CAPTION SHEET — CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00
2. BUREAU: FUS
3. SECTION(S):
4. PUBLIC MEETING DATE: 00/00/00
5. APPROVED BY:
   DIRECTOR:
   SUPERVISOR:
6. PERSON IN CHARGE:
7. DATE FILED: 01/02/04
8. DOCKET NO: A-125125
9. EFFECTIVE DATE: 00/00/00

---

PARTY/COMPLAINANT:

RESPONDENT/APPLICANT: AGWAY ENERGY SERVICES, LLC

COMP/APP COUNTY: UTILITY CODE: 125125

---

ALLEGATION OR SUBJECT

APPLICATION OF AGWAY ENERGY SERVICES, LLC FOR APPROVAL OF THE TRANSFER OF ASSETS FROM AGWAY ENERGY SERVICES-PA, INC., TO SUBURBAN NATURAL GAS AND ELECTRICITY, LLC, AND THEREAFTER, CHANGING ITS NAME TO AGWAY ENERGY SERVICES, LLC.

DOCUMENT
FOLDER

DOCKETED
FEB 18 2004

+ Revised

CAPTION SHEET — CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00
2. BUREAU: FUS
3. SECTION(S):
4. PUBLIC MEETING DATE: 00/00/00
5. APPROVED BY:
   DIRECTOR:
   SUPERVISOR:
6. PERSON IN CHARGE:
7. DATE FILED: 02/23/04
8. DOCKET NO: A-125125
9. EFFECTIVE DATE: 00/00/00

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PARTY/COMPLAINANT:

RESPONDENT/APPLICANT: AGWAY ENERGY SERVICES, LLC

COMP/APP COUNTY: UTILITY CODE: 125125

---

ALLEGATION OR SUBJECT

APPLICATION OF AGWAY ENERGY SERVICES, LLC FOR APPROVAL TO OFFER, RENDER, FURNISH OR SUPPLY NATURAL GAS SERVICES TO THE PUBLIC IN THE COMMONWEALTH OF PENNSYLVANIA AS A SUPPLIER OF NATURAL GAS, BROKER/MARKETER, AND AGGREGATOR ENGAGED IN THE BUSINESS OF SUPPLYING NATURAL GAS SERVICES. SEE ALSO A-125036 F2000 FOR THE ABANDONMENT OF NATURAL GAS SERVICES BY AGWAY ENERGY SERVICES-PA, INC.

DOCUMENT FOLDER

DOCKETED
FEB 27 2004

SCOTT H. DEBROFF, ESQ.
DEBROFF CONSULTING GROUP
4709 PINE RIDGE ROAD
HARRISBURG, PA 17110
TELEPHONE: (717) 230-8122
FAX: (717) 230-8125

A-125125

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**January 2, 2004**

Mr. James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Post Office Box 3265
Harrisburg, PA 17105-3265

**RE: AGWAY ENERGY SERVICES – PA, INC. PETITION TO TRANSFER**
**Docket No. A-125036**

DOCKETED
JAN 07 2004

Dear Secretary McNulty:

On December 24, 2003, Suburban Propane LLC ("Suburban") purchased substantially all of the assets of Agway Energy Services-PA, Inc. The assets were transferred into an affiliate of Suburban called "Suburban Natural Gas and Electricity LLC".

Suburban is in the process of filing with the PA Secretary of State, an amendment to the foreign qualification of "Suburban Natural Gas and Electricity LLC", changing its name to "**Agway Energy Services LLC**". All of the Agway Energy Services-PA, Inc. related activities as well as interactions with the customers will thereafter be publicly conducted under the "Agway Energy Services LLC" name.

Other than the changes noted above, all other aspects of Agway's NGS business will remain unchanged. The customers will continue to receive bills with substantially the same NGS name on it and all existing customer contracts will be honored. There will be no material change from the customers' perspective.

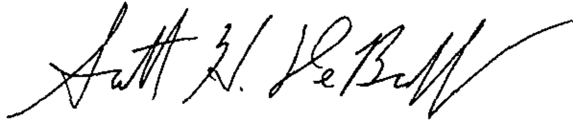
Pursuant to the PA PUC Regulations at Sections 62.105 and 62.112, please allow this letter to stand as a "Petition to Transfer" Agway Energy Services-PA, Inc.'s Natural Gas Supplier license to "**Agway Energy Services LLC**".

Suburban Propane is in the process of gathering the appropriate, current information in order to file a new license application, which will demonstrate the transferee's financial and technical fitness to render service under the transferred license within the next thirty (30) days.

The company will be sending a letter or postcard to our customers notifying them of the changes once they occur and assuring them of continued service with the same terms & conditions.

If you have any questions please do not hesitate to contact me at your convenience.

Very Truly Yours,



**Scott H. DeBroff, Esq.**
Counsel for Agway Energy Services LLC

Cc: Robert Bennett
Patricia Krise-Burket, Esq.
Russell Miller (Agway)
Terry McInerney (Agway)

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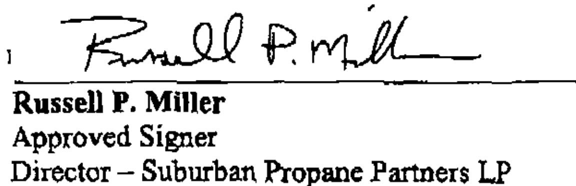
SECRETARY'S BUREAU

## VERIFICATION

I, **Russell P. Miller**, hereby state that the facts above set forth in this "**Petition to Transfer**" are true and correct to the best of my knowledge, information and belief and that I expect to be able to prove the same at a hearing held in this matter, if necessary. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. §4904 (relating to unsworn falsification to authorities).

Dated: **January 2, 2003**



[1]

**Russell P. Miller**
Approved Signer
Director – Suburban Propane Partners LP

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[1] As Agway Energy Services LLC is headquartered in Syracuse, New York, Mr. Miller is sending an original, signed Verification statement to counsel, who will file it to this docket as soon as it arrives.

<u>**CERTIFICATE OF SERVICE**</u>

I hereby certify that I have this day served a true copy of the foregoing document upon the participants, listed below, in accordance with the requirements of §1.54 (relating to service by a participant):

**Mr. James J. McNulty**
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Post Office Box 3265
Harrisburg, PA 17105-3265

**Mr. Robert Bennett** (In Hand/Email)
Bureau of Fixed Utility Services
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Post Office Box 3265
Harrisburg, PA 17105-3265

**Ms. Patricia Krise-Burket** (In Hand/Email)
Assistant Counsel - Law Bureau
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Post Office Box 3265
Harrisburg, PA 17105-3265

**Ms. Karen Moury** (In Hand/Email)
Deputy Executive Director
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Post Office Box 3265
Harrisburg, PA 17105-3265

**Mr. Irwin A. Popowsky** (Fax/Email)
Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17120-1921

**Mr. William Lloyd** (Fax/Email)
Small Business Advocate
Commerce Building – Suite 1102
300 North Second Street
Harrisburg, PA 17101

**Scott H. DeBroff, Esquire**

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2003 JAN -2 PM 2:24
SECRETARY'S BUREAU

Dated: **January 2, 2003**

SCOTT H. DEBROFF, ESQ.
DEBROFF CONSULTING GRO[UP]
4709 PINE RIDGE ROAD
HARRISBURG, PA 17110
TELEPHONE: (717) 230-8122
FAX: (717) 230-8125

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**February 23, 2004**

A-125125

Mr. James J. McNulty
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Post Office Box 3265
Harrisburg, PA 17105-3265

**RE: AGWAY ENERGY SERVICES, LLC – NATURAL GAS SUPPLIER LICENSE APPLICATION FILING PURSUANT TO AGWAY ENERGY SERVICES – PA, INC.'S PETITION TO TRANSFER IT'S LICENSE**
**Docket No. A-125125**

Dear Secretary McNulty:

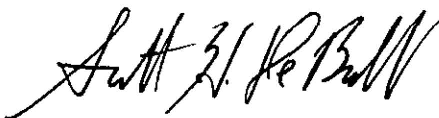
On January 2, 2004, Agway Energy Services-PA, Inc. filed its "Petition To Transfer its Natural Gas Supplier License" to **Agway Energy Services LLC** in Docket A-125036.

Pursuant to the PA PUC Regulations at Sections 62.105 and 62.112 (a), attached please find an Original and Three (3) Copies of **Agway Energy Services LLC's Natural Gas Supplier License Application Pursuant to Agway Energy Services-PA, Inc.'s Petition to Transfer its License**.

If you have any questions please do not hesitate to contact me at your convenience.

DOCUMENT
FOLDER

Very Truly Yours,



**Scott H. DeBroff, Esq.**
Counsel for Agway Energy Services LLC

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ORIGINAL

## CERTIFICATE OF SERVICE

A-125125

I hereby certify that I have this day served a true copy of the foregoing document upon the participants, listed below, in accordance with the requirements of §1.54 (relating to service by a participant) and §5.14 (relating to requirements in the natural gas supplier application):

**Mr. James J. McNulty (In Hand)**
Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Post Office Box 3265
Harrisburg, PA 17105-3265

**Mr. Irwin A. Popowsky** (Regular Mail)
Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17120-1921

**Mr. William Lloyd** (Regular Mail)
Small Business Advocate
Commerce Building – Suite 1102
300 North Second Street
Harrisburg, PA 17101

**Office of the Attorney General** (Regular Mail)
Bureau of Consumer Protection
Strawberry Square, 14th Floor
Harrisburg, PA 17120

**Commonwealth of PA** (Regular Mail)
Department of Revenue
Bureau of Compliance
Harrisburg, PA 17128-0946

**Columbia Gas of PA, Inc.** (Regular Mail)
Attn: Erich Evans/ Heather Bauer
200 Civic Center Drive
Columbus, OH 43215

**Peoples Natural Gas Company** (Regular Mail)
Joe Gregorini/ Bill McKeown
625 Liberty Avenue
Pittsburgh, PA 15222

DOCUMENT
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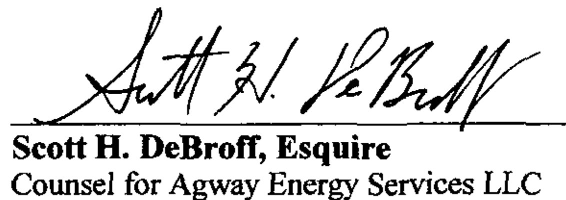

**Scott H. DeBroff, Esquire**
Counsel for Agway Energy Services LLC

Dated: **February 23, 2004**

ORIGINAL

# BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of **Agway Energy Services, LLC** for approval to offer, render, furnish, or as a **supplier of natural gas services** [as specified in item #8 below] to the public in the Commonwealth of Pennsylvania.

A-125125

To the Pennsylvania Public Utility Commission:

1. **IDENTITY OF THE APPLICANT:** The name, address, telephone number, and FAX number of the Applicant are:

**Agway Energy Services, LLC**
**P.O. Box 4819**
**Syracuse, New York 13221-4819**
**Phone 1-888-982-4929**
**Fax 1-315-449-6682**

Please identify any predecessor(s) of the Applicant and provide other names under which the Applicant has operated within the preceding five (5) years, including name, address, and telephone number.

**Agway Energy Services - PA. Inc.**
**P.O. Box 4819**
**Syracuse, New York 13221-4819**
**Phone 1-888-982-4929**

**(Agway Energy Services – PA. Inc. is the transferor to Agway Energy Services, LLC)**

2. a. **CONTACT PERSON:** The name, title, address, telephone number, and FAX number of the person to whom questions about this Application should be addressed are:

**Terence X. McInerney**
**Director of Sales**
**P.O. Box 4819**
**Syracuse, New York 13221-4819**
**315-449-6714**
**315-449-6682**

DOCUMENT FOLDER

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FEB 27 2004

b. **CONTACT PERSON-PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY:** The name, title, address telephone number and FAX number of the person with whom contact should be made by PEMA:

**Terence X. McInerney**
**Director of Sales**
**P.O. Box 4819**
**Syracuse, New York 13221-4819**
**315-449-6714**
**315-449-6682**

3.a. **ATTORNEY:** If applicable, the name, address, telephone number, and FAX number of the Applicant's attorney are:

***Primary:***
**Suburban Propane, L.P.**
**Janice Meola**
**Legal Department Plaza 1**
**240 Route 10 West**
**P.O. Box 206**
**Whippany, New Jersey 07981**

***Secondary:***
**DeBroff Consulting Group**
**Scott H. DeBroff**
**4709 Pine Ridge Road**
**Harrisburg, Pennsylvania 17110**

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b. **REGISTERED [illegible]NT:** If the Applicant does not maintain a [illegible]cipal office in the Commonwealth, the required name, address, telephone number and FAX number of the Applicant's Registered Agent in the Commonwealth are:

**CT Corporation**
**Corporate Trust Center**
**1209 Orange Street**
**Wilmington, DE. 19801**

**CT Corporation**
**1635 Market Street**
**Philadelphia, PA 19103**

4. **FICTITIOUS NAME:** (select and complete appropriate statement)

☐ The Applicant will be using a fictitious name or doing business as ("d/b/a"):

Attach to the Application a copy of the Applicant's filing with the Commonwealth's Department of State pursuant to 54 Pa. C.S. §311, Form PA-953.

**or**

☒ The Applicant will not be using a fictitious name.

5. **BUSINESS ENTITY AND DEPARTMENT OF STATE FILINGS:** (select and complete appropriate statement)

☐ The Applicant is a sole proprietor.

If the Applicant is located outside the Commonwealth, provide proof of compliance with 15 Pa. C.S. §4124 relating to Department of State filing requirements.

**or**

☐ The Applicant is a:

- ☐ domestic general partnership (*)
- ☐ domestic limited partnership (15 Pa. C.S. §8511)
- ☐ foreign general or limited partnership (15 Pa. C.S. §4124)
- ☐ domestic limited liability partnership (15 Pa. C.S. §8201)
- ☐ foreign limited liability general partnership (15 Pa. C.S. §8211)
- ☐ foreign limited liability limited partnership (15 Pa. C.S. §8211)

**Provide proof of compliance with appropriate Department of State filing requirements as indicated above.**

Give name, d/b/a, and address of partners. If any partner is not an individual, identify the business nature of the partner entity and identify its partners or officers.

A-125125

Attachment "A"

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ATTACHMENT "A"

Docketing Statement DSCB:15-134A (Rev 2001)
Department of State and Revenue

One (1) copy required

**BUREAU USE ONLY:**
Dept. of State Entity # ____________
Dept. of Rev. Box # ____________
Filing Period ________ Date 3 4 5 ________
SIC/NAICS ________ Report Code ________

*Check proper box:*

*Pennsylvania Entities*

- ____ business stock
- ____ business non-stock
- ____ professional
- ____ nonprofit stock
- ____ nonprofit non-stock
- ____ statutory close
- ____ management
- ____ cooperative
- ____ insurance
- ____ limited liability company
- ____ restricted professional limited liability company
- ____ business trust

*Foreign Entities*
State/Country DE ________ Date 12/02/2003

- ____ business
- ____ nonprofit
- X limited liability company
- ____ restricted professional limited liability company
- ____ business trust

*Other*

- ____ domestication
- ____ division
- ____ consolidation

1. Entity Name:
Suburban Natural Gas and Electricity, LLC

2. Individual name and mailing address responsible for initial tax reports:
Suburban Natural Gas and Electricity LLC

| Name | Number and street | City | State | Zip |
|---|---|---|---|---|
| Elmer Dante, Tax Department | 240 Route 10 West | Whippany | NJ | 07981-0206 |

3. Description of business activity:
to supply natural gas and electricity

4. Specified effective date, if any:
month/day/year ________ hour, if any

5. EIN (Employee Identification Number), if any:
20-0445196

6. Fiscal Year End:
09/30

7. Fictitious Name (only if foreign corporation is transacting business in PA under a fictitious name):

PA008 - 04/98 C T Filing Manager Online

**PENNSYLVANIA DEPARTMENT OF STATE**
**CORPORATION BUREAU**

## Application for Registration - Foreign

(15 Pa C.S.)

Entity Number

___ Registered Limited Liability General Partnership (§ 8211)
___ Registered Limited Liability Limited Partnership (§ 8211)
___ Limited Partnership (§ 8582)
X Limited Liability Company (§ 8981)

Name

Address

City State Zip Code

Document will be returned to the name and address you enter to the left.
⇐

Fee: $180

Filed in the Department of State on ____________

____________
Secretary of the Commonwealth

In compliance with the requirements of the applicable provisions (relating to registration), the undersigned, desiring to register to do business in this Commonwealth, hereby states that:

1. The name to be registered is:
Suburban Natural Gas and Electricity, LLC

2. *(If the name set forth in paragraph 1 is not available for use in this Commonwealth, complete the following):*

The name under which the limited liability company/limited liability partnership/limited partnership proposes to register and do business in this Commonwealth is:

3. The name of the jurisdiction under the laws of which it was organized and the date of its formation:

Jurisdiction: Delaware Date of Formation: 12/02/2003.

4. The (a) address of its initial registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

(a) Number and street City State Zip County

(b) Name of Commercial Registered Office Provider County
C T Corporation System Philadelphia

5. *Check and complete one of the following:*

X The address of the office required to be maintained by it in the jurisdiction of its organization by the laws of that jurisdiction is:

c/o CT Corporation System, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801

Number and street | City | State | Zip

___ It is not required by the laws of its jurisdiction of organization to maintain an office therein and the address of its principal office is:

Number and street | City | State | Zip

6. *For Restricted Professional Limited Liability Company Only. Strike out if inapplicable.* The company is a restricted professional company organized to render the following professional service(s):
N/A

Limited Liability Partnership and Limited Partnership: Complete paragraphs 7 and 8

7. The name and business address of each general partner.

| Name | Business Address |
|---|---|
| | |
| | |

8. The address of the office at which is kept a list of the names and addresses of the limited partners and their capital contribution is:

Number and street | City | State | Zip | County

The registered partnership hereby undertakes to keep those records until its registration to do business in the Commonwealth is canceled or withdrawn.

IN TESTIMONY WHEREOF, the undersigned has caused this Application for Registration to be signed by a duly authorized officer/member or manager thereof this

11 day of December 2003

Suburban Natural Gas and Electricity, LLC
Name of Partnership/Company

Signature

by Janice G. Meola, Secretary of Gas Connection, Inc. Member
Title

Docketing Statement (Changes)
DSCB:15-134B

**BUREAU USE ONLY:**

☐ Revenue ☐ Labor & Industry

☐ Other ____________

File Code______ Filed Date __________

***Part I. Complete for each filing:***

Current name of entity or registrant *(survivor or new entity if merger or consolidation)*:
Suburban Natural Gas and Electricity, LLC

Entity number, if known: ______ Incorporation/qualification date in PA: Pending

State of Inc: Delaware Federal EIN: 20-0443196 Specified effective date, if any: ______

***Part II. Check proper box:***

_X_ Amendment (complete Section A) ____ Merger, Consolidation or Division (complete Section B,C or D)

____ Consolidation (complete Section C) ____ Division (complete Section D)

____ Conversion (complete Section A & E) ____ Correction (complete Section A)

____ Termination (complete Section H) ____ Revival (complete Section G)

____ Dissolution before Commencement of Business (complete Section F)

_X_ **Section A** – *Check box(es) which pertain to changes:*

_X_ Name:
Agway Energy Services, LLC

___ Registered Office: Number & street/RD number & box number City State Zip County

___ Purpose:

___ Stock (aggregate number of share authorized):______ ___ Effective date:

___ Term of Existence:__________ ___ Other: ______

____ **Section B – Merger** *Complete Section A if any changes to surviving entity:*
Merging Entities are: *(attach sheet for additional merging entities)*

Name: Entity #, if known:

Effective date: Inc./qual. date in PA State of Inc.

Name: Entity #, if known:

Effective date: Inc./qual. date in PA State of Inc.

____ **Section C - Consolidation**

Consolidating Entities are: *(attach sheet for additional consolidating entities)*
Name:

Entity #, if known: Inc./qual. date in PA. State of Inc.

Name:

Entity #, if known: Inc./qual. date in PA. State of Inc.

____ **Section D – Division**

Forming new entity(s) named below: (attached sheet for additional entities)

Name: Entity Number:

Name: Entity Number:

*Check one:* __ Entity named in Part I survives. (any changes, complete Section A)

____ Entity named in Part I does not survive.

____ **Section E – Conversion** *(complete Section A)*

*Check one:* ____ Converted from nonprofit to profit ____ Converted from profit to nonprofit

____ **Section F – Dissolved by Shareholders or Incorporators Before Commencement of Business**

____ **Section G Statement of Revival** *(complete Section A for any changes to revived entity)*

Entity named in Part I hereby revives its charter or articles which were forfeited by Proclamation or expired.

____ **Section H – Statement of Termination** *(attach sheet for additional entities involved)*

____ ________ filed in the Department of State on ______________ is/are hereby terminated.
(type of filing made) month/date/year hour, if any

If merger, consolidation or division, list all entities involved, other than that listed in Part I:
Name: Entity number:

Name: Entity number:

**PENNSYLVANIA DEPARTMENT OF STATE**
**CORPORATION BUREAU**

# Certificate of Amendment of Registration-Foreign

(15 Pa.C.S. § 8585)

Entity Number

____ Limited Partnership
____ Registered Limited Liability Partnership
_X_ Registered Limited Liability Company

Name

Address

City State Zip Code

Document will be returned to the name and address you enter to the left. ⇐

Fee: $180

Filed in the Department of State on ____________

Secretary of the Commonwealth

In compliance with the requirements of 15 Pa C.S. § 8585 (relating to amended certificate of registration), the undersigned, desiring to change the arrangements or other facts described in its application for registration as a foreign limited partnership, foreign registered limited liability partnership or a foreign limited liability company hereby states that:

1. The name under which the association was registered (or last registered) to do business in the Commonwealth of Pennsylvania is:

Suburban Natural Gas and Electricity, LLC

2. The (a) address of its initial registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

(a) Number and street City State Zip County

(b) Name of Commercial Registered Office Provider County
c/o, CT Corporation System Philadelphia

3. *(If applicable)*: The address of the registered office of the association in this Commonwealth is hereby changed to:

(a) Number and street City State Zip County

(b) Name of Commercial Registered Office Provider County
c/o:

DSCB:15-8585-2

4. *If applicable:* The association desires that its registration be amended to change its name to:

Agway Energy Services, LLC

5. *If applicable:* The association desires that its registration be amended as follows in order to reflect arrangements or other facts that have changed.

IN TESTIMONY WHEREOF, the undersigned has caused this Certificate of Amendment of Registration to be signed by a duly authorized officer, member or manager thereof this

31st day of Dec., 2003.

Suburban Natural Gas and Electricity, LLC
Name of Association

Janice G. Meola
Signature
Gas Connection, Inc., Member

By: Janice Meola, Secretary
Title

☐ * If a corporate par[illegible] in the Applicant's domestic partnership is [illegible] domiciled in Pennsylvania, attach a copy of the Applicant's Department of State filing pursuant to 15 Pa. C.S. §4124.

**or**

☐ The Applicant is a :

- ☐ domestic corporation (none)
- ☐ foreign corporation (15 Pa. C.S. §4124)
- ☐ domestic limited liability company (15 Pa. C.S. §8913)
- ☒ foreign limited liability company (15 Pa. C.S. §8981)
- ☐ Other ______________________________

Provide proof of compliance with appropriate Department of State filing requirements as indicated above. Additionally, provide a copy of the Applicant's Articles of Incorporation.

**Please see attachment "A"**

Give name and address of officers.

**Please see addendum "Question 5"**

The Applicant is incorporated in the state of _**Delaware**______________________________.

6. **AFFILIATES AND PREDECESSORS WITHIN PENNSYLVANIA:** (select and complete appropriate statement)

☒ Affiliate(s) of the Applicant doing business in Pennsylvania are:

Give name and address of the affiliate(s) and state whether the affiliate(s) are jurisdictional public utilities. **Please see addendum "Question 6"**

☐ Does the Applicant have any affiliation with or ownership interest in:
(a) any other Pennsylvania retail natural gas supplier licensee or licensee applicant,
(b) any other Pennsylvania retail licensed electric generation supplier or license applicant,
(c) any Pennsylvania natural gas producer and/or marketer,
(d) any natural gas wells or
(e) any local distribution companies (LDCs) in the Commonwealth

If the response to parts a, b, c, or d above is affirmative, provide a detailed description and explanation of the affiliation and/or ownership interest.

☐ Provide specific details concerning the affiliation and/or ownership interests involving:
(a) any natural gas producer and/or marketers,
(b) any wholesale or retail supplier or marketer of natural gas, electricity, oil, propane or other energy sources.

☒ Provide the Pa PUC Docket Number if the applicant has ever applied:
(a) for a Pennsylvania Natural Gas Supplier license, or
(b) for a Pennsylvania Electric Generation Supplier license. **See addendum "Question 6"**

A-125125

# Addendum to Questions 5 and 6

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SECRETARY'S BUREAU

**Addendum**

**Question 5.**

Give name, d/b/a, and address of partners. If any partner is not an individual, identify the business nature of the partner entity and identify its partners or officers.

**Agway Energy Services, LLC does not have any officers and is managed by Gas Connections, Inc. The officers of Gas Connection, Inc. are located at 240 Route 10 West P.O. Box 206 Whippany, New Jersey 07981 and they are as follows:**

1.) **Mark A. Alexander – Chairperson, CEO & President**
2.) **Michael J. Dunn, Jr. – Senior Vice President**
3.) **David R. Eastin – Senior Vice President**
4.) **Donald Neely – Chief Operating Officer**
5.) **Jeffrey S Jolly – Vice President**
6.) **Michael J. Keating – Vice President**
7.) **Robert M. Plante – Vice President & Chief Financial Officer**
8.) **Russell T. Rupp – Vice President**
9.) **Mark Anton, II – Vice President**
10.) **Janice G. Meola – Vice President and Secretary**
11.) **Michael A. Stivala - Controller**
12.) **A. Davin D'Ambrosio - Treasurer**

**Question 6.**

Give name and address of the affiliate(s) and state whether the affiliate(s) are jurisdictional public utilities.

**The following affiliates operate in Pennsylvania and none are jurisdictional public utilities:**

**Suburban Propane, L.P.**
**Suburban Heating Oil Partners, LLC**
**Suburban @Home, Inc.**
**Suburban Sales & Service, Inc.**

**Question 6.**

Provide the Pa PUC Docket Number if the applicant has ever applied:

(a) for a Pennsylvania Natural Gas Supplier license, **A-125036**
(b) for a Pennsylvania Electric Generation Supplier license. **A-110114**

☒ If the Applicant or an affiliate has a predecessor who has done business within Pennsylvania, give name and address of the predecessor(s) and state whether the predecessor(s) were jurisdictional public utilities.

**Agway Energy Services-PA, Inc.**
**333 Butternut Drive**
**Dewitt, New York 13214**

**This entity was not a *public utility***

**or**

☐ The Applicant has no affiliates doing business in Pennsylvania or predecessors which have done business in Pennsylvania.

7. **APPLICANT'S PRESENT OPERATIONS:** (select and complete the appropriate statement)

☒ The Applicant is presently doing business in Pennsylvania as a

- ☐ natural gas interstate pipeline.
- ☐ municipal providing service outside its municipal limits.
- ☐ local gas distribution company
- ☒ retail supplier of natural gas services in the Commonwealth
- ☐ a natural gas producer
- ☐ Other. (Identify the nature of service being rendered.)

**or**

☐ The Applicant is not presently doing business in Pennsylvania.

8. **APPLICANT'S PROPOSED OPERATIONS:** The Applicant proposes to operate as a:

- ☒ supplier of natural gas services.
- ☐ Municipal supplier of natural gas services.
- ☐ Cooperative supplier of natural gas services.
- ☒ Broker/Marketer engaged in the business of supplying natural gas services.
- ☒ Aggregator engaged in the business of supplying natural gas services.
- ☐ Other (Describe):

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9. **PROPOSED SERVICES:** Generally describe the natural gas services which the Applicant proposes to offer.

**Retail Sale of Natural Gas**

10. **SERVICE AREA:** Generally describe the geographic area in which Applicant proposes to offer services.

**Areas in the Commonwealth where customer choice is available.**

11. **CUSTOMERS:** Applicant proposes to initially provide services to:

- ☒ Residential Customers
- ☒ Commercial Customers - (Less than 6,000 Mcf annually)
- ☒ Commercial Customers - (6,000 Mcf or more annually)
- ☐ Industrial Customers
- ☐ Governmental Customers
- ☐ All of above
- ☐ Other (Describe):

12. **START DATE:** The Applicant proposes to begin delivering services :_**IMMEDIATE**_ (approximate date).

**Agway Energy Services, LLC, requests to transfer and intends to continue serving customers in a manner consistent with Agway Energy Services –PA INC.**

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13. **NOTICE:** Pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14, serve a copy of the signed and verified Application with attachments on the following:

Irwin A. Popowsky
Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17120-1921

Office of the Attorney General
Bureau of Consumer Protection
Strawberry Square, 14th Floor
Harrisburg, PA 17120

William Lloyd
Commerce Building, Suite 1102
Small Business Advocate
300 North Second Street
Harrisburg, PA 17101

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
Harrisburg, PA 17128-0946

Any of the following Natural Gas Distribution Companies through whose transmission and distribution facilities the applicant intends to supply customers:

| | |
|---|---|
| **NUI Valley Cities Gas** (NUI Transportation Services)<br>Mike Vogel<br>PO Box 3175<br>Union, NJ 07083-1975<br>PH: 908.289.5000 ext. 5441 FAX: 908.2898.6444 | **National Fuel Gas Distribution Corp.**<br>Paul R. Mundy<br>10 Lafayette Square<br>Buffalo, NY 14203<br>PH: 716.857.7756 FAX: 716.857.7479<br>e-mail: mundyp@natfuel.com |
| **Penn Fuel** [North Penn Gas Company & Penn Fuel Gas]<br>Jim Evans <u>or</u> Tom Olsen<br>2 North 9th Street<br>GENA94<br>Allentown, PA 18101<br>PH: 610.774.7981 610.774.4975<br>FAX: 610.774.5694 610.774.4975<br>e-mail: jevans@papl.com <u>or</u> teolson@papl.com | **The Peoples Natural Gas Company**<br>Joe Gregorini <u>or</u> Bill McKeown<br>625 Liberty Avenue<br>Pittsburgh, PA 15222<br>e-mail: jgregorini@png.cng.com<br>PH: 412.497.6851 <u>or</u> 412.497.6840<br>FAX: 412.497.6630 |
| **T. W. Phillips Gas and Oil Company**<br>Robert M. Hovanec<br>205 North Main Street<br>Butler, PA 16001<br>PH: 724.287.2725 FAX: 724.287.5021<br>e-mail: rhovanec@twphillips.com | **UGI**<br>David Beaston <u>or</u> Bob Krieger<br>PO Box 12677 <u>or</u> 225 Morgantown Rd<br>Reading, PA 15222 Reading, PA 15222<br>PH: 610.796.3425 PH: 610.796.3516<br>FAX: 610.796.3559 |
| **PG Energy**<br>Richard N. Marshall <u>or</u> Wendy K. Saxe<br>One PEI Center<br>Wilkes-Barre, PA 18711-0601<br>e-mail: marshall@pgenergy.com <u>or</u> saxe@pgenergy.com<br>PH: 570.829.8795 FAX: 570.829.8652 | **Equitable Gas Company**<br>Antionette Litchy<br>200 Allegheny Center Mall<br>Pittsburgh, PA 15212-5352<br>PH: 412.395.3117 FAX: 412.395.3156 |
| **Carnegie Natural Gas Company**<br>Donald A. Melzer<br>800 Regis Avenue<br>Pittsburgh, PA 19236<br>PH: 412.655.8510 ext. 331 FAX: 412.655.0335 | **Columbia Gas of PA, Inc.**<br>Erich Evans <u>or</u> Heather Bauer<br>200 Civic Center Drive<br>Columbus, OH 43215<br>PH: 614.460.6254 or 614.460.5554<br>FAX: 614.460.4291 |
| **Philadelphia Gas Works**<br>Eric Burgis<br>800 West Montgomery Avenue<br>Philadelphia, PA 19122<br>email: eric.burgis@pgworks.com<br>PH: 215.684.6907 FAX: 215.684.6564 | **PECO**<br>Kevin Carrabine<br>300 Front Street Building 2<br>Conshohocken, PA 19428<br>PH: 610.832.6413 |

Pursuant to Sections 1.57 and 1.58 of the Commission's Regulations, 52 Pa. Code §§1.57 and 1.58, attach Proof of Service of the Application and attachments upon the above named parties. Upon review of the Application, further notice may be required pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14.

14. **TAXATION**: Complete th[redacted]AX CERTIFICATION STATEMENT attach[redacted]s Appendix B to this application. **See attachment "B"**

15. **COMPLIANCE**: State specifically whether the Applicant, an affiliate, a predecessor of either, or a person identified in this Application has been convicted of a crime involving fraud or similar activity. Identify all proceedings, by name, subject and citation, dealing with business operations, in the last five (5) years, whether before an administrative body or in a judicial forum, in which the Applicant, an affiliate, a predecessor of either, or a person identified herein has been a defendant or a respondent. Provide a statement as to the resolution or present status of any such proceedings. **See addendum "Question 15"**

16. **STANDARDS, BILLING PRACTICES, TERMS AND CONDITIONS OF PROVIDING SERVICE AND CONSUMER EDUCATION**: All services should be priced in clearly stated terms to the extent possible. Common definitions should be used. All consumer contracts or sales agreements should be written in plain language with any exclusions, exceptions, add-ons, package offers, limited time offers or other deadlines prominently communicated. Penalties and procedures for ending contracts should be clearly communicated.

    a. Contacts for Consumer Service and Complaints: Provide the name, title, address, telephone number and FAX number of the person and an alternate person responsible for addressing customer complaints. These persons will ordinarily be the initial point(s) of contact for resolving complaints filed with Applicant, the Distribution Company, the Pennsylvania Public Utility Commission or other agencies.

    b. Provide a copy of all standard forms or contracts that you use, or propose to use, for service provided to residential customers.

    c. If proposing to serve Residential and/or Small Commercial customers, provide a disclosure statement. A sample disclosure statement is provided as Appendix B to this Application. **See attachment "C"**

17. **FINANCIAL FITNESS:**

    A. Applicant shall provide sufficient information to demonstrate financial fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:

    - Actual (or proposed) organizational structure including parent, affiliated or subsidiary companies.
    - Published parent company financial and credit information.
    - Applicant's balance sheet and income statement for the most recent fiscal year. Published financial information such as 10K's and 10Q's may be provided, if available.
    - Evidence of Applicant's credit rating. Applicant may provide a copy of its Dun and Bradstreet Credit Report and Robert Morris and Associates financial form or other independent financial service reports.
    - A description of the types and amounts of insurance carried by Applicant which are specifically intended to provide for or support its financial fitness to perform its obligations as a licensee.
    - Audited financial statements
    - Such other information that demonstrates Applicant's financial fitness. **See addendum "Question 17A"**

    B. Applicant must provide the following information:

    - Identify Applicant's chief officers including names and their professional resumes.
    - Provide the name, title, address, telephone number and FAX number of Applicant's custodian for its accounting records. **See addendum "Question 17B"**
    -

18. **TECHNICAL FITNESS**: To ensure that the present quality and availability of service provided by natural gas utilities does not deteriorate, the Applicant shall provide sufficient information to demonstrate technical fitness

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Attachment "B"

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COMMONWEALTH OF PENNSYLVANIA
PUBLIC UTILITY COMMISSION

# TAX CERTIFICATION STATEMENT

A completed Tax Certification Statement must accompany all applications for new licenses, renewals or transfers. Failure to provide the requested information and/or any outstanding state income, corporation, and sales (including failure to file or register) will cause your application to be rejected. If additional space is needed, please use white 81/2" x 11" paper. Type or print all information requested.

