated by reference to Exhibit 99.1 to the Partnership s Registration Statement on Form S-8 filed on July 24, 2009).
10.8	Suburban Propane, L.P. Severance Protection Plan, as amended on January 24, 2008, January 20, 2009 and November 10, 2009. (Filed herewith).
10.9	Suburban Propane L.P. 2003 Long Term Incentive Plan, as amended on October 17, 2006 and as further amended on July 31, 2007, October 31, 2007, January 24, 2008 and January 20, 2009. (Incorporated by reference to Exhibit 10.3 to the Partnership s Quarterly Report on Form 10-Q for the fiscal quarter ended December 27, 2008).
10.10	Amended and Restated Supplemental Executive Retirement Plan of the Partnership (effective as of January 1, 1998). (Incorporated by reference to Exhibit 10.23 to the Partnership s Annual Report on Form 10-K for the fiscal year ended September 29, 2001).
10.11	Amended and Restated Retirement Savings and Investment Plan of Suburban Propane effective as of January 1, 1998). (Incorporated by reference to Exhibit 10.24 to the Partnership s Annual Report on Form 10-K for the fiscal year ended September 29, 2001).
10.12	Amendment No. 1 to the Retirement Savings and Investment Plan of Suburban Propane (effective January 1, 2002). (Incorporated by reference to Exhibit 10.25 to the Partnership s Annual Report on Form 10-K for the fiscal year ended September 28, 2002).
10.13	Credit Agreement dated June 26, 2009. (Incorporated by reference to Exhibit 10.1 to the Partnership s Current Report on Form 8-K filed on June 30, 2009).
10.14	Non-Competition Agreement, dated September 17, 2007, between Suburban Propane, L.P. and Plains LPG Services, L.P. (Incorporated by reference to Exhibit 10.2 to the Partnership s Current Report on Form 8-K filed September 20, 2007).
10.15	Propane Storage Agreement, dated September 17, 2007, between Suburban Propane, L.P. and Plains LPG Services, L.P. (Incorporated by reference to Exhibit 10.3 to the Partnership s Current Report on Form 8-K filed September 20, 2007).
21.1	Subsidiaries of Suburban Propane Partners, L.P. (Filed herewith).

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Exhibit Number	Description
23.1	Consent of PricewaterhouseCoopers LLP. (Filed herewith).
31.1	Certification of the President and Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
32.1	Certification of the President and Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
99.1	Five-Year Performance Graph (Filed herewith).

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Report of Independent Registered Public Accounting Firm

To the Board of Supervisors and Unitholders of
Suburban Propane Partners, L.P.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statement of operations, partners capital and of cash flows present fairly, in all material respects, the financial position of Suburban Propane Partners, L.P. and its subsidiaries at September 26, 2009 and September 27, 2008, and the results of their operations and their cash flows for each of the three years in the period ended September 26, 2009 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of September 26, 2009, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Partnership s management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in included in Management s Report on Internal Control over Financial Reporting appearing in Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Partnership s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

PricewaterhouseCoopers LLP
Florham Park, New Jersey
November 25, 2009

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SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 26, 2009	September 27, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 163,173	$ 137,698
Accounts receivable, less allowance for doubtful accounts of $4,374 and $6,578, respectively	52,035	94,933
Inventories	70,158	79,822
Other current assets	22,190	47,098
Total current assets	307,556	359,551
Property, plant and equipment, net	357,187	367,808
Goodwill	274,897	276,282
Other intangible assets, net	13,798	16,018
Other assets	24,076	16,054
Total assets	$ 977,514	$ 1,035,713
LIABILITIES AND PARTNERS CAPITAL		
Current liabilities:		
Accounts payable	$ 35,677	$ 58,079
Accrued employment and benefit costs	40,875	27,053
Accrued insurance	10,410	41,120
Customer deposits and advances	65,769	71,206
Accrued interest	7,294	11,030
Other current liabilities	20,034	17,568
Total current liabilities	180,059	226,056
Long-term borrowings	349,415	531,772
Accrued insurance	41,838	31,913
Other liabilities	46,485	25,896
Total liabilities	617,797	815,637
Commitments and contingencies		
Partners capital:		
Common Unitholders (35,228 and 32,725 units issued and outstanding at September 26, 2009 and September 27, 2008, respectively)	421,005	264,231
Accumulated other comprehensive loss	(61,288)	(44,155)

Total partners capital		359,717		220,076
Total liabilities and partners capital	$	977,514	$	1,035,713

The accompanying notes are an integral part of these consolidated financial statements.

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SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per unit amounts)

	Year Ended		
	September 26, 2009	September 27, 2008	September 29, 2007
Revenues			
Propane	$ 864,012	$ 1,132,950	$ 1,019,798
Fuel oil and refined fuels	159,596	288,078	262,076
Natural gas and electricity	76,832	103,745	94,352
All other	42,714	49,390	63,337
	1,143,154	1,574,163	1,439,563
Costs and expenses			
Cost of products sold	540,385	1,039,436	865,418
Operating	304,767	308,071	322,852
General and administrative	57,044	48,134	56,422
Restructuring charges and severance costs			1,485
Depreciation and amortization	30,343	28,394	28,790
	932,539	1,424,035	1,274,967
Income before loss on debt extinguishment, interest expense and provision for income taxes	210,615	150,128	164,596
Loss on debt extinguishment	(4,624)		
Interest income	802	2,787	3,863
Interest expense	(39,069)	(39,839)	(39,459)
Income before provision for income taxes	167,724	113,076	129,000
Provision for income taxes	2,486	1,903	5,653
Income from continuing operations	165,238	111,173	123,347
Discontinued operations:			
Gain on disposal of discontinued operations		43,707	1,887
Income from discontinued operations			2,053
Net income	$ 165,238	$ 154,880	$ 127,287
Income per Common Unit basic			
Income from continuing operations	$ 4.99	$ 3.39	$ 3.79
Discontinued operations		1.33	0.12

Net income	$ 4.99	$ 4.72	$ 3.91
Weighted average number of Common Units outstanding basic	33,134	32,783	32,554
Income per Common Unit diluted			
Income from continuing operations	$ 4.96	$ 3.37	$ 3.77
Discontinued operations		1.33	0.12
Net income	$ 4.96	$ 4.70	$ 3.89
Weighted average number of Common Units outstanding diluted	33,315	32,950	32,730

The accompanying notes are an integral part of these consolidated financial statements.

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SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended		
	September 26, 2009	September 27, 2008	September 29, 2007
Cash flows from operating activities:			
Net income	$ 165,238	$ 154,880	$ 127,287
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization expense	30,343	28,394	28,790
Depreciation expense discontinued operations			452
Amortization of debt origination costs	1,923	1,328	1,327
Compensation cost recognized under Restricted Unit Plan	2,396	2,156	3,014
Amortization of discount on long-term borrowings	226	234	234
Gain on disposal of property, plant and equipment, net	(650)	(2,252)	(2,782)
Gain on disposal of discontinued operations		(43,707)	(1,887)
Pension settlement charge			3,269
Loss on debt extinguishment	4,624		
Deferred tax provision	1,385	1,277	3,800
Changes in assets and liabilities			
Decrease (increase) in accounts receivable	42,898	(9,663)	(6,827)
Decrease (increase) in inventories	9,664	1,424	(1,915)
Decrease (increase) in prepaid expenses and other current assets	24,908	(26,935)	(3,658)
(Decrease) increase in accounts payable	(22,402)	1,080	(448)
Increase (decrease) in accrued employment and benefit costs	13,822	(10,587)	3,551
(Decrease) increase in accrued insurance	(20,785)	27,240	6,520
(Decrease) increase in customer deposits and advances	(5,437)	(4,188)	12,780
(Decrease) increase in accrued interest	(3,736)	2,484	175
Increase (decrease) in other accrued liabilities	4,466	5,307	(5,475)
(Increase) decrease in other noncurrent assets	(5,787)	2,810	(41,120)
Increase (decrease) in other noncurrent liabilities	3,455	(10,765)	43,870
Contribution to defined benefit pension plan			(25,000)
Net cash provided by operating activities	246,551	120,517	145,957
Cash flows from investing activities:			
Capital expenditures	(21,837)	(21,819)	(26,756)
Proceeds from sale of property, plant and equipment	4,985	4,734	5,783
Proceeds from sale of discontinued operations		53,715	1,284
Net cash (used in) provided by investing activities	(16,852)	36,630	(19,689)
Cash flows from financing activities:			
Repayments of long-term borrowings (includes premium and fees)	(177,821)	(15,000)	

Proceeds from long-term borrowings	100,000		
Issuance costs associated with long-term borrowings	(5,543)		
Repayments of short-term borrowings	(110,000)		
Net proceeds from issuance of Common Units	95,880		
Partnership distributions	(106,740)	(101,035)	(90,253)
Net cash (used in) financing activities	(204,224)	(116,035)	(90,253)
Net increase in cash and cash equivalents	25,475	41,112	36,015
Cash and cash equivalents at beginning of year	137,698	96,586	60,571
Cash and cash equivalents at end of year	$ 163,173	$ 137,698	$ 96,586
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 39,153	$ 35,217	$ 37,165

The accompanying notes are an integral part of these consolidated financial statements.

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SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PARTNERS CAPITAL
(in thousands)

	Number of Common Units	Common Unitholders	General Partner	Deferred Compen-sation	Common Units Held in Trust	Accumulated Other Compre-hensive (Loss) Income	Total Partners Capital	Comprehensive Income (Loss)
Balance at September 30, 2006	30,314	$ 170,151	$ (1,969)	$ 5,704	$ (5,704)	$ (67,481)	$ 100,701	
Net income		127,287					127,287	$ 127,287
Other comprehensive income:								
Net unrealized losses on cash flow hedges						(173)	(173)	(173)
Reclassification of realized losses on cash flow hedges into earnings						1,967	1,967	1,967
Non-cash pension settlement charge						3,269	3,269	3,269
Minimum pension liability adjustment						63,510	63,510	63,510
Adjustment to initially adopt new benefits accounting standard						(43,045)	(43,045)	
Total comprehensive income								$ 195,860
Partnership distributions		(90,253)					(90,253)	
Common Units issued under Restricted Unit Plan	60							
Common Units issued in Exchange of GP interest	2,300	80,443					80,443	
Exchange and cancellation of GP Interest		(82,412)	1,969				(80,443)	
Common Units distributed from trust				(44)	44			

Compensation cost recognized under Restricted Unit Plan, net of forfeitures		3,014					3,014	
Balance at September 29, 2007	32,674	$ 208,230	$	$ 5,660	$ (5,660)	$ (41,953)	$ 166,277	
Net income		154,880					154,880	$ 154,880
Other comprehensive income:								
Net unrealized losses on cash flow hedges						(2,916)	(2,916)	(2,916)
Reclassification of realized gains on cash flow hedges into earnings						(1,377)	(1,377)	(1,377)
Amortization of net actuarial losses and prior service credits into earnings and net change in funded status of benefit plans						2,091	2,091	2,091
Total comprehensive income								$ 152,678
Partnership distributions		(101,035)					(101,035)	
Common Units issued under Restricted Unit Plan	51							
Common Units distributed from trust				(5,660)	5,660			
Compensation cost recognized under Restricted Unit Plan, net of forfeitures		2,156					2,156	
Balance at September 27, 2008	32,725	$ 264,231	$	$	$	$ (44,155)	$ 220,076	
Net income		165,238					165,238	$ 165,238
Other comprehensive income:								
Net unrealized losses on cash flow hedges						(991)	(991)	(991)
Amortization of net actuarial losses and prior service credits into earnings and net change						(16,142)	(16,142)	(16,142)

in funded status of benefit plans								
Total comprehensive income								$ 148,105
Partnership distributions		(106,740)					(106,740)	
Common Units issued under Restricted Unit Plan	72							
Sale of Common Units under public offering, net of offering expenses	2,431	95,880					95,880	
Compensation cost recognized under Restricted Unit Plan, net of forfeitures		2,396					2,396	
Balance at September 26, 2009	35,228	$ 421,005	$	$	$	$ (61,288)	$ 359,717	

The accompanying notes are an integral part of these consolidated financial statements.

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per unit amounts)

1. Partnership Organization and Formation

Suburban Propane Partners, L.P. (the Partnership) is a publicly traded Delaware limited partnership principally engaged, through its operating partnership and subsidiaries, in the retail marketing and distribution of propane, fuel oil and refined fuels, as well as the marketing of natural gas and electricity in deregulated markets. In addition, to complement its core marketing and distribution businesses, the Partnership services a wide variety of home comfort equipment, particularly for heating and ventilation. The publicly traded limited partner interests in the Partnership are evidenced by common units traded on the New York Stock Exchange (Common Units), with 35,227,954 Common Units outstanding at September 26, 2009. The holders of Common Units are entitled to participate in distributions and exercise the rights and privileges available to limited partners under the Third Amended and Restated Agreement of Limited Partnership (the Partnership Agreement), adopted on October 19, 2006 following approval by Common Unitholders at the Partnership s Tri-Annual Meeting and as thereafter amended by the Board of Supervisors on July 31, 2007, pursuant to the authority granted to the Board in the Partnership Agreement. Rights and privileges under the Partnership Agreement include, among other things, the election of all members of the Board of Supervisors and voting on the removal of the general partner.

Suburban Propane, L.P. (the Operating Partnership), a Delaware limited partnership, is the Partnership s operating subsidiary formed to operate the propane business and assets. In addition, Suburban Sales & Service, Inc. (the Service Company), a subsidiary of the Operating Partnership, was formed to operate the service work and appliance and parts businesses of the Partnership. The Operating Partnership, together with its direct and indirect subsidiaries, accounts for substantially all of the Partnership s assets, revenues and earnings. The Partnership, the Operating Partnership and the Service Company commenced operations in March 1996 in connection with the Partnership s initial public offering.

The general partner of both the Partnership and the Operating Partnership is Suburban Energy Services Group LLC (the General Partner), a Delaware limited liability company. On October 19, 2006, the Partnership consummated an agreement with its General Partner to exchange 2,300,000 newly issued Common Units for the General Partner s incentive distribution rights (IDRs) and the economic interest in the Partnership and the Operating Partnership included in the general partner interests therein (the GP Exchange Transaction). Prior to the GP Exchange Transaction, the General Partner was majority-owned by senior management of the Partnership and owned 224,625 general partner units (an approximate 0.74% ownership interest) in the Partnership and a 1.0101% general partner interest in the Operating Partnership. The General Partner also held all outstanding IDRs and appointed two members to the Board of Supervisors. As a result of the GP Exchange Transaction, the General Partner no longer has any economic interest in either the Partnership or the Operating Partnership other than as a holder of 784 Common Units that will remain in the General Partner, no IDRs are outstanding and the sole member of the General Partner is the Partnership s Chief Executive Officer.

During fiscal 2004, the Partnership acquired substantially all of the assets and operations of Agway Energy Products, LLC, Agway Energy Services, Inc. and Agway Energy Services PA, Inc. (collectively referred to as Agway Energy). The operations of Agway Energy consisted of the distribution and marketing of propane, fuel oil and refined fuels, as well as the marketing of natural gas and electricity. The Partnership s fuel oil and refined fuels, natural gas and electricity and services businesses are structured as corporate entities (collectively referred to as Corporate Entities) and, as such, are subject to corporate level income tax.

Suburban Energy Finance Corporation, a direct wholly-owned subsidiary of the Partnership, was formed on November 26, 2003 to serve as co-issuer, jointly and severally with the Partnership, of the Partnership s 6.875% senior notes due in 2013.

The Partnership serves approximately 850,000 active residential, commercial, industrial and agricultural customers from approximately 300 locations in 30 states. The Partnership s operations are concentrated in the east and west coast regions of the United States, including Alaska. No single customer accounted for 10% or more of the Partnership s revenues during fiscal 2009, 2008 or 2007.

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2. Summary of Significant Accounting Policies

Principles of Consolidation. The consolidated financial statements include the accounts of the Partnership, the Operating Partnership and all of its direct and indirect subsidiaries. All significant intercompany transactions and account balances have been eliminated. As a result of the GP Exchange Transaction, the General Partner no longer has any economic interest in the Partnership or the Operating Partnership apart from 784 Common Units held by it. The Partnership consolidates the results of operations, financial condition and cash flows of the Operating Partnership as a result of the Partnership s 100% limited partner interest in the Operating Partnership.

Fiscal Period. The Partnership s fiscal year ends on the last Saturday nearest to September 30.

Revenue Recognition. Sales of propane, fuel oil and refined fuels are recognized at the time product is delivered to the customer. Revenue from the sale of appliances and equipment is recognized at the time of sale or when installation is complete, as applicable. Revenue from repairs, maintenance and other service activities is recognized upon completion of the service. Revenue from service contracts is recognized ratably over the service period. Revenue from the natural gas and electricity business is recognized based on customer usage as determined by meter readings, as adjusted for amounts delivered but unbilled at the end of each accounting period. Revenue from annually billed tank fees is deferred at the time of billings and recognized on a straight-line basis over one year.

Fair Value Measurements. On September 28, 2008, the Partnership adopted new accounting guidance on fair value measurements. The Partnership measures certain of its assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in either the principal market or the most advantageous market. The principal market is the market with the greatest level of activity and volume for the asset or liability. Adoption of this new accounting guidance did not impact the Partnership s financial position, results of operations or cash flows.

The common framework for measuring fair value utilizes a three-level hierarchy to prioritize the inputs used in the valuation techniques to derive fair values. The basis for fair value measurements for each level within the hierarchy is described below with Level 1 having the highest priority and Level 3 having the lowest.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.

Level 3: Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

The Partnership measures the fair value of its options and futures derivative instruments using Level 1 inputs and the fair value of its interest rate swap using Level 2 inputs. See Derivative Instruments and Hedging Activities, below, for additional information regarding fair value measurements.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates have been made by management in the areas of self-insurance and litigation reserves, pension and other postretirement benefit liabilities and costs, valuation of derivative instruments, depreciation and amortization of long-lived assets, asset impairment assessments, tax valuation allowances and allowances for doubtful accounts. Actual results could differ from those estimates, making it reasonably possible that a material change in these estimates could occur in the near term.

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Cash and Cash Equivalents. The Partnership considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The carrying amount approximates fair value because of the short maturity of these instruments.

Inventories. Inventories are stated at the lower of cost or market. Cost is determined using a weighted average method for propane, fuel oil and refined fuels and natural gas, and a standard cost basis for appliances, which approximates average cost.

Derivative Instruments and Hedging Activities. On December 28, 2008, the Partnership adopted new accounting guidance on disclosures about derivative instruments and hedging activities, which required enhanced disclosures about an entity s objectives for using derivative instruments (defined below) and related hedged items, how those derivative instruments are accounted for and how derivative instruments and related hedged items affect an entity s financial position, financial performance and cash flows.

Commodity Price Risk. Given the retail nature of its operations, the Partnership maintains a certain level of priced physical inventory to ensure its field operations have adequate supply commensurate with the time of year. The Partnership s strategy is to keep its physical inventory priced relatively close to market for its field operations. The Partnership enters into a combination of exchange-traded futures and option contracts, forward contracts and, in certain instances, over-the-counter option contracts (collectively, derivative instruments) to hedge price risk associated with propane and fuel oil physical inventory, as well as future purchases of propane or fuel oil used in its operations and to ensure adequate supply during periods of high demand. Under this risk management strategy, realized gains or losses on derivative instruments will typically offset losses or gains on the physical inventory once the product is sold. All of the Partnership s derivative instruments are reported on the consolidated balance sheet at their fair values. In addition, in the course of normal operations, the Partnership routinely enters into contracts such as forward priced physical contracts for the purchase or sale of propane and fuel oil that qualify for and are designated as normal purchase or normal sale contracts. Such contracts are exempted from the fair value accounting requirements and are accounted for at the time product is purchased or sold under the related contract. The Partnership does not use derivative instruments for speculative trading purposes. Market risks associated with futures, options and forward contracts are monitored daily for compliance with the Partnership s Hedging and Risk Management Policy which includes volume limits for open positions. Priced on-hand inventory is also reviewed and managed daily as to exposures to changing market prices.

On the date that futures, forward and option contracts are entered into, other than those designated as normal purchases or normal sales, the Partnership makes a determination as to whether the derivative instrument qualifies for designation as a hedge. Changes in the fair value of derivative instruments are recorded each period in current period earnings or other comprehensive income (loss) (OCI), depending on whether the derivative instrument is designated as a hedge and, if so, the type of hedge. For derivative instruments designated as cash flow hedges, the Partnership formally assesses, both at the hedge contract s inception and on an ongoing basis, whether the hedge contract is highly effective in offsetting changes in cash flows of hedged items. Changes in the fair value of derivative instruments designated as cash flow hedges are reported in OCI to the extent effective and reclassified into cost of products sold during the same period in which the hedged item affects earnings. The mark-to-market gains or losses on ineffective portions of cash flow hedges used to hedge future purchases are recognized in cost of products sold immediately. Changes in the fair value of derivative instruments that are not designated as cash flow hedges, and that do not meet the normal purchase and normal sale exemption, are recorded within cost of products sold as they occur. Cash flows associated with derivative instruments are reported as operating activities within the consolidated statement of cash flows.