1. CORPORATE OR APPLICANT NAME
Agway Energy Services, LLC

2. BUSINESS PHONE NO. ( 315 ) 449-6714
CONTACT PERSON(S) FOR TAX ACCOUNTS: Sheryl Conley – 315-449-7309

3. TRADE/FICTITIOUS NAME (IF ANY)

4. LICENSED ADDRESS (STREET, RURAL ROUTE, P.O. BOX NO.) (POST OFFICE) STATE) (ZIP)
P.O. Box 4819 Syracuse New York, 13221-4819

5. TYPE OF ENTITY ☐ SOLE PROPRIETOR ☐ PARTNERSHIP ☒ LLC ☐ CORPORATION

8. LIST OWNER(S), GENERAL PARTNERS, OR CORPORATE OFFICER(S)

| NAME (PRINT) | SOCIAL SECURITY NUMBER (OPTIONAL) |
|---|---|
| **SEE PAGE 2 of Attachment "B"** | ___-__-____ |
| | ___-__-____ |
| | ___-__-____ |
| | ___-__-____ |
| | ___-__-____ |

9. LIST THE FOLLOWING STATE TAX IDENTIFICATION NUMBERS. **(ALL ITEMS: A, B, AND C MUST BE COMPLETED)**.

**A. SALES TAX LICENSE (8 DIGITS)** 82-87854-6 APPLICATION PENDING ☐ N/A ☐

**C. CORPORATE BOX NUMBER (7 DIGITS)** 2745 223 APPLICATION PENDING ☐ N/A ☐

**B. EMPLOYER ID (EIN) (9 DIGITS**: 20-0443196 APPLICATION PENDING ☐ N/A ☐

10. Do you have PA employes either resident or non-resident? ☐ YES ☐ NO

11. Do you own any assets or have an office in PA? ☐ YES ☐ NO

NAME AND PHONE NUMBER OF PERSON(S) RESPONSIBLE FOR FILING TAX RETURNS

| PA SALES AND USE TAX | EMPLOYER TAXES | CORPORATE TAXES |
|---|---|---|
| Sheryl Conley | Sheryl Conley | Sheryl Conley |
| PHONE 315-449-7309 | PHONE 315-449-7309 | PHONE 315-449-7309 |

Telephone inquiries about this form may be directed to the Pennsylvania Department of Revenue at the following numbers: (717) 772-2673, TDD# (717) 772-2252 (Hearing Impaired Only)

**Attachment "B" Page 2**

Agway Energy Services, LLC does not have any officers and is managed by Gas Connections, Inc. The officers of Gas Connection, Inc. are located at 240 Route 10 West P.O. Box 206 Whippany, New Jersey 07981 and they are as follows:

1.) Mark A. Alexander – Chairperson, CEO & President
2.) Michael J. Dunn, Jr. – Senior Vice President
3.) David R. Eastin – Senior Vice President
4.) Donald Neely – Chief Operating Officer
5.) Jeffrey S Jolly – Vice President
6.) Michael J. Keating – Vice President
7.) Robert M. Plante – Vice President & Chief Financial Officer
8.) Russell T. Rupp – Vice President
9.) Mark Anton, II – Vice President
10.) Janice G. Meola – Vice President and Secretary
11.) Michael A. Stivala - Controller
12.) A. Davin D'Ambrosio - Treasurer

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# Addendum to Questions 15, 16 and 17

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Question 15.

**COMPLIANCE:** State specifically whether the Applicant, an affiliate, a predecessor of either, or a person identified in this Application has been convicted of a crime involving fraud or similar activity. Identify all proceedings, by name, subject and citation, dealing with business operations, in the last five (5) years, whether before an administrative body or in a judicial forum, in which the Applicant, an affiliate, a predecessor of either, or a person identified herein has been a defendant or a respondent. Provide a statement as to the resolution or present status of any such proceedings.

**No officer has been convicted of fraud in the last 5 years.**

**Natural Gas Disclosure Statement**
Agway Energy Services, LLC. 12/15/03 Columbia HHRP Welcome Letter

Question 16.

This is an agreement for natural gas service, between Agway Energy Services,LLC. ('Agway, LLC') and;John Smith,2 Any St. , YORK HAVEN, PA 17370-0000 (Print customer's name & full address) NATURAL GAS & HHRP NATURAL GAS & HHRP, NATURAL GAS & HHRP, NATURAL GAS & HHRP NATURAL GAS & HHRP (Service address).

BACKGROUND

We at Agway, LLC are licensed by the Pennsylvania Public Utility Commission to offer and supply natural gas services in Pennsylvania. Our PUC License Number is A-110114.
We set the commodity prices and charges that you pay. The Public Utility Commission regulates distribution prices and services.
You will be billed monthly by Agway, LLC or your Utility for natural gas delivered under this Agreement at the price agreed to herein.
**Right of Recision:** You may cancel this agreement at any time before midnight of the third business day after receiving this disclosure.

DEFINITIONS

**Commodity Charges:** The charges for the natural gas produced which is sold in either cubic feet or dekatherms.

TERMS OF SERVICE

1. **Variable Rate Option:** Your initial price including all Pennsylvania state taxes, shall be $6.995/ Mcf which can vary monthly to reflect market conditions but will be no lower than $2.00/ Mcf or higher than $50.00/Mcf. Sales and use taxes will be separately charged.

| Monthly Natural Gas Cost* If You Use: | | | |
|---|---|---|---|
| Program | 15mcf | 80mcf | 120mcf |
| Variable Rate** (SmartRate) | $104.93 | $559.60 | $839.40 |
| Fixed Rate (FixedRate) | N/A | N/A | N/A |

*Above costs represent natural gas costs only. Utility costs to transport natural gas to your house is additional.
**Variable (SmartRate) is cost only for month noted on reverse side. Variable Rate cost of natural gas will change monthly.

2. **Length of Agreement**
You will buy your natural gas services for the above street address from Agway, LLC beginning on a date set by your Natural Gas Distribution Company and will continue for 2 year(s).

3. **Special Terms & Conditions**
(a) **Security Deposit:** Agway, LLC may request a customer credit report and require the customer to provide a security deposit before providing basic service. We may perform a credit check according to applicable regulations.
(b) **Liability:** No party will be liable for any direct, punitive, incidental, consequential, exemplary, indirect, third-party claims are based on contract, warranty, tort, negligence, strict liability or otherwise, or for lost profits arising from a breach of this agreement.
(c) **Force Majeure:** You and Agway, LLC are relieved of your obligations under this agreement during a Force Majeure, defined as an event or cause not reasonably within the control of a party and which by exercise of due diligence cannot be prevented or overcome.
(d) **Agency:** Agway, LLC -PA is appointed agent for the purpose of acquiring natural gas supplies, contracting for and administering transportation and other related services.

4. **Penalties, Fees and Exceptions**
If you do not pay your bills on time we will charge you a late payment fee of 1.5% per month. We will charge you a returned check fee of $20.

5. **Cancellation Provisions**
If you do not pay your bills on time, we will cancel this agreement by providing you with fifteen (15) days prior written notice.
You may cancel this agreement by providing us with thirty (30) days prior written notice in the event that you move from the location noted above.

6. **Agreement Expiration/Change in Terms**
If you have a fixed term agreement with us that is longer that 3 months and it is approaching the expiration date or if we propose to change our terms of service, we will send you written notice in the third and second bills for supply charges or in separate mailings before either the expiration date or the effective date or the effective date of the changes. We will explain your options in these two advance notices. Agway, LLC reserves the right to pass along increases in Utility charges applied directly to Agway (e.g. accounts receivable billing charges, etc.), which are the result of Public Utility Commission Orders or actions.

7. **Dispute Procedures**
Contact us with any questions concerning our terms of service. You may call the PUC if you are not satisfied after discussing your terms with us.

Contact Information:

**Agway Energy Services, LLC**
333 Butternut Drive
DeWitt, NY 13214
Tel. No.:1-888-982-4929
Fax: (315) 449-6682
On the web at www.agwayenergy.com

**Public Utility Commission (PUC)**
Tel. No. (412) 244-2626 or 1-800-764-0111
P.O. Box 3265
Harrisburg, PA 17105-3265
**Natural Gas Competition Hotline:**
1-888-782-3228

**Natural Gas Distribution Company Name and Provider of Last Resort:**
Columbia Gas of Pennsylvania, Inc
650 Washington Road
Pittsburgh, Pennsylvania 15228
Tel. No. 1-888-275-4674

**Universal Service Program Name:** Columbia Gas of Pennsylvania Choice Program Tel. No.: 1-888-275-4674

**Question 17:**

**Financial Fitness:**

The Applicant is a subsidiary of Suburban Propane Partners, L.P., a multi-state energy marketer engaged in the distribution of propane gas, heating oil, diesel fuel, gasoline as well as the installation of HVAC equipment. Suburban Propane Partners, L. P. is one of the largest propane and heating oil companies in the United States.

Further, the predecessor companies of Agway Energy Services, LLC, Agway Energy Services – PA, Inc. and Agway Energy Services, Inc., have been actively engaged in the retail marketing of natural gas and electricity primarily within the States of Pennsylvania and New York, respectively.

Agway Energy Services, Inc., participated in the Farm and Food Processor Retail Access program instituted by the State of New York and the New York State Electric & Gas "Customer Advantage Program" in the upstate New York area; the retail marketing of natural gas in the service territory of New York State Electric and Gas Corporation, Niagara Mohawk, National Fuel, and Central Hudson.

Agway Energy Services –PA, Inc. has participated in the customer choice programs of Dominion Peoples Natural Gas Company and Columbia Gas of Pennsylvania since 1997. Agway Energy Services, LLC, currently has approximately 80,000 customers through its retail marketing activities.(A chart depicting the organization structure of Suburban Propane Partners, L.P., is enclosed herewith.) A copy

of recent financial statements for ***Agway Energy Group*** and ***Suburban Propane Partners, L.P.*** is annexed hereto.

**17B. Financial Fitness**

Ms. Sheryl Conley of Agway Energy Services, LLC is custodian for all accounting records. Phone Number 1-315-449-7309.

commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:

- The identity of the Applicant's officers directly responsible for operations, including names and their professional resumes.
- A copy of any Federal energy license currently held by the Applicant.
- Proposed staffing and employee training commitments.
- Business plans. **See addendum "Question 18"**

19. **TRANSFER OF LICENSE:** The Applicant understands that if it plans to transfer its license to another entity, it is required to request authority from the Commission for permission prior to transferring the license. See 66 Pa. C.S. Section 2208(D). Transferee will be required to file the appropriate licensing application.

20. **UNIFORM STANDARDS OF CONDUCT AND DISCLOSURE:** As a condition of receiving a license, Applicant agrees to conform to any Uniform Standards of Conduct and Disclosure as set forth by the Commission.

21. **REPORTING REQUIREMENTS:** Applicant agrees to provide the following information to the Commission or the Department of Revenue, as appropriate:

    a. Reports of Gross Receipts: Applicant shall report its Pennsylvania intrastate gross receipts to the Commission on an annual basis no later than 30 days following the end of the calendar year.

    **Applicant will be required to meet periodic reporting requirements as may be issued by the Commission to fulfill the Commission's duty under Chapter 22 pertaining to reliability and to inform the Governor and Legislature of the progress of the transition to a fully competitive natural gas market.**

22. **FURTHER DEVELOPMENTS:** Applicant is under a continuing obligation to amend its application if substantial changes occur in the information upon which the Commission relied in approving the original filing.

23. **FALSIFICATION:** The Applicant understands that the making of false statement(s) herein may be grounds for denying the Application or, if later discovered, for revoking any authority granted pursuant to the Application. This Application is subject to 18 Pa. C.S. §§4903 and 4904, relating to perjury and falsification in official matters.

24. **FEE:** The Applicant has enclosed the required initial licensing fee of $350.00 payable to the Commonwealth of Pennsylvania.

Applicant:: Agway Energy Services LLC

By: Russell P. Mill

Title: Approved Signer

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# Addendum to Question 18

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**Question 18.**

**Technical Fitness:**

Russ Miller and his staff are directly responsible for the operations of the Applicant in connection with the retail marketing of natural gas. They have extensive experience in the implementation of natural gas customer choice programs, including coordination with the natural gas distribution utilities, natural gas suppliers and end-use customers. Mr. Miller has been involved of the marketing of retail electricity pursuant to the Farm and Food Processor Retail Access program instituted by the State of New York and the New York State Electric & Gas "Customer Advantage Program" in the upstate New York area; the retail marketing of natural gas in the service territory of New York State Electric and Gas Corporation, Niagara Mohawk, National Fuel, and Central Hudson; the customer choice program of Dominion Peoples Natural gas Company and Columbia Gas of Pennsylvania. Accordingly he has hands-on experience in the retail marketing of natural gas in the era of deregulation and knowledge of the supply requirements of retail customers. Through their activities in the States of New York and Pennsylvania, Mr. Miller and his staff are responsible for the provision of natural gas to approximately 41,000 customers and said service has been provided in a professionally competent manner.

The applicant will purchase the requisite gas supply needed to serve its retail customers from a respected and competent natural gas supplier with extensive experience in the area of natural gas supply. Consequently, the needs of the Applicant's retail customers for reliable gas service will be met.

# AFFIDAVIT

[Commonwealth/State] of New York

: ss.

County of Onondaga :

Russ Miller, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

[He/she is the Director (Office of Affiant) of Agway Energy Services,LLC (Name of Applicant);]

[That he/she is authorized to and does make this affidavit for said Applicant;]

That Agway Energy Services, LLC, the Applicant herein, acknowledges that [Applicant] may have obligations pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, Title 66 of the Pennsylvania Consolidated Statutes; or with other applicable statutes or regulations including Emergency Orders which may be issued verbally or in writing during any emergency situations that may unexpectedly develop from time to time in the course of doing business in Pennsylvania.

That Agway Energy Services, LLC , the Applicant herein, asserts that [he/she/it] possesses the requisite technical, managerial, and financial fitness to render natural gas supply service within the Commonwealth of Pennsylvania and that the Applicant will abide by all applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission.

That Agway Energy Services, LLC, the Applicant herein, certifies to the Commission that it is subject to , will pay, and in the past has paid, the full amount of taxes imposed by Articles II and XI of the Act of March 4, 1971 (P.L. 6, No. 2 ), known as the Tax Reform Act of 1971 and any tax imposed by Chapter 22 of Title 66. The Applicant acknowledges that failure to pay such taxes or otherwise comply with the taxation requirements of, shall be cause for the Commission to revoke the license of the Applicant. The Applicant acknowledges that it shall report to the Commission its jurisdictional natural gas sales for ultimate consumption, for the previous year or as otherwise required by the Commission. The Applicant also acknowledges that it is subject to 66 Pa. C.S. §506 (relating to the inspection of facilities and records).

Applicant, by filing of this application waives confidentiality with respect to its state tax information in the possession of the Department of Revenue, regardless of the source of the information, and shall consent to the Department of Revenue providing that information to the Pennsylvania Public Utility Commission.

That Agway Energy Services, LLC , the Applicant herein, acknowledges that it has a statutory obligation to conform with 66 Pa. C.S. §506, and the standards and billing practices of 52 PA. Code Chapter 56.

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That the Applicant agrees to provide all consumer education materials and information in a timely manner as requested by the Commission's Office of Communications or other Commission bureaus. Materials and information requested may be analyzed by the Commission to meet obligations under applicable sections of the law.

That the facts above set forth are true and correct/true and correct to the best of his/her knowledge, information, and belief.

Signature of Affiant

Sworn and subscribed before me this 3rd day of February, 2004

Signature of official administering oath

CYNTHIA A. MILLS
Notary Public, State of New York
Qualified In Madison Co. 01MI6024475
My commission expires Commission Expires May 10, 2007

# AFFIDAVIT

[Commonwealth/State] of New York:

: ss.

County of Onondaga :

Russ Miller, Affiant, being duly [sworn/affirmed] according to law, deposes and says that:

[He/she is the Director (Office of Affiant) of Agway Energy Services, LLC (Name of Applicant);]

[That he/she is authorized to and does make this affidavit for said Applicant;]

That the Applicant herein Agway Energy Services, LLC has the burden of producing information and supporting documentation demonstrating its technical and financial fitness to be licensed as a natural gas supplier pursuant to 66 Pa. C.S. §2208(c)(1).

That the Applicant herein Agway Energy Services, LLC has answered the questions on the application correctly, truthfully, and completely and provided supporting documentation as required.

That the Applicant herein Agway Energy Services, LLC acknowledges that it is under a duty to update information provided in answer to questions on this application and contained in supporting documents.

That the Applicant herein Agway Energy Services, LLC acknowledges that it is under a duty to supplement information provided in answer to questions on this application and contained in supporting documents as requested by the Commission.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief, and that he/she expects said Applicant to be able to prove the same at hearing.

Russell P. Mil

Signature of Affiant

Sworn and subscribed before me this 3rd day of February, 2004

Cynthia A. Mills

Signature of official administering oath

CYNTHIA A. MILLS
Notary Public, State of New York
Qualified in Madison Co. 01MI6024475
My commission expires Commission Expires May 10, 2007

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Supplier Company Contacts

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# SUPPLIER COMPANY CONTACTS

**Company Name:** Agway Energy Services, LLC

**Date Submitted:**

**Company d/b/a:**

**Company License Number:**

| | M. | First Name | Last Name | Prof. Title | Street | City | State | Zip | Phone | FAX | E-Mail |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **EXAMPLE:** | Mr. | Robert | Bennett | Manager | P.O. Box 3265 | Harrisburg | PA | 17105-3265 | (717) 787-5553 | (717) 772-1933 | bennettr@puc.state.pa.us |
| 1 **Statutory Agent:** | Mr. | Russ | Miller | Director | P.O. Box 4819 | Syracuse | NY | 13221-4819 | (315) 449-6346 | (315) 449-6682 | rmiller@agway.com |
| 2 **CEO/Presiden/Director:** | Mr. | Russ | Miller | Director | P.O. Box 4819 | Syracuse | NY | 13221-4819 | (315) 449-6346 | (315) 449-6682 | rmiller@agway.com |
| 3 **Regulatory Contact:** | Mr. | Terence | McInerney | Sales Director | P.O. Box 4819 | Syracuse | NY | 13221-4819 | (315) 449-6714 | (315) 449-6682 | tmcinerney@agway.con |
| 4 **Tariff Contact:** | Mr. | Terence | McInerney | Sales Director | P.O. Box 4819 | Syracuse | NY | 13221-4819 | (315) 449-6714 | (315) 449-6682 | tmcinerney@agway.con |
| 5 **Annual Reports:** | Ms. | Sheryl | Conley | Accounting Manager | P.O. Box 4819 | Syracuse | NY | 13221-4819 | (315) 449-7309 | (315) 449-6682 | sconley@agway.com |
| 6 **Assessments:** | Ms. | Sheryl | Conley | Accounting Manager | P.O. Box 4819 | Syracuse | NY | 13221-4819 | (315) 449-7309 | (315) 449-6682 | sconley@agway.com |
| 7 **PEMA Contact:** | Mr. | Terence | McInerney | Sales Director | P.O. Box 4819 | Syracuse | NY | 13221-4819 | (315) 449-6714 | (315) 449-6682 | tmcinerney@ag[illegible]con |
| 8 **Customer Service:** | Mr. | Terence | McInerney | Sales Director | P.O. Box 4819 | Syracuse | NY | 13221-4819 | (315) 449-6714 | (315) 449-6682 | tmcinerney@agway.con |
| 9 **Legal Counsel:** | Mr. | Greg | Barksdale | Counsel | 240 Route 10 West | Whippany | NJ | 7981 | (973) 503-9465 | (973) 515-5982 | ~~sdale~~ gbarksdale@suburbanpropan |
| 10 **Complaints Contact:** | Mr. | Terence | McInerney | Sales Director | P.O. Box 4819 | Syracuse | NY | 13221-4819 | (315) 449-6714 | (315) 449-6682 | tmcinerney@agway.con |
| 11 **EDI Transactions:** | Mr. | Terence | McInerney | Sales Director | P.O. Box 4819 | Syracuse | NY | 13221-4819 | (315) 449-6714 | (315) 449-6682 | tmcinerney@agway.con |
| 12 **Electric Phase-In Committee:** | Mr. | Russ | Miller | Director | P.O. Box 4819 | Syracuse | NY | 13221-4819 | (315) 449-6346 | (315) 449-6682 | rmiller@agway.com |

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# Unaudited Pro Forma Condensed Combined Financials for Agway Energy Group (Agway Energy Products, LLC, Agway Energy Services, INC. and Agway Energy Services – PA, INC.) and Suburban Propane Partners LP

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## UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The unaudited pro forma condensed combined financial statements give effect to the Acquisition under the purchase method of accounting. The pro forma adjustments are based upon available information and assumptions that management believes are reasonable and factually supportable. A final determination of purchase accounting adjustments, including the allocation of the purchase price to the assets acquired and liabilities assumed based on their respective fair values, has not been made. Accordingly, the purchase accounting adjustments made in connection with the development of the unaudited pro forma condensed combined financial statements are preliminary and have been made solely for purposes of presenting such pro forma combined financial information. The unaudited pro forma condensed combined financial statements do not purport to represent what our financial position or results of operations would have been if the purchase transaction had occurred on the dates indicated below, nor do they purport to project our results of operations for any future period.

The unaudited pro forma condensed combined balance sheet as of September 27, 2003 was prepared by combining our audited consolidated balance sheet as of September 27, 2003 and the audited combined balance sheet of Agway Energy as of June 30, 2003, giving effect to the pending Acquisition and the completion of this offering and the concurrent offering of common units as though they had been completed on September 27, 2003. The unaudited pro forma condensed combined statement of operations for the period presented combines our historical consolidated statement of operations for the year ended September 27, 2003 and the historical combined statement of operations of Agway Energy for the year ended June 30, 2003, giving effect to the Acquisition and the completion of this offering and the concurrent offering of common units as if they had occurred on September 29, 2002 (the beginning of our 2003 fiscal year). The unaudited pro forma condensed combined statement of operations does not give effect to any cost savings or other operating efficiencies that are expected to result from the integration of the operations of Agway Energy with our operations, including from the integration of back office functions, office space and certain field operations.

## UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
## AS OF SEPTEMBER 27, 2003
(in thousands)

| | Historical Suburban Propane | Historical Agway Energy | Pro Forma Adjustments | Pro Forma Combined |
|---|---|---|---|---|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ 15,765 | $ 4,180 | $ (4,180)(a)<br>10,000 (b) | $ 25,765 |
| Accounts receivable, less allowance for doubtful accounts | 36,437 | 57,842 | — | 94,279 |
| Inventories | 41,510 | 12,150 | — | 53,660 |
| Deferred tax assets | | 2,259 | (2,259)(a)<br>450 (c) | 450 |
| Prepaid expenses and other current assets | 5,200 | 8,009 | (7,548)(a)<br>2,440 (d) | 8,101 |
| Total current assets | 98,912 | 84,440 | (1,097) | 182,255 |
| Property, plant and equipment, net | 312,790 | 78,567 | 26,433 (e) | 417,790 |
| Goodwill | 243,236 | — | 23,926 (f) | 267,162 |
| Other intangible assets, net | 1,035 | 388 | (388)(a)<br>50,000 (e) | 51,035 |
| Receivable from Agway, Inc. | — | 12,723 | (12,723)(a) | — |
| Other assets | 9,657 | 676 | (676)(a)<br>4,000 (g)<br>4,533 (d) | 18,190 |
| Total assets | $665,630 | $176,794 | $ 94,008 | $936,432 |
| LIABILITIES AND PARTNERS' CAPITAL/COMBINED EQUITY | | | | |
| Current liabilities: | | | | |
| Accounts payable | $ 26,204 | $ 13,344 | $ — | $ 39,548 |
| Current portion of long-term borrowings | 42,911 | — | — | 42,911 |
| Customer deposits and advances | 23,958 | 18,821 | — | 42,779 |
| Other current liabilities | 44,640 | 35,548 | (29,444)(a) | 50,744 |
| Total current liabilities | 137,713 | 67,713 | (29,444) | 175,982 |
| Long-term borrowings | 340,915 | — | 150,000 (h) | 490,915 |
| Deferred tax liabilities | — | 12,849 | (12,849)(a) | — |
| Pension and other postretirement benefit obligations | 75,571 | — | — | 75,571 |
| Other liabilities | 27,353 | 14,919 | (10,386)(a) | 31,886 |
| Total liabilities | 581,552 | 95,481 | 97,321 | 774,354 |
| Partners' capital/combined equity | 84,078 | 81,313 | (81,313)(a)<br>78,000 (i) | 162,078 |
| Total liabilities and partners' capital/combined equity | $665,630 | $176,794 | $ 94,008 | $936,432 |

See accompanying notes.

## UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS FOR THE YEAR ENDED SEPTEMBER 27, 2003

(in thousands, except per unit amounts)

| | Historical Suburban Propane | Historical Agway Energy | Pro Forma Adjustments | Pro Forma Combined |
|---|---|---|---|---|
| Revenues | | | | |
| Propane, fuel oil and other fuels | $680,741 | $615,364 | $ — | $1,296,105 |
| Other | 90,938 | 71,261 | — | 162,199 |
| | 771,679 | 686,625 | — | 1,458,304 |
| Costs and expenses | | | | |
| Cost of products sold | 376,783 | 472,341 | — | 849,124 |
| Operating | 250,698 | 154,945 | — | 405,643 |
| Selling, general and administrative | 36,661 | 18,249 | (2,300)(j) | 52,610 |
| Depreciation and amortization | 27,520 | 6,865 | (6,865)(k)<br>8,600 (l) | 36,120 |
| | 691,662 | 652,400 | (565) | 1,343,497 |
| Income before interest expense and provision for income taxes | 80,017 | 34,225 | 565 | 114,807 |
| Interest expense, net | 33,629 | 5,014 | (5,014)(k)<br>12,025 (m) | 45,654 |
| Income before provision for income taxes | 46,388 | 29,211 | (6,446) | 69,153 |
| Provision for income taxes | 202 | 10,843 | (10,843)(k)<br>4,000 (n) | 4,202 |
| Income from continuing operations (o) | $ 46,186 | $ 18,368 | $ 397 | $ 64,951 |
| General Partner's interest in income from continuing operations | $ 1,129 | | | $ 1,588 |
| Limited Partners' interest in income from continuing operations | $ 45,057 | | | $ 63,363 |
| Income from continuing operations per common unit—basic | $ 1.78 | | | $ 2.27 |
| Weighted average number of common units outstanding—basic | 25,359 | | | 27,959 |
| Income from continuing operations per common unit—diluted | $ 1.77 | | | $ 2.26 |
| Weighted average number of common units outstanding—diluted | 25,495 | | | 28,095 |

See accompanying notes.

The consideration to be paid and preliminary purchase price allocation based upon estimated fair values are as follows (in thousands):

| | |
|---|---|
| Cash consideration to be paid at closing | $206,000 |
| Estimated Acquisition-related costs and expenses, including fees for investment bankers, attorneys, accountants and other out-of-pocket costs | 8,000 |
| Total cost of Acquisition | $214,000 |
| Net working capital | $ 34,624 |
| Property, plant and equipment | 105,000 |
| Identifiable intangible assets, including customer lists and non-compete agreements | 50,000 |
| Deferred tax assets | 450 |
| Goodwill | 23,926 |
| Total cost of Acquisition | $214,000 |

In preparing the unaudited pro forma condensed combined financial statements, we have made adjustments to the historical financial statements related to the Acquisition in the purchase business combination of certain assets of Agway Energy, including the financing in connection with this Acquisition. The pre-Acquisition historical results of operations for Agway Energy are presented separately from Acquisition adjustments. The pro forma adjustments for the dates specified above are as follows:

(a) Reflects the elimination of assets not acquired and liabilities not assumed by us and the elimination of Agway Energy's equity accounts.

(b) Reflects the combined net proceeds of $224.0 million from the concurrent public offering of common units ($78.0 million net of underwriting discounts and offering expenses) and the private placement of $150.0 million senior notes due 2013 offered hereby ($145.9 million net of estimated bank fees) to finance the Acquisition and estimated Acquisition-related costs and expenses of $8.0 million. The remaining net proceeds of $10.0 million are expected to be used to fund estimated costs to integrate the operations of Agway Energy with our operations.

(c) Reflects deferred tax asset established in connection with temporary differences related to the allowance for bad debts.

(d) Agway Energy's combined balance sheet as of June 30, 2003 included an environmental reserve in the amount of $7.0 million ($2.5 million within other current liabilities and $4.5 million within other liabilities). Based on our current best estimate of future costs for environmental investigations, remediation and ongoing monitoring activities associated with acquired properties with either known or probable environmental exposures, the pro forma combined current and noncurrent liabilities reflect such reserve amounts. Under the Purchase Agreement, Agway, Inc. has set aside $15.0 million from the total purchase price in a separate escrow account to fund such future environmental costs and expenses. Accordingly, this adjustment is to record a corresponding asset of $7.0 million ($2.5 million within other current assets and $4.5 million within other assets) related to the future reimbursement from escrowed funds for environmental spending. Under the terms of the Purchase Agreement, the escrowed funds will be used to fund such environmental remediation costs during the first three years following the closing date of the Acquisition. Subject to amounts withheld with respect to any pending claims made prior to the third anniversary of the closing date of the Acquisition, any remaining escrowed funds will be remitted to Agway, Inc. at the end of the three-year period.

(e) Reflects the pro forma allocation of the purchase price to record property, plant and equipment acquired at their estimated fair value and to establish an estimate of the fair value of identifiable intangible assets. Acquired property, plant and equipment consist primarily of land and improvements; buildings and improvements; transportation equipment; storage facilities; and equipment, primarily tanks and cylinders. For purposes of the pro forma adjustments, we have estimated a composite life of 20 years for property, plant and equipment. The composite life is

calculated by taking the weighted average lives of the separate asset groups with useful lives ranging from 3 to 40 years. Identifiable intangible assets consist primarily of customer lists, with an estimated amortization period of 15 years, and non-compete agreements to be amortized over the periods of the related agreements.

(f) Reflects the establishment of goodwill related to the estimate of the excess of the total cost of the Acquisition over the fair value of assets acquired and liabilities assumed. Goodwill recorded in connection with this Acquisition will not be amortized in accordance with SFAS No. 142. For purposes of the pro forma presentation, the allocation of the purchase price to the assets acquired and liabilities assumed was based on our preliminary assessment of fair values. It is possible that an additional portion of the purchase price may be allocated to identifiable intangible assets or property, plant and equipment, thus reducing the amount of excess purchase price to be allocated to goodwill. For every $1.0 million reduction in goodwill for additional value to be assigned to identifiable intangible assets or property, plant and equipment, depreciation and amortization expense would increase by approximately $0.1 million assuming a 10-year useful life.

(g) Reflects pro forma adjustment to record estimated debt issuance costs to be paid in connection with the private placement of $150.0 million of senior notes due 2013 to finance the Acquisition.

(h) Reflects the pro forma adjustment to long-term debt to reflect the private placement of $150.0 million of senior notes due 2013 to finance a portion of the Acquisition and related costs and expenses.

(i) Reflects the pro forma adjustment to partners' capital to reflect estimated net proceeds of $78.0 million from the issuance of an estimated 2,600,000 common units in a public offering of common units at an estimated offering price of $31.75 per common unit based on the closing price of our common units at December 1, 2003.

(j) Reflects the pro forma adjustment to eliminate postretirement medical expenses included within Agway Energy's historical statement of operations. Under the terms of the Purchase Agreement, we have not assumed the retiree medical plan of Agway Energy nor did we assume any of the associated liabilities for the plan. Our postretirement medical plan was frozen to new participants effective January 1, 2000 and, as such, comparable benefits will not be provided by us.

(k) Reflects the adjustment to eliminate the Agway Energy historical depreciation and amortization expense, interest expense and provision for income taxes.

(l) Reflects pro forma adjustment to depreciation and amortization expense based on the portion of the purchase price preliminarily allocated to property, plant and equipment and amortizable intangible assets based on the composite useful life of property, plant and equipment and a 15-year life for intangible assets, as described in (e) above, recorded on a straight-line basis.

(m) Reflects pro forma interest expense related to the estimated $150.0 million private placement of the notes to be offered hereby to be used to finance the Acquisition at an assumed interest rate commensurate with those of similarly situated companies, as well as amortization of debt issuance costs over a period of 10 years.

(n) Reflects pro forma income taxes for the portion of the acquired assets and operations that will not be operated by our operating partnership.

(o) Income from continuing operations does not include a gain on the sale of nine customer service centers in the amount of $2.5 million reported within our historical statement of operations for the year ended September 27, 2003 as the gain was reflected within discontinued operations under SFAS No. 144.

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Audited Combined Financials for Agway Energy Group (Agway Energy Products, LLC, Agway Energy Services, INC. and Agway Energy Services – PA, INC.)

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# AGWAY ENERGY GROUP
# (AGWAY ENERGY PRODUCTS, LLC, AGWAY ENERGY SERVICES, INC. AND AGWAY ENERGY SERVICES – PA, INC.)

## REPORT ON AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2003, 2002 AND 2001

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
One Lincoln Center
Syracuse NY 13202
Telephone (315) 474 8541
Facsimile (315) 473 1385

## REPORT OF INDEPENDENT AUDITORS

To the Shareholder of Agway Energy Products, LLC, Agway Energy Services, Inc. and Agway Energy Services - PA, Inc. and the Board of Directors of Agway Inc.:

In our opinion, the accompanying combined statements of financial position and the related combined statements of operations, comprehensive income, combined equity and cash flows present fairly, in all material respects, the combined financial position of Agway Energy Products, LLC, Agway Energy Services, Inc. and Agway Energy Services - PA, Inc., collectively referred to as Agway Energy Group, at June 30, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2003, in conformity with accounting principles generally accepted in the United States of America. These combined financial statements are the responsibility of Agway Energy Group's management; our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying combined financial statements have been prepared assuming Agway Energy Group will continue as a going concern. As described in Note 3 to the combined financial statements, Agway Energy Group's parent, Agway Inc., and certain of its wholly owned subsidiaries filed petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code on October 1, 2002. This bankruptcy filing did not include the Agway Energy Group. From time to time the Agway Energy Group requires short-term borrowings to meet seasonal working capital requirements. Such borrowings are provided by Agway Inc.'s accumulated cash balances or through a credit facility provided by lenders to Agway Inc. and certain of its subsidiaries, including the Agway Energy Group. Further, substantially all of Agway Energy Group's assets are pledged as collateral under this facility. These matters raise a substantial doubt about Agway Energy Group's ability to continue as a going concern. Management plans in regard to this uncertainty are described in Notes 1 and 3. The combined financial statements do not include any adjustments that might result from the outcome of this uncertainty.

November 11, 2003

AGWAY ENERGY GROUP
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2003 AND 2002
(Thousands of Dollars)

## ASSETS

| | 2003 | 2002 |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 4,180 | $ 3,166 |
| Trade receivables, less allowance for doubtful accounts of $2,236 and $1,750, respectively | 57,579 | 47,390 |
| Lease receivables, current | 263 | 0 |
| Inventories | 12,150 | 14,710 |
| Deferred tax assets | 2,259 | 1,952 |
| Prepaid expenses and other current assets | 8,009 | 7,143 |
| Total current assets | 84,440 | 74,361 |
| Lease receivables | 676 | 0 |
| Receivable from Agway, Inc. | 12,723 | 4,436 |
| Properties and equipment, net | 78,567 | 75,482 |
| Intangible assets, net | 388 | 471 |
| Total assets | $ 176,794 | $ 154,750 |

## LIABILITIES AND COMBINED EQUITY

| | 2003 | 2002 |
|---|---|---|
| Current liabilities: | | |
| Current installment of long-term debt | $ 25 | $ 25 |
| Accounts payable | 13,344 | 16,848 |
| Trade receivables with credit balances | 18,821 | 26,051 |
| Other current liabilities | 35,523 | 21,120 |
| Total current liabilities | 67,713 | 64,044 |
| Long-term debt | 25 | 50 |
| Deferred tax liabilities | 12,849 | 13,761 |
| Insured claims deductible reserve | 10,361 | 10,901 |
| Environmental reserve | 4,533 | 1,765 |
| Other long term liabilities | 0 | 1,141 |
| Total liabilities | 95,481 | 91,662 |
| Commitments and contingencies | | |
| Combined equity: | | |
| Common stock (AES), $1 par value; 1,000 shares Authorized;1,000 issued and outstanding | 1 | 1 |
| Common stock (AES -PA), $1 par value; 1,000 shares Authorized; 1,000 issued and outstanding | 1 | 1 |
| Retained earnings (AES and AES-PA) | 2,357 | 490 |
| Accumulated other comprehensive income | 779 | 922 |
| Member's equity (AEP) | 78,175 | 61,674 |
| Combined equity | 81,313 | 63,088 |
| Total liabilities and combined equity | $ 176,794 | $ 154,750 |

The accompanying notes are an integral part of the financial statements.