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Interest Rate Risk. A portion of the Partnership s borrowings bear interest at prevailing interest rates based upon, at the Operating Partnership s option, LIBOR plus an applicable margin or the base rate, defined as the higher of the Federal Funds Rate plus 1/2 of 1% or the agent bank s prime rate, or LIBOR plus 1%, plus the applicable margin. The applicable margin is dependent on the level of the Partnership s total leverage (the ratio of total debt to income before deducting interest expense, income taxes, depreciation and amortization (EBITDA)). Therefore, the Partnership is subject to interest rate risk on the variable component of the interest rate. The Partnership manages part of its variable interest rate risk by entering into interest rate swap agreements. The interest rate swaps have been designated as and are accounted for as, cash flow hedges. Changes in the fair value of the interest rate swaps are recognized in OCI until the hedged items are recognized in earnings. However, due to changes in the underlying interest rate environment, the corresponding value in OCI is subject to change prior to its impact on earnings.

Long-Lived Assets.

Property, plant and equipment. Property, plant and equipment are stated at cost. Expenditures for maintenance and routine repairs are expensed as incurred while betterments are capitalized as additions to the related assets and depreciated over the asset s remaining useful life. The Partnership capitalizes costs incurred in the acquisition and modification of computer software used internally, including consulting fees and costs of employees dedicated solely to a specific project. At the time assets are retired, or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized within operating expenses. Depreciation is determined under the straight-line method based upon the estimated useful life of the asset as follows:

Buildings	40 Years
Building and land improvements	20-40 Years
Transportation equipment	4-20 Years
Storage facilities	7-40 Years
Office equipment	5-10 Years
Tanks and cylinders	15-40 Years
Computer software	3-7 Years

The weighted average estimated useful life of the Partnership s tanks and cylinders is approximately 25 years.

The Partnership reviews the recoverability of long-lived assets when circumstances occur that indicate that the carrying value of an asset may not be recoverable. Such circumstances include a significant adverse change in the manner in which an asset is being used, current operating losses combined with a history of operating losses experienced by the asset or a current expectation that an asset will be sold or otherwise disposed of before the end of its previously estimated useful life. Evaluation of possible impairment is based on the Partnership s ability to recover the value of the asset from the future undiscounted cash flows expected to result from the use and eventual disposition of the asset. If the expected undiscounted cash flows are less than the carrying amount of such asset, an impairment loss is recorded as the amount by which the carrying amount of an asset exceeds its fair value. The fair value of an asset will be measured using the best information available, including prices for similar assets or the result of using a discounted cash flow valuation technique.

Goodwill. Goodwill represents the excess of the purchase price over the fair value of net assets acquired. Goodwill is subject to an impairment review at a reporting unit level, on an annual basis in August of each year, or when an event occurs or circumstances change that would indicate potential impairment. The Partnership assesses the carrying value of goodwill at a reporting unit level based on an estimate of the fair value of the respective reporting unit. Fair value of the reporting unit is estimated using discounted cash flow analyses taking into consideration estimated cash flows in a ten-year projection period and a terminal value calculation at the end of the projection period. If the fair value of the reporting unit exceeds its carrying value, the goodwill associated with the reporting unit is not considered to be impaired. If the carrying value of the reporting unit exceeds its fair value, an impairment loss is recognized to the extent that the carrying amount of the associated goodwill, if any, exceeds the implied fair value of the goodwill.

Other Intangible Assets. Other intangible assets consist of customer lists, tradenames, non-compete agreements and leasehold interests. Customer lists and tradenames are amortized under the straight-line method over the estimated period for which the assets are expected to contribute to the future cash flows of the reporting entities to which they relate, ending periodically between fiscal years 2012 and 2019. Non-compete agreements are amortized under the straight-line method over the periods of the related agreements, which ended in fiscal year 2009. Leasehold interests are amortized under the straight-line method over the shorter of the lease term or the useful life of the related assets, through fiscal 2025.

Accrued Insurance. Accrued insurance represents the estimated costs of known and anticipated or unasserted claims for self-insured liabilities related to general and product, workers compensation and automobile liability. Accrued insurance provisions for unasserted claims arising from unreported incidents are based on an analysis of historical claims data. For each claim, the Partnership records a provision up to the estimated amount of the probable claim utilizing actuarially determined loss development factors applied to actual claims data. The Partnership maintains insurance coverage such that its net exposure for insured claims is limited to the insurance deductible, claims above which are paid by the Partnership s insurance carriers. For the portion of the estimated liability that exceeds insurance deductibles, the Partnership records an asset related to the amount of the liability expected to be covered by insurance. Claims are generally settled within five years of origination.

Customer Deposits and Advances. The Partnership offers different payment programs to its customers including the ability to prepay for usage and to make equal monthly payments on account under a budget payment plan. The Partnership establishes a liability within customer deposits and advances for amounts collected in advance of deliveries.

Income Taxes. As discussed in Note 1, the Partnership structure consists of two limited partnerships, the Partnership and the Operating Partnership, and several Corporate Entities. For federal income tax purposes, as well as for state income tax purposes in the majority of the states in which the Partnership operates, the earnings attributable to the Partnership and the Operating Partnership are included in the tax returns of the individual partners. As a result, except for certain states that impose an income tax on partnerships, no income tax expense is reflected in the Partnership s consolidated financial statements relating to the earnings of the Partnership and the Operating Partnership. The earnings attributable to the Corporate Entities are subject to federal and state income taxes. Net earnings for financial statement purposes may differ significantly from taxable income reportable to Common Unitholders as a result of differences between the tax basis and financial reporting basis of assets and liabilities and the taxable income allocation requirements under the Partnership Agreement.

Income taxes for the Corporate Entities are provided based on the asset and liability approach to accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected future tax consequences of differences between the carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period when the change is enacted. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets when it is more likely than not that the full amount will not be realized.

Asset Retirement Obligations. Asset retirement obligations apply to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and/or the normal operation of a long-lived asset, except for certain obligations of lessees. The Partnership has recognized asset retirement obligations for certain costs to remove and properly dispose of underground and aboveground fuel oil storage tanks and contractually mandated removal of leasehold improvements.

The Partnership records a liability at fair value for the estimated cost to settle an asset retirement obligation at the time that liability is incurred, which is generally when the asset is purchased, constructed or leased. The Partnership records the liability, which is referred to as the asset retirement obligation, when it has a legal obligation to incur costs to retire the asset and when a reasonable estimate of the fair value of the liability can be made. If a reasonable estimate cannot be made at the time the liability is incurred, the Partnership records the liability when sufficient information is available to estimate the liability s fair value.

Unit-Based Compensation. The Partnership recognizes compensation cost over the respective service period for employee services received in exchange for an award of equity or equity-based compensation based on the grant date fair value of the award. The Partnership measures liability awards under an equity-based payment arrangement based on remeasurement of the award s fair value at the conclusion of each interim and annual reporting period until the date of settlement, taking into consideration the probability that the performance conditions will be satisfied.

Costs and Expenses. The cost of products sold reported in the consolidated statements of operations represents the weighted average unit cost of propane, fuel oil and refined fuels, as well as the cost of natural gas and electricity sold, including transportation costs to deliver product from the Partnership s supply points to storage or to the Partnership s customer service centers. Cost of products sold also includes the cost of appliances, equipment and related parts sold or installed by the Partnership s customer service centers computed on a basis that approximates the average cost of the products. Unrealized (non-cash) gains or losses from changes in the fair value of derivative instruments that are not designated as cash flow hedges are recorded in each reporting period within cost of products sold. Cost of products sold is reported exclusive of any depreciation and amortization as such amounts are reported separately within the consolidated statements of operations.

All other costs of operating the Partnership s retail propane, fuel oil and refined fuels distribution and appliance sales and service operations, as well as the natural gas and electricity marketing business, are reported within operating expenses in the consolidated statements of operations. These operating expenses include the compensation and benefits of field and direct operating support personnel, costs of operating and maintaining the vehicle fleet, overhead and other costs of the purchasing, training and safety departments and other direct and indirect costs of operating the Partnership s customer service centers.

All costs of back office support functions, including compensation and benefits for executives and other support functions, as well as other costs and expenses to maintain finance and accounting, treasury, legal, human resources, corporate development and the information systems functions are reported within general and administrative expenses in the consolidated statements of operations.

Net Income Per Unit. Subsequent to the GP Exchange Transaction, computations of basic income per Common Unit are performed by dividing net income by the weighted average number of outstanding Common Units, and restricted units granted under the Restricted Unit Plans to retirement-eligible grantees. Computations of diluted income per Common Unit are performed by dividing net income by the weighted average number of outstanding Common Units and unvested restricted units granted under the Restricted Unit Plans. Prior to the GP Exchange Transaction, when the General Partner s interest included IDRs in the Partnership, computations of earnings per Common Unit were performed, when applicable, using the two-class method when participating securities existed. The two-class method is an earnings allocation formula that computes earnings per unit for each class of Common Unit and participating security according to distributions declared and the participating rights in undistributed earnings, as if all of the earnings were distributed to the limited partners and the General Partner (inclusive of the IDRs of the General Partner which were considered participating securities for purposes of the two-class method). Net income was allocated to the Common Unitholders and the General Partner in accordance with their respective Partnership ownership interests, after giving effect to any priority income allocations for incentive distributions allocated to the General Partner. For purposes of the computation of income per Common Unit for the year ended September 29, 2007, earnings that would have been allocated to the General Partner for the period prior to the GP Exchange Transaction were not significant. Following the GP Exchange Transaction consummated on October 19, 2006, the two-class method of computing income per Common Unit was no longer applicable.

In computing diluted net income per Common Unit, weighted average units outstanding used to compute basic net income per Common Unit were increased by 180,789, 166,308 and 175,701 units for the years ended September 26, 2009, September 27, 2008 and September 29, 2007, respectively, to reflect the potential dilutive effect of the unvested restricted units outstanding using the treasury stock method.

Comprehensive Income. The Partnership reports comprehensive (loss) income (the total of net income and all other non-owner changes in partners capital) within the consolidated statement of partners capital. Comprehensive (loss) income includes unrealized gains and losses on derivative instruments accounted for as cash flow hedges, minimum pension liability adjustments and changes in the funded status of pension and other postretirement benefit plans.

Recently Issued Accounting Standards. In December 2008, the Financial Accounting Standards Board (FASB) issued new financial reporting guidance to require more detailed disclosures about employers pension plan assets. These new disclosures will include more information on investment strategies, major categories of plan assets, concentrations of risk within plan assets and valuation techniques used to measure the fair value of plan assets. The new guidance is effective for fiscal years ending after December 15, 2009, which will be the Partnership s 2010 fiscal year ending September 25, 2010. Since it only addresses disclosures, the adoption of the new guidance is not expected to have an impact on the Partnership s consolidated financial position, results of operations or cash flows.

In December 2007, the FASB issued revised accounting guidance concerning business combinations. Among other things, this revised guidance requires an entity to recognize acquired assets, liabilities assumed and any noncontrolling interest at their respective fair values as of the acquisition date, clarifies how goodwill involved in a business combination is to be recognized and measured, as well as requires the expensing of acquisition-related costs as incurred. Most of its provisions are effective for business combinations entered into in fiscal years beginning on or after December 15, 2008, which will be the Partnership s 2010 fiscal year beginning September 27, 2009, with early adoption prohibited. Certain provisions, in particular a provision related to the accounting for acquired tax benefits, are required to be applied in future fiscal years regardless of when the business combination occurred. To the extent the Partnership s Corporate Entities generate taxable profits in future years that enable the utilization of tax benefits acquired in the Agway Energy acquisition, the corresponding reduction in the valuation allowance will be recorded as a reduction in the provision for income taxes.

Reclassifications. Certain prior period amounts have been reclassified to conform with the current period presentation. In addition, other current liabilities were increased and other liabilities were reduced as of September 27, 2008 by $2,441 to reclassify the current portion of the interest rate swap liability.

Subsequent Events. The Partnership has evaluated all subsequent events that occurred after the balance sheet date through November 25, 2009, the date its financial statements were issued, and concluded there were no events or transactions occurring during this period that required recognition or disclosure in its financial statements.

3. Distributions of Available Cash

The Partnership makes distributions to its partners no later than 45 days after the end of each fiscal quarter of the Partnership in an aggregate amount equal to its Available Cash for such quarter. Available Cash, as defined in the Partnership Agreement, generally means all cash on hand at the end of the respective fiscal quarter less the amount of cash reserves established by the Board of Supervisors in its reasonable discretion for future cash requirements. These reserves are retained for the proper conduct of the Partnership s business, the payment of debt principal and interest and for distributions during the next four quarters.

Prior to October 19, 2006, the General Partner had IDRs which represented an incentive for the General Partner to increase distributions to Common Unitholders in excess of the target quarterly distribution of $0.55 per Common Unit. With regard to the first $0.55 of quarterly distributions paid in any given quarter, 98.26% of the Available Cash was distributed to the Common Unitholders and 1.74% was distributed to the General Partner. With regard to the balance of quarterly distributions in excess of the $0.55 per Common Unit target distribution, 85% of the Available Cash was distributed to the Common Unitholders and 15% was distributed to the General Partner. As a result of the GP Exchange Transaction, the IDRs were cancelled and the General Partner is no longer entitled to receive any cash distributions in respect of its general partner interests. Accordingly, beginning with the quarterly distribution paid on November 14, 2006 in respect of the fourth quarter of fiscal 2006, 100% of all cash distributions are paid to holders of Common Units.

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The following summarizes the quarterly distributions per Common Unit declared and paid in respect of each of the quarters in the three fiscal years in the period ended September 26, 2009:

	Fiscal 2009	Fiscal 2008	Fiscal 2007
First Quarter	$ 0.8100	$ 0.7625	$ 0.6875
Second Quarter	0.8150	0.7750	0.7000
Third Quarter	0.8250	0.8000	0.7125
Fourth Quarter	0.8300	0.8050	0.7500

On October 22, 2009, the Board of Supervisors declared a quarterly distribution of $0.830 per Common Unit, or $3.32 per Common Unit on an annualized basis, in respect of the fourth quarter of fiscal 2009, which was paid on November 10, 2009 to holders of record on November 3, 2009. This quarterly distribution included an increase of $0.005 per Common Unit, or $0.02 per Common Unit on an annualized basis, from the previous distribution rate established in July, 2009, and an increase of $0.0250 per Common Unit, or $0.10 per Common Unit on an annualized basis, from the prior year-end distribution rate.

4. Selected Balance Sheet Information

Inventories consist of the following:

	As of	
	September 26, 2009	September 27, 2008
Propane and refined fuels	$ 67,293	$ 76,036
Natural gas	219	283
Appliances and related parts	2,646	3,503
	$ 70,158	$ 79,822

The Partnership enters into contracts to buy propane, fuel oil and natural gas for supply purposes. Such contracts generally have a term of one year subject to annual renewal, with costs based on market prices at the date of delivery.

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Property, plant and equipment consist of the following:

	As of	
	September 26, 2009	September 27, 2008
Land and improvements	$ 28,452	$ 28,307
Buildings and improvements	78,189	77,833
Transportation equipment	33,231	35,033
Storage facilities	76,594	74,954
Equipment, primarily tanks and cylinders	471,787	463,332
Computer systems	43,538	41,796
Construction in progress	2,657	1,711
	734,448	722,966
Less: accumulated depreciation	377,261	355,158
	$ 357,187	$ 367,808

Depreciation expense from continuing operations for the years ended September 26, 2009, September 27, 2008 and September 29, 2007 amounted to $28,123, $26,170 and $26,547, respectively. Depreciation expense from discontinued operations for the years ended September 26, 2009, September 27, 2008 and September 29, 2007 amounted to $-0-, $-0- and $452, respectively.

5. Goodwill and Other Intangible Assets

The Partnership s fiscal 2009 and fiscal 2008 annual goodwill impairment review resulted in no adjustments to the carrying amount of goodwill. During fiscal 2009 and fiscal 2008, the Partnership reversed $1,385 and $1,277 of the deferred tax asset valuation allowance, respectively, which was established through purchase accounting for the Agway Acquisition, as a reduction to goodwill. This adjustment resulted from the utilization of a portion of the net operating losses established in purchase accounting for the Agway Acquisition. The carrying value of goodwill assigned to the Partnership s operating segments are as follows:

	As of	
	September 26, 2009	September 27, 2008
Propane	$ 262,559	$ 262,559
Fuel oil and refined fuels	4,438	5,823
Natural gas and electricity	7,900	7,900
	$ 274,897	$ 276,282

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Other intangible assets, the majority of which were acquired in the Agway Acquisition, consist of the following:

	As of	
	September 26, 2009	September 27, 2008
Customer lists	$ 22,316	$ 22,316
Tradenames	1,499	1,499
Other	1,967	2,117
	25,782	25,932
Less: accumulated amortization		
Customer lists	(10,596)	(8,632)
Tradenames	(862)	(712)
Other	(526)	(570)
	(11,984)	(9,914)
	$ 13,798	$ 16,018

Aggregate amortization expense related to other intangible assets for the years ended September 26, 2009, September 27, 2008 and September 29, 2007 was $2,220, $2,224 and $2,243, respectively. Aggregate amortization expense related to other intangible assets for each of the five succeeding fiscal years as of September 26, 2009 is as follows: 2010 $2,205; 2011 $2,205; 2012 $1,730; 2013 $1,572 and 2014 $1,237.

6. Restructuring Charges and Severance Costs

During fiscal 2007, payments for severance and other employee costs associated with a previously approved and initiated plan of reorganization totaled $1,621 and were charged against the reserves established. As of September 29, 2007, the reserve for severance and other employee benefits was fully utilized.

For the years ended September 26, 2009 and September 27, 2008, the Partnership did not record any restructuring charges. For the year ended September 29, 2007, the Partnership incurred severance charges of $1,485 associated with positions eliminated during fiscal 2007 unrelated to a specific plan of restructuring.

7. Income Taxes

For federal income tax purposes, as well as for state income tax purposes in the majority of the states in which the Partnership operates, the earnings attributable to the Partnership, as a separate legal entity, and the Operating Partnership are not subject to income tax at the partnership level. Rather, the taxable income or loss attributable to the Partnership, as a separate legal entity, and to the Operating Partnership, which may vary substantially from the income (loss) before income taxes reported by the Partnership in the consolidated statement of operations, are includable in the federal and state income tax returns of the individual partners. The aggregate difference in the basis of the Partnership s net assets for financial and tax reporting purposes cannot be readily determined as the Partnership does not have access to information regarding each partner s basis in the Partnership.

The earnings of the Corporate Entities that do not qualify under the Internal Revenue Code for partnership status are subject to federal and state income taxes. The Partnership s fuel oil and refined fuels, natural gas and electricity and services business segments are structured as corporate entities and, as such, are subject to corporate level income tax. However, a number of those corporate entities have experienced operating losses in recent years and, as a result, a full valuation allowance has been provided against the deferred tax assets. As a result, at present, many of those Corporate Entities do not report a tax provision. The conclusion that a full valuation allowance is necessary was based upon an analysis of all available evidence, both negative and positive at the balance sheet date, which, taken as a whole,

indicates that it is more likely than not that sufficient future taxable income will not be available to utilize the Partnership s deferred tax assets. Management s periodic reviews include, among other things, the nature and amount of the taxable income and expense items, the expected timing when assets will be used or liabilities will be required to be reported and the reliability of historical profitability of businesses expected to provide future earnings. Furthermore, management considered tax-planning strategies it could use to increase the likelihood that the deferred tax assets will be realized.