AGWAY ENERGY GROUP
COMBINED STATEMENTS OF OPERATIONS
YEARS ENDED JUNE 30, 2003, 2002, AND 2001
(Thousands of Dollars)

| | 2003 | 2002 | 2001 |
|---|---|---|---|
| Product sales | $ 615,364 | $ 471,484 | $ 664,562 |
| Service and equipment revenue | 71,261 | 63,586 | 59,912 |
| Total sales and revenue | 686,625 | 535,070 | 724,474 |
| Cost of product sold | 472,341 | 352,595 | 531,672 |
| Operating expenses | 163,162 | 148,844 | 153,537 |
| Selling, general and administrative expenses | 18,249 | 16,067 | 16,006 |
| Interest expense | 6,067 | 6,263 | 6,792 |
| Interest income | (1,053) | (746) | (1,380) |
| Other income, net | (1,352) | (1,002) | (4,163) |
| Earnings before income taxes and accounting change | 29,211 | 13,049 | 22,010 |
| Income tax expense | 10,843 | 5,567 | 7,597 |
| Earnings before cumulative effect of accounting change | 18,368 | 7,482 | 14,413 |
| Cumulative effect of accounting change, net of tax benefit of $0, $0 and $723, respectively | 0 | 0 | (1,057) |
| NET EARNINGS | $ 18,368 | $ 7,482 | $ 13,356 |

The accompanying notes are an integral part of the financial statements.

AGWAY ENERGY GROUP
COMBINED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED JUNE 30, 2003, 2002, AND 2001
(Thousands of Dollars)

| | 2003 | 2002 | 2001 |
|---|---|---|---|
| Net earnings | $ 18,368 | $ 7,482 | $ 13,356 |
| Other comprehensive income, net of tax: | | | |
| Deferred gains (losses) on derivatives, net of tax: | | | |
| Cumulative effect of accounting change, net of tax expense of $0, $0 and $2,041, respectively | 0 | 0 | 3,061 |
| Unrealized holding gains (losses) arising during period, net of tax expense (benefit) of $5,515, $(1,300) and $1,341, respectively | 8,272 | (1,951) | 2,012 |
| Reclassification adjustment for (gains) losses included in net earnings, net of tax expense (benefit) of $(5,610), $2,333 and $(3,799), respectively | (8,415) | 3,499 | (5,699) |
| Other comprehensive income (loss) | (143) | 1,548 | (626) |
| Comprehensive income | $ 18,225 | $ 9,030 | $ 12,730 |

The accompanying notes are an integral part of the financial statements.

# AGWAY ENERGY GROUP
# COMBINED STATEMENTS OF CHANGES IN COMBINED EQUITY
# FOR THE YEARS ENDED JUNE 30, 2003, 2002 AND 2001
(Thousands of Dollars)

| | Common Stock (AES) (Par Value $1) | | Common Stock (AES-PA) (Par Value $1) | | Accumulated Other Comprehensive Inc (Loss) | AES/ AES-PA Retained Earnings | AEP Member's Equity | Total Combined Equity |
|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | | | | |
| Balance June 30, 2000 | 1,000 | $ 1 | 1,000 | $ 1 | $ 0 | $ (904) | $ 48,230 | $ 47,328 |
| Net earnings (loss) | | | | | | (1,203) | 14,559 | 13,356 |
| Dividends declared | | | | | | | (6,000) | (6,000) |
| Other comprehensive loss | | | | | (626) | | | (626) |
| Balance June 30, 2001 | 1,000 | 1 | 1,000 | 1 | (626) | (2,107) | 56,789 | 54,058 |
| Net earnings | | | | | | 2,597 | 4,885 | 7,482 |
| Dividends declared | | | | | | | 0 | 0 |
| Other comprehensive income | | | | | 1,548 | | | 1,548 |
| Balance June 30, 2002 | 1,000 | 1 | 1,000 | 1 | 922 | 490 | 61,674 | 63,088 |
| Net earnings | | | | | | 1,867 | 16,501 | 18,368 |
| Dividends declared | | | | | | | 0 | 0 |
| Other comprehensive loss | | | | | (143) | | | (143) |
| Balance June 30, 2003 | 1,000 | $ 1 | 1,000 | $ 1 | $ 779 | $ 2,357 | $ 78,175 | $ 81,313 |

The accompanying notes are an integral part of the financial statements.

AGWAY ENERGY GROUP
COMBINED STATEMENTS OF CASH FLOW
YEARS ENDED JUNE 30, 2003, 2002 AND 2001
(Thousands of Dollars)

| | 2003 | 2002 | 2001 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Net income | $ 18,368 | $ 7,482 | $ 13,356 |
| Adjustments to reconcile net earnings to net cash from operating activities: | | | |
| Depreciation and amortization | 6,865 | 7,148 | 7,470 |
| Deferred income tax expense (benefit) | (1,123) | 1,653 | 598 |
| Receivable provision | 2,530 | 2,802 | 2,230 |
| Gain on disposition of properties and equipment | (114) | (227) | (982) |
| Changes in assets and liabilities: | | | |
| Trade and other receivables | (13,658) | 22,175 | (7,017) |
| Inventories | 2,560 | 8,343 | 9,762 |
| Accounts payable | (3,504) | 1,369 | (1,799) |
| Other assets | (866) | (1,611) | 4,784 |
| Other | 8,021 | 7,879 | (6,455) |
| Net cash flows provided by operating activities | 19,079 | 57,013 | 21,947 |
| **Cash flows from investing activities:** | | | |
| Cash paid for acquisition | 0 | 0 | (484) |
| Purchases of properties and equipment | (10,151) | (5,886) | (10,536) |
| Proceeds from sale of assets | 398 | 613 | 2,751 |
| Net cash flows used in investing activities | (9,753) | (5,273) | (8,269) |
| **Cash flows from financing activities:** | | | |
| Payment on long-term debt | (25) | (45) | 0 |
| Dividend to parent company | 0 | 0 | (6,000) |
| Net change in receivable from Agway Inc. | (8,287) | (52,555) | (4,754) |
| Net cash flows used in financing activities | (8,312) | (52,600) | (10,754) |
| Net increase in cash | 1,014 | (860) | 2,924 |
| Cash, beginning of year | 3,166 | 4,026 | 1,102 |
| CASH, END OF YEAR | $ 4,180 | $ 3,166 | $ 4,026 |

The accompanying notes are an integral part of the financial statements.

## 1. Description of the Business

### Organization and Basis of Combination

Agway Energy Products, LLC ("AEP") is a Delaware limited liability company. Agway Energy Services, Inc. ("AES") and Agway Energy Services-PA, Inc. ("AES-PA") are incorporated in Delaware. All companies are wholly owned by Agway Inc. ("Agway"), and are collectively referred to as the Agway Energy Group (the "Group"). The Group operations constitute Agway's energy-related businesses and are operated under common management. AEP is a full-service energy solutions provider to residential, farm, and commercial customers principally in New York, Pennsylvania, New Jersey and Vermont. AEP is engaged in the sale and delivery of fuel oil, kerosene, propane, gasoline and diesel fuel and serves the majority of its customer base by providing home comfort, particularly in the area of heating, ventilation, and air conditioning (HVAC) equipment and fuels to power these systems. AEP installs and services all types of whole house warm and cool air systems (furnaces, boilers, air conditioners) air cleaners, humidifiers, de-humidifiers, hearth products, space heaters, room air conditioners and water systems. Services such as duct cleaning, air balancing, and energy audits are also offered. A product emphasis on oil and propane heating fuels creates seasonal increases in sales and working capital requirements in the fall and winter months. All products are purchased from numerous suppliers or through open market purchases. AES and AES-PA market natural gas and electricity to residential and commercial customers in New York and Pennsylvania where deregulation makes that possible. Weather and commodity prices impact the Group's sales, cost of sales and working capital requirements.

During 2003, the Group owned and operated, within its geographic territory, 138 facilities, including sales, distribution and service stations. The Group believes that these facilities are sufficient to meet the current operating requirements of the business. In June 2000, the Group sold 6 of its 7 terminals to Buckeye Partners, L.P. ("Buckeye"). In May 2001, the Group sold its final terminal to Buckeye and no longer operates terminals. An agreement with Buckeye allows the Group to utilize these terminal facilities for storage as part of its distribution network through 2025. The sale of the terminals has been a part of the Group's strategy to focus on growing its retail energy business.

The combined financial statements include the accounts of AEP, AES, and AES-PA. No significant intercompany transactions exist between entities. Unless otherwise noted, the amounts included herein refer to the Group.

### Subsequent Event

As discussed in Note 3, on October 1, 2002, Agway and certain of its subsidiaries (not including the Group) filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code (the "Chapter 11 Proceedings"). In connection with the Chapter 11 Proceedings, Agway announced on April 21, 2003 that it would immediately begin exploring the potential sales of each of its remaining businesses while exploring other strategic opportunities that could result in greater value for Agway Inc.'s creditors. On November 10, 2003, the Agway Energy Group entered into a Purchase and Sale Agreement to sell substantially all of the assets and certain liabilities of the Group. The sale is subject to auction and final approval in the U.S. Bankruptcy Court for the Northern District of New York in Utica, New York ("Bankruptcy Court").

## 2. Summary of Significant Accounting Policies

**Cumulative Effect of Accounting Change**

On July 1, 2000, upon adoption of Statement of Financial Accounting Standards (SFAS) No. 133, the Group recorded a net-of-tax cumulative-effect loss of $1,057 to recognize at fair value the time value component of all option contracts which are excluded from the assessment of hedge effectiveness as allowed by the standard. The Group also recorded a net-of-tax cumulative-effect gain of $3,061 in other comprehensive income to recognize at fair value all derivative instruments that are designated and qualify as cash-flow hedges. See Commodity Instruments section of this Note for further details of the Group's accounting for derivatives and hedging activities.

**Cash and Cash Equivalents**

The Group considers all investments with a maturity of three months or less when purchased to be cash equivalents.

**Trade Receivables**

The Group uses the allowance method to account for doubtful accounts. Under the allowance method, the Group reduces its receivables to amounts it deems collectible. Trade receivables with credit balances represent customer prepayments. Interest is credited to customers' prepayment balances. The weighted average interest rate used to credit customer prepayment balances approximated 3.25%, 5.0% and 5.0% for the fiscal years ended June 30, 2003, 2002 and 2001, respectively. Certain receivables of AES and AES-PA are pledged as collateral to certain utilities under agreements whereby the utilities billed customers on behalf of the Group. The remainder of the receivables are pledged as collateral under the DIP Facility, as discussed in Note 4.

**Lease Receivables**

Subsequent to the sale of substantially all of the assets of Telmark LLC ("Telmark"), a sister company, the Group purchased lease receivables with a net present value of $939 from Telmark on June 30, 2003. These receivables relate to the lease of equipment to various independent companies who deliver fuel for the Group. Interest and finance charge income is recognized as interest income, by using the interest method over the term of the lease.

**Inventories**

Inventories are stated at the lower of cost or market. For those inventories stated at cost, the average unit cost method is used.

**2. Summary of Significant Accounting Policies (continued)**

**Commodity Instruments**

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," requires that all derivative instruments be recorded on the balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction and, if it is, the type of hedge transaction. For fair-value hedge transactions in which the Group is hedging changes in fair value of an asset, liability, or firm commitment, changes in the fair value of the derivative instrument will generally be offset in the income statement by changes in the hedged item's fair value. For cash-flow hedge transactions in which the Group is hedging the variability of cash flows related to a variable-priced asset, liability, or a forecasted transaction, changes in the fair value of the derivative instrument will be reported in other comprehensive income. The gains and losses on the derivative instrument that are reported in other comprehensive income will be reclassified as earnings in the periods in which earnings are impacted by the variability of the cash flows of the hedged item. The ineffective portion of all hedges will be recognized in current-period earnings.

The Group enters into a combination of exchange-traded futures and options contracts and, in certain circumstances, over-the-counter options (collectively "derivatives") to manage the price risk associated with future purchases of the commodities used in its operations, principally heating oil and propane. The Group has fair value hedges associated with its fixed price sales contracts and cash flow hedges for its variable priced purchase contracts. The derivatives are specifically matched in volume and maturity with the various purchase commitments of the business and generally expire within a year. Under SFAS No. 133, the value of option contracts that the Group enters into has two components of value: time value and intrinsic value. The intrinsic value is the value by which the option is in the money (i.e., the amount by which the value of the commodity exceeds the exercise or "strike" price of the option). The remaining amount of option value is attributable to time value. The Group does not include the time value of option contracts in its assessment of hedge effectiveness and therefore records changes in the time value component of its options currently in earnings. At June 30, 2003, the Group had a derivative asset of $2,400 recorded in prepaid and other current assets. In addition, an after-tax total of $779 of deferred net unrealized gains on derivatives instruments was accumulated in other comprehensive income and is expected to be reclassified into earnings during the next 12 months.

The pre-tax earnings impact for the time value component of option value not used in assessing hedge effectiveness totaled $1,800 upon the initial adoption of SFAS No. 133 at July 1, 2000, and is included, net of tax, in the cumulative effect of accounting change. For the years ended June 30, 2003, 2002 and 2001, losses of $2,500, $1,800 and $3,400, respectively, are included in cost of goods sold for the change in option time value not used in the assessment of hedge effectiveness.

In conjunction with its hedging programs, the Group has established brokerage accounts with a registered brokerage firm. Under the terms of the brokerage agreement, the broker has the right to make a margin call on the Group to cover any deficit balances. In addition, the broker has a continuing lien on any accounts held with the brokerage firm. At June 30, 2003, the fair value of the positions held in the brokerage accounts covered the Group's margin requirements.

**2. Summary of Significant Accounting Policies (continued)**

**Properties and Equipment**

Properties and equipment are recorded at cost and are depreciated over the estimated useful lives of the respective assets principally by the straight-line method. Ordinary maintenance and repairs are charged to operations as incurred. All of the Group's property and equipment is pledged as collateral under Agway's Debtor in Possession Credit Facility ("DIP Facility") as described in Note 4. Gains and losses on disposition or retirement of assets are reflected in income as incurred. The useful lives for the respective assets are as follows:

| | Number of Years |
|---|---|
| Propane loaned equipment | 30 |
| Buildings | 13-20 |
| Machinery and equipment | 2-20 |
| Automotive equipment | 6-12 |
| Leasehold improvements | 5 |
| Office equipment | 3-5 |

**Prepaids and Other Current Assets**

Prepaids and other current assets include prepaid product taxes, deposits with suppliers and derivative assets.

**Intangible Assets**

As of June 30, 2003 and 2002, the Group held acquired intangible assets consisting of customer lists and non-competes with a carrying amount of $388 and $471, respectively. Intangible assets like these with finite lives are amortized over their estimated useful lives and had amortization expense during the years ended June 30, 2003, 2002 and 2001 of $83, $83 and $14, respectively.

**Receivable with Agway Inc.**

The Group utilizes the bank accounts of its parent, Agway. Accordingly, the Group draws checks against Agway's accounts and also makes deposits to these accounts. The Group's net cash activity accumulates in the net intercompany account with Agway. Certain shared expenses incurred by Agway on behalf of the Group are charged to the Group through the net intercompany account for such things as information services, payroll, facilities, risk management and interest. The expenses are allocated to the Group and Agway's other business units based upon each business unit's usage, as determined by relevant metrics, which management believes to be a reasonable basis for such allocations. In addition, as discussed in Note 10, the Group pays Agway through the intercompany account to assume the Group's obligations to pay deductible amounts on insured claims against the Group. These obligations are fully collateralized by letters of credit and surety bonds.

As discussed in Note 3, on October 1, 2002, Agway and certain subsidiaries (not including the Group) filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code. As of October 1, 2002, the Group had a pre-petition receivable from Agway of $102, excluding the receivable related to insured claims receivable from Agway. On October 1, 2002, the Bankruptcy Court approved a motion to allow Agway and the Group to continue its centralized cash management practices and to adjust in the ordinary course their intercompany accounts on a daily basis.

**2. Summary of Significant Accounting Policies (continued)**

**Impairment of Long-Lived Assets**

SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," while retaining many of the requirements of SFAS No. 121. In accordance with SFAS No. 144, long-lived assets to be held and used by an entity are to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recognized by reducing the recorded value to fair value. The Group recognized no impact in its financial statements regarding the adoption of this statement.

**Environmental Remediation Costs**

The Group accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recognized upon notification of coverage by the other party.

**Comprehensive Income**

Comprehensive income consists of net earnings (loss) and deferred gains and losses on cash flow hedges, net of tax.

**Revenue Recognition**

Revenues from product sales are recorded when the goods are delivered, title and risk of loss passes to the customer and collection is reasonably assured. Revenues from installation, cleaning and repair services are recognized upon completion of the service performed. Revenues from service contracts are recognized over the life of the contract.

**Advertising Costs**

The Group expenses advertising costs as they are incurred. Advertising expense for the years ended June 30, 2003, 2002 and 2001, was approximately $6,100, $8,000 and $7,600, respectively.

**Income Taxes**

AEP, AES, and AES-PA are included in a consolidated federal tax return filed by Agway. For state income tax filing purposes, through June 30, 2001, AEP is included as a business division of Agway Holdings Inc. Effective July 1, 2001, Agway simplified its corporate structure by merging Agway Financial Corporation (AFC) and Agway Holdings, Inc. (AHI) into Agway. Beginning July 1, 2001 AEP is included as a business division of Agway for state income tax filing purposes. AES and AES-PA file separate state income tax returns. Under tax sharing arrangements with Agway, the provision for federal and state income taxes and related credits and carryforwards are calculated on a separate company basis and billed to the applicable entity on a periodic basis.

2. **Summary of Significant Accounting Policies (continued)**

**Income Taxes (continued)**
The Group provides for income taxes in accordance with the provisions of SFAS No. 109, "Accounting for Income Taxes," on a combined separate company basis. Under the liability method specified by SFAS No. 109, deferred tax assets and liabilities are based on the difference between the financial statement and tax basis of assets and liabilities as measured by the tax rates which are anticipated to be in effect when these differences reverse. The deferred tax provision represents the net change in the assets and liabilities for deferred tax. A valuation allowance is established when it is necessary, on a separate company basis, to reduce deferred taxes to amounts for which realization is reasonably assumed.

**Insured Claims Deductible Reserve**
Through its parent company, Agway, the Group participates in large deductible insurance programs for workers' compensation, general and auto liability. The insurance policies are purchased and administered by Agway. The Group's liabilities for these programs are actuarially calculated on a separate company basis based on claims filed and an estimate of claims incurred but not yet reported. Projection of losses concerning these liabilities is subject to a high degree of variability due to factors such as claim settlement patterns, litigation trends and legal interpretations. Insurance expenses included in the statements of operations are recognized at amounts sufficient to accrue the actuarially calculated insurance liabilities after giving consideration to claim payments made. Other costs such as insurance premiums and the costs of Agway's risk management department are allocated to the Group based upon the proportion of the Group's historical claims to the total claims of Agway.

The Group pays Agway through the intercompany account to assume the Group's obligations to pay deductible amounts on insured claims against the Group. In the event that Agway is unable to satisfy the Group's obligations, such claims could be asserted, directly or indirectly, against the Group. Consequently, the actuarial estimate of the insured claims is shown as a reserve on the Group's balance sheet and Agway's obligation to satisfy those obligations is included as a receivable in the intercompany receivable from Agway.

**Use of Estimates**
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. Summary of Significant Accounting Policies (continued)**

**Impact of Recently Issued Accounting Standards**
The Financial Accounting Standards Board (FASB) has recently issued the following:

SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," was issued June 2002 and is effective for exit or disposal activities initiated after December 31, 2002. SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity Including Certain Costs Incurred in a Restructuring." The Group implemented this statement for all exit or disposal activities initiated after December 31, 2002. The adoption of this standard had no impact on the financial statements of the Group.

Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," (FIN 45) was issued in November 2002. FIN 45 elaborates on the existing disclosure requirements for most guarantees, including loan guarantees. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair value, or market value, of the obligations it assumes under that guarantee. However, the provisions related to recognizing a liability at inception of the guarantee for the fair value of the guarantor's obligations does not apply to product warranties or to guarantees accounted for as derivatives. The initial recognition and initial measurement provisions apply on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN 45 are effective for financial statements of interim or annual periods ending after December 15, 2002. See Note 10 for discussion of the Group's liability recognition and disclosure relating to guarantees.

Interpretation No. 46, "Consolidation of Variable Interest Entities," (FIN 46) was issued in January 2003. The interpretation provides guidance on consolidating variable interest entities. The interpretation requires variable interest entities to be consolidated if the equity investment at risk is not sufficient to permit an entity to finance its activities without support from other parties or the equity investors lack certain specified characteristics. In October 2003, the FASB deferred the effective date of FIN 46 for all variable interest entities existing prior to February 1, 2003 to the first reporting period ending after December 15, 2003. The adoption of this standard had no impact on the financial statements of the Group.

SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities," was issued in April 2003. SFAS No. 149 amends and clarifies financial accounting and reporting for derivative instruments embedded in other contracts and for hedging activities under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. The adoption of this standard does not impact the Group's accounting and reporting of derivative instruments and hedging activities.

**2. Summary of Significant Accounting Policies (continued)**

**Impact of Recently Issued Accounting Standards (continued)**

SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity," was issued in May 2003 and is effective for financial instruments entered into or modified after May 31, 2003 and otherwise is generally effective for the Group at the beginning of the first quarter of fiscal 2004, except for certain provisions related to mandatorily redeemable financial instruments for which the standard has been deferred. The adoption of this standard does not have an impact on the financial statements of the Group.

**3. Bankruptcy of Parent**

The parent company of the Group, Agway, and certain of its subsidiaries filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code on October 1, 2002. AEP, AES, and AES-PA were NOT included in the Chapter 11 filings.

The Group requires short-term borrowings to meet seasonal and working capital requirements. Such short-term financing is made available to the Group by the parent company from cash accumulated since October 1, 2002 or from Agway's $65,000 DIP Facility described below. The Group continues to operate as it had prior to Agway's Chapter 11 Proceedings. However, we cannot predict the impact, if any, from the planned sale of the Group or of Agway's Chapter 11 Proceedings on the Group's financial condition and results of operations.

***4. Funding from the Parent Company***

*Notes Payable*

Agway and certain subsidiaries, including the Group, are direct obligors to the DIP Facility. At June 30, 2003, Agway and certain subsidiaries had available under its DIP Facility (described below) a $100,000 short-term line of credit, up to $85,000 of which could be used for letters of credit. Due to the sale of certain Agway assets, as defined in the DIP agreement, the upper limit of the line of credit was decreased from $125,000 to $100,000 during the quarter ended March 31, 2003. In October 2003, subsequent to the Agway's fiscal year-end, the agreement was further amended (fourth amendment) reducing the commitment to $65,000 as more fully described below. At June 30, 2003, there were no outstanding borrowings on the line of credit. As of that date, the letters of credit issued at June 30, 2003 totaled approximately $33,700. ($26,900 to support the Agway insurance programs, $4,500 to support business activities of the Group and the remainder supporting activities of other subsidiaries).

| | June 30, 2003 | June 30, 2002 |
|---|---|---|
| Borrowings on line of credit | $ 0 | $ 34,180 |
| Weighted average interest rate | | 5.89% |

**4. Funding from the Parent Company (continued)**

*Agway Senior Debt*

As more fully described below, as a result of the Agway Chapter 11 Proceedings, the Agway Senior Debt Agreement ("Senior Debt") has been replaced by the DIP Facility. During the first quarter ended September 30, 2002, Agway and certain subsidiaries, including the Group, had available under its Senior Debt an asset-based revolving line of credit for up to $150,000 pursuant to the terms of a credit agreement dated March 28, 2001 between Agway, certain subsidiaries, including the Group, and a syndicated group of lenders (the "Credit Agreement"). During the first quarter ended September 30, 2002, Agway sold certain of its assets for gross proceeds of approximately $42,100, which had the impact of reducing the commitment level from $150,000 to $125,000. A variety of Agway's assets, including all of the assets of the Group, collateralized the Senior Debt and currently collateralize the DIP Facility. Interest rates were determined as either prime rate plus 2.5% or the London Interbank Offered Rate (LIBOR) plus 4%. The Credit Agreement had a number of financial covenants which had restricted capital spending and required Agway to maintain minimum levels of earnings before interest, taxes, depreciation, and amortization (EBITDA), as defined in the Credit Agreement, and minimum ratios of EBITDA to fixed charges and interest of Senior Debt. Prior to June 30, 2002, this Credit Agreement had been amended three times in response to violations of financial covenants. In connection with those amendments, those violations were waived and certain covenants were modified.

As of September 30, 2002, Agway was in default under the Credit Agreement, and it was necessary to obtain a waiver regarding those covenant violations. Those covenant violations were permanently waived on November 14, 2002, and as a result, Agway and subsidiaries, including the Group, no longer have any obligations under the Credit Agreement.

*DIP Facility*

On October 22, 2002, the Bankruptcy Court granted Agway and certain subsidiaries, including the Group, final approval to enter into an 18-month term DIP Facility of $125,000 with its existing lenders to fund working capital requirements. As in the former Credit Agreement, interest rates are determined, at the option of Agway, as either prime rate plus 2.5% or the LIBOR plus 4%.

On December 3, 2002, Agway announced the completion of the sale of certain of its other assets for gross proceeds of approximately $57,000, which reduced to zero the outstanding revolving credit balance with its secured lender and provided $15,000 of cash collateral to support Agway's outstanding letters of credit as required per the terms of the DIP Facility.

The amount available to Agway and certain of its subsidiaries, including the Group, under this DIP Facility is the lesser of the "collateral borrowing base" or, as of June 30, 2003, the $85,000 upper limit of the line of credit. The collateral borrowing base consists of certain of Agway's eligible (as defined in the DIP Facility) accounts receivable and inventory as well as the pledge of Agway's limited liability membership interest in Telmark, its wholly owned former leasing subsidiary, and cash collateral of $15,000 at June 30, 2003 and of $38,700, or 108% of the maximum amount available to be drawn on outstanding letters of credit, as a result of the fourth amendment of the DIP Facility effective October 16, 2003. As of June 30, 2003, Agway and subsidiaries had $66,300 available under the DIP Facility.

## 4. Funding from the Parent Company (continued)

*DIP Facility (continued)*
The DIP Facility has a number of financial covenants which restrict Agway's capital spending and require Agway and its business units, including the Group, to maintain minimum levels of earnings before interest, taxes, depreciation, amortization, and restructuring charges (EBITDA), as defined in the agreement, as well as a maximum level of cash restructuring charges for Agway. As of March 31, 2003 and April 30, 2003, Agway was in violation of a financial covenant that requires Agway to meet a minimum level of EBITDA for the rolling 12-month periods ended March 31, 2003 and April 30, 2003. Agway recognized substantial continuing operations losses as a result of the required adoption of a change in accounting for goodwill, the recording of charges for the impairment of long-lived assets and the curtailment of its pension plan in connection with the potential sale of its business units. On May 19, 2003, the senior lenders waived the March 31, 2003 and April 30, 2003 covenant violations and amended the DIP Facility to exclude the above losses from future financial covenant calculations of EBITDA.

In connection with its April 2003 decision to explore the sale of all its remaining businesses, Agway has recorded additional costs in the fourth quarter ended June 30, 2003, including additional write-offs of long-lived assets, goodwill and other intangible assets, and additional pension plan costs. Due to these additional costs, Agway was again in violation of the financial covenant that requires Agway to meet a minimum level of EBITDA for the rolling 12-month periods ended June 2003 as well as for July, August, and September 2003. In addition, due to complications associated with the potential sale of businesses and the Chapter 11 Proceedings, Agway did not provide the senior lenders with an operating plan for fiscal 2004, which was required under the agreement by July 31, 2003, or with an audited financial statement for fiscal 2003, which was required under the agreement by September 30, 2003. On October 16, 2003, as a result of the fourth amendment to the DIP Facility, the senior lenders waived the covenant violations for the periods ended June, July, August, and September 2003 and amended the DIP Facility to eliminate the EBITDA financial covenant for future periods. The senior lenders also waived and eliminated the requirement for the operating plan and extended the reporting deadline for the audited financial statement to October 30, 2003. In addition to the waivers, the fourth amendment reduced the senior lenders' commitment to $65,000 and raised the cash collateral requirement for letters of credit obligations to 108% of the maximum amount available to be drawn on outstanding letters of credit. As a result of continued complications in completing the audited financial statements for fiscal 2003, Agway received a limited waiver as of October 31, 2003 from the senior lenders further extending this reporting deadline to November 30, 2003.

## 5. Inventories

Inventories consist of the following at June 30:

| | 2003 | 2002 |
|---|---|---|
| Liquid products | $ 7,670 | $ 9,702 |
| Equipment, parts and accessories | 4,480 | 5,008 |
| | $ 12,150 | $ 14,710 |

## 6. Properties and Equipment

Properties and equipment, at cost, consist of the following at June 30:

| | 2003 | 2002 |
|---|---|---|
| Propane loaned equipment | $ 77,296 | $ 74,533 |
| Machinery and equipment | 41,859 | 40,160 |
| Automotive equipment | 26,087 | 22,487 |
| Buildings and leasehold improvements | 12,290 | 12,017 |
| Office equipment | 9,963 | 8,771 |
| Land and land improvements | 3,973 | 4,027 |
| Projects in progress | 1,012 | 3,010 |
| | 172,480 | 165,005 |
| Less: Accumulated depreciation and amortization | 93,913 | 89,523 |
| Properties and equipment, net | $ 78,567 | $ 75,482 |

Depreciation and amortization expense relating to properties and equipment amounted to $6,782, $7,065 and $7,456 in 2003, 2002 and 2001, respectively.

## 7. Other Liabilities

Other current liabilities include the following at June 30:

| | 2003 | 2002 |
|---|---|---|
| Accrued income taxes, due Agway | $ 13,108 | $ 3,914 |
| Accrued incentives | 5,586 | 1,861 |
| Accrued vacation pay | 4,485 | 4,291 |
| Deferred service revenue | 3,664 | 3,699 |
| Insured claims deductible reserve | 2,613 | 1,441 |
| Accrued environmental costs | 2,440 | 622 |
| Other liabilities | 1,837 | 1,680 |
| Accrued products tax | 1,360 | 2,292 |
| Margin draw on derivative contracts | 430 | 1,320 |
| | $ 35,523 | $ 21,120 |

## 8. Long-Term Debt

Long-term debt at June 30 consists of obligations related to non-compete agreements as follows:

| | 2003 | 2002 |
|---|---|---|
| Long-term debt | $ 50 | $ 75 |
| Less: current portion | 25 | 25 |
| Total long-term debt | $ 25 | $ 50 |

## 9. Income Taxes

The Group provision (benefit) for income taxes consists of the following:

| | 2003 | 2002 | 2001 |
|---|---|---|---|
| Current: | | | |
| Federal | $ 9,253 | $ 2,779 | $ 5,831 |
| State | 2,713 | 1,135 | 1,168 |
| Deferred | (1,123) | 1,653 | 598 |
| | $ 10,843 | $ 5,567 | $ 7,597 |

In addition to the provision (benefit) reported above, for the year ended June 30, 2001, the Group recorded a current federal and state income tax benefit of $723 in the cumulative effect of accounting change for the adoption of SFAS No. 133. See Note 2 for further details.

The components of the deferred tax assets and liabilities as of June 30 were as follows:

| Deferred tax assets: | 2003 | 2002 |
|---|---|---|
| Insured claims deductible reserve | $ 5,182 | $ 4,929 |
| Environmental costs | 2,785 | 953 |
| Accrued vacation | 1,352 | 1,275 |
| Accounts receivable reserve | 893 | 699 |
| Tax examination adjustments | 767 | 890 |
| Other reserves | 444 | 505 |
| Other items | 163 | 147 |
| Net operating loss carryforward | 0 | 52 |
| Alternative minimum credit | 0 | 10 |
| Total deferred tax asset | 11,586 | 9,460 |
| Deferred tax liabilities: | | |
| Excess of tax-over-book depreciation | 16,475 | 15,726 |
| Insured claims recoverable from Agway | 5,182 | 4,929 |
| Derivative contract value | 519 | 614 |
| Total deferred tax liabilities | 22,176 | 21,269 |
| Net deferred tax liability | $ 10,590 | $ 11,809 |

AEP's net deferred tax liability at June 30, 2003 and 2002 of $10,590 and $11,809, respectively, consists of a net current asset of $2,259 and $1,952 and a net long-term liability of $12,849 and $13,761, respectively.

## 9. Income Taxes (continued)

The effective income tax rate on earnings from operations before income taxes differs from the federal statutory regular tax rate as follows:

| | June 2003 | June 2002 | June 2001 |
|---|---|---|---|
| Statutory federal income tax rate | 34.0% | 34.0% | 34.0% |
| Tax effects of: | | | |
| State income taxes, net of federal benefit | 6.7% | 7.6% | 6.7% |
| Adjustment to prior years' tax liabilities (1) | (3.9%) | - | (7.0%) |
| Nondeductible items (2) | 0.3% | 1.0% | 0.5% |
| Other items | - | - | 0.3% |
| Effective income tax rate | 37.1% | 42.6% | 34.5% |

(1) During 2003, certain tax reserves established in previous years were released as tax benefits. As a result of Agway's Chapter 11 Proceedings, these reserves were determined to be no longer required. During 2001, certain open audit years with the IRS were determined not to have significant tax issues, and therefore, tax reserves established in prior years to cover identified exposure were released as tax benefits.

(2) Nondeductible items are principally related to meal and entertainment expenses.

## 10. Commitments and Contingencies

**Environmental**

The Group is subject to various laws and governmental regulations concerning environmental matters and expects that it will be required to expend funds to participate in the remediation of certain sites, including sites where it has been designated by the Environmental Protection Agency (EPA) as a potentially responsible party (PRP) under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and at sites with above and underground fuel storage tanks. The Group will incur other expenses associated with environmental compliance.

The Group continually monitors its operations with respect to potential environmental issues, including changes in legal requirements and remediation technologies. In addition, during the first quarter of fiscal 2004 and in conjunction with the potential sale process, the Group performed an environmental review of all of its properties. The review consisted of performing Phase I Environmental Site Assessments (ESA's), and at certain sites, groundwater and/or soil samples were analyzed for contamination. The Group's recorded liability at June 30, 2003 reflects those specific issues uncovered as a result of this review where remediation activities are likely and where the Group can estimate the cost of remediation. The Group's environmental remediation expense for the years ended June 30, 2003, 2002 and 2001 were $6,447, $832 and $1,187, respectively. The Group expects to expend the accrued remediation costs over the next 5 years.

**10. Commitments and Contingencies (continued)**

**Environmental (continued)**
Estimating the extent of the Group's responsibility of a particular site and the method and ultimate cost of remediation of that site require a number of assumptions. As a result, the ultimate outcome of remediation of that site may differ from current estimates. However, the Group believes that its past experience provides a reasonable basis for estimating its liability. As additional information becomes available, estimates are adjusted as necessary. While the Group does not anticipate that any such adjustment would be material to its financial statements, the result of ongoing and/or future environmental studies or other factors could alter this expectation and require the recording of additional liabilities. The Group currently cannot determine whether it will incur additional liabilities in the future or the extent or amount of such additional liabilities.

**Other**
The Group is also subject to various investigations, claims, and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably to the Group. The Group has established accruals for matters for which payment is probable and amounts reasonably estimable. Management believes any liability that may ultimately result from the resolution of these matters in excess of amounts provided under the above stated policy will not have a material adverse effect on results of operations, financial position or liquidity of the Group.

AEP, with Agway, has made financial cross-guarantees of a mortgage entered into by another Agway subsidiary, which generally obligates AEP in the event of default by the other subsidiary of Agway. The amount outstanding on the mortgage as of June 30, 2003 was approximately $1,600. As of June 30, 2003, the Agway subsidiary was in violation of the minimum earnings covenant of the mortgage loan agreement. On October 22, 2003, Agway received a waiver of the event of default.