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The income tax provision of all the legal entities included in the Partnership s consolidated statement of operations consists of the following:

	Year Ended		
	September 26, 2009	**September 27, 2008**	**September 29, 2007**
Current			
Federal	$ 173	$ 73	$ 474
State and local	928	553	1,379
	1,101	626	1,853
Deferred	1,385	1,277	3,800
	$ 2,486	$ 1,903	$ 5,653

As a result of the calendar year 2009, 2008 and 2007 projected profitability of the Partnership s Corporate Entities, the Partnership reported taxable income and, as a result, utilized net operating losses to offset the current cash tax liability. Utilization of these net operating losses resulted in a deferred tax provision of $1,385, $1,277 and $3,800 in fiscal 2009, 2008 and 2007, respectively, and a corresponding reversal of a portion of the valuation allowance established in purchase accounting for the acquisition of Agway Energy, which reduced goodwill.
The provision for income taxes differs from income taxes computed at the United States federal statutory rate as a result of the following:

	Year Ended		
	September 26, 2009	**September 27, 2008**	**September 29, 2007**
Income tax provision at federal statutory tax rate	$ 58,704	$ 39,577	$ 45,149
Impact of Partnership income not subject to federal income taxes	(56,294)	(45,323)	(39,459)
Permanent differences	719	1,240	(358)
Change in valuation allowance	(2,048)	6,930	(1,583)
State income taxes	1,262	(572)	1,379
Alternative minimum tax	143	53	447
Other, net		(2)	78
Provision for income taxes current and deferred	$ 2,486	$ 1,903	$ 5,653

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The components of net deferred taxes and the related valuation allowance using current enacted tax rates are as follows:

	As of	
	September 26, 2009	**September 27, 2008**
Deferred tax assets:		
Net operating loss carryforwards	$ 38,995	$ 41,768
Allowance for doubtful accounts	679	1,428
Inventory	833	722
Intangible assets	1,523	1,127
Deferred revenue	1,613	1,787
Derivative instruments		92
AMT credit carryforward	789	646
Other accruals	2,915	2,083
Total deferred tax assets	47,347	49,653
Deferred tax liabilities:		
Derivative instruments	1,282	
Property, plant and equipment	603	758
Total deferred tax liabilities	1,885	758
Net deferred tax assets	45,462	48,895
Valuation allowance	(45,462)	(48,895)
Net deferred tax assets	$	$

As of September 26, 2009, the Partnership s Corporate Entities had tax loss carryforwards for federal income tax reporting purposes of approximately $96,025, which are available to offset future federal taxable income and expire between 2024 and 2028.

8. Long-Term Borrowings

Short-term and long-term borrowings consist of the following:

	As of	
	September 26, 2009	**September 27, 2008**
Senior Notes, 6.875%, due December 15, 2013, net of unamortized discount of $585 and $1,228, respectively	$ 249,415	$ 423,772
Revolving Credit Agreement, due June 25, 2013	100,000	
Term Loan		110,000
	349,415	533,772
Less: current portion of Term Loan		2,000
	$ 349,415	$ 531,772

The Partnership and its subsidiary, Suburban Energy Finance Corporation, have issued $425,000 aggregate principal amount of Senior Notes (the 2003 Senior Notes) with an annual interest rate of 6.875%. On September 9, 2009, the Partnership and its subsidiary purchased $175,000 aggregate principal amount of the 2003 Senior Notes through a cash tender offer. In connection with the tender offer, the Partnership recognized a loss on the extinguishment of debt of $4,624 in the fourth quarter of fiscal 2009, consisting of $2,821 for the tender premium and related fees, as well as the write-off of $1,803 in unamortized debt origination costs and unamortized discount.

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The Partnership s obligations under the 2003 Senior Notes are unsecured and rank senior in right of payment to any future subordinated indebtedness and equally in right of payment with any future senior indebtedness. The 2003 Senior Notes are structurally subordinated to, which means they rank effectively behind, any debt and other liabilities of the Operating Partnership. The Senior Notes mature on December 15, 2013 and require semi-annual interest payments in June and December. The Partnership is permitted to redeem some or all of the 2003 Senior Notes any time at redemption prices specified in the indenture governing the 2003 Senior Notes. In addition, in the event of a change of control of the Partnership, as defined in the indenture governing the 2003 Senior Notes, the Partnership must offer to repurchase the notes at 101% of the principal amount repurchased, if the holders of the notes exercise the right of repurchase.

On June 26, 2009, the Operating Partnership executed a Credit Agreement (the Credit Agreement) to provide a four-year $250,000 revolving credit facility (the Revolving Credit Facility). The Credit Agreement replaces the Operating Partnership s previous credit facility, which provided for a $108,000 term loan (the Term Loan) and a separate $175,000 working capital facility both of which, as amended, were scheduled to mature in March 2010. Borrowings under the Revolving Credit Facility may be used for general corporate purposes, including working capital, capital expenditures and acquisitions until maturity on June 25, 2013. The Operating Partnership has the right to prepay any borrowings under the Revolving Credit Facility, in whole or in part, without penalty at any time prior to maturity. At closing, the Operating Partnership borrowed $100,000 under the Revolving Credit Facility and, along with cash on hand, repaid the $108,000 then outstanding under the Term Loan and terminated the previous credit facility. In addition, the Partnership has standby letters of credit issued under the Revolving Credit Facility in the aggregate amount of $57,166 primarily in support of retention levels under its self-insurance programs, which expire periodically through April 15, 2010. Therefore, as of September 26, 2009 the Partnership had available borrowing capacity of $92,834 under the Revolving Credit Facility.

Borrowings under the Revolving Credit Facility bear interest at prevailing interest rates based upon, at the Operating Partnership s option, LIBOR plus the applicable margin or the base rate, defined as the higher of the Federal Funds Rate plus 1/2 of 1%, the agent bank s prime rate, or LIBOR plus 1%, plus in each case the applicable margin. The applicable margin is dependent upon the Partnership s ratio of total debt to EBITDA on a consolidated basis, as defined in the Revolving Credit Facility. As of September 26, 2009, the interest rate for the Revolving Credit Facility was approximately 4.1%. The interest rate and the applicable margin will be reset at the end of each calendar quarter.

The Partnership acts as a guarantor with respect to the obligations of the Operating Partnership under the Credit Agreement pursuant to the terms and conditions set forth therein. The obligations under the Credit Agreement are secured by liens on substantially all of the personal property of the Partnership, the Operating Partnership and their subsidiaries, as well as mortgages on certain real property.

In connection with the Revolving Credit Facility, the Operating Partnership amended its existing interest rate swap agreement, which has a termination date of March 31, 2010, to reduce the notional amount to $100,000 from $108,000. The Operating Partnership will pay a fixed interest rate of 4.66% to the issuing lender on the notional principal amount outstanding, effectively fixing the LIBOR portion of the interest rate at 4.66%. In return, the issuing lender will pay to the Operating Partnership a floating rate, namely LIBOR, on the same notional principal amount. On July 31, 2009 our Operating Partnership entered into a forward starting interest rate swap agreement with a March 31, 2010 effective date, which is commensurate with the maturity of the existing interest rate swap agreement, and termination date of June 25, 2013. Under the forward starting interest rate swap agreement, the Operating Partnership will pay a fixed interest rate of 3.12% to the issuing lender on the notional principal amount outstanding, effectively fixing the LIBOR portion of the interest rate at 3.12%. In return, the issuing lender will pay to the Operating Partnership a floating rate, namely LIBOR, on the same notional principal amount. The interest rate swaps have been designated as a cash flow hedge.

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The Revolving Credit Facility and the 2003 Senior Notes both contain various restrictive and affirmative covenants applicable to the Operating Partnership and the Partnership, respectively, including (i) restrictions on the incurrence of additional indebtedness, and (ii) restrictions on certain liens, investments, guarantees, loans, advances, payments, mergers, consolidations, distributions, sales of assets and other transactions. The Revolving Credit Facility contains certain financial covenants (a) requiring the consolidated interest coverage ratio, as defined, of the Partnership to be not less than 2.5 to 1.0 as of the end of any fiscal quarter; (b) prohibiting the total consolidated leverage ratio, as defined, of the Partnership from being greater than 4.5 to 1.0 as of the end of any fiscal quarter; and (c) prohibiting the senior secured consolidated leverage ratio, as defined, of the Operating Partnership from being greater than 3.0 to 1.0 as of the end of any fiscal quarter. Under the 2003 Senior Note indenture, the Partnership is generally permitted to make cash distributions equal to available cash, as defined, as of the end of the immediately preceding quarter, if no event of default exists or would exist upon making such distributions, and the Partnership s consolidated fixed charge coverage ratio, as defined, is greater than 1.75 to 1. The Partnership and the Operating Partnership were in compliance with all covenants and terms of the 2003 Senior Notes and the Revolving Credit Facility as of September 26, 2009.
Debt origination costs representing the costs incurred in connection with the placement of, and the subsequent amendment to, long-term borrowings are capitalized within other assets and amortized on a straight-line basis over the term of the respective debt agreements. Other assets at September 26, 2009 and September 27, 2008 include debt origination costs with a net carrying amount of $7,136 and $4,902, respectively. Aggregate amortization expense related to deferred debt origination costs included within interest expense for the years ended September 26, 2009, September 27, 2008 and September 29, 2007 was $1,923, $1,328 and $1,327, respectively. Unamortized debt origination costs of $414 associated with the previous credit facility were written-off in the third quarter of fiscal 2009 and unamortized debt origination costs of $1,385 associated with the tender offer of the 2003 Senior Notes were written-off in the fourth quarter of fiscal 2009.
The aggregate amounts of long-term debt maturities in fiscal years subsequent to September 26, 2009 are as follows: 2010 through 2012 $-0-; 2013 $100,000; 2014 $250,000; and thereafter $-0-.
Under the previous credit facility, proceeds from the sale, transfer or other disposition of any asset of the Operating Partnership, other than the sale of inventory in the ordinary course of business, in excess of $15,000 was required to be used to acquire productive assets within twelve months of receipt of the proceeds. Any proceeds not used within twelve months of receipt to acquire productive assets were required to be used to prepay the outstanding principal of the Term Loan. On September 26, 2008 and November 10, 2008, the Operating Partnership prepaid $15,000 and $2,000, respectively, on the Term Loan with the net proceeds from the sale of the Tirzah storage facility that were not used to acquire productive assets within twelve months of receipt.

9. Unit-Based Compensation Arrangements

As described in Note 2, the Partnership recognizes compensation cost over the respective service period for employee services received in exchange for an award of equity, or equity-based compensation, based on the grant date fair value of the award. The Partnership measures liability awards under an equity-based payment arrangement based on remeasurement of the award s fair value at the conclusion of each interim and annual reporting period until the date of settlement, taking into consideration the probability that the performance conditions will be satisfied. The Partnership has historically recognized unearned compensation associated with awards under its Restricted Unit Plans ratably to expense over the vesting period based on the fair value of the award on the grant date and has historically recognized compensation cost and the associated unearned compensation liability for equity-based awards under its Long-Term Incentive Plan.

Restricted Unit Plans. In fiscal 2000 and fiscal 2009, the Partnership adopted the Suburban Propane Partners, L.P. 2000 Restricted Unit Plan and 2009 Restricted Unit Plan (collectively, the Restricted Unit Plans), respectively, which authorizes the issuance of Common Units to executives, managers and other employees and members of the Board of Supervisors of the Partnership. The total number of Common Units authorized for issuance under the Restricted Unit Plans is 1,917,805. Unless otherwise stipulated by the compensation committee on or before the grant date, Restricted Units issued under the Restricted Unit Plans vest over time with 25% of the Common Units vesting at the end of each of the third and fourth anniversaries of the grant date and the remaining 50% of the Common Units vesting at the end of the fifth anniversary of the grant date. The Restricted Unit Plans participants are not eligible to receive quarterly

distributions or vote their respective restricted units until vested. Because each restricted unit represents a promise to issue a Common Unit at a future date, restricted units cannot be sold or transferred prior to vesting. The value of the restricted unit is established by the market price of the Common Unit on the date of grant, net of estimated future distributions during the vesting period. Restricted units are subject to forfeiture in certain circumstances as defined in the Restricted Unit Plans. Compensation expense for the unvested awards is recognized ratably over the vesting periods and is net of estimated forfeitures.

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The following is a summary of activity in the Restricted Unit Plans:

	Units	Weighted Average Grant Date Fair Value Per Unit
Outstanding September 30, 2006	340,786	$ 29.28
Granted	151,515	44.51
Forfeited	(47,023)	(30.06)
Vested	(62,188)	(28.34)
Outstanding September 29, 2007	383,090	$ 28.85
Granted	125,912	35.19
Forfeited	(11,359)	(27.17)
Vested	(51,128)	(30.52)
Outstanding September 27, 2008	446,515	$ 30.57
Granted	68,799	18.10
Forfeited	(28,382)	(31.92)
Vested	(71,637)	(27.81)
Outstanding September 26, 2009	415,295	$ 28.89

As of September 26, 2009, unrecognized compensation cost related to unvested restricted units awarded under the Restricted Unit Plans amounted to $4,549. Compensation cost associated with the unvested awards is expected to be recognized over a weighted-average period of 1.7 years. Compensation expense for the Restricted Unit Plans for years ended September 26, 2009, September 27, 2008 and September 29, 2007 was $2,396, $2,156 and $3,014, respectively.

Long-Term Incentive Plan. The Partnership has a non-qualified, unfunded long-term incentive plan for officers and key employees (LTIP-2) which provides for payment, in the form of cash, for an award of equity-based compensation at the end of a three-year performance period. The level of compensation earned under LTIP-2 is based on the market performance of the Partnership s Common Units on the basis of total return to Unitholders (TRU) compared to the TRU of a predetermined peer group comprised of other publicly traded partnerships (master limited partnerships), as approved by the Compensation Committee of the Board of Supervisors, over the same three-year performance period. Compensation expense, which includes adjustments to previously recognized compensation expense for current period changes in the fair value of unvested awards, for the years ended September 26, 2009, September 27, 2008 and September 29, 2007 was $3,402, $1,859 and $5,977, respectively. The cash payouts in fiscal 2009, fiscal 2008 and fiscal 2007, which related to the fiscal 2006, fiscal 2005 and fiscal 2004 awards, were $2,741, $2,720 and $1,215, respectively.

10. Compensation Deferral Plan

The Compensation Deferral Plan provided eligible employees of the Partnership the ability to defer receipt of all or a portion of vested restricted units granted under a prior restricted unit award plan. These units were held in trust on behalf of the individuals. During the second quarter of fiscal 2008, the remaining 292,682 Common Units were distributed to the participants resulting in the satisfaction of the deferred compensation obligation of $5,660, classified in partners capital and a corresponding reduction to common units held in trust, classified as a contra-equity balance within partners capital.

11. Employee Benefit Plans

Defined Contribution Plan. The Partnership has an employee Retirement Savings and Investment Plan (the 401(k) Plan) covering most employees. Employer matching contributions relating to the 401(k) Plan are a percentage of the participating employees elective contributions. The percentage of the Partnership s contributions are based on a sliding scale depending on the Partnership s achievement of annual performance targets. These contributions totaled $5,676, $1,190 and $5,426 for the years ended September 26, 2009, September 27, 2008 and September 29, 2007, respectively.

Defined Pension and Retiree Health and Life Benefits Arrangements

Pension Benefits. The Partnership has a noncontributory defined benefit pension plan which was originally designed to cover all eligible employees of the Partnership who met certain requirements as to age and length of service. Effective January 1, 1998, the Partnership amended its defined benefit pension plan to provide benefits under a cash balance formula as compared to a final average pay formula which was in effect prior to January 1, 1998. Effective January 1, 2000, participation in the defined benefit pension plan was limited to eligible existing participants on that date with no new participants eligible to participate in the plan. On September 20, 2002, the Board of Supervisors approved an amendment to the defined benefit pension plan whereby, effective January 1, 2003, future service credits ceased and eligible employees receive interest credits only toward their ultimate retirement benefit.

Contributions, as needed, are made to a trust maintained by the Partnership. Contributions to the defined benefit pension plan are made by the Partnership in accordance with the Employee Retirement Income Security Act of 1974 minimum funding standards plus additional amounts made at the discretion of the Partnership, which may be determined from time to time. There were no minimum funding requirements for the defined benefit pension plan for fiscal 2009, 2008 or 2007. In recent years, cash balance defined benefit pension plans have come under increased scrutiny resulting in litigation regarding such plans sponsored by other companies. Partly in response to these developments, the federal Pension Protection Act of 2006 (the 2006 Pension Act) was enacted, and these developments may result in further legislative changes impacting cash balance defined benefit pension plans in the future. There can be no assurances that future legislative developments will not have an adverse effect on the Partnership s results of operations or cash flows.

Retiree Health and Life Benefits. The Partnership provides postretirement health care and life insurance benefits for certain retired employees. Partnership employees hired prior to July 1993 are eligible for postretirement life insurance benefits if they reach a specified retirement age while working for the Partnership. Partnership employees hired prior to July 1993 and who retired prior to March 1998 are eligible for postretirement health care benefits if they reached a specified retirement age while working for the Partnership. Effective January 1, 2000, the Partnership terminated its postretirement health care benefit plan for all eligible employees retiring after March 1, 1998. All active employees who were eligible to receive health care benefits under the postretirement plan subsequent to March 1, 1998, were provided an increase to their accumulated benefits under the cash balance pension plan. The Partnership s postretirement health care and life insurance benefit plans are unfunded. Effective January 1, 2006, the Partnership changed its postretirement health care plan from a self-insured program to one that is fully insured under which the Partnership pays a portion of the insurance premium on behalf of the eligible participants.

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The Partnership recognizes the funded status of pension and other postretirement benefit plans as an asset or liability on the balance sheet and recognizes changes in the funded status in comprehensive income (loss) in the year the changes occur. The Partnership uses the date of its consolidated financial statements as the measurement date of plan assets and obligations.

At the end of fiscal 2007, the Partnership adopted a new accounting standard pertaining to employers accounting for defined benefit pension and other postretirement benefit plans. The initial impact of adopting this standard was to recognize in accumulated other comprehensive income (loss) unrecognized prior service costs or credits and net actuarial gains or losses that were previously unrecognized. The following table summarizes the effect of required changes in the additional minimum liability (AML) reported in accumulated other comprehensive loss as of September 29, 2007 prior to the adoption of the new standard, as well as the initial impact of adoption. The AML was eliminated during fiscal 2007, primarily as a result of employer contributions.

	September 29, 2007 Prior to AML adjustments and adoption of new accounting standard	AML adjustments prior to adoption of new accounting standard	Adoption of new accounting standard	September 29, 2007 Post AML adjustments and adoption of new accounting standard
Accrued pension liability (asset)	$ 9,990	$ (63,510)	$ 47,973	$ (5,547)
Accrued postretirement liability	$ 29,353	$	$ (4,928)	$ 24,425
Accumulated other comprehensive loss	$ 63,510	$ (63,510)	$ 43,045	$ 43,045

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Projected Benefit Obligation, Fair Value of Plan Assets and Funded Status. The following tables provide a reconciliation of the changes in the benefit obligations and the fair value of the plan assets for each of the years ended September 26, 2009 and September 27, 2008 and a statement of the funded status for both years. Under the Partnership s defined benefit pension plan, the accumulated benefit obligation and the projected benefit obligation are the same.

	Pension Benefits		Retiree Health and Life Benefits	
	2009	**2008**	**2009**	**2008**
Reconciliation of benefit obligations:				
Benefit obligation at beginning of year	$ 135,195	$ 158,317	$ 19,076	$ 24,426
Service cost			5	8
Interest cost	9,488	8,749	1,381	1,399
Actuarial (gain) loss	26,888	(16,904)	2,409	(4,954)
Settlement payments	(6,130)	(6,653)		
Benefits paid	(8,254)	(8,314)	(1,744)	(1,803)
Benefit obligation at end of year	$ 157,187	$ 135,195	$ 21,127	$ 19,076
Reconciliation of fair value of plan assets:				
Fair value of plan assets at beginning of year	$ 135,327	$ 163,864	$	$
Actual return on plan assets	19,112	(13,570)		
Employer contributions			1,744	1,803
Settlement payments	(6,130)	(6,653)		
Benefits paid	(8,254)	(8,314)	(1,744)	(1,803)
Fair value of plan assets at end of year	$ 140,055	$ 135,327	$	$
Funded status:				
Funded status at end of year	$ (17,132)	$ 132	$ (21,127)	$ (19,076)
Amounts recognized in consolidated balance sheets consist of:				
Pension (liability) asset	$ (17,132)	$ 132	$	$
Accrued benefit liability			(21,127)	(19,076)
Net amount recognized at end of year	$ (17,132)	$ 132	$ (21,127)	$ (19,076)
Less: Current portion			1,748	1,923
Non-current benefit liability	$ (17,132)	$ 132	$ (19,379)	$ (17,153)
Amounts not yet recognized in net periodic benefit cost and included in accumulated other comprehensive income (loss):				

Actuarial net (loss) gain	$ (63,278)	$ (50,345)	$ 2,842	$ 5,563
Prior service credits			3,338	3,826
Net amount recognized in accumulated other comprehensive (loss) income	$ (63,278)	$ (50,345)	$ 6,180	$ 9,389

The amounts in accumulated other comprehensive loss as of September 26, 2009 that are expected to be recognized as components of net periodic benefit costs during the next fiscal year are $5,374 and ($555) for pension and postretirement benefits, respectively.