**Indemnification**
In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," or FIN 45. FIN 45 elaborates on the existing disclosure requirements for most guarantees, including loan guarantees. It also clarifies that at the time a company issues a guarantee, the company must recognize an initial liability for the fair value, or market value, of the obligations it assumes under that guarantee. However, the provisions related to recognizing a liability at inception of the guarantee for the fair value of the guarantor's obligations does not apply to product warranties or to guarantees accounted for as derivatives.

**10. Commitments and Contingencies (continued)**

**Indemnification (continued)**

The following is a summary of our agreements that we have determined are within the scope of FIN 45: When we sell certain assets, we enter into agreements whereby we indemnify the buyers with respect to provisions of the agreement and representations made in the agreement. Depending upon the nature of the provision or the representations made, the term of the indemnification can be for a period of time fixed in the agreement, fixed by relevant statute of law, or may be for an indefinite term. The maximum potential amount of future payments differs by agreement and by provision or representation within the agreement and, in some cases, is not limited. In addition, the Group 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 2009. Upon completion of the lease period, the Group guarantees that the fair value of the equipment will equal or exceed the guaranteed amount, or the Group will pay the lessor the difference. The maximum potential amount of aggregate future payments the Group could be required to make under these leasing arrangements, assuming the equipment is deemed worthless at the end of the lease term, is approximately $3,600. No new guarantees have been issued since December 31, 2002 that would warrant the recording of a liability under FIN 45.

**Insurance Coverage**

Agway contracts with insurance companies for property and casualty coverage for itself and its divisions and subsidiaries, including the Group. The main casualty programs are workers' compensation, general liability and auto liability and an umbrella excess program that sits above the primary liability policies. As described in Note 2, the primary casualty programs are large deductible policies and losses incurred, within the deductible, are paid by Agway. A contingent liability exists for the Group to the extent that Agway is unable to satisfy the deductible for claims against the Group. As of June 30, 2003, the actuarial estimate of the deductible claim liability for insured claims for Agway and its subsidiaries, including claims of the Group, was $33,800. As of November 11, 2003, payments of these liabilities are currently secured by letters of credit of $25,800, surety bonds of $23,900 and cash deposits of $1,100. Since October 16, 2003 (the effective date of the fourth amendment to the DIP Facility), Agway has had $53,500 in cash legally restricted to collateralize these letters of credit and surety bonds. As a result of this collateralization, management believes it is remote that Agway will not meet its obligation to the Group.

In addition, in certain circumstances discussed below, the Group may have a contingent liability with respect to deductible claims against Agway and its consolidated subsidiaries. As discussed above, the $33,800 of consolidated claims liabilities are secured by letters of credit from the DIP Facility, of which the Group is a party, as well as by surety bonds and cash. As a direct borrower under the DIP Facility the Group is jointly and severally liable for the reimbursement of drawn letters of credit. Further, in a suit filed January 29, 2003, the surety issuer (the "Surety") alleges that Telmark and the Group are indemnitors of Agway's liability to the Surety for bonds drawn on by third parties and demands $3,176 for such amounts requested for draws as of that time. Agway currently disputes this indemnification claim. It is too early to determine the outcome of this dispute. However, in connection with the finalization of the sale by Agway of substantially all of the assets of Telmark, Telmark has transferred $25,700 to Agway under terms of an account control agreement legally restricting use of those funds pending resolution of the Surety claims

## 10. Commitments and Contingencies (continued)

against Telmark and the Group. Further, on November 4, 2003, the Group entered into an Agreement with Telmark and the Surety whereby the Surety agreed to the assignment by the Group of whatever liabilities the Group may have under this indemnity to Telmark.

**Rental and Lease Obligations**

Total rental expense for the fiscal years ended June 30, 2003, 2002 and 2001 approximated $8,300, $7,600 and $6,800 (see Note 12). Future minimum payments as of June 30, 2003 under noncancelable operating subleases for each of the next five years and in the aggregate are:

| Year Ended | Amount |
|---|---|
| 2004 | $ 3,696 |
| 2005 | 2,483 |
| 2006 | 2,129 |
| 2007 | 1,022 |
| 2008 | 325 |
| Thereafter | 54 |
| | $ 9,709 |

## 11. Supplemental Disclosures about Cash Flows

| | 2003 | 2002 | 2001 |
|---|---|---|---|
| Cash paid to Agway Inc.: | | | |
| Interest | $ 6,068 | $ 6,263 | $ 6,793 |
| Taxes | $ 3,914 | $ 10,129 | $ 7,487 |

## 12. Related Party Transactions

**Cash Management**

The Group utilizes the bank accounts of its parent, Agway. Accordingly, the Group draws checks against Agway's accounts and also makes deposits to these accounts. The Group's net cash activity is included in the net intercompany receivable from Agway.

**Inter-Company Transactions**

Selected amounts related to transactions with Agway and subsidiaries are separately disclosed in the financial statements. Certain other transactions for the years ended June 30 with Agway and subsidiaries were:

| | 2003 | 2002 | 2001 |
|---|---|---|---|
| Operating expenses | $ 6,808 | $ 5,828 | $ 6,539 |
| Administrative and general expenses | $ 1,960 | $ 2,280 | $ 1,816 |
| Interest expense | $ 5,332 | $ 5,419 | $ 6,119 |

**12. Related Party Transactions (continued)**

**Inter-Company Transactions (continued)**

The interest expense is charged to the Group based on its payable to Agway and equity balance, which is reduced by a portion of asset levels, and is at an internal borrowing rate which is set from time to time by Agway's treasurer and approximates Agway's external cost of borrowing funds. The interest rate charged was 9.0%, 9.0% and 8.2% for the years ended June 30, 2003, 2002 and 2001, respectively. The administrative and general, and operating expenses include certain shared expenses incurred by Agway on behalf of the Group for services such as information services, payroll and facilities and risk management, as discussed in Note 2.

**Employee Benefit Plans**

The Group's employees participate in Agway's employee benefit plans, which include a defined benefit retirement plan, a defined contribution 401(k) plan, a medical and dental benefit plan, a post-retirement medical plan, and a life and health insurance plan. Total benefit costs under these plans are allocated by Agway to the Group primarily based on payroll costs. Benefit costs for these plans included in operating expenses and in selling, general and administrative expense were $9,334, $7,673 and $6,658 for the years ended June 30, 2003, 2002 and 2001, respectively. These amounts do not include any pension costs for the defined benefit plan as the pension plan is over funded and did not require contributions during the years ended June 30, 2003, 2002 and 2001.

**Leases**

The Group leases vehicles and other equipment through a sublease from its parent, Agway, the lessee. Total rental expense incurred under these sublease agreements for the year ended June 30, 2003, 2002 and 2001 amounted to $6,636, $6,200 and $5,600, respectively. The future minimum payments under these leases are included in the amounts reported in Note 10.

**13. Financial and Commodity Instruments**

**Fair Value**

Carrying amounts of trade notes and accounts receivable and accounts payable approximate their fair values. The carrying value of the receivable/payable with Agway approximates fair value as the interest rate charged on the balance approximates Agway's external cost of borrowing.

**Credit Risk**

The Group extends unsecured credit to petroleum wholesalers, commercial and residential customers. The credit function within the Group manages credit risk associated with these trade receivables by routinely assessing the financial strength of its customers.

**13. Financial and Commodity Instruments (continued)**

**Commodity Instruments**

The Group determines the commodity contacts' fair value of its exchange-traded contracts based on the settlement prices for open contracts, which are established by the exchange on which the instruments are traded. The fair value of the Group's over-the-counter contracts is determined based on quotes from brokers. As of June 30, 2003 and 2002, the carrying and fair value of the Group's investment in commodity futures and option contracts was $2,400 and $3,600, respectively.

In the normal course of operations, the Group has exposure to market risk from price fluctuations associated with commodities such as gasoline, distillate and propane. These price fluctuations impact commodity inventories and anticipated transactions in our business. We manage the risk of market price fluctuations of some of these commodities by using commodity derivative instruments. Commodity derivative instruments include exchange-traded futures and option contracts and, in limited circumstances, over-the-counter contracts with third parties. We have policies that specify what we can use commodity derivative instruments for and set limits on the durations of contracts we enter into and the levels of exposure to market price fluctuations that we are trying to protect ourselves against (or hedge). However, because the commodities markets are very volatile, our gains or losses on these contracts might not fully offset the corresponding change in the prices of the underlying commodity, which could lower our earnings.

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Suburban Propane Partners, LP
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                STANDARD INDUSTRIAL CLASSIFICATION:     RETAIL-MISCELLANEOUS RETAIL [5900]
                IRS NUMBER:                             223410353
                STATE OF INCORPORATION:                 DE
                FISCAL YEAR END:                        0930

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                STREET 2:               240 ROUTE 10 WEST
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                STATE:                  NJ
                ZIP:                    07981
                BUSINESS PHONE:         9738875300

        MAIL ADDRESS:
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended September 27, 2003

Commission File Number: 1-14222

SUBURBAN PROPANE PARTNERS, L.P.
(Exact name of registrant as specified in its charter)

| Delaware | 22-3410353 |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

240 Route 10 West
Whippany, NJ 07981
(973) 887-5300
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|---|---|
| Common Units | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K. [X]

Indicate by check mark whether registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes [X] No [ ]

The aggregate market value as of November 21, 2003 of the registrant's Common Units held by non-affiliates of the registrant, based on the reported closing price of such units on the New York Stock Exchange on such date ($31.17 per unit), was approximately $847,035,000. As of November 21, 2003 there were 27,266,767 Common Units outstanding.

Documents Incorporated by Reference: None

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SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements ("Forward-Looking Statements") as defined in the Private Securities Litigation Reform Act of 1995 relating to the Partnership's future business expectations and predictions and financial condition and results of operations. Some of these statements can be identified by the use of forward-looking terminology such as "prospects," "outlook," "believes," "estimates," "intends," "may," "will," "should," "anticipates," "expects" or "plans" or the negative or other variation of these or similar words, or by discussion of trends and conditions, strategies or risks and uncertainties. These Forward-Looking Statements involve certain risks and uncertainties that could cause actual results to differ materially from those discussed or implied in such Forward-Looking Statements ("Cautionary Statements"). The risks and uncertainties and their impact on the Partnership's operations include, but are not limited to, the following risks:

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- The impact of weather conditions on the demand for propane;

- o Fluctuations in the unit cost of propane;
- o The ability of the Partnership to compete with other suppliers of propane and other energy sources; o The impact on propane prices and supply from the political and economic instability of the oil producing nations and other general economic conditions;
- o The ability of the Partnership to retain customers;
- o The impact of energy efficiency and technology advances on the demand for propane;
- o The ability of management to continue to control expenses;
- o The impact of regulatory developments on the Partnership's business;
- o The impact of legal proceedings on the Partnership's business;
- o The Partnership's ability to implement its expansion strategy into new business lines and sectors;
- o The Partnership's ability to integrate acquired businesses successfully.

Some of these Forward-Looking Statements are discussed in more detail in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report. On different occasions, the Partnership or its representatives have made or may make Forward-Looking Statements in other filings that the Partnership makes with the Securities and Exchange Commission, in press releases or in oral statements made by or with the approval of one of its authorized executive officers. Readers are cautioned not to place undue reliance on Forward-Looking or Cautionary Statements, which reflect management's opinions only as of the date hereof. The Partnership undertakes no obligation to update any Forward-Looking or Cautionary Statement. All subsequent written and oral Forward-Looking Statements attributable to the Partnership or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements in this Annual Report and in future SEC reports.

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PART I

ITEM 1. BUSINESS

GENERAL

Suburban Propane Partners, L.P. (the "Partnership"), a publicly traded Delaware limited partnership is principally engaged, through its operating partnership and subsidiaries, in the retail and wholesale marketing of propane and related appliances, parts and services. Based on LP/Gas Magazine dated February 2003, we believe we are the third largest retail marketer of propane in the United States, serving approximately 750,000 active residential, commercial, industrial and agricultural customers through approximately 320 customer service centers in 40 states as of September 27, 2003. Our operations are concentrated

primarily in the east and west coast regions of the United States. Our retail propane sales volume was approximately 491.5 million gallons during the year ended September 27, 2003. In addition, we sold approximately 31.7 million gallons of propane at wholesale to large industrial end-users and other propane distributors during the fiscal year. Based on industry statistics contained in 2001 Sales of Natural Gas Liquids and Liquefied Refinery Gases, as published by the American Petroleum Institute in November 2002, our sales volume accounted for approximately 4.4% of the domestic retail market for propane during the year 2001.

We conduct our business principally through Suburban Propane, L.P., a Delaware limited partnership (the "Operating Partnership"). Our general partner is Suburban Energy Services Group LLC (the "General Partner"), a Delaware limited liability company owned by members of our senior management. The General Partner owns a combined 1.71% general partner interest in the Partnership and the Operating Partnership and the Partnership owns all of the limited partnership interests in the Operating Partnership. The Partnership and the Operating Partnership commenced operations on March 5, 1996 upon consummation of an initial public offering of common units representing limited partner interests in the Partnership ("Common Units") and the private placement of $425 million aggregate principal amount of Senior Notes. Suburban Sales and Service, Inc. (the "Service Company"), a subsidiary of the Operating Partnership, was formed at that time to operate the service work and appliance and propane equipment parts businesses of the Partnership.

Other subsidiaries of the Operating Partnership include Gas Connection, Inc. (doing business as HomeTown Hearth & Grill), Suburban @ Home ("Suburban @ Home"), and Suburban Franchising, Inc. ("Suburban Franchising"). HomeTown Hearth & Grill sells and installs natural gas and propane gas grills, fireplaces and related accessories and supplies through twelve retail stores in the south, northeast and northwest regions as of September 27, 2003; Suburban @ Home sells, installs, services and repairs a full range of heating and air conditioning products through five retail locations in the south, northeast and northwest regions as of September 27, 2003; and Suburban Franchising creates and develops propane related franchising business opportunities.

In this Annual Report, unless otherwise indicated, the terms "Partnership," "we," "us," and "our" are used to refer to Suburban Propane Partners, L.P. or to Suburban Propane Partners, L.P. and its consolidated subsidiaries, including the Operating Partnership.

We currently file Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and current reports on Form 8-K with the Securities and Exchange Commission ("SEC"). The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N. W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Any information filed by us is also available on the SEC's EDGAR database at www.sec.gov.

Upon written request or through a link from our website at www.suburbanpropane.com, we will provide, without charge, copies of our Annual Report on Form 10-K for the fiscal year ended September 27, 2003, each of the Quarterly Reports on Form 10-Q, current reports filed or furnished on Form 8-K and all amendments to such reports as soon as is reasonably practicable after such reports are electronically filed with or furnished to the



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SEC. Requests should be directed to: Suburban Propane Partners, L.P., Investor Relations, P.O. Box 206, Whippany, New Jersey 07981-0206.

RECENT DEVELOPMENTS

On November 10, 2003, we entered into an asset purchase agreement (the "Purchase Agreement") to acquire substantially all of the assets and operations of Agway Energy Products, LLC, Agway Energy Services PA, Inc. and Agway Energy Services, Inc. (collectively "Agway Energy"), all of which entities are wholly owned subsidiaries of Agway, Inc., for $206.0 million in cash, subject to certain purchase price adjustments. Agway Energy, based in Syracuse, New York, is a leading regional marketer of propane, fuel oil, gasoline and diesel fuel primarily in New York, Pennsylvania, New Jersey and Vermont. Based on LP/Gas Magazine dated February 2003, Agway Energy is the eighth largest retail propane marketer in the United States, operating through approximately 139 distribution and sales centers. Agway Energy is also one of the leading marketers and distributors of fuel oil in the northeast region of the United States. To complement its core marketing and delivery business, Agway Energy installs and services a wide variety of home comfort equipment, particularly in the area of heating, ventilation and air conditioning ("HVAC"). Additionally, to a lesser extent, Agway Energy markets natural gas and electricity in New York and Pennsylvania. For its fiscal year ended June 30, 2003, Agway Energy served more than 400,000 active customers across all of its lines of business and sold approximately 106.3 million gallons of propane and approximately 356.8 million gallons of fuel oil, gasoline and diesel fuel to retail customers for residential, commercial and agricultural applications. See additional discussion in Note 15 to the Consolidated Financial Statements included in this Annual Report.

Agway Energy is comprised of three wholly-owned subsidiaries of Agway, Inc. Agway, Inc. is presently a debtor-in-possession under Chapter 11 of the Bankruptcy Code in a bankruptcy proceeding pending before the United States Bankruptcy Court for the Northern District of New York (the "Bankruptcy Court"). Agway Energy is not a Chapter 11 debtor. The Purchase Agreement was filed with the Bankruptcy Court and on November 24, 2003, the Bankruptcy Court approved

Agway, Inc.'s motion to establish bid procedures for the sale. Under the Bankruptcy Court order, we were officially designated the "stalking horse" bidder in a process in which additional bids for the Agway Energy assets and business operations are being solicited for a specified period of time. An auction is currently scheduled for December 18, 2003. If we are the successful bidder at the auction, the closing on the sale under the Purchase Agreement is expected to occur shortly following the conclusion of the auction process and upon receipt of necessary regulatory approvals. There can be no assurance that we will ultimately be the successful bidder at the auction or will be able to consummate the acquisition of Agway Energy.

In line with our business strategy, this acquisition, once consummated, will expand our presence in the northeast retail propane market. Additionally, Agway Energy's extensive presence in the northeast fuel oil delivery business expands our product offerings in the attractive northeast energy market and provides an opportunity to leverage our existing management expertise and technology to enhance operational efficiencies within the Agway Energy business. The HVAC business of Agway Energy is more mature than our Suburban @ Home operations and is expected to provide an opportunity to accelerate the growth in this business, as well as to enhance the overall service offering to our existing customer base in the northeast.

BUSINESS STRATEGY

Our business strategy is to deliver increasing value to our unitholders through initiatives, both internal and external, that are geared toward achieving sustainable profitable growth and increased quarterly distributions. We pursue this business strategy through a combination of (i) an internal focus on enhancing customer service, growing and retaining our customer base and improving the efficiency of operations and, (ii) acquisitions of businesses to complement or supplement our core propane operations.



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Over the past several years, we have focused on improving the efficiency of our operations and our cost structure, strengthening our balance sheet and distribution coverage and building a platform for growth. We continue to pursue internal growth of our existing propane operations and to foster the growth of related retail and service operations that can benefit from our infrastructure and national presence. We invest in enhancements to our technology infrastructure to increase operating efficiencies and to develop marketing programs and incentive compensation arrangements focused on customer growth and retention. We measure and reward the success of our customer service centers based on a combination of profitability of the individual customer service center, customer growth and satisfaction statistics and asset utilization

measures. Additionally, we continuously evaluate our existing facilities to identify opportunities to optimize our return on assets by selectively divesting operations in slower growing markets and seek to reinvest in markets that present more opportunities for growth.

In addition to our internal growth strategies, we have evaluated several acquisition opportunities both within the propane sector, as well as in other energy-related businesses in an effort to accelerate our overall growth strategy. Our acquisition strategy is to focus on businesses with a relatively steady cash flow that will either extend our presence in strategically attractive propane markets, complement our existing network of propane operations or provide an opportunity to diversify our operations with other energy-related assets. In this regard, as further discussed above, we believe that the pending acquisition of the assets of Agway Energy would significantly enhance our position in the northeast propane market and expand our product and service offerings to further support our overall growth objectives.

INDUSTRY BACKGROUND AND COMPETITION

Propane is a by-product of natural gas processing and petroleum refining. It is a clean-burning energy source recognized for its transportability and ease of use relative to alternative forms of stand-alone energy sources. Retail propane use falls into three broad categories: (i) residential and commercial applications, (ii) industrial applications and (iii) agricultural uses. In the residential and commercial markets, propane is used primarily for space heating, water heating, clothes drying and cooking. 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, as a cutting gas and in other process applications. In the agricultural market, propane is primarily used for tobacco curing, crop drying, poultry brooding and weed control.

Propane is extracted from natural gas or oil wellhead gas at processing plants or separated from crude oil during the refining process. Propane is normally transported and stored in a liquid state under moderate pressure or refrigeration for ease of handling in shipping and distribution. When the pressure is released or the temperature is increased, it becomes a flammable gas that is colorless and odorless with an odorant added to allow for its detection. Propane is clean burning, and when consumed produces only negligible amounts of pollutants.

Based upon information provided by the National Propane Gas Association and the Energy Information Administration, propane accounts for approximately 4% of household energy consumption in the United States. This level has not changed materially over the previous two decades. As an energy source, propane competes primarily with electricity, natural gas and fuel oil, principally on the basis of price, availability and portability.

Propane is more expensive than natural gas on an equivalent British Thermal Unit basis in locations serviced by natural gas, but it is an alternative to natural gas in rural and suburban areas where natural gas is unavailable or portability of product is required. Historically, the expansion of natural gas into traditional propane markets has been inhibited by the capital costs required to expand pipeline and retail distribution systems. Although the recent extension of natural gas pipelines to previously unserved geographic areas tends to displace propane distribution in areas affected, new opportunities for propane sales have been arising as new neighborhoods are developed in geographically remote areas. Propane is generally less expensive to use than electricity for space heating, water heating, clothes drying and cooking. Fuel oil has not been a significant competitor due to the current geographical diversity of our operations, and propane and fuel oil compete to a lesser extent because of the cost of converting



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from one to the other.

In addition to competing with suppliers of other sources or energy, we compete with other retail propane distributors. Competition in the retail propane industry is highly fragmented and generally occurs on a local basis with other large full-service multi-state propane marketers, thousands of smaller local independent marketers and farm cooperatives. Based on industry statistics contained in 2001 Sales of Natural Gas Liquids and Liquified Refinery Gases, as published by the American Petroleum Institute in November 2002, and LP/Gas Magazine dated February 2003, the ten largest retailers, including us, account for approximately 29% of the total retail sales of propane in the United States, no single marketer has a greater than 10% share of the total retail market in the United States and our sales volume accounted for approximately 4.4% of the domestic retail market for propane during 2001. Most of our customer service centers compete with five or more marketers or distributors. However, each of our customer service centers operates in its own competitive environment because retail marketers tend to locate in close proximity to customers in order to lower the cost of providing service. Our typical customer service center has an effective marketing radius of approximately 50 miles, although in certain rural areas the marketing radius may be extended by a satellite office.

PRODUCTS, SERVICES AND MARKETING

We distribute propane through a nationwide retail distribution network consisting of approximately 320 customer service centers in 40 states as of September 27, 2003. Our operations are concentrated in the east and west coast regions of the United States. In fiscal 2003, we serviced approximately 750,000 active customers. Approximately two-thirds of our retail propane volume has

historically been sold during the six month peak heating season from October through March, as many customers use propane for heating purposes. Typically, customer service centers are found in suburban and rural areas where natural gas is not readily available. Generally, such locations consist of an office, appliance showroom, warehouse and service facilities, with one or more 18,000 to 30,000 gallon storage tanks on the premises. Most of our residential customers receive their propane supply pursuant to an automatic delivery system that eliminates the customer's need to make an affirmative purchase decision. From our customer service centers, we also sell, install and service equipment related to our propane distribution business, including heating and cooking appliances, hearth products and supplies and, at some locations, propane fuel systems for motor vehicles.

We sell propane primarily to six customer markets: residential, commercial, industrial (including engine fuel), agricultural, other retail users and wholesale. Approximately 94% of the gallons sold by us in fiscal 2003 were to retail customers: 41% to residential customers, 30% to commercial customers, 10% to industrial customers, 6% to agricultural customers and 13% to other retail users. The balance of approximately 6% of the gallons sold by us in fiscal 2003 was for risk management activities and wholesale customers. Sales to residential customers in fiscal 2003 accounted for approximately 59% of our margins on propane sales, reflecting the higher-margin nature of the residential market. No single customer accounted for 10% or more of our revenues during fiscal 2003.

Retail deliveries of propane are usually made to customers by means of bobtail and rack trucks. Propane is pumped from the bobtail truck, with capacities ranging from 2,125 gallons to 2,975 gallons of propane, into a stationary storage tank on the customer's premises. The capacity of these storage tanks ranges from approximately 100 gallons to approximately 1,200 gallons, with a typical tank having a capacity of 300 to 400 gallons. We also deliver propane to retail customers in portable cylinders, which typically have a capacity of 5 to 35 gallons. When these cylinders are delivered to customers, empty cylinders are refilled in place or transported for replenishment at our distribution locations. We also deliver propane to certain other bulk end users of propane in larger trucks known as transports (which have an average capacity of approximately 9,000 gallons). End-users receiving transport deliveries include industrial customers, large-scale heating accounts, such as local gas utilities that use propane as a supplemental fuel to meet peak load deliverability requirements, and large agricultural accounts that use propane for crop drying. Propane is generally transported from refineries, pipeline terminals, storage facilities (including our storage facilities in Elk Grove, California and Tirzah, South Carolina), and coastal terminals to our customer service centers by a combination of common carriers, owner-operators and railroad tank cars. See additional discussion in Item 2 of this Annual Report.

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In our wholesale operations, we principally sell propane to large industrial end-users and other propane distributors. The wholesale market includes customers who use propane to fire furnaces, as a cutting gas and in other process applications. Due to the low margin nature of the wholesale market as compared to the retail market, we have selectively reduced our emphasis on wholesale marketing over the last few years. Accordingly, sales of wholesale gallons during fiscal 2003 decreased in comparison to fiscal 2002, which also decreased from fiscal 2001.

PROPANE SUPPLY

Our propane supply is purchased from nearly 70 oil companies and natural gas processors at approximately 180 supply points located in the United States and Canada. We make purchases primarily under one-year agreements that are subject to annual renewal, but also purchase propane on the spot market. Supply contracts generally provide for pricing in accordance with posted prices at the time of delivery or the current prices established at major storage points, and some contracts include a pricing formula that typically is based on prevailing market prices. Some of these agreements provide maximum and minimum seasonal purchase guidelines. We use a number of interstate pipelines, as well as railroad tank cars and delivery trucks to transport propane from suppliers to storage and distribution facilities.

Historically, supplies of propane from our supply sources have been readily available. Although we make no assurance regarding the availability of supplies of propane in the future, we currently expect to be able to secure adequate supplies during fiscal 2004. During fiscal 2003, Dynegy Liquids Marketing and Trade ("Dynegy") and Enterprise Products Operating L.P. ("Enterprise") provided approximately 21% and 13%, respectively, of our total domestic propane supply. The availability of our propane supply is dependent on several factors, including the severity of winter weather and the price and availability of competing fuels such as natural gas and heating oil. We believe that, if supplies from Dynegy or Enterprise were interrupted, we would be able to secure adequate propane supplies from other sources without a material disruption of our operations. Nevertheless, the cost of acquiring such propane might be higher and, at least on a short-term basis, margins could be affected. Aside from these two suppliers, no single supplier provided more than 10% of our total domestic propane supply fiscal 2003. During that year, approximately 98% of our total propane purchases were from domestic suppliers.

We seek to reduce the effect of propane price volatility on our product costs and to help ensure the availability of propane during periods of short supply. We are currently a party to propane futures transactions on the New York Mercantile Exchange and to forward and option contracts with various third parties to purchase and sell product at fixed prices in the future. These activities are monitored by our senior management through enforcement of our

commodity trading policy. See additional discussion in Item 7A of this Annual Report.

We operate large propane storage facilities in California and South Carolina. We also operate smaller storage facilities in other locations and have rights to use storage facilities in additional locations. As of September 27, 2003, the majority of the storage capacity in California and South Carolina was leased to third parties. Our storage facilities enable us to buy and store large quantities of propane during periods of low demand and lower prices, which generally occur during the summer months. This practice helps ensure a more secure supply of propane during periods of intense demand or price instability.

TRADEMARKS AND TRADENAMES

We utilize a variety of trademarks and tradenames owned by us, including "Suburban Propane," "Gas Connection," and "Suburban @ Home." We regard our trademarks, tradenames and other proprietary rights as valuable assets and believe that they have significant value in the marketing of our products.



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GOVERNMENT REGULATION; ENVIRONMENTAL AND SAFETY MATTERS

We are subject to various federal, state and local environmental, health and safety laws and regulations. Generally, these laws impose limitations on the discharge of pollutants and establish standards for the handling of solid and hazardous wastes and can require the investigation and cleanup of environmental contamination. These laws include the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Clean Air Act, the Occupational Safety and Health Act, the Emergency Planning and Community Right to Know Act, the Clean Water Act and comparable state statutes. CERCLA, also known as the "Superfund" law, imposes joint and several liability without regard to fault or the legality of the original conduct on certain classes of persons that are considered to have contributed to the release or threatened release of a "hazardous substance" into the environment. Propane is not a hazardous substance within the meaning of CERCLA. However, we own real property at locations where such hazardous substances may exist as a result of prior activities.

National Fire Protection Association Pamphlets No. 54 and No. 58, which establish rules and procedures governing the safe handling of propane, or comparable regulations, have been adopted, in whole, in part or with state addenda, as the industry standard in all of the states in which we operate. In

some states these laws are administered by state agencies, and in others they are administered on a municipal level. Pamphlet No. 58 has adopted storage tank valve retrofit requirements due to be complete by June 2011. A program is in place to meet the deadline.

With respect to the transportation of propane by truck, we are subject to regulations promulgated under the Federal Motor Carrier Safety Act. These regulations cover the transportation of hazardous materials and are administered by the United States Department of Transportation or similar state agency. We conduct ongoing training programs to help ensure that our operations are in compliance with applicable safety regulations. We maintain various permits that are necessary to operate some of our facilities, some of which may be material to our operations. We believe that the procedures currently in effect at all of our facilities for the handling, storage and distribution of propane are consistent with industry standards and are in compliance, in all material respects, with applicable laws and regulations.

The Department of Transportation has established regulations addressing emergency discharge control issues. The regulations, which became effective as of July 1, 1999, required us to modify the inspection and record keeping procedures for our cargo tank vehicles. A schedule of compliance is set forth within the regulations. We have implemented the required discharge control systems and comply, in all material respects, with current regulatory requirements.

Future developments, such as stricter environmental, health or safety laws and regulations thereunder, could affect our operations. We do not anticipate that the cost of our compliance with environmental, health and safety laws and regulations, including CERCLA, will have a material adverse effect on our financial condition or results of operations. To the extent that there are any environmental liabilities unknown to us or environmental, health or safety laws or regulations are made more stringent, there can be no assurance that our financial condition or results of operations will not be materially and adversely affected.

EMPLOYEES

As of September 27, 2003, we had approximately 2,973 full time employees, of whom 285 were engaged in general and administrative activities (including fleet maintenance), 29 were engaged in transportation and product supply activities and 2,659 were customer service center employees. As of September 27, 2003, 145 of our employees were represented by 10 different local chapters of labor unions. We believe that our relations with both our union and non-union employees are satisfactory. From time to time, we hire temporary workers to meet peak seasonal demands.

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ITEM 2. PROPERTIES

As of September 27, 2003, we owned approximately 70% 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, above-ground propane storage facility in Elk Grove, California and a 60 million gallon underground propane storage cavern in Tirzah, South Carolina. 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 27, 2003, we had a fleet of seven transport truck tractors, of which we owned five, and 251 railroad tank cars, all of which we leased. In addition, as of September 27, 2003 we used 1,148 bobtail and rack trucks, of which we owned approximately 27%, and 1,339 other delivery and service vehicles, of which we owned approximately 29%. Vehicles that are not owned by us are leased. As of September 27, 2003, we also owned approximately 771,679 customer storage tanks with typical capacities of 100 to 500 gallons, 37,370 customer storage tanks with typical capacities of over 500 gallons and 137,682 portable cylinders with typical capacities of five to ten gallons.

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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 $28.6 million at September 27, 2003), 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 our cash flow.

On May 23, 2001, Heritage Propane Partners, L.P. ("Heritage") amended a complaint it had filed on November 30, 1999 in the South Carolina Court of Common Pleas, Fifth Judicial Circuit, against SCANA Corporation ("SCANA") and Cornerstone Ventures, L.P. ("Cornerstone") to name our Operating Partnership as a defendant (Heritage v. SCANA et al., Civil Action 01-CP-40-3262). Third party insurance and the self-insurance reserves referenced above do not apply to this action. The amended complaint alleges, among other things, that SCANA breached a contract for the sale of propane assets and asserts claims against our Operating Partnership for wrongful interference with prospective advantage and civil conspiracy for allegedly interfering with Heritage's prospective contract with SCANA. Heritage claims that it is entitled to recover its alleged lost profits in the amount of $125.0 million and that all defendants are jointly and severally liable to it for such amount. Our Operating Partnership moved to dismiss the claims asserted against it for failure to state a claim. On October 24, 2001, the court denied our Operating Partnership's motion to dismiss the amended complaint.

On February 6, 2003, the plaintiffs in Heritage v. SCANA et al filed a motion to amend its complaint to assert additional claims against all defendants, including three new claims against our Operating Partnership: aiding and abetting; misappropriation; and unjust enrichment. The court has granted this motion. On May 5, 2003, our Operating Partnership filed a motion for summary judgement to dismiss the claims asserted against it in the original complaint filed against our Operating Partnership. We withdrew this motion for strategic reasons but intend to re-file it at a later date. However, we cannot predict the outcome of this motion for summary judgement. Discovery is ongoing between all parties to the lawsuit. We do not anticipate that this matter will be tried before the Spring of 2004. We believe that the claims and proposed additional claims against our Operating Partnership are without merit and are defending the action vigorously. If this matter proceeds to trial, we cannot predict the outcome of this trial, or , if the trial is before a jury, what verdict the jury ultimately may reach.

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

None.

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S UNITS AND RELATED UNITHOLDER MATTERS

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 21, 2003, there were 982 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 with respect to each quarter.

| | Common Unit Price Range | | Cash Distribution Paid |
|---|---|---|---|
| | High | Low | |
| Fiscal 2002 | | | |
| First Quarter | $ 27.99 | $ 24.50 | $ 0.5625 |
| Second Quarter | 28.40 | 24.36 | 0.5625 |
| Third Quarter | 28.25 | 25.59 | 0.5750 |
| Fourth Quarter | 28.49 | 20.00 | 0.5750 |
| Fiscal 2003 | | | |
| First Quarter | $ 28.49 | $ 24.60 | $ 0.5750 |
| Second Quarter | 29.60 | 26.90 | 0.5750 |
| Third Quarter | 29.89 | 27.40 | 0.5875 |
| Fourth Quarter | 30.95 | 27.91 | 0.5875 |

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

We are a publicly traded limited partnership and 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.

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ITEM 6. SELECTED FINANCIAL DATA

The following table presents our selected consolidated historical financial data. The selected consolidated historical financial data is derived from our audited financial statements. The amounts in the table below, except per unit data, are in thousands.

<TABLE>
<CAPTION>

| | Year Ended (a) | | | | |
|---|---|---|---|---|---|
| | September 27, 2003 | September 28, 2002 | September 29, 2001 | September 30, 2000 (b) | September 25, 1999 |
| STATEMENT OF OPERATIONS DATA | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> |
| Revenues | $ 771,679 | $ 665,105 | $ 931,536 | $ 841,304 | $ 620, |
| Costs and expenses | 691,662 | 582,321 | 838,055 | 770,332 | 547, |
| Recapitalization costs (c) | - | - | - | - | 18, |
| Gain on sale of assets | - | - | - | (10,328) | |
| Gain on sale of storage facility | - | (6,768) | - | - | |
| Income before interest expense and income taxes (d) | 80,017 | 89,552 | 93,481 | 81,300 | 53, |
| Interest expense, net | 33,629 | 35,325 | 39,596 | 42,534 | 31, |
| Provision for income taxes | 202 | 703 | 375 | 234 | |
| Income from continuing operations (d) | 46,186 | 53,524 | 53,510 | 38,532 | 22, |
| Discontinued operations: | | | | | |
| Gain on sale of customer service centers (e) | 2,483 | - | - | - | |
| Net income (d) | 48,669 | 53,524 | 53,510 | 38,532 | 22, |
| Income from continuing operations per Common Unit - basic | 1.78 | 2.12 | 2.14 | 1.70 | 0 |
| Net income per Common Unit - basic (f) | 1.87 | 2.12 | 2.14 | 1.70 | 0 |
| Net income per Common Unit - diluted (f) | 1.86 | 2.12 | 2.14 | 1.70 | 0 |
| Cash distributions declared per unit | $ 2.33 | $ 2.28 | $ 2.20 | $ 2.11 | $ 2 |
| BALANCE SHEET DATA (END OF PERIOD) | | | | | |
| Cash and cash equivalents | $ 15,765 | $ 40,955 | $ 36,494 | $ 11,645 | $ 8, |
| Current assets | 98,912 | 116,789 | 124,339 | 122,160 | 78, |
| Total assets | 665,630 | 700,146 | 723,006 | 771,116 | 659, |

| | | | | | |
|---|---|---|---|---|---|
| Current liabilities, excluding current portion of long-term borrowings | 94,802 | 98,606 | 119,196 | 124,585 | 99, |
| Total debt | 383,826 | 472,769 | 473,177 | 524,095 | 430, |
| Other long-term liabilities | 102,924 | 109,485 | 71,684 | 60,607 | 60, |
| Partners' capital - Common Unitholders | 165,950 | 103,680 | 105,549 | 58,474 | 66, |
| Partner's capital - General Partner | $ 1,567 | $ 1,924 | $ 1,888 | $ 1,866 | $ 2, |
| STATEMENT OF CASH FLOWS DATA | | | | | |
| Cash provided by/(used in) | | | | | |
| Operating activities | $ 57,300 | $ 68,775 | $ 101,838 | $ 59,467 | $ 81, |
| Investing activities | (4,859) | (6,851) | (17,907) | (99,067) | (12, |
| Financing activities | $ (77,631) | $ (57,463) | $ (59,082) | $ 42,853 | $(120, |
| OTHER DATA | | | | | |
| Depreciation and amortization (g) | $ 27,520 | $ 28,355 | $ 36,496 | $ 37,032 | $ 34, |
| EBITDA (h) | 110,020 | 117,907 | 129,977 | 118,332 | 88, |
| Capital expenditures (i) | | | | | |
| Maintenance and growth | 14,050 | 17,464 | 23,218 | 21,250 | 11, |
| Acquisitions | $ - | $ - | $ - | $ 98,012 | $ 4, |
| Retail propane gallons sold | 491,451 | 455,988 | 524,728 | 523,975 | 524, |

</TABLE>



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(a) Our 2000 fiscal year contained 53 weeks. All other fiscal years contained 52 weeks.

(b) Includes the results from our November 1999 acquisition of certain subsidiaries of SCANA Corporation, accounted for under the purchase method, from the date of acquisition.

(c) We incurred expenses of $18.9 million in connection with the recapitalization transaction described in Note 1 to the consolidated financial statements included in this Annual Report. These expenses included $7.6 million representing cash expenses and $11.3 million representing non-cash charges associated with the accelerated vesting of restricted Common Units.

(d) These amounts include, in addition to the gain on sale of assets and the gain on sale of storage facility, gains from the disposal of property, plant and equipment of $0.6 million for fiscal 2003, $0.5 million for fiscal 2002, $3.8 million for fiscal 2001, $1.0 million for fiscal 2000 and $0.6 million for fiscal 1999.

(e) Gain on sale of customer service centers consists of nine customer service centers we sold during fiscal 2003 for total cash proceeds of approximately $7.2 million. We recorded a gain on sale of approximately $2.5 million, which has been accounted for within discontinued operations pursuant to Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Prior period results of operations attributable to these nine customer service centers were not significant and, as such, prior period results have not been reclassified to remove financial results from continuing operations.

(f) Basic net income per Common Unit is computed by dividing net income, after deducting our general partner's interest, by the weighted average number of outstanding Common Units. Diluted net income per Common Unit is computed by dividing net income, after deducting our general partner's approximate 2% interest, by the weighted average number of outstanding Common Units and time vested restricted units granted under our 2000 Restricted Unit Plan.

(g) Depreciation and amortization expense for the year ended September 28, 2002 reflects our early adoption of SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142") as of September 30, 2001 (the beginning of our 2002 fiscal year). SFAS 142 eliminates the requirement to amortize goodwill and certain intangible assets. Amortization expense for the year ended September 28, 2002 reflects approximately $7.4 million lower amortization expense compared to the year ended September 29, 2001 as a result of the elimination of amortization expense associated with goodwill.

(h) EBITDA represents net income before deducting interest expense, income taxes, depreciation and amortization. Our management uses EBITDA as a measure of liquidity and we are including it because we believe that it provides our investors and industry analysts with additional information to evaluate our ability to meet our debt service obligations and to pay our quarterly distributions to holders of our Common Units. Moreover, our senior note agreements and our revolving credit agreement require us to use EBITDA as a component in calculating our leverage and interest coverage ratios. EBITDA is not a recognized term 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 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 calculation of EBITDA and (ii) a reconciliation of EBITDA, as so calculated, to our net cash provided by operating activities (amounts in thousands):

<TABLE>
<CAPTION>

| <S> | Fiscal 2003 <C> | Fiscal 2002 <C> | Fiscal 2001 <C> | Fiscal 2000 <C> | Fiscal 1999 <C> |
|---|---|---|---|---|---|
| Net income | $ 48,669 | $ 53,524 | $ 53,510 | $ 38,532 | $ 22, |
| Add: | | | | | |
| Provision for income taxes | 202 | 703 | 375 | 234 | |
| Interest expense, net | 33,629 | 35,325 | 39,596 | 42,534 | 31, |
| Depreciation and amortization | 27,520 | 28,355 | 36,496 | 37,032 | 34, |
| EBITDA | 110,020 | 117,907 | 129,977 | 118,332 | 88, |
| Add/(subtract): | | | | | |
| Provision for income taxes | (202) | (703) | (375) | (234) | |
| Interest expense, net | (33,629) | (35,325) | (39,596) | (42,534) | (31, |
| Gain on disposal of property, plant and equipment, net | (636) | (546) | (3,843) | (11,313) | ( |
| Gain on sale of customer service centers | (2,483) | - | - | - | |
| Gain on sale of storage facility | - | (6,768) | - | - | |
| Changes in working capital and other assets and liabilities | (15,770) | (5,790) | 15,675 | (4,784) | 25, |
| Net cash provided by/(used in) | | | | | |
| Operating activities | $ 57,300 | $ 68,775 | $ 101,838 | $ 59,467 | $ 81, |
| Investing activities | $ (4,859) | $ (6,851) | $ (17,907) | $ (99,067) | $ (12, |
| Financing activities | $ (77,631) | $ (57,463) | $ (59,082) | $ 42,853 | $ (120, |

</TABLE>

(i) Our capital expenditures fall generally into three categories: (i) maintenance expenditures, which include expenditures for repair and replacement of property, plant and equipment; (ii) growth capital expenditures which include new propane tanks and other equipment to facilitate expansion of our customer base and operating capacity; and (iii) acquisition capital expenditures, which include expenditures related to the acquisition of propane and other retail operations and a portion of the purchase price allocated to intangible assets associated with such acquired

businesses.



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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 historical consolidated financial statements and notes thereto included elsewhere in this Annual Report. Since our Operating Partnership and Service Company account for substantially all of our assets, revenues and earnings, a separate discussion of results of operations from our other subsidiaries is not presented.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains Forward-Looking Statements as defined in the Private Securities Litigation Reform Act of 1995 relating to our future business expectations and predictions and financial condition and results of operations. Some of these statements can be identified by the use of forward-looking terminology such as "prospects," "outlook," "believes," "estimates," "intends," "may," "will," "should," "anticipates," "expects" or "plans" or the negative or other variation of these or similar words, or by discussion of trends and conditions, strategies or risks and uncertainties. These Forward-Looking Statements involve certain risks and uncertainties that could cause actual results to differ materially from those discussed or implied in such Cautionary Statements. The risks and uncertainties and their impact on our operations include, but are not limited to, the following risks:

- The impact of weather conditions on the demand for propane;
- Fluctuations in the unit cost of propane;
- Our ability to compete with other suppliers of propane and other energy sources;
- The impact on propane prices and supply from the political and economic instability of the oil producing nations and other general economic conditions;
- Our ability to retain customers;
- The impact of energy efficiency and technology advances on the demand for propane;
- The ability of management to continue to control expenses;
- The impact of regulatory developments on our business;
- The impact of legal proceedings on our business;

- Our ability to implement our expansion strategy into new business lines and sectors;
- Our ability to integrate acquired businesses successfully.

On different occasions, we or our representatives have made or may make Forward-Looking Statements in other filings that we make with the SEC, in press releases or in oral statements made by or with the approval of one of our authorized executive officers. Readers are cautioned not to place undue reliance on Forward-Looking or Cautionary Statements, which reflect management's opinions only as of the date hereof. We undertake no obligation to update any Forward-Looking or Cautionary Statement. All subsequent written and oral Forward-Looking Statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the Cautionary Statements in this Annual Report and in future SEC reports.

The following are factors that regularly affect our operating results and financial condition:

PRODUCT COSTS

The level of profitability in the retail propane business is largely dependent on the difference between retail sales price and product cost. The unit cost of propane is subject to volatile changes 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. Propane unit 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



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significantly from year to year as product costs fluctuate with propane, crude oil and natural gas commodity market conditions.

SEASONALITY

The retail propane distribution business is seasonal because of propane's 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. 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 propane purchased during the winter heating season. Lower operating profits and either net losses or lower net

income during the period from April through September (our third and fourth fiscal quarters) are expected. To the extent necessary, we will reserve cash from the second and third quarters for distribution to Unitholders in the first and fourth fiscal quarters.

WEATHER

Weather conditions have a significant impact on the demand for propane for both heating and agricultural purposes. Many of our customers rely heavily on propane as a heating fuel. Accordingly, the volume of propane 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 use, while sustained colder-than-normal temperatures will tend to result in greater propane use.

RISK MANAGEMENT

Product supply contracts are generally one-year agreements subject to annual renewal and generally permit suppliers to charge posted market prices (plus transportation costs) at the time of delivery or the current prices established at major delivery points. Since rapid increases in the cost of propane may not be immediately passed on to retail customers, such increases could reduce profit margins. We engage in risk management activities to reduce the effect of price volatility on our product costs and to help ensure the availability of propane during periods of short supply. We are currently a party to propane futures contracts traded on the New York Mercantile Exchange and enter into forward and option agreements with third parties to purchase and sell propane at fixed prices in the future. Risk management activities are monitored by management through enforcement of our Commodity Trading Policy and reported to our Audit Committee. Risk management transactions may not always result in increased product margins. See additional discussion in Item 7A of this Annual Report.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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 accounting principles generally accepted in the United States of America 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 legal reserves, allowance for doubtful accounts, asset valuation assessment 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



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give rise to the revision become known to us.

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. We believe that the following are our critical accounting policies:

REVENUE RECOGNITION. We recognize revenue from the sale of propane 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 repair and maintenance activities is recognized upon completion of the service.

ALLOWANCE 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 allowance for doubtful accounts using a specific reserve for known or anticipated uncollectible accounts, as well as a general 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.

PENSION AND OTHER POSTRETIREMENT BENEFITS. We estimate the rate of return on plan assets, the discount rate to estimate the present value of future benefit obligations and the cost of future health care benefits in determining our annual pension and other postretirement benefit costs. In accordance with generally accepted accounting principles, actual results that differ from our assumptions are accumulated and amortized over future periods and therefore, generally affect our recognized expense and recorded obligation in such future periods. 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 obligations and our future expense. See "Pension Plan Assets" below for additional disclosure regarding pension and other postretirement benefits.

SELF-INSURANCE RESERVES. Our accrued 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 claim, we record a self-insurance provision up to the estimated amount of the probable claim or the amount of the deductible, whichever is lower, utilizing actuarially determined loss development factors applied to actual historical claims data.

GOODWILL IMPAIRMENT ASSESSMENT. We assess the carrying value of goodwill at a reporting unit level, at least annually, based on an estimate of the fair value of the respective reporting unit. Fair value of the reporting unit is estimated using either (i) a market value approach taking into consideration the quoted market price of our Common Units; or (ii) 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.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. See Item 7A of this Annual Report for additional information about accounting for derivative instruments and hedging activities.



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RESULTS OF OPERATIONS

FISCAL YEAR 2003 COMPARED TO FISCAL YEAR 2002

REVENUES. Revenues increased 16.0%, or $106.6 million, to $771.7 million in fiscal 2003 compared to $665.1 million in fiscal 2002. Revenues from retail propane activities increased $130.0 million, or 24.3%, to $664.2 million in fiscal 2003 compared to $534.2 million in the prior year. This increase was the result of an increase in average propane selling prices, coupled with an increase in retail gallons sold. Propane selling prices averaged 15.9% higher in fiscal 2003 compared to the prior year as a result of steadily increasing costs of propane throughout the first half of fiscal 2003 which remained higher during the second half of the year. Retail gallons sold increased 35.5 million gallons, or 7.8%, to 491.5 million gallons in fiscal 2003 compared to 456.0 million gallons in fiscal 2002 due primarily to colder average temperatures experienced in parts of our service area, particularly during the six month peak heating season from October 2002 through March 2003.

Temperatures nationwide, as reported by the National Oceanic and Atmospheric Administration ("NOAA"), averaged 1% colder than normal in fiscal 2003 compared to 13% warmer than normal temperatures in the prior year, or 14% colder conditions year-over-year. The coldest weather conditions, however, were experienced in the eastern and central regions of the United States. In the west, average temperatures were 10% warmer than normal during fiscal 2003, compared to 7% warmer than normal during the prior year. In addition, our volumes continue to be affected by the impact of a continued economic recession on customer buying habits.

Revenues from wholesale and risk management activities of $16.6 million in fiscal 2003 decreased $19.5 million, or 54.0%, compared to revenues of $36.1 million in the prior year primarily as a result of lower volumes sold in the wholesale market in line with our strategy to reduce our emphasis on wholesale activities. Revenue from other sources, including sales of appliances and related parts and services, of $90.9 million in fiscal 2003 decreased $3.9 million, or 4.1%, compared to other revenue in the prior year of $94.8 million. The decrease in other revenues was primarily attributable to lower revenues from service and installations.

COST OF PRODUCTS SOLD. The cost of products sold reported in the consolidated statements of operations represents the weighted average unit cost of propane sold, 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. Cost of products sold is reported exclusive of any depreciation and amortization as such amounts are reported separately within the consolidated statements of operations.

Cost of products sold increased $87.7 million, or 30.3%, to $376.8 million in fiscal 2003 compared to $289.1 million in the prior year. The increase results primarily from a $93.0 million impact from the aforementioned increase in the commodity price of propane resulting in a 39.4% increase in the average unit cost of propane in fiscal 2003 compared to the prior year, coupled with the aforementioned increase in retail volumes sold resulting in an increase of $17.0 million; offset by a $21.2 million decrease from the decline in wholesale and risk management activities described above. In fiscal 2003, cost of products sold represented 48.8% of revenues compared to 43.5% in the prior year. The increase in the cost of products sold as a percentage of revenues relates primarily to steadily increasing costs of propane during the first half of fiscal 2003 which remained higher during the second half of fiscal 2003 compared to steadily declining product costs in the prior year.

OPERATING EXPENSES. All costs of operating our retail propane 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 our customer service centers. Operating expenses increased 7.1%, or $16.6 million, to $250.7 million in fiscal 2003 compared to $234.1 million in fiscal 2002. Operating expenses in fiscal 2003 include a $1.5 million unrealized (non-cash) loss representing the net change in fair



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values of derivative instruments, compared to a $5.4 million unrealized (non-cash) gain in the prior year (see Item 7A - Quantitative and Qualitative Disclosures About Market Risk for information on our policies regarding the accounting for derivative instruments). In addition to the $6.9 million non-cash impact of changes in the fair value of derivative instruments year-over-year, operating expenses increased $9.7 million primarily resulting from (i) $2.3 million increased pension costs, (ii) $2.2 million higher insurance costs, (iii) $2.1 million higher costs to operate our fleet primarily from increased fuel costs and (iv) $0.9 million higher employee compensation and benefits to support the increased sales volume. In addition, we experienced $2.1 million higher bad debt expense as a result of the significant increase in the commodity price of propane resulting in higher prices to our customers, higher sales volumes and general economic conditions.

GENERAL AND ADMINISTRATIVE EXPENSES. 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 $36.7 million for fiscal 2003 were $5.9 million, or 19.2%, higher than fiscal 2002 expenses of $30.8 million. The increase was primarily attributable to the impact of $2.8 million higher employee compensation and benefit related costs, as well as $1.2 million higher fees for professional services in the current year period.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense decreased $0.9 million, or 3.2%, to $27.5 million in fiscal 2003, compared to $28.4 in fiscal 2002.

GAIN ON SALE OF STORAGE FACILITY. On January 31, 2002 (the second quarter of fiscal 2002), we sold our 170 million gallon propane storage facility in Hattiesburg, Mississippi, which was considered a non-strategic asset, for net cash proceeds of $8.0 million, resulting in a gain on sale of approximately $6.8 million.

INCOME BEFORE INTEREST EXPENSE AND INCOME TAXES AND EBITDA. Income before interest expense and income taxes decreased $9.6 million, or 10.7%, to $80.0 million in fiscal 2003 compared to $89.6 million in the prior year. Earnings before interest, taxes, depreciation and amortization ("EBITDA") amounted to $110.0 million for fiscal 2003 compared to $117.9 million for the prior year, a decline of $7.9 million, or 6.7%. The decline in income before interest expense and income taxes and in EBITDA over the prior year reflects the impact of 7.8% higher retail volumes sold, offset by the $6.9 million unfavorable impact of mark-to-market activity on derivative instruments year-over-year included within operating expenses, the $6.8 million gain on sale of our Hattiesburg, Mississippi storage facility impacting prior year results and the higher combined operating and general and administrative expenses (described above) in support of higher business activity. Additionally, the $2.5 million gain reported from the sale of nine customer service centers during fiscal 2003, reported within discontinued operations, had a favorable impact on fiscal 2003 EBITDA.

EBITDA represents net income before deducting interest expense, income taxes, depreciation and amortization. Our management uses EBITDA as a measure of liquidity and we are including it because we believe that it provides our investors and industry analysts with additional information to evaluate our ability to meet our debt service obligations and to pay our quarterly distributions to holders of our Common Units. Moreover, our senior note agreements and our revolving credit agreement require us to use EBITDA as a component in calculating our leverage and interest coverage ratios. EBITDA is not a recognized term 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 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 calculation of EBITDA and (ii) a reconciliation of EBITDA, as so calculated, to our net cash provided by operating activities (amounts in thousands):



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<TABLE>
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Year Ended
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| | September 27, 2003 | September 28, 2002 |
|---|---|---|
| | <C> | <C> |
| Net income | $ 48,669 | $ 53,524 |
| Add: | | |
| Provision for income taxes | 202 | 703 |
| Interest expense, net | 33,629 | 35,325 |
| Depreciation and amortization | 27,520 | 28,355 |
| EBITDA | 110,020 | 117,907 |
| Add/(subtract): | | |
| Provision for income taxes | (202) | (703) |
| Interest expense, net | (33,629) | (35,325) |
| Gain on disposal of property, plant and equipment, net | (636) | (546) |
| Gain on sale of customer service centers | (2,483) | - |
| Gain on sale of storage facility | - | (6,768) |
| Changes in working capital and other assets and liabilities | (15,770) | (5,790) |
| Net cash provided by/(used in) | | |
| Operating activities | $ 57,300 | $ 68,775 |
| Investing activities | $ (4,859) | $ (6,851) |
| Financing activities | $ (77,631) | $ (57,463) |

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INTEREST EXPENSE. Net interest expense decreased $1.7 million, or 4.8%, to $33.6 million in fiscal 2003 compared to $35.3 million in fiscal 2002. The decrease in interest expense reflects the positive steps taken by us during the third quarter of fiscal 2003 to lower our overall leverage, which resulted in an $88.9 million reduction in debt, coupled with lower average interest rates on outstanding borrowings under our Revolving Credit Agreement during the first and second quarters of fiscal 2003.

DISCONTINUED OPERATIONS. As part of our overall business strategy, we continually monitor and evaluate our existing operations to identify opportunities that will allow us to optimize our return on assets employed by selectively consolidating or divesting operations in slower growing or non-strategic markets. In line with that strategy, we sold nine customer service centers during fiscal 2003 for total cash proceeds of approximately $7.2 million. We recorded a gain on sale of approximately $2.5 million, which has been accounted for within discontinued operations pursuant to SFAS No. 144,

"Accounting for the Impairment or Disposal of Long-Lived Assets."

FISCAL YEAR 2002 COMPARED TO FISCAL YEAR 2001

REVENUES. Revenues of $665.1 million in fiscal 2002 decreased $266.4 million, or 28.6%, compared to $931.5 million in fiscal 2001. Revenues from retail propane activities decreased $219.2 million, or 29.1%, to $534.2 million in fiscal 2002 compared to $753.4 million in fiscal 2001. This decrease is principally due to a decrease in average selling prices, coupled with a decrease in retail gallons sold. Average selling prices declined 18.4% as a result of a significant decline in the commodity price of propane in fiscal 2002 compared to the prior year. Retail gallons sold decreased 13.1%, or 68.7 million gallons, to 456.0 million gallons in fiscal 2002 compared to 524.7 million gallons in fiscal 2001. The decrease in volume was attributable to record warm weather conditions which were most dramatic during the peak heating months of October through March of fiscal 2002 as well as, to a lesser extent, the impact of the economic recession on commercial and industrial customers' buying habits.

Nationwide temperatures during fiscal 2002 were 13% warmer than normal as compared to temperatures that were 2% colder than normal during fiscal 2001, as reported by NOAA. During the peak heating months of October 2001 through March 2002, temperatures nationwide were 13% warmer than normal as compared to 5% colder than normal in the comparable period in fiscal 2001, as reported by NOAA. Volumes from the components of our customer mix that are less weather sensitive declined approximately 12% year-over-year.



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Revenues from wholesale and risk management activities decreased $50.1 million, or 58.1%, to $36.1 million in fiscal 2002 compared to $86.2 million in fiscal 2001. A less volatile commodity price environment for propane during fiscal 2002 compared to fiscal 2001 resulted in reduced risk management activities and lower volumes in the wholesale market. Revenue from other sources, including sales of appliances and related parts and services, of $94.8 million in fiscal 2002 increased $2.9 million, or 3.2%, over fiscal 2001 revenues of $91.9 million.

COST OF PRODUCTS SOLD. Cost of products sold decreased $221.2 million, or 43.3%, to $289.1 million in fiscal 2002 compared to $510.3 million in fiscal 2001. The decrease results primarily from a $125.1 million impact from the aforementioned decrease in the commodity price of propane resulting in a 36.3% decrease in the average unit cost of propane during fiscal 2002 compared to fiscal 2001. This is coupled with the aforementioned decrease in retail volumes sold resulting in a decrease of $51.9 million, and a $45.4 million decrease from

the decline in wholesale and risk management activities described above. In fiscal 2002, cost of products sold represented 43.5% of revenues compared to 54.8% in the prior year. The decrease in the cost of products sold as a percentage of revenues relates primarily to steadily decreasing costs of propane during fiscal 2002.

OPERATING EXPENSES. Operating expenses decreased 9.5%, or $24.6 million, to $234.1 million in fiscal 2002 compared to $258.7 million in fiscal 2001. Operating expenses for the year ended September 28, 2002 include a $5.4 million unrealized (non-cash) gain representing the net change in fair values of derivative instruments not designated as hedges, compared to a $3.1 million unrealized loss in fiscal 2001 (see Item 7A of this Annual Report for information on our policies regarding the accounting for derivative instruments and hedging activities). In addition to the $8.5 million favorable impact from changes in the fair value of derivative instruments year-over-year, operating expenses decreased $16.1 million, or 6.3%, principally attributable to our ability to reduce costs amidst declining volumes resulting from ongoing initiatives to shift costs from fixed to variable, primarily in the areas of employee compensation and benefits. The lower compensation costs of $10.5 million were offset, in part, by a $4.0 million increase in medical and dental costs in fiscal 2002 compared to the prior year. Additionally, operating expenses were favorably impacted by a $4.2 million decrease in provisions for doubtful accounts and $3.0 million lower costs of operating our fleet, including maintenance and fuel costs, in fiscal 2002 compared to fiscal 2001. Provisions for doubtful accounts were higher in fiscal 2001 primarily as a result of the generally higher selling price environment driven by the higher average propane costs.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses decreased $1.7 million, or 5.2%, to $30.8 million in fiscal 2002 compared to $32.5 million in fiscal 2001, again attributable to a decrease in employee compensation and benefit costs of $4.3 million, as well as to a $1.6 million decrease in fees for professional services, partly offset by a $1.3 million increase in telecommunication costs.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense decreased 22.2%, or $8.1 million, to $28.4 million in fiscal 2002 compared to $36.5 million in the prior year primarily as a result of our decision to early adopt SFAS 142 effective September 30, 2001 (the beginning of fiscal 2002), which eliminated the requirement to amortize goodwill and certain intangible assets. If SFAS 142 had been in effect at the beginning of the prior year, fiscal 2001 net income would have improved by $7.4 million.

GAIN ON SALE OF STORAGE FACILITY. On January 31, 2002, we sold our 170 million gallon propane storage facility in Hattiesburg, Mississippi, which was considered a non-strategic asset, for net cash proceeds of $8.0 million, resulting in a gain on sale of approximately $6.8 million.

INCOME BEFORE INTEREST EXPENSE AND INCOME TAXES AND EBITDA. Income before interest expense and income taxes decreased 4.2%, or $3.9 million, to $89.6 million compared to $93.5 million in the prior year. Earnings before interest, taxes, depreciation and amortization ("EBITDA") decreased 9.3%, or $12.1 million, to $117.9 million in fiscal 2002 compared to $130.0 million in the prior year. The decreases in income before interest expense and



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income taxes and in EBITDA reflect the impact of the 13.1% lower retail volumes sold in fiscal 2002 attributable to unseasonably warm heating season temperatures and the economy; partially offset by (i) the $26.3 million, or 9.0%, decrease in combined operating and general and administrative expenses described above, (ii) the impact of the $6.8 million gain on the sale of our Hattiesburg, Mississippi storage facility and (iii) the impact on operating expenses of changes in the fair value of derivative instruments described above. In addition, if SFAS 142 had been in effect at the beginning of the prior year, fiscal 2001 income before interest expense and income taxes would have improved by $7.4 million.

EBITDA represents net income before deducting interest expense, income taxes, depreciation and amortization. Our management uses EBITDA as a measure of liquidity and we are including it because we believe that it provides our investors and industry analysts with additional information to evaluate our ability to meet our debt service obligations and to pay our quarterly distributions to holders of our Common Units. Moreover, our senior note agreements and our revolving credit agreement require us to use EBITDA as a component in calculating our leverage and interest coverage ratios. EBITDA is not a recognized term 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 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 calculation of EBITDA and (ii) a reconciliation of EBITDA, as so calculated, to our net cash provided by operating activities (amounts in thousands):

<TABLE>
<CAPTION>

| | Year Ended | |
|---|---|---|
| | September 28, 2002 | September 29, 2001 |

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| | <C> | <C> |
|---|---|---|
| Net income | $ 53,524 | $ 53,510 |
| Add: | | |
| Provision for income taxes | 703 | 375 |
| Interest expense, net | 35,325 | 39,596 |
| Depreciation and amortization | 28,355 | 36,496 |
| EBITDA | 117,907 | 129,977 |
| Add/(subtract): | | |
| Provision for income taxes | (703) | (375) |
| Interest expense, net | (35,325) | (39,596) |
| Gain on disposal of property, plant and equipment, net | (546) | (3,843) |
| Gain on sale of storage facility | (6,768) | - |
| Changes in working capital and other assets and liabilities | (5,790) | 15,675 |
| Net cash provided by/(used in) | | |
| Operating activities | $ 68,775 | $ 101,838 |
| Investing activities | $ (6,851) | $ (17,907) |
| Financing activities | $ (57,463) | $ (59,082) |

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INTEREST INCOME AND INTEREST EXPENSE. Net interest expense decreased 10.9%, or $4.3 million, to $35.3 million in fiscal 2002 compared to $39.6 million in the prior year. This decrease is primarily attributable to reductions in average amounts outstanding during fiscal 2002 under our Revolving Credit Agreement, as well as lower average interest rates.



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LIQUIDITY AND CAPITAL RESOURCES

Due to the seasonal nature of the propane business, cash flows from operating activities are greater during the winter and spring seasons, our second and third fiscal quarters, as customers pay for propane purchased during

the heating season. In fiscal 2003, net cash provided by operating activities decreased $11.5 million, or 16.7%, to $57.3 million in fiscal 2003 compared to $68.8 million in fiscal 2002. The decrease is primarily due to lower net income, including lower non-cash items (principally depreciation, amortization and gains on asset disposals), as well as the impact of increased investment in accounts receivable and inventories resulting from higher commodity prices and increased business activity during fiscal 2003 compared to fiscal 2002 due to generally colder average temperatures.

In fiscal 2002, net cash provided by operating activities decreased $33.0 million, or 32.4%, to $68.8 million in fiscal 2002 compared to $101.8 million in fiscal 2001. The decrease was primarily due to lower net income, including lower non-cash items (principally depreciation, amortization and gains on asset disposals), as well as the impact of unfavorable changes in working capital in comparison to the prior year, principally reflecting lower compensation and benefit accruals, offset by lower inventories.

Net cash used in investing activities was $4.9 million in fiscal 2003, reflecting $14.1 million in capital expenditures (including $4.7 million for maintenance expenditures and $9.4 million to support the growth of operations) offset by net proceeds of $9.2 million from the sale of assets (including net proceeds of $7.2 million from the sale of nine customer service centers). Net cash used in investing activities was $6.9 million in fiscal 2002, reflecting $17.5 million in capital expenditures (including $13.0 million for maintenance expenditures and $4.5 million to support the growth of operations) offset by net proceeds of $10.6 million from the sale of assets (including net proceeds of $8.0 million resulting from the sale of our propane storage facility in Hattiesburg, Mississippi). Net cash used in investing activities was $17.9 million in fiscal 2001, reflecting $23.2 million in capital expenditures (including $6.5 million for maintenance expenditures and $16.7 million to support the growth of operations), offset by net proceeds of $5.3 million from the sale of property, plant and equipment.

Net cash used in financing activities for fiscal 2003 was $77.6 million, reflecting (i) the payment of our quarterly distributions to our Common Unitholders and our General Partner amounting to $60.1 million, (ii) the repayment of all outstanding borrowings under our Revolving Credit Agreement amounting to $46.0 million, (iii) the repayment of the second annual principal payment of $42.5 million due under the 1996 Senior Note Agreement, and (iv) the payment of $0.8 million in fees associated with the renewal and extension of our Revolving Credit Agreement during May 2003. The $88.9 million reduction in debt during fiscal 2003 was funded through a combination of cash provided by operations and the net proceeds of $72.2 million from a follow-on public offering of approximately 2.6 million Common Units (including full exercise of the underwriters' over-allotment option) which was completed during the third quarter of fiscal 2003. Net cash used in financing activities for fiscal 2002 was $57.5 million, primarily reflecting the payment of quarterly distributions to our Common Unitholders and our General Partner. Net cash used in financing

activities for fiscal 2001 was $59.1 million, reflecting repayments under our Operating Partnership's Revolving Credit Agreement, as amended and restated effective January 29, 2001 (the "Revolving Credit Agreement"), including a net repayment of $44.0 million borrowed under the SCANA Acquisition facility and a net repayment of $6.5 million borrowed under the net working capital facility, and $54.5 million for payment of quarterly distributions to our Common Unitholders and our General Partner, partly offset by net proceeds of $47.1 million from a public offering of approximately 2.4 million Common Units in October 2000.

On March 5, 1996, pursuant to a Senior Note Agreement (the "1996 Senior Note Agreement"), we issued $425.0 million of senior notes (the "1996 Senior Notes") with an annual interest rate of 7.54%. Our obligations under the 1996 Senior Note Agreement are unsecured and rank on an equal and ratable basis with our obligations under the 2002 Senior Note Agreement and the Revolving Credit Agreement discussed below. Under the terms of the 1996 Senior Note Agreement, we became obligated to pay the principal on the 1996 Senior Notes in equal annual payments of $42.5 million starting July 1, 2002, with the last such payment due June 30, 2011. On July 1,



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2002, we received net proceeds of $42.5 million from the issuance of 7.37% Senior Notes due June, 2012 (the "2002 Senior Notes") and used the funds to pay the first annual principal payment of $42.5 million due under the 1996 Senior Note Agreement. Our obligations under the agreement governing the 2002 Senior Notes (the "2002 Senior Note Agreement") are unsecured and rank on an equal and ratable basis with our obligations under the 1996 Senior Note Agreement and the Revolving Credit Agreement. Rather than refinance the second annual principal payment of $42.5 million due under the 1996 Senior Note Agreement, we elected to repay this principal payment on June 30, 2003.

Our previous Revolving Credit Agreement, which provided a $75.0 million working capital facility and a $50.0 million acquisition facility, was scheduled to mature on May 31, 2003. On May 8, 2003, we completed the Second Amended and Restated Credit Agreement (the "Revolving Credit Agreement") which extends the previous Revolving Credit Agreement until May 31, 2006. The Revolving Credit Agreement provides a $75.0 million working capital facility and an acquisition facility of $25.0 million. Borrowings under the Revolving Credit Agreement bear interest at a rate based upon either LIBOR plus a margin, Wachovia National Bank's prime rate or the Federal Funds rate plus 1/2 of 1%. An annual fee ranging from 0.375% to 0.50%, based upon certain financial tests, is payable quarterly whether or not borrowings occur. These terms are substantially the same as the terms under the previous Revolving Credit Agreement. In connection with the completion of the Revolving Credit Agreement, we repaid $21.0 million

of outstanding borrowings under the Revolving Credit Agreement. On June 19, 2003, we repaid the remaining outstanding balance of $25.0 million under the Revolving Credit Agreement. As of September 27, 2003 there were no borrowings outstanding under the Revolving Credit Agreement. As of September 28, 2002, $46.0 million was outstanding under the acquisition facility of the previous Revolving Credit Agreement and there were no borrowings under the working capital facility.

The 1996 Senior Note Agreement, the 2002 Senior Note Agreement and the Revolving Credit Agreement contain various restrictive and affirmative covenants applicable to our Operating Partnership, including (a) maintenance of certain financial tests, including, but not limited to, a leverage ratio of less than 5.0 to 1 and an interest coverage ratio in excess of 2.5 to 1 using EBITDA in such ratio calculations, (b) restrictions on the incurrence of additional indebtedness, and (c) restrictions on certain liens, investments, guarantees, loans, advances, payments, mergers, consolidations, distributions, sales of assets and other transactions. During December 2002, we amended the 1996 Senior Note Agreement to (i) eliminate an adjusted net worth financial test to be consistent with the 2002 Senior Note Agreement and Revolving Credit Agreement, and (ii) require a leverage ratio of less than 5.25 to 1 when the underfunded portion of our pension obligations is used in the computation of the ratio. We were in compliance with all covenants and terms of all of our debt agreements as of September 27, 2003 and at the end of each fiscal quarter for all periods presented.

We will make distributions in an amount equal to all of our Available Cash, as defined in the Second Amended and Restated Partnership Agreement, approximately 45 days after the end of each fiscal quarter to holders of record on the applicable record dates. The Board of Supervisors reviews the level of Available Cash on a quarterly basis based upon information provided by management. During each of the first three quarters of fiscal 2003, we paid distributions to our Common Unitholders of $0.5750 per Common Unit. On July 24, 2003, the Board of Supervisors declared a $0.05 annualized increase in the quarterly distribution from $0.5750 per Common Unit to $0.5875 per Common Unit, or $2.35 on an annualized basis, for the third quarter of fiscal 2003, which was paid on August 12, 2003. On October 23, 2003, the Board of Supervisors declared a quarterly distribution of $0.5875 per Common Unit for the fourth quarter of fiscal 2003, which was paid on November 10, 2003 to holders of record on November 3, 2003.