Plan Asset Allocation. The following table presents the actual allocation of assets held in trust as of September 26, 2009 and September 27, 2008:

	2009	**2008**
Fixed income securities long-term bonds	92%	81%
Equity securities domestic and international	8%	19%
	100%	100%

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The Partnership s investment policies and strategies, as set forth in the Investment Management Policy and Guidelines, are monitored by a Benefits Committee comprised of five members of management. During fiscal 2007, the Benefits Committee proposed and the Board of Supervisors approved contributions to the plan in order to improve the funded status of the accumulated benefit obligation and to change the plan s asset allocation to reduce investment risk and more closely match the asset mix to the future cash requirements of the plan. The implementation of this strategy resulted in a $25,000 voluntary contribution in fiscal 2007, and a change in the asset allocation to reflect a greater concentration of fixed income securities. The fixed income portion is invested in a combination of long-term U.S. government bonds and intermediate-term corporate bonds with a strategy to match the actuarially estimated duration of the plan s projected benefit obligations. The target asset mix is as follows: (i) fixed income securities portion of the portfolio should range between 75% and 95%; and (ii) equity securities portion of the portfolio should range between 5% and 25%.

Projected Contributions and Benefit Payments. There are no projected minimum funding requirements under the Partnership s defined benefit pension plan for fiscal 2010. Estimated future benefit payments for both pension and retiree health and life benefits are as follows:

Fiscal Year	Pension Benefits	Retiree Health and Life Benefits
2010	$ 19,896	$ 1,748
2011	13,380	1,690
2112	13,810	1,635
2013	12,720	1,562
2014	12,986	1,489
2015 through 2019	54,113	6,137

Effect on Operations. The following table provides the components of net periodic benefit costs included in operating expenses for the years ended September 26, 2009, September 27, 2008 and September 29, 2007:

	Pension Benefits			Retiree Health and Life Benefits		
	2009	2008	2007	2009	2008	2007
Service cost	$	$	$	$ 4	$ 8	$ 12
Interest cost	9,487	8,749	8,905	1,381	1,399	1,317
Expected return on plan assets	(9,205)	(9,082)	(10,317)			
Amortization of prior service credit				(490)	(490)	(597)
Settlement charge			3,269			
Recognized net actuarial loss	4,050	3,375	5,315	(312)		
Net periodic benefit costs	$ 4,332	$ 3,042	$ 7,172	$ 583	$ 917	$ 732

During fiscal 2007, lump sum pension benefit payments to either terminated or retiring individuals amounted to $10,786, which exceeded the settlement threshold (combined service and interest costs of net periodic pension cost) of $8,905 for fiscal 2007, and as a result, the Partnership was required to recognize a non-cash settlement charge of $3,269 during the fourth quarter of fiscal 2007. The non-cash charge was required to accelerate recognition of a portion of cumulative unrecognized losses in the defined benefit pension plan. During fiscal 2009 and 2008, the amount of the pension benefit obligation settled through lump sum payments did not exceed the settlement threshold; therefore, a settlement charge was not required to be recognized in either of those fiscal years.

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Actuarial Assumptions. The assumptions used in the measurement of the Partnership s benefit obligations as of September 26, 2009 and September 27, 2008 are shown in the following table:

	Pension Benefits		Retiree Health and Life Benefits	
	2009	**2008**	**2009**	**2008**
Weighted-average discount rate	5.125%	7.625%	5.125%	7.625%
Average rate of compensation increase	n/a	n/a	n/a	n/a

The assumptions used in the measurement of net periodic pension benefit and postretirement benefit costs for the years ended September 26, 2009, September 27, 2008 and September 29, 2007 are shown in the following table:

	Pension Benefits			Retiree Health and Life Benefits		
	2009	**2008**	**2007**	**2009**	**2008**	**2007**
Weighted-average discount rate	7.625%	6.000%	5.500%	7.625%	6.000%	5.500%
Average rate of compensation increase	n/a	n/a	n/a	n/a	n/a	n/a
Weighted-average expected long-term rate of return on plan assets	7.390%	6.000%	8.000%	n/a	n/a	n/a
Health care cost trend	n/a	n/a	n/a	9.000%	9.500%	10.000%

The discount rate assumption takes into consideration current market expectations related to long-term interest rates and the projected duration of the Partnership s pension obligations based on a benchmark index with similar characteristics as the expected cash flow requirements of the Partnership s defined benefit pension plan over the long-term. The expected long-term rate of return on plan assets assumption reflects estimated future performance in the Partnership s pension asset portfolio considering the investment mix of the pension asset portfolio and historical asset performance. The expected return on plan assets is determined based on the expected long-term rate of return on plan assets and the market-related value of plan assets. The market-related value of pension plan assets is the fair value of the assets. Unrecognized actuarial gains and losses in excess of 10% of the greater of the projected benefit obligation and the market-related value of plan assets are amortized over the expected average remaining service period of active employees expected to receive benefits under the plan.

The 9.00% increase in health care costs assumed at September 26, 2009 is assumed to decrease gradually to 5.00% in fiscal 2017 and to remain at that level thereafter. Increasing the assumed health care cost trend rates by 1.0% in each year would increase the Partnership s benefit obligation as of September 26, 2009 by approximately $432 and the aggregate of service and interest components of net periodic postretirement benefit expense for the year ended September 26, 2009 by approximately $28. Decreasing the assumed health care cost trend rates by 1.0% in each year would decrease the Partnership s benefit obligation as of September 26, 2009 by approximately $390 and the aggregate of service and interest components of net periodic postretirement benefit expense for the year ended September 26, 2009 by approximately $26. The Partnership has concluded that the prescription drug benefits within the retiree medical plan do not entitle the Partnership to an available Medicare subsidy.

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12. Financial Instruments

Cash and Cash Equivalents. The fair value of cash and cash equivalents is not materially different from their carrying amount because of the short-term maturity of these instruments.

Derivative Instruments and Hedging Activities. The notional amount of the Partnership s outstanding derivative instruments includes the following (gallons in thousands):

	As of	
Transaction Type	**September 26, 2009**	**September 27, 2008**
Commodity Options	6,467	6,246
Commodity Futures	15,330	

The following summarizes the gross fair value of the Partnership s derivative instruments and their location in the consolidated balance sheet as of September 26, 2009 and September 27, 2008, respectively:

	As of September 26, 2009		**As of September 27, 2008**	
	Location	Fair Value	Location	Fair Value
Asset Derivatives				
Derivatives not designated as hedging instruments:				
Commodity options	Other current assets	$ 6,398	Other current assets	$ 5,048
	Other assets	241	Other assets	
Commodity futures	Other current assets	2,845	Other current assets	
	Other assets	248	Other assets	
		$ 9,732		$ 5,048

	Location	Fair Value	Location	Fair Value
Liability Derivatives				
Derivatives designated as hedging instruments:				
Interest rate swaps	Other current liabilities	$ 3,351	Other current liabilities	$ 2,441
	Other liabilities	840	Other liabilities	759
Derivatives not designated as hedging instruments:		$ 4,191		$ 3,200
Commodity options	Other current liabilities	$ 4,060	Other current liabilities	$ 494
	Other liabilities	175	Other liabilities	
Commodity futures	Other current liabilities	784	Other current liabilities	
		$ 5,019		$ 494

As of September 26, 2009, the Partnership s outstanding commodity-related derivatives mature between fiscal 2010 and fiscal 2011, and have a weighted average maturity of approximately 7 months. As of September 27, 2008, the Partnership s commodity-related derivatives mature between fiscal 2009 and fiscal 2010, and have a weighted average

maturity of approximately 6 months.

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The effect of the Partnership s derivative instruments on the consolidated statement of operations for the years ended September 27, 2009, September 27, 2008 and September 29, 2007 are as follows:

	Amount of Gains (Losses) Recognized in OCI (Effective Portion)		Gains (Losses) Reclassified from Accumulated OCI into Income (Effective Portion)	
			Location	Amount
Derivatives in Cash Flow Hedging Relationships:				
Year ended 9/26/2009				
Interest rate swap	$	(991)	Interest expense	$
Year ended 9/27/2008				
Interest rate swap	$	(2,916)	Interest expense	$
Forwards			Cost of products sold	1,377
	$	(2,916)		$ 1,377
Year ended 9/29/2007				
Interest rate swap	$	(1,465)	Interest expense	$
Forwards		1,292	Cost of products sold	(2,961)
Futures			Cost of products sold	994
	$	(173)		$ (1,967)

	Location of Gains (Losses) Recognized in Income	Amount of Unrealized Gains (Losses) Recognized in Income	
Derivatives Not Designated as Hedging Instruments:			
Year ended 9/26/2009			
Options	Cost of products sold	$	(589)
Futures	Cost of products sold		2,302
		$	1,713
Year ended 9/27/2008			
Options	Cost of products sold	$	2,011
Futures	Cost of products sold		(247)
		$	1,764

Year ended 9/29/2007			
Options	Cost of products sold	$	(2,599)
Futures	Cost of products sold		(4,956)
		$	(7,555)

Credit Risk. The Partnership s principal customers are residential and commercial end users of propane and fuel oil and refined fuels served by approximately 300 locations in 30 states. No single customer accounted for more than 10% of revenues during fiscal 2009, 2008 or 2007 and no concentration of receivables exists as of September 26, 2009 or September 27, 2008. During fiscal 2009, 2008 and 2007, three suppliers provided approximately 40%, 35% and 34%, respectively, of the Partnership s total propane supply. The Partnership believes that, if supplies from any of these three suppliers were interrupted, it would be able to secure adequate propane supplies from other sources without a material disruption of its operations.

Exchange traded futures and options contracts are traded on and guaranteed by the New York Mercantile Exchange (the NYMEX) and as a result, have minimal credit risk. Futures contracts traded with brokers of the NYMEX require daily cash settlements in margin accounts. The Partnership is subject to credit risk with forward and option contracts entered into with various third parties to the extent the counterparties do not perform. The Partnership evaluates the financial condition of each counterparty with which it conducts business and establishes credit limits to reduce exposure to credit risk based on non-performance. The Partnership does not require collateral to support the contracts.

Bank Debt and Senior Notes. The fair value of the Revolving Credit Facility approximates the carrying value since the interest rates are periodically adjusted to reflect market conditions. Based upon quoted market prices, the fair value of the Partnership s 6.875% Senior Notes was $248,125 as of September 26, 2009.

13. Commitments and Contingencies

Commitments. The Partnership leases certain property, plant and equipment, including portions of the Partnership s vehicle fleet, for various periods under noncancelable leases. Rental expense under operating leases was $17,254, $17,739 and $19,611 for the years ended September 26, 2009, September 27, 2008 and September 29, 2007, respectively.