Quarterly distributions include Incentive Distribution Rights ("IDRs") payable to the General Partner to the extent the quarterly distribution exceeds $0.55 per Common Unit. The IDRs represent an incentive for the General Partner (which is owned by our management) to increase the distributions to Common Unitholders in excess of the $0.55 per Common Unit. With regard to the first $0.55 of the Common Unit distribution, 98.29% of the Available Cash is distributed to the Common Unitholders and 1.71% is distributed to the General Partner

(98.11% and 1.89%, respectively, prior to our June 2003 public offering). With regard to the balance of the Common Unit distributions paid, 85% of the Available Cash is distributed to the Common Unitholders and 15% is distributed to the General Partner.

As discussed above, the results of operations for the fiscal year ended September 27, 2003 were impacted by generally colder average temperatures compared to fiscal 2002 across much of the United States, a challenging commodity price and supply environment and the sustained economic recession. Our results of operations were favorably impacted by a return to more normal weather patterns, particularly in the east, and our continued focus on managing our cost structure; despite the negative effects of unseasonably warm weather in the west and the economy. In addition, our product supply and risk management activities helped to ensure adequate supply and to mitigate the impact of propane price volatility during a period of uncertainty surrounding the situation in Iraq and other oil producing nations. We took several steps during fiscal 2003 to further strengthen our balance sheet and improve our leverage, highlighted by the successful completion during the third quarter of a follow-on public offering of approximately 2.6 million Common Units and the repayment of $88.9 million of debt. The lower debt levels resulted in approximately $2.0 million lower interest expense in fiscal 2003 compared to the prior year.

Our anticipated cash requirements for fiscal 2004 include maintenance and growth capital expenditures of approximately $19.0 million for the repair and replacement of property, plant and equipment, approximately $30.0 million of interest payments on the 1996 Senior Notes, the 2002 Senior Notes and the Revolving Credit Agreement and a principal payment of $42.5 million due on June 30, 2004 under the 1996 Senior Note Agreement. In addition, assuming distributions remain at the current level, we will be required to pay approximately $65.8 million in distributions to Common Unitholders and the General Partner during fiscal 2004. Based on our current estimate of our cash position, availability under the Revolving Credit Agreement (unused borrowing capacity under the working capital facility of $69.5 million at September 27, 2003) and expected cash flow from operating activities, we expect to have sufficient funds to meet our current and future obligations.

In connection with the pending acquisition of the assets and operations of Agway Energy, we expect to close the acquisition upon completion of the auction process, final approval of the acquisition by the Bankruptcy Court and necessary regulatory approvals. At present, we plan to fund the $206.0 million purchase price and related acquisition costs and expenses with capital markets financings. In the interim, we have obtained a commitment from established

investment banking institutions to provide a $210.0 million 364-day facility to fund all or a portion of the purchase price. If we draw on this facility, it would bear interest at a floating rate and, at our option, may be converted at maturity into a 9-year term loan. If the facility were drawn, we would seek to arrange for other permanent financing to repay the facility at our earliest opportunity, possibly through one or more offerings of equity or debt securities. Following consummation of the acquisition, we believe that we will have sufficient cash flow from operating activities and availability under our Revolving Credit Agreement to fund the incremental cash requirements and to fund incremental working capital needs of the Agway Energy business for the forseeable future.

PENSION PLAN ASSETS

While our pension asset portfolio experienced significantly improved asset returns in fiscal 2003, the funded status of our defined benefit pension plan continues to be impacted by the low interest rate environment affecting the actuarial value of the projected benefit obligations, as well as the cumulative impact of prior losses particularly during 2002 and 2001. As a result, the projected benefit obligation as of September 27, 2003 exceeded the market value of pension plan assets by $42.1 million, which improved $11.1 million compared to the $53.2 million underfunded position at the end of the prior year. The improvement in the funded status compared to fiscal 2002 has also resulted in a favorable adjustment of $5.0 million to accumulated other comprehensive (loss)/income, a component of partners' capital, at the end of fiscal 2003. Therefore, the cumulative reduction to



<PAGE>

partners' capital amounted to $80.1 million on the consolidated balance sheet at September 27, 2003 compared to the cumulative reduction of $85.1 million as of September 28, 2002. The cumulative reduction to partners' capital is attributable to the level of unrealized losses experienced on our pension assets over the past three years and represent non-cash charges to our partners' capital with no impact on the results of operations for the fiscal year ended September 27, 2003. 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 the benefit obligations, effective January 1, 2003 all future service credits were eliminated.

For purposes of computing the actuarial valuation of projected benefit obligations, we reduced the discount rate assumption from 6.75% as of September 28, 2002 to 6.0% as of September 27, 2003 to reflect an estimate of current market expectations related to long term interest rates. Additionally, we reduced the expected long-term rate of return on plan assets assumption from

8.5% as of September 28, 2002 to 7.75% as of September 27, 2003 based on the current investment mix of our pension asset portfolio and historical asset performance. There were no minimum funding requirements for the defined benefit pension plan during fiscal 2003, 2002 or 2001. However, in an effort to proactively address our funded status we elected to make a voluntary contribution of $10.0 million to our defined benefit pension plan during the fourth quarter of fiscal 2003, thus improving our funded status. This voluntary contribution, coupled with improved asset returns in our pension asset portfolio during fiscal 2003, offset the negative effects on the funded status of further declines in the interest rate environment. There can be no assurances that future declines in capital markets, or interest rates, will not have an adverse impact on our results of operations or cash flow.

LONG-TERM DEBT OBLIGATIONS AND OPERATING LEASE OBLIGATIONS

CONTRACTUAL OBLIGATIONS

Long-term debt obligations and future minimum rental commitments under noncancelable operating lease agreements as of September 27, 2003 are due as follows (amounts in thousands):

<TABLE>
<CAPTION>

| <S> | Fiscal 2004 <C> | Fiscal 2005 <C> | Fiscal 2006 <C> | Fiscal 2007 <C> | 2008 and thereafter <C> | Total <C> |
|---|---|---|---|---|---|---|
| Long-term debt | $ 42,911 | $ 42,940 | $ 42,975 | $ 42,500 | $ 212,500 | $ 383,82 |
| Operating leases | 17,796 | 12,868 | 9,959 | 5,860 | 6,410 | 52,89 |
| Total long-term debt obligations and lease commitments | $ 60,707 | $ 55,808 | $ 52,934 | $ 48,360 | $ 218,910 | $ 436,71 |

</TABLE>

Additionally, we have standby letters of credit in the aggregate amount of $35.4 million, in support of retention levels under our casualty insurance programs and certain lease obligations, which expire on March 1, 2004.

OFF-BALANCE SHEET ARRANGEMENTS

OPERATING LEASES

We lease certain property, plant and equipment for various periods under noncancelable operating leases, including all of our railroad tank cars, approximately 70% of our vehicle fleet, approximately 30% of our customer

service centers and portions of our information systems equipment. Rental expense under operating leases was $24.3 million, $24.0 million and $23.4 million for the years ended September 27, 2003, September 28, 2002 and September 29, 2001, respectively. Future minimum rental commitments under noncancelable operating lease agreements as of September 27, 2003 are presented in the immediately preceding table.



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GUARANTEES

Financial Accounting Standards Board ("FASB") Financial Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," expands the existing disclosure requirements for guarantees and requires recognition of a liability for the fair value of guarantees issued after December 31, 2002. We have residual value guarantees associated with certain of our operating leases, related primarily to transportation equipment, with remaining lease periods scheduled to expire periodically through fiscal 2009. Upon completion of the lease period, we guarantee that the fair value of the equipment will equal or exceed the guaranteed amount, or we 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 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 $14.4 million. Of this amount, the fair value of residual value guarantees for operating leases entered into after December 31, 2002 was $2.1 million which is reflected in other liabilities, with a corresponding amount included within other assets, in the accompanying consolidated balance sheet as of September 27, 2003.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"). SFAS 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. The provisions of SFAS 146 are effective for exit or disposal activities initiated after December 31, 2002. We will apply the provisions of this standard on an ongoing basis, as applicable.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" ("SFAS 149"). SFAS 149 amends

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. This statement is, in general, effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. The adoption of this standard did not have a material impact on our consolidated financial position, results of operations or cash flows.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("SFAS 150"). SFAS 150 establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of these instruments were previously required to be classified as equity. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective for our fourth quarter in fiscal 2003. The adoption of this standard did not have a material impact on our consolidated financial position, results of operations or cash flows.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), an interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements." FIN 46 addresses consolidation by business enterprises of variable interest entities that meet certain characteristics. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to variable interest entities created before February 1, 2003 in the first fiscal year or interim period



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beginning after June 15, 2003. However, in October 2003, the FASB deferred the effective date for applying certain provisions of FIN 46 and in November 2003, issued an exposure draft which would amend certain provisions of FIN 46. As a result of the latest exposure draft, we are currently evaluating the impact, if any, that FIN 46 or any future amendment may have on our financial position and results of operations.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of September 27, 2003, we were a party to propane forward and option contracts with various third parties and futures traded on the New York Mercantile Exchange (the "NYMEX"). Futures and forward contracts require that we sell or acquire propane at a fixed price at fixed future dates. An option contract allows, but does not require, its holder to buy or sell propane at a specified price during a specified time period; 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 propane to the respective party or are settled by the payment of a net amount equal to the difference between the then current price of propane and the fixed contract price. The contracts are entered into in anticipation of market movements and to manage and hedge exposure to fluctuating propane prices, as well as to help ensure the availability of propane during periods of high demand.

Market risks associated with the trading of futures, options and forward contracts are monitored daily for compliance with our trading policy which includes volume limits for open positions. Open inventory positions are reviewed and managed daily as to exposures to changing market prices.

MARKET RISK

We are subject to commodity price risk to the extent that propane market prices deviate from fixed contract settlement amounts. Futures traded with brokers on 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.

CREDIT RISK

Futures are guaranteed by the NYMEX and, as a result, have minimal credit risk. We are subject to credit risk with forward and 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 credit risk of non-performance.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

We account for derivative instruments in accordance with the provisions of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137, SFAS No. 138 and SFAS No. 149. All derivative instruments are reported on the balance sheet, within other current assets or other current liabilities, 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. Prior to March 31, 2002, we determined that our derivative instruments did not qualify as hedges and, as such, the changes in fair values were recorded in income. Beginning with contracts entered into subsequent to March 31, 2002, a portion of the derivative instruments entered into have been designated and qualify as cash flow hedges. 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 accumulated other comprehensive (loss)/income ("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 hedges are recognized in cost of products sold immediately. Changes in the fair value of derivative instruments that are not designated as hedges are recorded in current period earnings. Fair values for forward contracts and futures are derived from quoted market prices for similar instruments traded on the NYMEX.



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At September 27, 2003, the fair value of derivative instruments described above resulted in derivative assets of $0.6 million included within prepaid expenses and other current assets and derivative liabilities of $1.7 million included within other current liabilities. For the year ended September 27, 2003 operating expenses include unrealized (non-cash) losses of $1.5 million compared to unrealized (non-cash) gains of $5.4 million for the year ended September 28, 2002, attributable to the change in the fair value of derivative instruments not

designated as hedges. At September 27, 2003, unrealized gains on derivative instruments designated as cash flow hedges in the amount of $1.1 million were included in OCI and are expected to be recognized in earnings during the next 12 months as the hedged transactions occur. However, due to the volatility of the commodities market, the corresponding value in OCI is subject to change prior to its impact on earnings.

SENSITIVITY ANALYSIS

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

A. The actual fixed contract price of open positions as of September 27, 2003 for each of the future periods.

B. The estimated future market prices for futures and forward contracts as of September 27, 2003 as derived from the NYMEX for traded propane futures for each of the future periods.

C. The market prices determined in B. above were adjusted adversely by a hypothetical 10% change in the future periods and compared to the fixed contract settlement 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, forward and/or option contract exists indicate either a reduction in potential future gains or potential losses in future earnings of $3.3 million and $0.7 million, as of September 27, 2003 and September 28, 2002, respectively. 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.

As of September 27, 2003, our open position portfolio reflected a net long position (purchase) aggregating $19.2 million.

The average posted price of propane on November 21, 2003 at Mont Belvieu, Texas (a major storage point) was 55.63 cents per gallon as compared to 50.75 cents per gallon on September 27, 2003, representing a 9.6% increase.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our Consolidated Financial Statements and the Report of Independent Auditors thereon and the Supplemental Financial Information listed on the accompanying Index to Financial Statement Schedule are included herein.

SELECTED QUARTERLY FINANCIAL DATA

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).

<TABLE>
<CAPTION>

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Total Year |
|---|---|---|---|---|---|
| Fiscal 2003 | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> |
| Revenues | $ 204,469 | $ 295,435 | $ 146,171 | $ 125,604 | $ 771,6 |
| Income/(loss) before interest expense and income taxes (a) | 32,240 | 64,815 | (3,598) | (13,440) | 80,0 |
| Income/(loss) from continuing operations (a) | 23,254 | 55,902 | (12,014) | (20,956) | 46,1 |
| Discontinued operations: | | | | | |
| Gain on sale of customer service centers (b) | - | 2,404 | 79 | - | 2,4 |
| Net income/(loss) (a) | 23,254 | 58,306 | (11,935) | (20,956) | 48,6 |
| Income/(loss) from continuing operations per common unit - basic | 0.92 | 2.21 | (0.47) | (0.75) | 1. |
| Net income/(loss) per common unit - basic (c) | 0.92 | 2.31 | (0.47) | (0.75) | 1. |
| Net income/(loss) per common unit - diluted (c) | 0.92 | 2.30 | (0.47) | (0.75) | 1. |
| Cash provided by/(used in): | | | | | |
| Operating activities | 8,378 | 14,988 | 45,557 | (11,623) | 57,3 |
| Investing activities | (2,561) | 3,235 | (1,205) | (4,328) | (4,8 |
| Financing activities | (14,591) | (14,533) | 10,655 | (59,162) | (77,6 |
| EBITDA (d) | $ 39,213 | $ 74,019 | $ 3,198 | $ (6,410) | $ 110,0 |
| Retail gallons sold | 139,934 | 182,956 | 89,600 | 78,961 | 491,4 |

Fiscal 2002

| - ----------- | | | | | |
|---|---|---|---|---|---|
| Revenues | $ 181,864 | $ 235,887 | $ 137,635 | $ 109,719 | $ 665,1 |
| Gain on sale of storage facility | - | 6,768 | - | - | 6,7 |
| Income/(loss) before interest expense and income taxes (a) | 29,805 | 71,071 | (2,499) | (8,825) | 89,5 |
| Net income/(loss) (a) | 20,613 | 61,901 | (11,028) | (17,962) | 53,5 |
| Net income/(loss) per common unit - basic (c) | 0.82 | 2.46 | (0.44) | (0.71) | 2. |
| Net income/(loss) per common unit - diluted (c) | 0.82 | 2.45 | (0.44) | (0.71) | 2. |
| Cash provided by/(used in): | | | | | |
| Operating activities | 3,421 | 32,701 | 29,906 | 2,747 | 68,7 |
| Investing activities | (4,018) | 4,034 | (3,213) | (3,654) | (6,8 |
| Financing activities | (14,168) | (14,168) | (14,186) | (14,941) | (57,4 |
| EBITDA (d) | $ 37,061 | $ 78,146 | $ 4,549 | $ (1,849) | $ 117,9 |
| Retail gallons sold | 123,958 | 168,621 | 86,730 | 76,679 | 455,9 |

</TABLE>

(a) These amounts include, in addition to the gain on sale of customer service centers and the gain on sale of storage facility, gains from the disposal of property, plant and equipment of $0.6 million for fiscal 2003 and $0.5 million for fiscal 2002.



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(b) Gain on sale of customer service centers consists of five customer service centers we sold during the second quarter of fiscal 2003 for total cash proceeds of approximately $5.6 million and four customer service centers we sold during the third quarter of fiscal 2003 for total cash proceeds of approximately $1.6 million. We recorded a gain on sale in the second and third quarters of approximately $2.4 million and $0.1 million, respectively, which have been accounted for within discontinued operations pursuant to SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Prior period results of operations attributable to these nine customer service centers were not significant and, as such, prior period results have not been reclassified to remove financial results from continuing operations.

(c) Basic net income per Common Unit is computed by dividing net income, after deducting our general partner's interest, by the weighted average number of outstanding Common Units. Diluted net income per Common Unit is computed by

dividing net income, after deducting our general partner's approximate 2% interest, by the weighted average number of outstanding Common Units and time vested restricted units granted under our 2000 Restricted Unit Plan.

(d) EBITDA represents net income/(loss) before deducting interest expense, income taxes, depreciation and amortization. Our management uses EBITDA as a measure of liquidity and we are including it because we believe that it provides our investors and industry analysts with additional information to evaluate our ability to meet our debt service obligations and to pay our quarterly distributions to holders of our Common Units. Moreover, our senior note agreements and our revolving credit agreement require us to use EBITDA as a component in calculating our leverage and interest coverage ratios. EBITDA is not a recognized term under generally accepted accounting principles ("GAAP") and should not be considered as an alternative to net income/(loss) 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/(loss), it may not be comparable to EBITDA or similarly titled measures used by other companies. The following table sets forth (i) our calculation of EBITDA and (ii) a reconciliation of EBITDA, as so calculated, to our net cash provided by operating activities (amounts in thousands):

<TABLE>
<CAPTION>

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Total Year |
|---|---|---|---|---|---|
| Fiscal 2003 | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> |
| Net income / (loss) | $ 23,254 | $ 58,306 | $ (11,935) | $ (20,956) | $ 48,6 |
| Add: | | | | | |
| Provision / (benefit) for income taxes | 130 | 37 | (64) | 99 | 2 |
| Interest expense, net | 8,856 | 8,876 | 8,480 | 7,417 | 33,6 |
| Depreciation and amortization | 6,973 | 6,800 | 6,717 | 7,030 | 27,5 |
| EBITDA | 39,213 | 74,019 | 3,198 | (6,410) | 110,0 |
| Add / (subtract): | | | | | |
| (Provision) / benefit for income taxes | (130) | (37) | 64 | (99) | (2 |
| Interest expense, net | (8,856) | (8,876) | (8,480) | (7,417) | (33,6 |
| Gain on disposal of property, plant and equipment, net | (346) | 26 | (166) | (150) | (6 |
| Gain on sale of customer service centers | - | (2,404) | (79) | - | (2,4 |

| | | | | | |
|---|---|---|---|---|---|
| Changes in working capital and other assets and liabilities | (21,503) | (47,740) | 51,020 | 2,453 | (15,7 |
| Net cash provided by/(used in) | | | | | |
| Operating activities | $ 8,378 | $ 14,988 | $ 45,557 | $ (11,623) | $ 57,3 |
| Investing activities | $ (2,561) | $ 3,235 | $ (1,205) | $ (4,328) | $ (4,8 |
| Financing activities | $ (14,591) | $ (14,533) | $ 10,655 | $ (59,162) | $ (77,6 |

</TABLE>

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<TABLE>
<CAPTION>

| Fiscal 2002 | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Total Year |
|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Net income / (loss) | $ 20,613 | $ 61,901 | $ (11,028) | $ (17,962) | $ 53,52 |
| Add: | | | | | |
| Provision for income taxes | 138 | 190 | 190 | 185 | 70 |
| Interest expense, net | 9,054 | 8,980 | 8,339 | 8,952 | 35,32 |
| Depreciation and amortization | 7,256 | 7,075 | 7,048 | 6,976 | 28,35 |
| EBITDA | 37,061 | 78,146 | 4,549 | (1,849) | 117,90 |
| Add / (subtract): | | | | | |
| Provision for income taxes | (138) | (190) | (190) | (185) | (70 |
| Interest expense, net | (9,054) | (8,980) | (8,339) | (8,952) | (35,32 |
| Gain on disposal of property, plant and equipment, net | (13) | (263) | 63 | (333) | (54 |
| Gain on sale of storage facility | - | (6,768) | - | - | (6,76 |
| Changes in working capital and other assets and liabilities | (24,435) | (29,244) | 33,823 | 14,066 | (5,79 |
| Net cash provided by/(used in) | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Operating activities | $ 3,421 | $ 32,701 | $ 29,906 | $ 2,747 | $ 68,77 |
| Investing activities | $ (4,018) | $ 4,034 | $ (3,213) | $ (3,654) | $ (6,85 |
| Financing activities | $ (14,168) | $ (14,168) | $ (14,186) | $ (14,941) | $ (57,46 |

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Our management, including our principal executive officer and principal financial officer, have evaluated the effectiveness of our "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) as of September 27, 2003. Based on such evaluation, our principal executive officer and principal financial officer have concluded that as of September 27, 2003, such disclosure controls and procedures are effective for the purpose of ensuring that material information required to be in this Annual Report is made known to them by others on a timely basis. There have not been any changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934) during the quarter ending September 27, 2003 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.



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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

PARTNERSHIP MANAGEMENT

Our Second Amended and Restated Partnership Agreement (the "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 to otherwise bind, us. Three independent Elected Supervisors and two Appointed Supervisors serve on the Board of Supervisors pursuant to the terms of the Partnership Agreement. The Elected Supervisors are voted on by the Unitholders to serve a term of three years. The Appointed Supervisors are appointed by our General Partner.

The three Elected Supervisors serve on the Audit Committee with the authority to review, at the request of the Board of Supervisors, specific matters as to which the Board of Supervisors believes there may be a conflict of interest in order to determine if the resolution of such conflict proposed by the Board of Supervisors is fair and reasonable to us. Under the Partnership Agreement, any matters approved by the Audit Committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners and not a breach by our General Partner or the Board of Supervisors of any duties they may owe us or the Unitholders. The primary function of the Audit Committee is to assist the Board of Supervisors in fulfilling its oversight responsibilities relating to the establishment of accounting policies; preparation of financial statements; integrity of financial reporting; compliance with applicable laws, regulations and policies; independence and performance of the internal auditor and independent accountants and findings of both the internal auditor and independent accountants.

The Board of Supervisors has determined that all three members of the Audit Committee, John Hoyt Stookey, Harold R. Logan, Jr. and Dudley C. Mecum, are audit committee financial experts and are independent of management, as defined in Item 7(d)(3)(iv) of Schedule 14A.

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 21, 2003. Officers are elected for one-year terms and Supervisors are elected or appointed for three-year terms.

<TABLE>
<CAPTION>

| Name | Age | Position With the Partnership |
| --- | --- | --- |

| <S> | <C> | <C> |
|---|---|---|
| Mark A. Alexander...................... | 45 | President and Chief Executive Officer; Member of the Board of Supervisors (Appointed Supervisor) |
| Michael J. Dunn, Jr.................... | 54 | Senior Vice President - Corporate Development; Member of the Board of Supervisors (Appointed Supervisor) |
| David R. Eastin......................... | 45 | Senior Vice President and Chief Operating Officer |
| Robert M. Plante........................ | 55 | Vice President and Chief Financial Officer |
| Jeffrey S. Jolly........................ | 51 | Vice President and Chief Information Officer |
| Michael M. Keating...................... | 50 | Vice President - Human Resources and Administration |
| Janice G. Meola......................... | 37 | Vice President, General Counsel and Secretary |
| A. Davin D'Ambrosio..................... | 39 | Treasurer |
| Michael A. Stivala...................... | 34 | Controller |
| John Hoyt Stookey....................... | 73 | Member of the Board of Supervisors (Chairman and Elected Supervisor) |
| Harold R. Logan, Jr..................... | 59 | Member of the Board of Supervisors (Elected Supervisor) |
| Dudley C. Mecum......................... | 68 | Member of the Board of Supervisors (Elected Supervisor) |
| Mark J. Anton........................... | 77 | Supervisor Emeritus |

</TABLE>



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Mr. Alexander has served as President and Chief Executive Officer since October 1996 and as an Appointed Supervisor since March 1996. He was Executive Vice Chairman and Chief Executive Officer from March through October 1996. From 1989 until joining the Partnership, Mr. Alexander was an officer of Hanson Industries (the United States management division of Hanson plc), most recently Senior Vice President - Corporate Department. Mr. Alexander serves as Chairman of the Board of Managers of the General Partner. He is a member of the Executive Committee of the National Propane Gas Association.

Mr. Dunn has served as Senior Vice President since June 1998 and became Senior Vice President - Corporate Development in November 2002. Mr. Dunn has served as an Appointed Supervisor since July 1998. He was Vice President - Procurement and Logistics from March 1997 until June 1998. From 1983 until joining the Partnership, Mr. Dunn was Vice President of Commodity Trading for the investment banking firm of Goldman Sachs & Company. Mr. Dunn serves on the Board of Managers of the General Partner.

Mr. Eastin has served as Chief Operating Officer since May 1999 and became a Senior Vice President in November 2000. From 1992 until joining the Partnership, Mr. Eastin held various executive positions with Star Gas Propane LP, most recently as Vice President - Operations. Mr. Eastin serves on the Board of Managers of the General Partner.

Mr. Plante has served as a Vice President since October 1999 and became

Vice President and Chief Financial Officer in November 2003. He was Vice President - Finance from March 2001 until November 2003 and Treasurer from March 1996 through October 2002. Mr. Plante held various financial and managerial positions with predecessors of the Partnership from 1977 until 1996.

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

Mr. Keating has served as Vice President - Human Resources and Administration since July 1996. He previously held senior human resource positions at Hanson Industries and Quantum Chemical Corporation ("Quantum"), a predecessor of the Partnership.

Mr. D'Ambrosio became Treasurer in November 2002. 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.

Ms. Meola has served as Vice President, General Counsel and Secretary since November 2003. From May 1999 until November 2003, Ms. Meola served as General Counsel and Secretary. She was Counsel from July 1998 to May 1999 and Associate Counsel from September 1996, when she joined the Partnership, until July 1998.

Mr. Stivala has served as Controller since December 2001. From 1991 until joining the Partnership, he held several positions with PricewaterhouseCoopers LLP, most recently as Senior Manager in the Assurance practice. Mr. Stivala is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.

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



<PAGE>

Mr. Logan has served as an Elected Supervisor since March 1996. He is a Director and Chairman of the Finance Committee of the Board of Directors of TransMontaigne Inc., which provides logistical services (i.e. pipeline,

terminaling and marketing) to producers and end-users of refined petroleum products. From 1995 to 2002, Mr. Logan was Executive Vice President/Finance, Treasurer and a Director of TransMontaigne Inc. From 1987 to 1995, Mr. Logan served as Senior Vice President of Finance and a Director of Associated Natural Gas Corporation, an independent gatherer and marketer of natural gas, natural gas liquids and crude oil. Mr. Logan is also a Director of The Houston Exploration Company, Graphic Packaging, Inc. and Rivington Capital Advisors, LLC.

Mr. Mecum has served as an Elected Supervisor since June 1996. He has been a managing director of Capricorn Holdings, LLC (a sponsor of and investor in leveraged buyouts) since June 1997. Mr. Mecum was a partner of G.L. Ohrstrom & Co. (a sponsor of and investor in leveraged buyouts) from 1989 to June 1996. Mr. Mecum is a director of Lyondell, Dyncorp, CitiGroup and Mrs. Fields Famous Brands, Inc.

Mr. Anton has served as Supervisor Emeritus of the Board of Supervisors since January 1999. He is a former President, Chief Executive Officer and Chairman of the Board of Directors of Suburban Propane Gas Corporation, a predecessor of the Partnership, and a former Executive Vice President of Quantum.

BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and executive officers to file initial reports of ownership and reports of changes in ownership of our Common Units with the Securities and Exchange Commission. Directors, 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 made timely during fiscal 2003.

CODE OF ETHICS

We have adopted a code of ethics that applies to our senior executive team, including our principal executive officer, principal financial officer and principal accounting officer. Copies of our code of ethics are available without charge from our website at www.suburbanpropane.com or upon written request directed to: Suburban Propane Partners, L.P., Investor Relations, P.O. Box 206, Whippany, New Jersey 07981-0206. Any amendments to, or waivers from, provisions of this code of ethics that apply to our principal executive officer, principal financial officer and principal accounting officer will be posted on our website.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

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

<TABLE>
<CAPTION>

| Name and Principal Position | Year | Annual Compensation Salary | Bonus(1) | LTIP Payout | All Other Compensation(2) |
|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | | <C> |
| Mark A. Alexander | 2003 | $450,000 | $192,150 | - | $167,037 |
| President and Chief Executive Officer | 2002 | 450,000 | 157,500 | 25,382 | 158,513 |
| | 2001 | 450,000 | 450,000 | 7,141 | 166,371 |
| Michael J. Dunn, Jr. | 2003 | 280,000 | 101,626 | 27,403 | 95,695 |
| Sr. Vice President - Corporate Development | 2002 | 275,000 | 81,813 | 12,135 | 85,956 |
| | 2001 | 260,000 | 221,000 | 3,414 | 89,321 |
| David R. Eastin | 2003 | 265,000 | 96,182 | - | 91,721 |
| Senior Vice President and | 2002 | 260,000 | 77,350 | 2,018 | 81,984 |
| Chief Operating Officer | 2001 | 240,000 | 204,000 | - | 84,362 |
| Robert M. Plante | 2003 | 180,000 | 46,116 | - | 39,038 |
| Vice President and Chief Financial Officer | 2002 | 175,000 | 45,625 | 3,807 | 32,938 |
| | 2001 | 150,000 | 75,000 | 1,071 | 35,169 |
| Jeffrey S. Jolly | 2003 | 182,500 | 38,964 | 10,366 | 50,443 |
| Vice President and Chief Information Officer | 2002 | 177,500 | 31,063 | 4,600 | 41,414 |
| | 2001 | 170,000 | 85,000 | 1,294 | 47,660 |

</TABLE>

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

(2) For Mr. Alexander, this amount includes the following: $3,000 under the Retirement Savings and Investment Plan; $1,200 in administrative fees under

the Cash Balance Pension Plan; $135,000 awarded under the Long-Term Incentive Plan; and $27,837 for insurance. For Mr. Dunn, this amount includes the following: $3,000 under the Retirement Savings and Investment Plan; $1,200 in administrative fees under the Cash Balance Pension Plan; $71,400 awarded under the Long-Term Incentive Plan; and $20,095 for insurance. For Mr. Eastin, this amount includes the following: $3,000 under the Retirement Savings and Investment Plan; $1,200 in administrative fees under the Cash Balance Pension Plan; $67,575 awarded under the Long-Term Incentive Plan; and $19,946 for insurance. For Mr. Plante, this amount includes the following: $2,700 under the Retirement Savings and Investment Plan; $1,200 in administrative fees under the Cash Balance Pension Plan; $32,400 awarded under the Long-Term Incentive Plan; and $2,738 for insurance. For Mr. Jolly, this amount includes the following: $2,738 under the Retirement Savings and Investment Plan; $1,200 in administrative fees under the Cash Balance Pension Plan; $27,375 awarded under the Long-Term Incentive Plan; and $19,130 for insurance.



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RETIREMENT BENEFITS

The following table sets forth the annual benefits upon retirement at age 65 in 2003, without regard to statutory maximums, for various combinations of final average earnings and lengths of service which may be payable to Messrs. Alexander, Dunn, Eastin, Plante and Jolly under the Pension Plan for Eligible Employees of the Operating Partnership and its Subsidiaries and/or the Suburban Propane Company Supplemental Executive Retirement Plan. Each such plan has been assumed by the Partnership and each such person will be credited for service earned under such plan to date. Messrs. Alexander, Dunn, and Eastin have 7 years, 6 years and 4 years, respectively, under both plans. For vesting purposes, however, Mr. Alexander has 19 years combined service with the Partnership and his prior service with Hanson Industries. Messrs. Plante and Jolly have 26 years and 6 years, respectively, under the Pension Plan. Benefits under the Pension Plan are limited to IRS statutory maximums for defined benefit plans. Currently, the statutory maximum for defined benefit plan is $200,000.

<TABLE>
<CAPTION>

Pension Plan
Annual Benefit for Years of Credited Service Shown (1,2,3,4,5,6)

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

</TABLE>

1 The Plans' definition of earnings consists of base pay only.

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

3 Effective January 1, 1998, the Plan was amended to a cash balance benefit formula for current and future Plan participants. Initial account balances were established based upon the actuarial equivalent value of the accrued December 31, 1997 prior plan benefit. Annual interest credits and pay-based credits will be credited to this account. The 2002 pay-based credits for Messrs. Alexander, Dunn, Eastin, Plante and Jolly are 3.0%, 2.0%, 1.5%, 10.0% and 2.0%, respectively. Participants as of December 31, 1997 will receive the greater of the cash balance benefit and the prior plan benefit through the year 2002. The Plan was amended effective January 1, 2000. Pursuant to this amendment, individuals who are hired or rehired on or after January 1, 2000 are not eligible to participate in the Plan.

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

5 Effective January 1, 2003, all future pay-based credits as determined under the cash balance benefit formula were discontinued. Interest credits continue to be applied based on the five-year U.S. Treasury bond rate in

effect during the preceding November, plus one percent.

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



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SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

We have adopted a non-qualified, unfunded supplemental retirement plan known as the Supplemental Executive Retirement Plan (the "SERP"). The purpose of the SERP is to provide certain executive officers with a level of retirement income from us, without regard to statutory maximums, including the IRS limitation for defined benefit plans. Effective January 1, 1998, the Pension Plan for Eligible Employees of Suburban Propane, L.P. (the "Qualified Plan") was amended and restated as a cash balance plan. In light of the conversion of the Qualified Plan to a cash balance formula, the SERP has been 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 described under the Retirement Benefits section above, applied to the amount of Annual Compensation that exceeds the IRS statutory maximums for defined benefit plans which is currently $200,000. Messrs. Alexander, Dunn, and Eastin currently participate in the SERP.

Effective January 1, 2003, the SERP was discontinued with a frozen benefit determined for Messrs. Alexander, Dunn and Eastin. Provided that the SERP requirements are met, Mr. Alexander will receive a monthly benefit of $6,031, Mr. Dunn will receive a monthly benefit of $347.30 and Mr. Eastin will receive a monthly benefit of $1,053.18. In the event of a change in control involving the Partnership, the SERP will terminate effective on the close of business 30 days following the change in control. Each participant will be deemed retired and will have his benefit determined as of the date the plan is terminated with payment of the benefit no later than 90 days after the change in control. Each participant will receive a lump sum payment equivalent to the present value of each participant's benefit payable under this 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, which ever is less, as the discount rate to determine the present value of accrued benefit.

LONG-TERM INCENTIVE PLAN

We have adopted a non-qualified, unfunded long-term incentive plan for officers and key employees, effective October 1, 1997 (the "LTIP"). Payout of the LTIP will follow the normal vesting schedule of each participant. Awards are based on a percentage of base pay and are subject to the achievement of certain performance criteria, including our ability to earn sufficient funds and make cash distributions on our Common Units with respect to each fiscal year. Awards vest over time with one-third vesting at the beginning of years three, four, and five from the award date. We will terminate this plan effective September 30, 2004. Effective October 1, 2002 we adopted a new non-qualified, unfunded long-term incentive plan for officers and key employees. The new plan measures our performance as Total Return to Unitholders ("TRU") relative to a predetermined peer group, primarily composed of other Master Limited Partnerships, approved by our Compensation Committee. Awards are granted in three year performance cycles based on a quartile ranking of TRU compared to the peer group. Target awards for each participant are a percentage of base salary. Long-Term Incentive Plan awards earned in fiscal 2003 were as follows:

<TABLE>
<CAPTION>

| Name | Award FY 2003 | Performance or Other Period Until Maturation or Payout | Potential Awards Under Plan Threshold | Target | Maximum |
|---|---|---|---|---|---|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Mark A. Alexander | $135,000 | 3-5 Years | $ 0 | $135,000 | $135,000 |
| Michael J. Dunn, Jr. | 71,400 | 3-5 Years | 0 | 71,400 | 71,400 |
| David R. Eastin | 67,575 | 3-5 Years | 0 | 67,575 | 67,575 |
| Robert M. Plante | 32,400 | 3-5 Years | 0 | 32,400 | 32,400 |
| Jeffrey S. Jolly | 27,375 | 3-5 Years | 0 | 27,375 | 27,375 |

</TABLE>



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EMPLOYMENT AGREEMENT

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

1997 and April 14, 1999.

Mr. Alexander's Employment Agreement had an initial term of three years, and automatically renews for successive one-year periods, unless earlier terminated by us or by Mr. Alexander or otherwise terminated in accordance with the Employment Agreement. The Employment Agreement for Mr. Alexander provides for an annual base salary of $450,000 as of September 28, 2002 and provides for Mr. Alexander to earn a bonus up to 100% of annual base salary (the "Maximum Annual Bonus") for services rendered based upon certain performance criteria. The Employment Agreement also provides for the opportunity to participate in benefit plans made available to our other senior executives and senior managers. We also provide Mr. Alexander with term life insurance with a face amount equal to three times his annual base salary.

For the purposes of this section "change of control" means the occurrence during the employment term of: (i) an acquisition of our Common Units or voting equity interests by any person other than the Partnership, the General Partner or any of our affiliates immediately after which such person beneficially owns more than 25% of the combined voting power of our then outstanding units: unless such acquisition was made by (a) us or our subsidiaries, or any employee benefit plan maintained by us, our Operating Partnership or any of our subsidiaries, or (b) by any person in a transaction where (A) the existing holders prior to the transaction own at least 60% of the voting power of the entity surviving the transaction and (B) none of the Unitholders other than 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 units owns more than 25% of the combined voting power of the surviving entity (such transaction, Non-Control Transaction): (ii) approval by our partners of (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).

If a "change of control" of the Partnership occurs and within six months prior thereto or at any time subsequent to such change of control we terminate the Executive's employment without "cause" or the Executive resigns with "good reason" or the Executive terminates his employment during the six month period commencing on the six month anniversary and ending on the twelve month anniversary of a "change of control", then Mr. Alexander will be entitled to (i) a lump sum severance payment equal to three times the sum of his annual base salary in effect as of the date of termination and the Maximum Annual Bonus, and (ii) medical benefits for three years from the date of such termination. The Employment Agreement provides that if any payment received by Mr. Alexander is subject to the 20% federal excise tax under Section 4999 of the Internal Revenue Code, the payment will be grossed up 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.

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

SEVERANCE PROTECTION PLAN FOR KEY EMPLOYEES

Our officers and key employees are provided with employment protection following a "change of control" (the "Severance Protection Plan"). For the purposes of this section "change of control" means the occurrence during the employment term of: (i) an acquisition of our Common Units or voting equity interests by any person other than the Partnership, our General Partner or any of their affiliates immediately after which such person beneficially owns more than 25% of the combined voting power of our then outstanding units: unless such acquisition was made by (a) us or our subsidiaries, or any employee benefit plan maintained by us, our Operating Partnership or any of our subsidiaries, or (b) by any person in a transaction where (A) the existing holders prior to the transaction own at least 60% of the voting power of the entity surviving the transaction and (B) none of the


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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 units owns more than 25% of the combined voting power of the surviving entity (such transaction a "Non-Control Transaction"): (ii) approval by our partners of (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).

The Severance Protection Plan provides for severance payments equal to sixty-five (65) weeks of base pay and target bonuses for such officers and key employees following a "change of control" and termination of employment. This group comprises approximately forty-three (43) individuals. Pursuant to their severance protection agreements, Messrs. Dunn, Eastin, Plante and Jolly, as our executive officers, have been granted severance protection payments of seventy-eight (78) weeks of base pay and target bonuses following a "change in control" and termination of employment in lieu of participation in the Severance Protection Plan. Our Compensation Committee has also granted severance protection payments of seventy-eight (78) weeks to four other executive officers who do not participate in the Severance Protection Plan.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION IN COMPENSATION

DECISIONS

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

COMPENSATION OF SUPERVISORS

Mr. Stookey, who is the Chairman of the Board of Supervisors, receives annual compensation of $75,000 for his services to us. Mr. Logan and Mr. Mecum, the other two Elected Supervisors, receive $50,000 per year and Mr. Mark J. Anton, who serves as Supervisor Emeritus, receives $15,000 per year. All Elected Supervisors and the Supervisor Emeritus receive reimbursement of reasonable out-of-pocket expenses incurred in connection with meetings of the Board of Supervisors. We do not pay any additional remuneration to our employees (or employees of any of our affiliates) or employees of our General Partner or any of its affiliates for serving as members of the Board of Supervisors.



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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information as of November 21, 2003 regarding the beneficial ownership of Common Units and Incentive Distribution Rights by each member of the Board of Supervisors, each executive officer named in the Summary Compensation table, all members of the Board of Supervisors and executive officers as a group and each person or group known by us (based upon filings under Section 13(d) or (g) under The Securities Exchange Act of 1934) to own beneficially more than 5% thereof. Except as set forth in the notes to the table, the business address of each individual or entity in the table is c/o Suburban Propane Partners, L.P., 240 Route 10 West, Whippany, New Jersey 07981-0206 and each individual or entity has sole voting and investment power over the Common Units reported.

<TABLE>
<CAPTION>

SUBURBAN PROPANE, L.P.

| Title of Class | Name of Beneficial Owner | Amount and Nature of Beneficial Ownership | Percent of Class |
|---|---|---|---|

| <S> | <C> | <C> | <C> |
|---|---|---|---|
| Common Units | Mark A. Alexander (a) | 29,000 | * |
| | Michael J. Dunn, Jr. (a) | 0 | - |
| | David R. Eastin | 11,000 | - |
| | Robert M. Plante | 12,262 | - |
| | Jeffrey S. Jolly | 3,000 | - |
| | John Hoyt Stookey | 11,519 | * |
| | Harold R. Logan, Jr. | 15,064 | * |
| | Dudley C. Mecum | 5,634 | * |
| | Mark J. Anton (b) | 4,600 | * |
| | All Members of the Board of Supervisors and Executive Officers as a Group (13 persons) | 92,079 | * |
| | Goldman, Sachs & Co. (c) 85 Broad Street New York, NY 10004 | 1,709,003 Common Units | 6.3% |
| Incentive Distribution Rights | Suburban Energy Services Group LLC | N/A | N/A |

</TABLE>

* Less than 1%.

(a) Excludes the following numbers of Common Units as to which the following individuals deferred receipt as described below; Mr. Alexander - 243,902 and Mr. Dunn - 48,780. These Common Units are held in trust pursuant to a Compensation Deferral Plan, and Mr. Alexander and Mr. Dunn will have no voting or investment power over these Common Units until they are distributed by the trust. Mr. Alexander and Mr. Dunn have elected to receive the quarterly cash distributions on these deferred units. Notwithstanding the foregoing, if a "change of control" of the Partnership occurs (as defined in the Compensation Deferral Plan), all of the deferred Common Units (and related distributions) held in the trust automatically become distributable to the members.

(b) Mr. Anton shares voting and investment power over 3,600 Common Units with his wife and over 1,000 Common Units with Lizmar Partners, L.P., a family owned limited partnership of which he is its general partner.

(c) Holder reports having shared voting power with respect to all of the Common Units and shared dispositive power with respect to all of the Common Units.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth the aggregate fees for services related to fiscal years 2003 and 2002 provided by PricewaterhouseCoopers LLP, our principal accountants.

| | Fiscal 2003 | Fiscal 2002 |
|---|---|---|
| Audit Fees (a) | $ 599,000 | $ 474,000 |
| Audit-Related Fees (b) | 206,000 | 12,000 |
| Tax Fees (c) | 590,000 | 772,600 |
| All Other Fees (d) | -- | 179,900 |

(a) Audit Fees represent fees billed for professional services rendered for the audit of our annual financial statements and review of our quarterly financial statements, and audit services provided in connection with other statutory or regulatory filings, including services related to our June 2003 public offering of Common Units.

(b) Audit-Related Fees represent fees billed for assurance services related to the audit of our financial statements. The amount shown for fiscal 2003 consists primarily of services related to current and future compliance with the provisions of the Sarbanes-Oxley Act of 2002. The amount shown for fiscal 2002 consists of services related to the stand-alone audit of the financial statements of Suburban Energy Service Group LLC, our General Partner. In addition to these amounts, fees for services related to the audits of the Partnership's defined benefit pension plan and defined contribution plan financial statements, paid by the individual plans, were $31,000 and $29,500 for the fiscal 2003 and 2002 audits, respectively.

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

(d) All Other Fees represent fees for services provided to us not otherwise

included in the categories above. The amount shown for fiscal 2002 consists primarily of services related to operational control reviews.

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 principal accountant, PricewaterhouseCoopers LLP. The policy requires that all services PricewaterhouseCoopers LLP may provide to us, including audit services and permitted audit-related and non-audit services, be pre-approved by the Audit Committee. The Audit Committee pre-approved all audit and non-audit services provided by PricewaterhouseCoopers LLP during fiscal 2003 and reviewed all audit and non-audit services for fiscal 2002.



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PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

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

1. (i) Financial Statements

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

(ii) Supplemental Financial Information

Balance Sheet Information of Suburban Energy Services Group LLC

See "Index to Supplemental Financial Information" set forth on page F-24.

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.

(b) Reports on Form 8-K

No reports were filed on form 8-K.

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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: December 2, 2003

By: /s/ MARK A. ALEXANDER
--------------------------------
Mark A. Alexander
President, Chief Executive Officer
and Appointed 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:

<TABLE>
<CAPTION>

| Signature | Title | Date |
|---|---|---|
| <S> | <C> | <C> |
| /s/ MICHAEL J. DUNN, JR<br>----------------------------------<br>(Michael J. Dunn, Jr.) | Senior Vice President - Corporate Development<br>Suburban Propane Partners, L.P.<br>Appointed Supervisor | December 2, 2003 |
| /s/ JOHN HOYT STOOKEY<br>----------------------------------<br>(John Hoyt Stookey) | Chairman and Elected Supervisor | December 2, 2003 |

| | | |
|---|---|---|
| /s/ HAROLD R. LOGAN, JR.<br>- ---------------------------------<br>(Harold R. Logan, Jr.) | Elected Supervisor | December 2, 2003 |
| /s/ DUDLEY C. MECUM<br>- ---------------------------------<br>(Dudley C. Mecum) | Elected Supervisor | December 2, 2003 |
| /s/ ROBERT M. PLANTE<br>- ---------------------------------<br>(Robert M. Plante) | Vice President and<br>Chief Financial Officer<br>Suburban Propane Partners, L.P. | December 2, 2003 |
| /s/ MICHAEL A. STIVALA<br>- ---------------------------------<br>(Michael A. Stivala) | Controller<br>Suburban Propane Partners, L.P. | December 2, 2003 |

</TABLE>



<PAGE>

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 |
|---|---|---|
| D | 2.1 | Recapitalization Agreement dated as of November 27, 1998 by and among the Partnership, the Operating Partnership, the General Partner, Millennium and Suburban Energy Services Group LLC. |
| E | 3.1 | Second Amended and Restated Agreement of Limited Partnership of the Partnership dated as of May 26, 1999. |

| | | |
|---|---|---|
| E | 3.2 | Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership dated as of May 26, 1999. |
| A | 10.3 | Note Agreement dated as of February 28, 1996 among certain investors and the Operating Partnership relating to $425 million aggregate principal amount of 7.54% Senior Notes due June 30, 2011. |
| K | 10.4 | Amendment No. 1 to the Note Agreement dated May 13, 1998 among certain investors and the Operating Partnership relating to $425 million aggregate principal amount of 7.54% Senior Notes due June 30, 2011. |
| K | 10.5 | Amendment No. 2 to the Note Agreement dated March 29, 1999 among certain investors and the Operating Partnership relating to $425 million aggregate principal amount of 7.54% Senior Notes due June 30, 2011. |
| K | 10.6 | Amendment No. 3 to the Note Agreement dated December 6, 2000 among certain investors and the Operating Partnership relating to $425 million aggregate principal amount of 7.54% Senior Notes due June 30, 2011. |
| I | 10.7 | Amendment No. 4 to the Note Agreement dated March 21, 2002 among certain investors and the Operating Partnership relating to $425 million aggregate principal amount of 7.54% Senior Notes due June 30, 2011. |
| K | 10.8 | Amendment No. 5 to the Note Agreement dated November 20, 2002 among certain investors and the Operating Partnership relating to $425 million aggregate principal amount of 7.54% Senior Notes due June 30, 2011. |



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| | | |
|---|---|---|
| I | 10.9 | Guaranty Agreement dated as of April 11, 2002 provided by four direct subsidiaries of Suburban Propane, L.P. for the 7.54% Senior Notes due June 30, 2011. |
| I | 10.10 | Intercreditor Agreement dated March 21, 2002 between First Union National Bank, the Lenders under the Operating Partnership's Amended and Restated Credit Agreement and the Noteholders of the Operating Partnership's 7.54% |

| | | |
|---|---|---|
| | | Senior Notes due June 30, 2011. |
| J | 10.11 | Note Agreement dated as of April 19, 2002 among certain investors and the Operating Partnership relating to $42.5 million aggregate principal amount of 7.37% Senior Notes due June 30, 2012. |
| J | 10.12 | Guaranty Agreement dated as of July 1, 2002 provided by certain subsidiaries of Suburban Propane, L.P. for the 7.37% Senior Notes due June 30, 2012. |
| A | 10.13 | Employment Agreement dated as of March 5, 1996 between the Operating Partnership and Mr. Alexander. |
| C | 10.14 | First Amendment to Employment Agreement dated as of March 5, 1996 between the Operating Partnership and Mr. Alexander entered into as of October 23, 1997. |
| F | 10.15 | Second Amendment to Employment Agreement dated as of March 5, 1996 between the Operating Partnership and Mr. Alexander entered into as of April 14, 1999. |
| A | 10.16 | The Partnership's 1996 Restricted Unit Plan. |
| G | 10.17 | Suburban Propane Partners, L.P. 2000 Restricted Unit Plan. |
| B | 10.18 | The Partnership's Severance Protection Plan dated September 1996. |
| K | 10.19 | Suburban Propane L.P. Long-Term Incentive Plan as amended and restated effective October 1, 1999. |
| F | 10.20 | Benefits Protection Trust dated May 26, 1999 by and between Suburban Propane Partners, L.P. and First Union National Bank. |
| F | 10.21 | Compensation Deferral Plan of Suburban Propane Partners, L.P. and Suburban Propane, L.P. dated May 26, 1999. |
| H | 10.22 | First Amendment to the Compensation Deferral Plan of Suburban Propane Partners, L.P. and Suburban Propane, L.P. dated November 5, 2001. |
| H | 10.23 | Amended and Restated Supplemental Executive Retirement Plan of the Partnership (effective as of January 1, 1998). |
| H | 10.24 | Amended and Restated Retirement Savings and |

| | | |
|---|---|---|
| | | Investment Plan of Suburban Propane (effective as of January 1, 1998). |
| K | 10.25 | Amendment No. 1 to the Retirement Savings and Investment Plan of Suburban Propane (effective January 1, 2002). |
| L | 10.26 | Second Amended and Restated Credit Agreement dated May 8, 2003. |
| M | 10.27 | First Amendment to Second Amended and Restated Credit Agreement dated November 4, 2003. |



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| | | |
|---|---|---|
| M | 21.1 | Listing of Subsidiaries of the Partnership. |
| M | 23.1 | Consent of Independent Accountants. |
| M | 31.1 | Certification of the President and Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| M | 31.2 | Certification of the Vice President and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| M | 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. |
| M | 32.2 | Certification of the Vice President and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |

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A Incorporated by reference to the same numbered Exhibit to the Partnership's Current Report on Form 8-K filed April 29, 1996.

B Incorporated by reference to the same numbered Exhibit to the Partnership's Annual Report on Form 10-K for the fiscal year ended September 28, 1996.

C Incorporated by reference to the same numbered Exhibit to the

Partnership's Annual Report on Form 10-K for the fiscal year ended September 27, 1997.

D Incorporated by reference to Exhibit 2.1 to the Partnership's Current Report on Form 8-K filed December 3, 1998.

E Incorporated by reference to the Partnership's Proxy Statement filed pursuant to Section 14(a) of the Securities Exchange Act of 1934 on April 22, 1999.

F Incorporated by reference to the Partnership's Quarterly Report on Form 10-Q for the fiscal quarter ended June 26, 1999.

G Incorporated by reference to Exhibit 10.16 to the Partnership's Annual Report on Form 10-K for the fiscal year ended September 30, 2000.

H Incorporated by reference to the same numbered Exhibit to the Partnership's Annual Report on Form 10-K for the fiscal year ended September 29, 2001.

I Incorporated by reference to the Partnership's Quarterly Report on Form 10-Q for the fiscal quarter ended March 30, 2002.

J Incorporated by reference to the Partnership's Quarterly Report on Form 10-Q for the fiscal quarter ended June 29, 2002.



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K Incorporated by reference to the same numbered Exhibit to the Partnership's Annual Report on Form 10-K for the fiscal year ended September 28, 2002.

L Incorporated by reference to the same numbered Exhibit to the Partnership's Quarterly Report on Form 10-Q for the fiscal quarter ended March 29, 2003.

M Filed herewith.

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INDEX TO FINANCIAL STATEMENTS

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES


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| Report of Independent Auditors | F-2 |
| Consolidated Balance Sheets - As of September 27, 2003 and September 28, 2002 | F-3 |
| Consolidated Statements of Operations - Years Ended September 27, 2003, September 28, 2002 and September 29, 2001 | F-4 |
| Consolidated Statements of Cash Flows - Years Ended September 27, 2003, September 28, 2002 and September 29, 2001 | F-5 |
| Consolidated Statements of Partners' Capital - Years Ended September 27, 2003, September 28, 2002 and September 29, 2001 | F-6 |
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REPORT OF INDEPENDENT AUDITORS

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

In our opinion, the consolidated financial statements listed in the index appearing under Item 15.(a)1.(i) present fairly, in all material respects, the financial position of Suburban Propane Partners, L.P. and its subsidiaries (the "Partnership") at September 27, 2003 and September 28, 2002 and the results of their operations and their cash flows for each of the three fiscal years in the period ended September 27, 2003 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 index appearing under Item 15.(a)2. presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Partnership's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Florham Park, NJ
October 23, 2003

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands)

<TABLE>
<CAPTION>

| | September 27, 2003 | September 28, 2002 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| <S> | <C> | <C> |
| Cash and cash equivalents | $ 15,765 | $ 40,955 |
| Accounts receivable, less allowance for doubtful accounts of $2,519 and $1,894, respectively | 36,437 | 33,002 |
| Inventories | 41,510 | 36,367 |
| Prepaid expenses and other current assets | 5,200 | 6,465 |
| Total current assets | 98,912 | 116,789 |
| Property, plant and equipment, net | 312,790 | 331,009 |
| Goodwill | 243,236 | 243,260 |
| Other intangible assets, net | 1,035 | 1,474 |
| Other assets | 9,657 | 7,614 |
| Total assets | $ 665,630 | $ 700,146 |
| LIABILITIES AND PARTNERS' CAPITAL | | |
| Current liabilities: | | |
| Accounts payable | $ 26,204 | $ 27,412 |
| Accrued employment and benefit costs | 20,798 | 21,430 |
| Current portion of long-term borrowings | 42,911 | 88,939 |
| Accrued insurance | 7,810 | 8,670 |
| Customer deposits and advances | 23,958 | 26,125 |
| Accrued interest | 7,457 | 8,666 |
| Other current liabilities | 8,575 | 6,303 |
| Total current liabilities | 137,713 | 187,545 |
| Long-term borrowings | 340,915 | 383,830 |

| | | |
|---|---|---|
| Postretirement benefits obligation | 33,435 | 33,284 |
| Accrued insurance | 20,829 | 18,299 |
| Accrued pension liability | 42,136 | 53,164 |
| Other liabilities | 6,524 | 4,738 |
| Total liabilities | 581,552 | 680,860 |
| Commitments and contingencies | | |
| Partners' capital: | | |
| Common Unitholders (27,256 and 24,631 units issued and outstanding at September 27, 2003 and September 28, 2002, respectively) | 165,950 | 103,680 |
| General Partner | 1,567 | 1,924 |
| Deferred compensation | (5,795) | (11,567) |
| Common Units held in trust, at cost | 5,795 | 11,567 |
| Unearned compensation | (2,171) | (1,924) |
| Accumulated other comprehensive loss | (81,268) | (84,394) |
| Total partners' capital | 84,078 | 19,286 |
| Total liabilities and partners' capital | $ 665,630 | $ 700,146 |

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

| <S> | September 27, 2003 <C> | September 28, 2002 <C> | September 29, 2001 <C> |
|---|---|---|---|
| Revenues | | | |
| Propane | $ 680,741 | $ 570,280 | $ 839,607 |
| Other | 90,938 | 94,825 | 91,929 |
| | 771,679 | 665,105 | 931,536 |
| Costs and expenses | | | |
| Cost of products sold | 376,783 | 289,055 | 510,313 |
| Operating | 250,698 | 234,140 | 258,735 |
| General and administrative | 36,661 | 30,771 | 32,511 |
| Depreciation and amortization | 27,520 | 28,355 | 36,496 |
| Gain on sale of storage facility | - | (6,768) | - |
| | 691,662 | 575,553 | 838,055 |
| Income before interest expense and provision for income taxes | 80,017 | 89,552 | 93,481 |
| Interest income | (334) | (600) | (414) |
| Interest expense | 33,963 | 35,925 | 40,010 |
| Income before provision for income taxes | 46,388 | 54,227 | 53,885 |
| Provision for income taxes | 202 | 703 | 375 |
| Income from continuing operations | 46,186 | 53,524 | 53,510 |
| Discontinued operations (Note 14): | | | |
| Gain on sale of customer service centers | 2,483 | - | - |
| Net income | $ 48,669 | $ 53,524 | $ 53,510 |
| General Partner's interest in net income | $ 1,193 | $ 1,362 | $ 1,048 |
| Limited Partners' interest in net income | $ 47,476 | $ 52,162 | $ 52,462 |
| Income per Common Unit - basic | | | |
| Income from continuing operations | $ 1.78 | $ 2.12 | $ 2.14 |
| Discontinued operations | 0.09 | - | - |
| Net income | $ 1.87 | $ 2.12 | $ 2.14 |

| | | | |
|---|---|---|---|
| Weighted average number of Common Units outstanding - basic | 25,359 | 24,631 | 24,514 |
| Income per Common Unit - diluted | | | |
| Income from continuing operations | $ 1.77 | $ 2.12 | $ 2.14 |
| Discontinued operations | 0.09 | - | - |
| Net income | $ 1.86 | $ 2.12 | $ 2.14 |
| Weighted average number of Common Units outstanding - diluted | 25,495 | 24,665 | 24,530 |

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 27, 2003 | September 28, 2002 | September 29, 2001 |
| Cash flows from operating activities: | | | |
| <S> | <C> | <C> | <C> |
| Net income | $ 48,669 | $ 53,524 | $ 53,510 |
| Adjustments to reconcile net income to net cash | | | |

| | | | |
|---|---|---|---|
| provided by operations: | | | |
| Depreciation expense | 27,097 | 27,857 | 28,517 |
| Amortization of intangible assets | 423 | 498 | 7,979 |
| Amortization of debt origination costs | 1,291 | 1,338 | 2,006 |
| Amortization of unearned compensation | 863 | 985 | 440 |
| Gain on disposal of property, plant and equipment, net | (636) | (546) | (3,843) |
| Gain on sale of customer service centers | (2,483) | - | - |
| Gain on sale of storage facility | - | (6,768) | - |
| Changes in assets and liabilities, net of dispositions: | | | |
| (Increase)/decrease in accounts receivable | (4,101) | 9,635 | 18,601 |
| (Increase)/decrease in inventories | (5,339) | 5,402 | (260) |
| Decrease/(increase) in prepaid expenses and other current assets | 576 | (2,526) | 1,699 |
| Decrease in accounts payable | (1,208) | (10,862) | (21,109) |
| (Decrease)/increase in accrued employment and benefit costs | (632) | (8,518) | 10,969 |
| (Decrease)/increase in accrued interest | (1,209) | 348 | 147 |
| (Decrease)/increase in other accrued liabilities | (1,825) | (1,153) | 4,635 |
| (Increase)/decrease in other noncurrent assets | (2,506) | (439) | 1,194 |
| Decrease in other noncurrent liabilities | (1,680) | - | (2,647) |
| Net cash provided by operating activities | 57,300 | 68,775 | 101,838 |
| Cash flows from investing activities: | | | |
| Capital expenditures | (14,050) | (17,464) | (23,218) |
| Proceeds from sale of property, plant and equipment, net | 1,994 | 2,625 | 5,311 |
| Proceeds from sale of customer service centers, net | 7,197 | - | - |
| Proceeds from sale of storage facility, net | - | 7,988 | - |
| Net cash used in investing activities | (4,859) | (6,851) | (17,907) |
| Cash flows from financing activities: | | | |
| Long-term debt repayments | (88,939) | (408) | (44,428) |
| Short-term debt repayments, net | - | - | (6,500) |
| Credit agreement expenses | (826) | - | (730) |
| Net proceeds from issuance of Common Units | 72,186 | - | 47,079 |
| Partnership distributions | (60,052) | (57,055) | (54,503) |
| Net cash used in financing activities | (77,631) | (57,463) | (59,082) |
| Net (decrease)/increase in cash and cash equivalents | (25,190) | 4,461 | 24,849 |
| Cash and cash equivalents at beginning of year | 40,955 | 36,494 | 11,645 |
| Cash and cash equivalents at end of year | 15,765 | 40,955 | 36,494 |
| Supplemental disclosure of cash flow information: | | | |
| Cash paid for interest | $ 33,635 | $ 34,134 | $ 37,774 |

| | | | |
|---|---|---|---|
| Non-cash adjustment for minimum pension liability | $ (4,938) | $ 37,800 | $ 47,277 |

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)

| <S> | Number of Common Units <C> | Common Unitholders <C> | General Partner <C> | Deferred Compen-sation <C> | Common Units Held in Trust <C> | Unearned Compen-sation <C> | Accumu-lated Other Compre-hensive (Loss)/ Income <C> | Total Partners' Capital <C> | Comp hens Inco <C> |
|---|---|---|---|---|---|---|---|---|---|
| Balance at September 30, 2000 | 22,278 | $ 58,474 | $ 1,866 | $ (11,567) | $ 11,567 | $ (640) | $ 2,129 | $ 61,829 | |
| Net income | | 52,462 | 1,048 | | | | | 53,510 | $53, |
| Other comprehensive income: | | | | | | | | | |
| Unrealized holding loss | | | | | | | (1,046) | (1,046) | (1, |
| Less: Reclassification adjustment for gains included in net income | | | | | | | (1,083) | (1,083) | (1, |
| Minimum pension liability adjustment | | | | | | | (47,277) | (47,277) | (47, |
| Comprehensive income | | | | | | | | | $ 4, |
| Partnership distributions | | (53,477) | (1,026) | | | | | (54,503) | |
| Sale of Common Units under | | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| public offering, net of offering expenses | 2,353 | 47,079 | | | | | | 47,079 | |
| Grants issued under Restricted Unit Plan, net of forfeitures | | 1,011 | | | | (1,011) | | - | |
| Amortization of Compensation Deferral Plan | | | | | | 212 | | 212 | |
| Amortization of Restricted Unit Plan, net of forfeitures | | | | | | 228 | | 228 | |
| | --------- | --------- | --------- | -------- | -------- | -------- | -------- | --------- | |
| Balance at September 29, 2001 | 24,631 | 105,549 | 1,888 | (11,567) | 11,567 | (1,211) | (47,277) | 58,949 | |
| Net income | | 52,162 | 1,362 | | | | | 53,524 | $53, |
| Other comprehensive income: | | | | | | | | | |
| Net unrealized gains on cash flow hedges | | | | | | | 838 | 838 | |
| Less: Reclassification of realized gains on cash flow hedges into earnings | | | | | | | (155) | (155) | ( |
| Minimum pension liability adjustment | | | | | | | (37,800) | (37,800) | (37, |
| | | | | | | | | | ----- |
| Comprehensive income | | | | | | | | | $ 16, |
| | | | | | | | | | ===== |
| Partnership distributions | | (55,729) | (1,326) | | | | | (57,055) | |
| Grants issued under Restricted Unit Plan, net of forfeitures | | 1,698 | | | | (1,698) | | - | |
| Amortization of Compensation Deferral Plan | | | | | | 382 | | 382 | |
| Amortization of Restricted Unit Plan, net of forfeitures | | | | | | 603 | | 603 | |
| | --------- | --------- | --------- | -------- | -------- | -------- | -------- | --------- | |
| Balance at September 28, 2002 | 24,631 | 103,680 | 1,924 | (11,567) | 11,567 | (1,924) | (84,394) | 19,286 | |
| Net income | | 47,476 | 1,193 | | | | | 48,669 | $48, |
| Other comprehensive income: | | | | | | | | | |
| Net unrealized losses on cash flow hedges | | | | | | | (1,129) | (1,129) | (1, |
| Less: Reclassification of realized gains on cash flow hedges into earnings | | | | | | | (683) | (683) | ( |
| Minimum pension liability adjustment | | | | | | | 4,938 | 4,938 | 4, |
| | | | | | | | | | ----- |
| Comprehensive income | | | | | | | | | $ 51, |
| | | | | | | | | | ===== |
| Partnership distributions | | (58,502) | (1,550) | | | | | (60,052) | |
| Sale of Common Units under public offering, net of | | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| offering expenses | 2,625 | 72,186 | | | | | | 72,186 |
| Distribution of Common Units held in trust | | | | 5,772 | (5,772) | | | - |
| Grants issued under Restricted Unit Plan, net of forfeitures | | 1,110 | | | | (1,110) | | - |
| Amortization of Restricted Unit Plan, net of forfeitures | | | | | | 863 | | 863 |
| Balance at September 27, 2003 | 27,256 | $ 165,950 | $ 1,567 | $ (5,795) | $ 5,795 | $ (2,171) | $(81,268) | $ 84,078 |

</TABLE>
The accompanying notes are an integral part of these consolidated financial statements.



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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") was formed on December 19, 1995 as a Delaware limited partnership. The Partnership and its subsidiary, Suburban Propane, L.P. (the "Operating Partnership"), were formed to acquire and operate the propane business and assets of Suburban Propane, a division of Quantum Chemical Corporation (the "Predecessor Company"). In addition, Suburban Sales & Service, Inc. (the "Service Company"), a subsidiary of the Operating Partnership, was formed to acquire and operate the service work and appliance and parts businesses of the Predecessor Company. The Partnership, the Operating Partnership and the Service Company commenced operations on March 5, 1996 upon consummation of an initial public offering of 21,562,500 common units representing limited partner interests in the Partnership (the "Common Units"), the private placement of $425,000 aggregate principal amount of Senior Notes due 2011 issued by the Operating Partnership and the transfer of all of the propane assets (excluding the net accounts receivable balance) of the Predecessor Company to the Operating Partnership and the Service Company.

On January 5, 2001, Suburban Holdings, Inc., a subsidiary of the Operating Partnership, was formed to hold the stock of Gas Connection, Inc., Suburban @ Home, Inc. and Suburban Franchising, Inc. Gas Connection, Inc. (d/b/a HomeTown Hearth & Grill) sells and installs natural gas and propane gas grills,

fireplaces and related accessories and supplies; Suburban ® Home, Inc. sells, installs, services and repairs a full range of heating and air conditioning products; and Suburban Franchising, Inc. creates and develops propane related franchising business opportunities. The Partnership, the Operating Partnership, the Service Company, Suburban Holdings, Inc. and its subsidiaries are collectively referred to hereinafter as the "Partnership Entities."

From March 5, 1996 through May 26, 1999, Suburban Propane GP, Inc. (the "Former General Partner"), a wholly-owned indirect subsidiary of Millennium Chemicals, Inc., served as the general partner of the Partnership and the Operating Partnership owning a 1% general partner interest in the Partnership and a 1.0101% general partner interest in the Operating Partnership. In addition, the Former General Partner owned a 24.4% limited partner interest evidenced by 7,163,750 Subordinated Units and a special limited partner interest in the Partnership.

On May 26, 1999, the Partnership completed a recapitalization (the "Recapitalization") which included the redemption of the Subordinated Units and special limited partner interest from the Former General Partner, and the substitution of Suburban Energy Services Group LLC (the "General Partner") as the new general partner of the Partnership and the Operating Partnership following the General Partner's purchase of the combined 2.0101% general partner interests for $6,000 in cash. The General Partner is owned by senior management of the Partnership and, following the public offerings discussed in Note 13, owns a combined 1.71% general partner interest in the Partnership and the Operating Partnership.

The limited partner interests in the Partnership are evidenced by Common Units traded on the New York Stock Exchange. The limited partners are entitled to participate in distributions and exercise the rights and privileges available to limited partners under the Second Amended and Restated Agreement of Limited Partnership, such as the election of three of the five members of the Board of Supervisors and vote on the removal of the general partner.

The Partnership Entities are engaged in the retail and wholesale marketing of propane and related appliances and services. The Partnership serves approximately 750,000 active residential, commercial, industrial and agricultural customers from approximately 320 customer service centers in 40 states. The Partnership's operations are concentrated in the east and west coast regions of the United States. No single customer accounted for 10% or



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more of the Partnership's revenues during fiscal 2003, 2002 or 2001. During fiscal 2003, 2002 and 2001, three suppliers provided approximately 42%, 49% and

47%, respectively, of the Partnership's total domestic 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION. The consolidated financial statements include the accounts of the Partnership Entities. All significant intercompany transactions and account balances have been eliminated. The Partnership consolidates the results of operations, financial condition and cash flows of the Operating Partnership as a result of the Partnership's 98.9899% limited partner interest in the Operating Partnership and its ability to influence control over the major operating and financial decisions through the powers of the Board of Supervisors provided for in the Second Amended and Restated Agreement of Limited Partnership.

FISCAL PERIOD. The Partnership's fiscal year ends on the last Saturday nearest to September 30.

REVENUE RECOGNITION. Sales of propane 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 repair and maintenance activities is recognized upon completion of the service.

USE OF ESTIMATES. The preparation of financial statements in conformity with generally accepted accounting principles 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 insurance and litigation reserves, pension and other postretirement benefit liabilities and costs, valuation of derivative instruments, asset valuation assessment, as well as the allowance for doubtful accounts. Actual results could differ from those estimates, making it reasonably possible that a change in these estimates could occur in the near term.

CASH AND CASH EQUIVALENTS. The Partnership considers all highly liquid debt 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 and a standard cost basis for appliances, which approximates average cost.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. The Partnership is exposed to the

impact of market fluctuations in the commodity price of propane. The Partnership routinely uses commodity futures, forward and option contracts to hedge its commodity price risk and to ensure supply during periods of high demand. All derivative instruments are reported on the balance sheet, within other current assets or other current liabilities, at their fair values. On the date that futures, forward and option contracts are entered into, the Partnership makes a determination as to whether the derivative instrument qualifies for designation as a hedge. Prior to March 31, 2002, the Partnership determined that its derivative instruments did not qualify as hedges and, as such, the changes in fair values were recorded in income. Beginning with contracts entered into subsequent to March 31, 2002, a portion of the derivative instruments entered into by the Partnership have been designated and qualify as cash flow hedges. 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 accumulated other comprehensive (loss)/income 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 hedges are recognized in cost of products sold immediately. Changes in the fair value of derivative instruments that are not designated as hedges are recorded



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in current period earnings within operating expenses.

LONG-LIVED ASSETS. Long-lived assets include:

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 for related groups of assets under the straight-line method based upon their estimated useful lives as follows:

| | |
|---|---|
| Buildings | 40 Years |
| Building and land improvements | 10-40 Years |
| Transportation equipment | 4-30 Years |
| Storage facilities | 20 Years |

| | |
|---|---|
| Equipment, primarily tanks and cylinders | 3-40 Years |
| Computer software | 3-7 Years |

The Partnership reviews the recoverability of long-lived assets when circumstances occur that indicate that the carrying value of an asset group may not be recoverable. Such circumstances include a significant adverse change in the manner in which an asset group is being used, current operating losses combined with a history of operating losses experienced by the asset group or a current expectation that an asset group 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 group from the future undiscounted cash flows expected to result from the use and eventual disposition of the asset group. 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 group exceeds its fair value. The fair value of an asset group 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. Effective September 30, 2001, the beginning of the Partnership's 2002 fiscal year, the Partnership elected to early adopt the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). As a result of the adoption of SFAS 142, goodwill is no longer amortized to expense, rather 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 either (i) a market value approach taking into consideration the quoted market price of Common Units; or (ii) 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.