Future minimum rental commitments under noncancelable operating lease agreements as of September 26, 2009 are as follows:

Fiscal Year	Minimum Lease Payments
2010	$ 14,297
2011	11,461
2012	8,643
2013	6,791
2014	5,522
2015 and thereafter	4,223

Contingencies.

Self Insurance. As discussed in Note 2, the Partnership is self-insured for general and product, workers compensation and automobile liabilities up to predetermined amounts above which third party insurance applies. At September 26, 2009 and September 27, 2008, the Partnership had accrued liabilities of $52,248 and $73,033, respectively, representing the total estimated losses under these self-insurance programs. The Partnership is also involved in various legal actions which have arisen in the normal course of business, including those relating to commercial transactions and product liability. Management believes, based on the advice of legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the Partnership s financial position or future results of operations, after considering its self-insurance liability for known and unasserted self-insurance claims, as well as existing insurance policies in force. For the portion of the estimated liability that exceeds insurance deductibles, the Partnership records an asset within other assets (or prepaid expenses and other current assets, as applicable) related to the amount of the liability expected to be covered by insurance which amounted to $14,812 and $38,825 as of September 26, 2009 and September 27, 2008, respectively.

During the first quarter of fiscal 2009, the Partnership agreed to settle a litigation involving alleged product liability for approximately $30,000. The settlement was covered by insurance above the level of the Partnership s deductible. As a result of this settlement, in which the Partnership denied any liability, the Partnership increased the portion of its estimated self-insurance liability that exceeded the insurance deductible and established a corresponding asset of $30,000 as of September 27, 2008 to accrue for the settlement and subsequent reimbursement from the Partnership s third party insurance carrier. During fiscal 2009, the Partnership fully paid the $30,000 to the claimants in this matter and was reimbursed for the same amount from the Partnership s third party insurance carrier.

Legal Matters. Following the Operating Partnership s 1999 acquisition of the propane assets of SCANA Corporation (SCANA), Heritage Propane Partners, L.P. had brought an action against SCANA for breach of contract and fraud and against the Operating Partnership for tortious interference with contract and tortious interference with prospective contract. On October 21, 2004, the jury returned a unanimous verdict in favor of the Operating Partnership on all claims, but against SCANA. After the jury returned the verdict against SCANA, the Operating Partnership filed a cross-claim against SCANA for indemnification, seeking to recover defense costs. On November 2, 2006, SCANA and the Operating Partnership reached a settlement agreement wherein the Operating Partnership received $2,000 as a reimbursement of defense costs incurred as a result of the lawsuit. The $2,000 was recorded as a reduction to general and administrative expenses during the first quarter of fiscal 2007.

14. Guarantees

The Partnership has residual value guarantees associated with certain of its operating leases, related primarily to transportation equipment, with remaining lease periods scheduled to expire periodically through fiscal 2016. Upon completion of the lease period, the Partnership guarantees that the fair value of the equipment will equal or exceed the guaranteed amount, or the Partnership will pay the lessor the difference. Although the fair value of equipment at the end of its lease term has historically exceeded the guaranteed amounts, the maximum potential amount of aggregate future payments the Partnership could be required to make under these leasing arrangements, assuming the equipment is deemed worthless at the end of the lease term, is approximately $18,337. The fair value of residual value guarantees for outstanding operating leases was de minimis as of September 26, 2009 and September 27, 2008.

15. Public Offerings

On August 10, 2009, the Partnership sold 2,200,000 Common Units in a public offering at a price of $41.50 per Common Unit realizing proceeds of $86,700, net of underwriting commissions and other offering expenses. On August 24, 2009, following the underwriters partial exercise of their over-allotment option, the Partnership sold an additional 230,934 Common Units at $41.50 per Common Unit, generating additional net proceeds of $9,180. The aggregate net proceeds of $95,880, along with cash on hand, were used to fund the purchase of $175,000 aggregate principal amount of 2003 Senior Notes pursuant to a cash tender offer. These transactions increased the total number of Common Units outstanding by 2,430,934 to 35,227,954.

16. Discontinued Operations and Disposition

The Partnership continuously evaluates its existing operations to identify opportunities to optimize the return on assets employed and selectively divests operations in slower growing or non-strategic markets and seeks to reinvest in markets that are considered to present more opportunities for growth. In line with that strategy, on October 2, 2007, the Operating Partnership completed the sale of its Tirzah, South Carolina underground granite propane storage cavern, and associated 62-mile pipeline, for $53,715 in cash, after taking into account certain adjustments. The 57.5 million gallon underground storage cavern is connected to the Dixie Pipeline and provides propane storage for the eastern United States. As part of the agreement, the Operating Partnership entered into a long-term storage arrangement, not to exceed 7 million propane gallons, with the purchaser of the cavern that will enable the Operating Partnership to continue to meet the needs of its retail operations, consistent with past practices. As a result of this sale, a gain of $43,707 was reported as a gain from the disposal of discontinued operations in the Partnership s results for the first quarter of fiscal 2008. The results of operations from the Tirzah facilities in the comparative prior year periods have been reclassified to discontinued operations on the consolidated statements of operations for the fiscal year ended September 29, 2007.

During the first quarter of fiscal 2007, in a non-cash transaction, the Partnership completed a transaction in which it disposed of nine customer service centers considered to be non-strategic in exchange for three customer service centers of another company located in Alaska. The Partnership reported a $1,002 gain within discontinued operations in the first quarter of fiscal 2007 for the amount by which the fair value of assets relinquished exceeded the carrying value of the assets relinquished. During the second half of fiscal 2007, the Partnership sold three customer service centers for net cash proceeds of $1,284 and reported a gain of $885 on disposal of discontinued operations. Prior period results of operations attributable to these customer service centers were not significant and, as such, have not been reclassified as discontinued operations.

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17. Segment Information

The Partnership manages and evaluates its operations in five operating segments, three of which are reportable segments: Propane, Fuel Oil and Refined Fuels and Natural Gas and Electricity. The chief operating decision maker evaluates performance of the operating segments using a number of performance measures, including gross margins and income before interest expense and provision for income taxes (operating profit). Costs excluded from these profit measures are captured in Corporate and include corporate overhead expenses not allocated to the operating segments. Unallocated corporate overhead expenses include all costs of back office support functions that are reported as general and administrative expenses within the consolidated statements of operations. In addition, certain costs associated with field operations support that are reported in operating expenses within the consolidated statements of operations, including purchasing, training and safety, are not allocated to the individual operating segments. Thus, operating profit for each operating segment includes only the costs that are directly attributable to the operations of the individual segment. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in Note 2.

The propane segment is primarily engaged in the retail distribution of propane to residential, commercial, industrial and agricultural customers and, to a lesser extent, wholesale distribution to large industrial end users. In the residential and commercial markets, propane is used primarily for space heating, water heating, cooking and clothes drying. Industrial customers use propane generally as a motor fuel burned in internal combustion engines that power over-the-road vehicles, forklifts and stationary engines, to fire furnaces and as a cutting gas. In the agricultural markets, propane is primarily used for tobacco curing, crop drying, poultry brooding and weed control.

The fuel oil and refined fuels segment is primarily engaged in the retail distribution of fuel oil, diesel, kerosene and gasoline to residential and commercial customers for use primarily as a source of heat in homes and buildings.

The natural gas and electricity segment is engaged in the marketing of natural gas and electricity to residential and commercial customers in the deregulated energy markets of New York and Pennsylvania. Under this operating segment, the Partnership owns the relationship with the end consumer and has agreements with the local distribution companies to deliver the natural gas or electricity from the Partnership s suppliers to the customer.

Activities in the all other category include the Partnership s services business, which is primarily engaged in the sale, installation and servicing of a wide variety of home comfort equipment, particularly in the areas of heating and ventilation and activities from the Partnership s HomeTown Hearth & Grill and Suburban Franchising subsidiaries.

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The following table presents certain data by reportable segment and provides a reconciliation of total operating segment information to the corresponding consolidated amounts for the periods presented:

	Year Ended		
	September 26, 2009	September 27, 2008	September 29, 2007
Revenues:			
Propane	$ 864,012	$ 1,132,950	$ 1,019,798
Fuel oil and refined fuels	159,596	288,078	262,076
Natural gas and electricity	76,832	103,745	94,352
All other	42,714	49,390	63,337
Total revenues	$ 1,143,154	$ 1,574,163	$ 1,439,563
Income (loss) before interest expense and provision for income taxes:			
Propane	$ 268,969	$ 219,546	$ 207,269
Fuel oil and refined fuels	17,950	(2,825)	26,283
Natural gas and electricity	12,791	9,812	11,404
All other	(16,346)	(16,044)	(26,335)
Corporate	(72,749)	(60,361)	(54,025)
Total income before interest expense and provision for income taxes	210,615	150,128	164,596
Reconciliation to income from continuing operations			
Loss on debt extinguishment	4,624		
Interest expense, net	38,267	37,052	35,596
Provision for income taxes	2,486	1,903	5,653
Income from continuing operations	$ 165,238	$ 111,173	$ 123,347
Depreciation and amortization:			
Propane	$ 15,951	$ 15,515	$ 16,229
Fuel oil and refined fuels	4,253	3,381	3,493
Natural gas and electricity	1,008	1,008	929
All other	436	391	721
Corporate	8,695	8,099	7,418
Total depreciation and amortization	$ 30,343	$ 28,394	$ 28,790

	As of	
	September 26, 2009	September 27, 2008
Assets:		

Propane	$ 681,809	$ 746,281
Fuel oil and refined fuels	83,416	70,548
Natural gas and electricity	17,540	23,658
All other	2,876	4,075
Corporate	279,854	279,132
Eliminations	(87,981)	(87,981)
Total assets	$ 977,514	$ 1,035,713

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SCHEDULE II

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	Balance at Beginning of Period	Charged (credited) to Costs and Expenses	Other Additions	Deductions (a)	Balance at End of Period
Year Ended September 29, 2007					
Allowance for doubtful accounts	$ 5,530	$ 4,331	$	$ (4,820)	$ 5,041
Valuation allowance for deferred tax assets	47,733	(1,583)		(2,854)	43,296
Year Ended September 27, 2008					
Allowance for doubtful accounts	$ 5,041	$ 9,166	$	$ (7,629)	$ 6,578
Valuation allowance for deferred tax assets	43,296	6,930		(1,331)	48,895
Year Ended September 26, 2009					
Allowance for doubtful accounts	$ 6,578	$ 3,284	$	$ (5,488)	$ 4,374
Valuation allowance for deferred tax assets	48,895	(2,048)		(1,385)	45,462

(a) Represents amounts that did not impact earnings.

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