OTHER INTANGIBLE ASSETS. Other intangible assets consist primarily of non-compete agreements which are amortized under the straight-line method over the periods of the related agreements, ending periodically between fiscal years 2004 and 2011.

ACCRUED INSURANCE. Accrued insurance represents the estimated costs of known and anticipated or unasserted claims under the Partnership's 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 claim, the Partnership records a self-insurance provision up to the estimated amount of the probable claim or the amount of the deductible, whichever is lower, utilizing actuarially determined loss

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development factors applied to actual claims data. Claims are generally settled within 5 years of origination.

INCOME TAXES. As discussed in Note 1, the Partnership Entities consist of two limited partnerships, the Partnership and the Operating Partnership, and five corporate entities. For federal and state income tax purposes, the earnings attributable to the Partnership and the Operating Partnership are included in the tax returns of the individual partners. As a result, no recognition of income tax expense has been 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. Accordingly, the Partnership's consolidated financial statements reflect income tax expense related to the corporate entities' earnings. Net earnings for financial statement purposes may differ significantly from taxable income reportable to 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.

UNIT-BASED COMPENSATION. The Partnership accounts for unit-based compensation in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. Upon award of restricted units under the Partnership's Restricted Unit Plan, unearned compensation equivalent to the market price of the Restricted Units on the date of grant is established as a reduction of partners' capital. The unearned compensation is amortized ratably to expense over the restricted periods. The Partnership follows the disclosure only provision of SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"). Pro forma net income and net income per Common Unit under the fair value method of accounting for Restricted Units under SFAS 123 would be the same as reported net income and net income per Common Unit.

COSTS AND EXPENSES. The cost of products sold reported in the consolidated

statements of operations represents the weighted average unit cost of propane 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 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. 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 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 the vehicle fleet, overhead and other costs of the purchasing, training and safety departments and other direct and indirect costs of 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.



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NET INCOME PER UNIT. Basic net income per Common Unit is computed by dividing net income, after deducting the General Partner's approximate 2% interest, by the weighted average number of outstanding Common Units. Diluted net income per Common Unit is computed by dividing net income, after deducting the General Partner's approximate 2% interest, by the weighted average number of outstanding Common Units and time vested Restricted Units granted under the 2000 Restricted Unit Plan. In computing diluted net income per Common Unit, weighted average units outstanding used to compute basic net income per Common Unit were increased by 136,000 units and 34,000 units for the years ended September 27, 2003 and September 28, 2002, respectively, to reflect the potential dilutive effect of the time vested Restricted Units outstanding using the treasury stock method. Net income is 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.

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 and minimum pension liability adjustments.

RECENTLY ISSUED ACCOUNTING STANDARDS. In June 2002, the Financial Accounting Standards Board (the "FASB") issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"). SFAS 146 requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan. The provisions of SFAS 146 are effective for exit or disposal activities initiated after December 31, 2002. The provisions of this standard will be applied by the Partnership on an ongoing basis, as applicable.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" ("SFAS 149"). SFAS 149 amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts. This statement is effective for contracts entered into or modified after June 30, 2003, and for hedging relationships designated after June 30, 2003. The adoption of this standard did not have a material impact on the Partnership's consolidated financial position, results of operations or cash flows.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("SFAS 150"). SFAS 150 establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). Many of these instruments were previously required to be classified as equity. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective for the Partnership's fourth quarter in fiscal 2003. The adoption of this standard did not have a material impact on the Partnership's consolidated financial position, results of operations or cash flows.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), an interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements." FIN 46 addresses consolidation by business enterprises of variable interest entities that meet certain characteristics. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to variable interest entities created before February 1, 2003 in the first fiscal year or interim period beginning after June 15, 2003. However, in October 2003, the FASB deferred the effective date for applying certain provisions

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of FIN 46 and in November 2003, issued an exposure draft which would amend certain provisions of FIN 46. As a result of the latest exposure draft, the Partnership is currently evaluating the impact, if any, that FIN 46 or any future amendment may have on its financial position and results of operations.

RECLASSIFICATIONS. Certain prior period amounts have been reclassified to conform with the current period presentation.

3. DISTRIBUTIONS OF AVAILABLE CASH

The Partnership makes distributions to its partners approximately 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 Second Amended and Restated 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. Distributions by the Partnership in an amount equal to 100% of its Available Cash will generally be made 98.29% to the Common Unitholders and 1.71% to the General Partner, subject to the payment of incentive distributions to the General Partner to the extent the quarterly distributions exceed a target distribution of $0.55 per Common Unit.

As defined in the Second Amended and Restated Partnership Agreement, the General Partner has certain Incentive Distribution Rights ("IDRs") which represent 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, 98.29% of the Available Cash is distributed to the Common Unitholders and 1.71% is distributed to the General Partner (98.11% and 1.89%, respectively, prior to the June 2003 public offering described in Note 13). With regard to the balance of quarterly distributions in excess of the $0.55 per Common Unit target distribution, 85% of the Available Cash is distributed to the Common Unitholders and 15% is distributed to the General Partner.

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 27, 2003:

<TABLE>
<CAPTION>

| | September 27, 2003 | September 28, 2002 | September 29, 2001 |
|---|---|---|---|
| <S> | <C> | <C> | <C> |
| First Quarter | $ 0.5750 | $ 0.5625 | $ 0.5375 |
| Second Quarter | 0.5750 | 0.5625 | 0.5500 |
| Third Quarter | 0.5875 | 0.5750 | 0.5500 |
| Fourth Quarter | 0.5875 | 0.5750 | 0.5625 |

</TABLE>

On October 23, 2003, the Partnership declared a quarterly distribution of $0.5875 per Common Unit, or $2.35 on an annualized basis, for the fourth quarter of fiscal 2003 that was paid on November 10, 2003 to holders of record on November 3, 2003. This quarterly distribution includes incentive distributions payable to the General Partner to the extent the quarterly distribution exceeds $0.55 per Common Unit.



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4. ADOPTION OF NEW ACCOUNTING STANDARD

Effective September 30, 2001, the beginning of the Partnership's 2002 fiscal year, the Partnership elected to early adopt the provisions of SFAS 142 which modifies the financial accounting and reporting for goodwill and other intangible assets, including the requirement that goodwill and certain intangible assets no longer be amortized. This new standard also requires a transitional impairment review for goodwill, as well as an annual impairment review, to be performed on a reporting unit basis. As a result of the adoption of SFAS 142, amortization expense for the year ended September 28, 2002 decreased by $7,416 compared to the year ended September 29, 2001 due to the lack of amortization expense related to goodwill. Aside from this change in accounting for goodwill, no other change in accounting for intangible assets was required as a result of the adoption of SFAS 142 based on the nature of the Partnership's intangible assets. In accordance with SFAS 142, the Partnership completed its annual impairment review and, as the fair values of identified reporting units exceeded the respective carrying values, goodwill was not considered impaired as of September 27, 2003 nor as of September 28, 2002.

The following table reflects the effect of the adoption of SFAS 142 on net income and net income per Common Unit as if SFAS 142 had been in effect for the periods presented:

<TABLE>
<CAPTION>

| | September 27, 2003 | September 28, 2002 | September 29, 2001 |
|---|---|---|---|
| Net income: | | | |
| <S> | <C> | <C> | <C> |
| As reported | $ 48,669 | $ 53,524 | $ 53,510 |
| Goodwill amortization | - | - | 7,416 |
| As adjusted | $ 48,669 | $ 53,524 | $ 60,926 |
| Basic net income per Common Unit: | | | |
| As reported | $ 1.87 | $ 2.12 | $ 2.14 |
| Goodwill amortization | - | - | 0.29 |
| As adjusted | $ 1.87 | $ 2.12 | $ 2.43 |
| Diluted net income per Common Unit: | | | |
| As reported | $ 1.86 | $ 2.12 | $ 2.14 |
| Goodwill amortization | - | - | 0.29 |
| As adjusted | $ 1.86 | $ 2.12 | $ 2.43 |

</TABLE>

Other intangible assets at September 27, 2003 and September 28, 2002 consist primarily of non-compete agreements with a gross carrying amount of $3,608 and $4,240, respectively, and accumulated amortization of $2,573 and $2,766, respectively. These non-compete agreements are amortized under the straight-line method over the periods of the agreements, ending periodically between fiscal years 2004 and 2011. Aggregate amortization expense related to other intangible assets for the years ended September 27, 2003, September 28, 2002 and September 29, 2001 was $423, $498 and $563, respectively.

Aggregate amortization expense related to other intangible assets for each of the five succeeding fiscal years as of September 27, 2003 is as follows: 2004 - $352; 2005 - $299; 2006 - $228; 2007 - $76 and 2008 - $40.



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For the year ended September 27, 2003, the net carrying amount of goodwill

decreased by $24 as a result of the sale of certain assets during the period.

5. SELECTED BALANCE SHEET INFORMATION

Inventories consist of the following:

| | September 27, 2003 | September 28, 2002 |
|---|---|---|
| Propane | $ 34,033 | $ 28,799 |
| Appliances | 7,477 | 7,568 |
| | $ 41,510 | $ 36,367 |

The Partnership enters into contracts to buy propane for supply purposes. Such contracts generally have one year terms subject to annual renewal, with propane costs based on market prices at the date of delivery. Property, plant and equipment consist of the following:

<TABLE>
<CAPTION>

| <S> | September 27, 2003 <C> | September 28, 2002 <C> |
|---|---|---|
| Land and improvements | $ 27,134 | $ 28,043 |
| Buildings and improvements | 59,543 | 57,245 |
| Transportation equipment | 36,677 | 46,192 |
| Storage facilities | 59,554 | 59,069 |
| Equipment, primarily tanks and cylinders | 370,494 | 362,001 |
| Computer software | 12,122 | 3,806 |
| Construction in progress | 2,531 | 11,935 |
| | 568,055 | 568,291 |
| Less: accumulated depreciation | 255,265 | 237,282 |
| | $ 312,790 | $ 331,009 |

</TABLE>

Depreciation expense for the years ended September 27, 2003, September 28, 2002 and September 29, 2001 amounted to $27,097, $27,857 and $28,517, respectively.

6. LONG-TERM BORROWINGS

Long-term borrowings consist of the following:



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<TABLE>
<CAPTION>

| <S> | September 27, 2003 <C> | September 28, 2002 <C> |
|---|---|---|
| Senior Notes, 7.54%, due June 30, 2011 | $ 340,000 | $ 382,500 |
| Senior Notes, 7.37%, due June 30, 2012 | 42,500 | 42,500 |
| Note payable, 8%, due in annual installments through 2006 | 1,322 | 1,698 |
| Amounts outstanding under Acquisition Facility of Revolving Credit Agreement | - | 46,000 |
| Other long-term liabilities | 4 | 71 |
| | 383,826 | 472,769 |
| Less: current portion | 42,911 | 88,939 |
| | $ 340,915 | $ 383,830 |

</TABLE>

On March 5, 1996, pursuant to a Senior Note Agreement (the "1996 Senior Note Agreement") the Operating Partnership issued $425,000 of Senior Notes (the "1996 Senior Notes") with an annual interest rate of 7.54%. The Operating Partnership's obligations under the 1996 Senior Note Agreement are unsecured and rank on an equal and ratable basis with the Operating Partnership's obligations under the 2002 Senior Note Agreement and the Revolving Credit Agreement discussed below. The 1996 Senior Notes will mature June 30, 2011, and require semiannual interest payments which commenced June 30, 1996. The 1996 Senior Note Agreement requires that the principal be paid in equal annual payments of $42,500 starting July 1, 2002.

Pursuant to the Partnership's intention to refinance the first annual principal

payment of $42,500, the Operating Partnership executed on April 19, 2002 a Note Purchase Agreement for the private placement of 10-year 7.37% Senior Notes due June 30, 2012 (the "2002 Senior Note Agreement"). On July 1, 2002, the Partnership received $42,500 from the issuance of the Senior Notes under the 2002 Senior Note Agreement and used the funds to pay the first annual principal payment of $42,500 due under the 1996 Senior Note Agreement. The Operating Partnership's obligations under the 2002 Senior Note Agreement are unsecured and rank on an equal and ratable basis with the Operating Partnership's obligations under the 1996 Senior Note Agreement and the Revolving Credit Agreement. Rather than refinance the second annual principal payment of $42,500 due under the 1996 Senior Note Agreement, the Partnership elected to repay this principal payment on June 30, 2003.

The Partnership's previous Revolving Credit Agreement, which provided a $75,000 working capital facility and a $50,000 acquisition facility, was scheduled to mature on May 31, 2003. On May 8, 2003, the Partnership completed the Second Amended and Restated Credit Agreement (the "Revolving Credit Agreement") which extends the previous Revolving Credit Agreement until May 31, 2006. The Revolving Credit Agreement provides a $75,000 working capital facility and an acquisition facility of $25,000. Borrowings under the Revolving Credit Agreement bear interest at a rate based upon either LIBOR plus a margin, Wachovia National Bank's prime rate or the Federal Funds rate plus 1/2 of 1%. An annual fee ranging from .375% to .50%, based upon certain financial tests, is payable quarterly whether or not borrowings occur. These terms are substantially the same as the terms under the previous Revolving Credit Agreement. In connection with the completion of the Revolving Credit Agreement, the Partnership repaid $21,000 of outstanding borrowings under the Revolving Credit Agreement. On June 19, 2003, the Partnership repaid the remaining outstanding balance of $25,000 under the Revolving Credit Agreement. As of September 27, 2003 there were no borrowings outstanding under the Revolving Credit Agreement. As of September 28, 2002, $46,000 was outstanding under the acquisition facility of the previous Revolving Credit Agreement and there were no borrowings under the working capital facility.

As of September 27, 2003, the Partnership had borrowing capacity of $75,000 under the working capital facility and $25,000 under the acquisition facility of the Revolving Credit Agreement. The weighted average interest rate associated with borrowings under the Revolving Credit Agreement was 3.42%, 3.67% and 6.98% for fiscal 2003, 2002 and 2001, respectively.



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The 1996 Senior Note Agreement, the 2002 Senior Note Agreement and the Revolving Credit Agreement contain various restrictive and affirmative covenants applicable to the Operating Partnership; including (a) maintenance of certain

financial tests, including, but not limited to, a leverage ratio less than 5.0 to 1 and an interest coverage ratio in excess of 2.50 to 1, (b) restrictions on the incurrence of additional indebtedness, and (c) restrictions on certain liens, investments, guarantees, loans, advances, payments, mergers, consolidations, distributions, sales of assets and other transactions. During December 2002, the Partnership amended the 1996 Senior Note Agreement to (i) eliminate an adjusted net worth financial test to be consistent with the 2002 Senior Note Agreement and Revolving Credit Agreement, and (ii) require a leverage ratio of less than 5.25 to 1 when the underfunded portion of the Partnership's pension obligations is used in the computation of the ratio. The Partnership was in compliance with all covenants and terms of the 1996 Senior Note Agreement, the 2002 Senior Note Agreement and the Revolving Credit Agreement as of September 27, 2003.

Debt origination costs representing the costs incurred in connection with the placement of, and the subsequent amendment to, the Partnership's Senior Notes and Revolving Credit Agreement were capitalized within other assets and are being amortized on a straight-line basis over the term of the respective debt agreements. Other assets at September 27, 2003 and September 28, 2002 include debt origination costs with a net carrying amount of $5,960 and $5,926, respectively. Aggregate amortization expense related to deferred debt origination costs included within interest expense for the years ended September 27, 2003, September 28, 2002 and September 29, 2001 was $1,291, $1,338 and $2,006, respectively.

The aggregate amounts of long-term debt maturities subsequent to September 27, 2003 are as follows: 2004 - $42,911; 2005 - $42,940; 2006 - $42,975; 2007 - $42,500; 2008 - $42,500; and, thereafter - $170,000.



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7. RESTRICTED UNIT PLANS

In November 2000, the Partnership adopted the Suburban Propane Partners, L.P. 2000 Restricted Unit Plan (the "2000 Restricted Unit Plan") which authorizes the issuance of Common Units with an aggregate value of $10,000 (487,804 Common Units valued at the initial public offering price of $20.50 per unit) to executives, managers and other employees of the Partnership. Restricted Units issued under the 2000 Restricted Unit Plan vest over time with 25% of the Common Units vesting at the end of each of the third and fourth anniversaries of the issuance date and the remaining 50% of the Common Units vesting at the end of the fifth anniversary of the issuance date. The 2000 Restricted Unit Plan

participants are not eligible to receive quarterly distributions or vote their respective Restricted Units until vested. Restrictions also limit the sale or transfer of the units during the restricted periods. The value of the Restricted Unit is established by the market price of the Common Unit at the date of grant. Restricted Units are subject to forfeiture in certain circumstances as defined in the 2000 Restricted Unit Plan.

In 1996, the Partnership adopted the 1996 Restricted Unit Award Plan (the "1996 Restricted Unit Plan") which authorized the issuance of Common Units with an aggregate value of $15,000 (731,707 Common Units valued at the initial public offering price of $20.50 per unit) to executives, managers and Elected Supervisors of the Partnership. According to the change of control provisions of the 1996 Restricted Unit Plan, all outstanding Restricted Units on the closing date of the Recapitalization in May 1999 vested and converted into Common Units. At the date of the Recapitalization, individuals who became members of the General Partner surrendered receipt of 553,896 Common Units, representing substantially all of their vested Restricted Units, in exchange for the right to participate in a new compensation deferral plan of the Partnership and the Operating Partnership (see Note 8, Compensation Deferral Plan).

Following is a summary of activity in the Restricted Unit Plans:

<TABLE>
<CAPTION>

| <S> | Units <C> | Weighted Average Grant Date Fair Value Per Unit <C> |
|---|---|---|
| OUTSTANDING SEPTEMBER 29, 2001 | 48,960 | $ 20.66 |
| Awarded | 66,298 | 26.63 |
| Forfeited | (3,272) | (20.66) |
| OUTSTANDING SEPTEMBER 28, 2002 | 111,986 | 24.19 |
| Awarded | 44,288 | 27.74 |
| Forfeited | (5,726) | (20.66) |
| OUTSTANDING SEPTEMBER 27, 2003 | 150,548 | $ 25.37 |

</TABLE>

During the years ended September 27, 2003, September 28, 2002 and September 29, 2001, the Partnership amortized $863, $603 and $228, respectively, of unearned compensation associated with the 2000 Restricted Unit Plan, net of forfeitures.

8. COMPENSATION DEFERRAL PLAN

Effective May 26, 1999, in connection with the Partnership's Recapitalization, the Partnership adopted the Compensation Deferral Plan (the "Deferral Plan") which provided for eligible employees of the Partnership to defer receipt of all or a portion of the vested Restricted Units granted under the 1996 Restricted Unit Plan in exchange for the right to participate in and receive certain payments under the Deferral Plan. The Deferral Plan also allows eligible employees to defer receipt of Common Units subsequently granted by the Partnership under the Deferral Plan. The Partnership granted Common Units under the Deferral Plan only once during fiscal 2000. The Common Units granted under the Deferral Plan and related Partnership distributions were subject to forfeiture provisions such that (a) 100% of the Common Units would be forfeited if the grantee ceased to be



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employed prior to the third anniversary of the Recapitalization, (b) 75% would be forfeited if the grantee ceased to be employed after the third anniversary but prior to the fourth anniversary of the Recapitalization and (c) 50% would be forfeited if the grantee ceased to be employed after the fourth anniversary but prior to the fifth anniversary of the Recapitalization. All forfeiture provisions lapsed in August of 2002. Upon issuance of Common Units under the Deferral Plan, unearned compensation equivalent to the market value of the Common Units at the date of grant is recorded. The unearned compensation is amortized in accordance with the Deferral Plan's forfeiture provisions. The unamortized unearned compensation value is shown as a reduction of partners' capital in the accompanying consolidated balance sheets.

Senior management of the Partnership surrendered 553,896 Common Units, at the date of the Recapitalization, into the Deferral Plan. The Partnership deposited into a trust on behalf of these individuals 553,896 Common Units. During fiscal 2000, certain members of management deferred receipt of an additional 42,925 Common Units granted under the Deferral Plan, with a fair value of $19.91 per Common Unit at the date of grant, by depositing the units into the trust.

In January 2003, in accordance with the terms of the Deferral Plan, 297,310 of the deferred units were distributed to the members of the General Partner and may now be voted and/or freely traded. Certain members of management elected to further defer receipt of their deferred units (totaling 299,511 Common Units) until January 2008. As of September 27, 2003 and September 28, 2002, there were 299,511 and 596,821 Common Units, respectively, held in trust under the Deferral Plan. The value of the Common Units deposited in the trust and the related deferred compensation liability in the amount of $5,795 and $11,567 as of

September 27, 2003 and September 28, 2002, respectively, are reflected in the accompanying condensed consolidated balance sheets as components of partners' capital. During the second quarter of fiscal 2003, the Partnership recorded a $5,772 reduction in the deferred compensation liability and a corresponding reduction in the value of Common Units held in trust, both within partners' capital, related to the value of Common Units distributed from the trust.

9. PENSION PLANS AND OTHER POSTRETIREMENT BENEFITS

DEFINED BENEFIT PLAN. 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 noncontributory defined benefit pension plan to provide for a cash balance format as compared to a final average pay format which 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/her career as compared to the final average pay format, under which a greater portion of employee benefits were earned toward the latter stages of one's career. Effective January 1, 2000, participation in the noncontributory defined benefit pension plan was limited to eligible participants in existence 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 will now receive interest credits only toward their ultimate retirement benefit.

Contributions, as needed, are made to a trust maintained by the Partnership. The trust's assets consist primarily of common stock, fixed income securities and real estate. 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 which may be determined from time to time. There were no minimum funding requirements for the defined benefit pension plan for fiscal 2003, 2002 or 2001. Recently, there has been increased scrutiny over cash balance defined benefit pension plans and resulting litigation regarding such plans sponsored by other companies. These developments may result in legislative changes impacting cash balance defined benefit pension plans in the future. While no such legislative changes have been adopted, and if adopted the impact on the Partnership's defined benefit pension plan is not certain, 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.

DEFINED CONTRIBUTION PLAN. The Partnership has a defined contribution plan covering most employees. Employer contributions and costs are a percent of the participating employees' compensation, subject to the achievement of annual performance targets of the Partnership. These contributions totaled $1,305, $947 and $4,560 for the years ended September 27, 2003, September 28, 2002 and September 29, 2001, respectively.

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS. The Partnership provides postretirement health care and life insurance benefits for certain retired employees. Partnership employees hired prior to July 1993 and that retired prior to March 1998 are eligible for such benefits if they reached a specified retirement age while working for the Partnership. Effective January 1, 2000, the Partnership terminated its postretirement benefit plan for all eligible employees retiring after March 1, 1998. All active and eligible employees who were to receive benefits under the postretirement plan subsequent to March 1, 1998, were provided a settlement by increasing their accumulated benefits under the cash balance pension plan, noted above. The Partnership does not fund its postretirement health care and life insurance benefit plans.

The following table provides a reconciliation of the changes in the benefit obligations and the fair value of the plan assets for each of the years ended September 27, 2003 and September 28, 2002 and a statement of the funded status for both years:

<TABLE>
<CAPTION>

| | Pension Benefits | | Other Postretirement Benefits | |
|---|---|---|---|---|
| | 2003 | 2002 | 2003 | 2002 |
| RECONCILIATION OF BENEFIT OBLIGATIONS: | | | | |
| <S> | <C> | <C> | <C> | <C> |
| Benefit obligation at beginning of year | $ 174,698 | $ 167,187 | $ 41,136 | $ 37,559 |
| Service cost | 629 | 4,445 | 17 | 16 |
| Interest cost | 11,376 | 11,581 | 2,641 | 2,574 |
| Actuarial loss/(gain) | 4,066 | 8,700 | (4,115) | 3,852 |
| Curtailment gain | - | (1,812) | - | - |
| Benefits paid | (16,593) | (15,403) | (2,497) | (2,865 |
| Benefit obligation at end of year | $ 174,176 | $ 174,698 | $ 37,182 | $ 41,136 |
| RECONCILIATION OF FAIR VALUE OF PLAN ASSETS: | | | | |
| Fair value of plan assets at beginning of year | $ 121,534 | $ 143,116 | $ - | $ - |
| Actual return on plan assets | 17,099 | (6,179) | - | - |

| | | | | |
|---|---|---|---|---|
| Employer contributions | 10,000 | - | 2,497 | 2,865 |
| Benefits paid | (16,593) | (15,403) | (2,497) | (2,865 |
| Fair value of plan assets at end of year | $ 132,040 | $ 121,534 | $ - | $ - |
| FUNDED STATUS: | | | | |
| Funded status at end of year | $ (42,136) | $ (53,164) | $ (37,182) | $ (41,136 |
| Unrecognized prior service cost | - | - | (2,306) | (3,026 |
| Net unrecognized actuarial losses | 80,139 | 85,077 | 3,603 | 8,060 |
| Accumulated other comprehensive (loss) | (80,139) | (85,077) | - | - |
| Accrued benefit liability | (42,136) | (53,164) | (35,885) | (36,102 |
| Less: Current portion | - | - | 2,450 | 2,818 |
| Non-current benefit liability | $ (42,136) | $ (53,164) | $ (33,435) | $ (33,284 |

</TABLE>

The funded status of the Partnership's defined benefit pension plan continues to be impacted by the turbulent capital markets affecting the market value of our pension asset portfolio and by the low interest rate environment affecting the actuarial value of the projected benefit obligations. In an effort to minimize future increases in the pension plan



<PAGE>

benefit obligations, the Partnership adopted an amendment to the defined benefit pension plan which ceased future service credits effective January 1, 2003. This amendment resulted in a curtailment gain of $1,093 included within the net periodic pension cost for the year ended September 28, 2002. Additionally, during fiscal 2003, the Partnership made a voluntary contribution of $10,000 to the plan, thereby taking proactive steps to improve the funded status of the plan and reduce the minimum pension liability.

The following table provides the components of net periodic benefit costs for the years ended September 27, 2003 and September 28, 2002:

<TABLE>
<CAPTION>

| | Pension Benefits | Other Postretirement Benefits |
|---|---|---|

| <S> | 2003 <C> | 2002 <C> | 2003 <C> | 2002 <C> |
|---|---|---|---|---|
| Service cost | $ 629 | $ 4,445 | $ 17 | $ 16 |
| Interest cost | 11,376 | 11,581 | 2,641 | 2,574 |
| Expected return on plan assets | (12,161) | (14,974) | - | - |
| Amortization of prior service cost | - | (210) | (720) | (720) |
| Curtailment gain | - | (1,093) | - | - |
| Recognized net actuarial loss | 4,066 | 1,912 | 342 | 41 |
| Net periodic benefit cost | $ 3,910 | $ 1,661 | $ 2,280 | $ 1,911 |

</TABLE>

Pension benefit expense was $113 (consisting of service cost of $5,024, interest cost of $11,034, expected return on plan assets of $15,735 and amortization of prior service cost of $210) and other postretirement benefit costs were $2,341 (consisting of service cost of $123, interest cost of $2,794, amortization of prior service cost of $721 and recognized net actuarial loss of $145) for the year ended September 29, 2001. The assumptions used in the measurement of the Partnership's benefit obligations are shown in the following table:

<TABLE>
<CAPTION>

| | Pension Benefits | | Other Postretirement Benefits | |
|---|---|---|---|---|
| <S> | September 27, 2003 <C> | September 28, 2002 <C> | September 27, 2003 <C> | September 28, 2002 <C> |
| Weighted-average discount rate | 6.00% | 6.75% | 6.00% | 6.75% |
| Average rate of compensation increase | n/a | 3.50% | - | - |
| Weighted-average expected long-term rate of return on plan assets | 7.75% | 8.50% | - | - |

</TABLE>

The following assumptions were used in the measurement of the Partnership's benefit obligations as of September 29, 2001: weighted-average discount rate of 7.25%, average rate of compensation increase of 3.50% and weighted-average expected long-term rate of return on plan assets of 9.50%. The accumulated postretirement benefit obligation was based on a 13% increase in the cost of covered health care benefits at September 27, 2003 and a 12% increase in the

cost of covered health care benefits at September 28, 2002. The 13% increase in health care costs assumed at September 27, 2003 is assumed to decrease gradually to 5.00% in fiscal 2013 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 27, 2003 by approximately $1,354 and the aggregate of service and interest components of net periodic postretirement benefit expense for the year ended September 27, 2003 by approximately $105. Decreasing the assumed health care cost trend rates by 1.0% in each year would decrease the Partnership's benefit obligation as of September 27, 2003 by approximately $1,222 and the aggregate service and interest components of net periodic postretirement benefit expense for the year ended September 27, 2003 by approximately $94.



<PAGE>

10. FINANCIAL INSTRUMENTS

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. The Partnership purchases propane at various prices that are eventually sold to its customers, exposing the Partnership to market fluctuations in the price of propane. A control environment has been established which includes policies and procedures for risk assessment and the approval, reporting and monitoring of derivative instruments and hedging activities. The Partnership closely monitors the potential impacts of commodity price changes and, where appropriate, utilizes commodity futures, forward and option contracts to hedge its commodity price risk, to protect margins and to ensure supply during periods of high demand. Derivative instruments are used to hedge a portion of the Partnership's forecasted purchases for no more than one year in the future.

SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137, SFAS No. 138 and SFAS No. 149 ("SFAS 133") requires all derivatives (with certain exceptions), whether designated in hedging relationships or not, to be recorded on the consolidated balance sheet at fair value. SFAS 133 requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges, either fair value hedges or cash flow hedges, allows a derivative's gains and losses to offset related results on the hedged item in the statement of operations, and requires that a company formally document, designate and assess the effectiveness of transactions that receive hedge accounting. Fair value hedges are derivative financial instruments that hedge the exposure to changes in the fair value of an asset or liability or an identified portion thereof attributable to a particular risk. Cash flow hedges are derivative financial instruments that hedge the exposure to variability in expected future cash flows attributable to a

particular risk.

Since March 31, 2002, the Partnership's futures and forward contracts qualify and have been designated as cash flow hedges and, as such, the effective portions of changes in the fair value of these derivative instruments are recorded in other comprehensive (loss)/income ("OCI") and are recognized in cost of products sold when the hedged item impacts earnings. As of September 27, 2003, unrealized gains on derivative instruments designated as cash flow hedges in the amount of $1,129 were included in OCI and are expected to be recognized in earnings during the next 12 months as the hedged forecasted transactions occur. However, due to the volatility of the commodities market, the corresponding value in OCI is subject to change prior to its impact on earnings.

Option contracts are not classified as hedges and, as such, changes in the fair value of these derivative instruments are recognized within operating expenses in the consolidated statement of operations as they occur. Additionally, prior to March 31, 2002, the Partnership's futures and forward contracts were not designated as cash flow hedges and the changes in fair value of these instruments were recognized in earnings as they occurred. For the year ended September 27, 2003, operating expenses included unrealized losses in the amount of $1,500 compared to unrealized gain in the amount of $5,356 for the year ended September 28, 2002, attributable to changes in the fair value of derivative instruments not designated as hedges.

CREDIT RISK. The Partnership's principal customers are residential and commercial end users of propane served by approximately 320 customer service centers in 40 states. No single customer accounted for more than 10% of revenues during fiscal 2003, 2002 or 2001 and no concentration of receivables exists at the end of fiscal 2003 or 2002.

Futures contracts are traded on and guaranteed by the New York Merchantile Exchange ("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.



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FAIR VALUE OF FINANCIAL INSTRUMENTS. The fair value of cash and cash equivalents are not materially different from their carrying amounts because of the short-term nature of these instruments. The fair value of the Revolving Credit

Agreement approximates the carrying value since the interest rates are periodically adjusted to reflect market conditions. Based on the current rates offered to the Partnership for debt of the same remaining maturities, the carrying value of the Partnership's Senior Notes approximates their fair market value.

11. 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 $24,337, $24,005 and $23,354 for the years ended September 27, 2003, September 28, 2002 and September 29, 2001, respectively.

Future minimum rental commitments under noncancelable operating lease agreements as of September 27, 2003 are as follows:

| Fiscal Year | |
|---|---|
| 2004 | $ 17,796 |
| 2005 | 12,868 |
| 2006 | 9,959 |
| 2007 | 5,860 |
| 2008 and thereafter | 6,410 |

CONTINGENCIES. 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 27, 2003 and September 28, 2002, the Partnership had accrued insurance liabilities of $28,639 and $26,969, 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.

The Partnership is subject to various federal, state and local environmental, health and safety laws and regulations. Generally, these laws impose limitations on the discharge of pollutants and establish standards for the handling of solid and hazardous wastes. These laws include the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Clean Air Act, the Occupational Safety and Health Act, the Emergency Planning and Community Right to Know Act, the Clean Water Act and comparable state statutes. CERCLA, also known as the "Superfund" law, imposes joint and several liability without regard to fault or the legality of the

original conduct on certain classes of persons that are considered to have contributed to the release or threatened release of a "hazardous substance" into the environment. Propane is not a hazardous substance within the meaning of CERCLA. However, the Partnership owns real property where such hazardous substances may exist.

Future developments, such as stricter environmental, health or safety laws and regulations thereunder, could affect Partnership operations. The Partnership anticipates that compliance with or liabilities under environmental, health and safety laws and regulations, including CERCLA, will not have a material adverse effect on the Partnership. To the extent that there are any environmental liabilities unknown to the Partnership or environmental, health or safety laws or regulations are made more stringent, there can be no assurance that the Partnership's results of operations will not be materially and adversely affected.



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12. GUARANTEES

FASB Financial Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," expands the existing disclosure requirements for guarantees and requires recognition of a liability for the fair value of guarantees issued after December 31, 2002. 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 2010. 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 $14,355. Of this amount, the fair value of residual value guarantees for operating leases entered into after December 31, 2002 was $2,067 which is reflected in other liabilities, with a corresponding amount included within other assets, in the accompanying consolidated balance sheet as of September 27, 2003.

13. PUBLIC OFFERINGS

On June 18, 2003, the Partnership sold 2,282,500 Common Units in a public offering at a price of $29.00 per Common Unit realizing proceeds of $62,879, net

of underwriting commissions and other offering expenses. On June 26, 2003, following the underwriters' full exercise of their over-allotment option, the Partnership sold an additional 342,375 Common Units at $29.00 per Common Unit, generating additional net proceeds of $9,307. The aggregate net proceeds of $72,186 were used for general partnership purposes, including working capital and the repayment of outstanding borrowings under the Revolving Credit Agreement and the second annual principal payment of $42,500 due under the 1996 Senior Note Agreement on June 30, 2003. These transactions increased the total number of Common Units outstanding to 27,256,162. As a result of the Public Offering, the combined general partner interest in the Partnership was reduced from 1.89% to 1.71% while the Common Unitholder interest in the Partnership increased from 98.11% to 98.29%.

On October 17, 2000, the Partnership sold 2,175,000 Common Units in a public offering at a price of $21.125 per Common Unit realizing proceeds of $43,500, net of underwriting commissions and other offering expenses. On November 14, 2000, following the underwriter's partial exercise of its over-allotment option, the Partnership sold an additional 177,700 Common Units at the same price, generating additional net proceeds of $3,600. The aggregate net proceeds of $47,100 were applied to reduce the Partnership's outstanding Revolving Credit Agreement borrowings. These transactions increased the total number of Common Units outstanding to 24,631,287.

14. DISCONTINUED OPERATIONS AND DISPOSITION

In line with the Partnership's strategy of divesting operations in slower growing or non-strategic markets in an effort to identify opportunities to optimize the return on assets employed, the Partnership sold nine customer service centers during fiscal 2003 for net cash proceeds of approximately $7,197. The Partnership recorded a gain on sale of approximately $2,483 during fiscal 2003 which has been accounted for within discontinued operations pursuant to SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Prior period results of operations attributable to these nine customer service centers were not significant and, as such, prior period results have not been reclassified to remove financial results from continuing operations.

On January 31, 2002, the Partnership sold its 170 million gallon propane storage facility in Hattiesburg, Mississippi, which was considered a non-strategic asset, for net cash proceeds of approximately $7,988, resulting in a gain on sale of approximately $6,768.



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15. SUBSEQUENT EVENT

On November 10, 2003, the Partnership announced that it had entered into an asset purchase agreement (the "Purchase Agreement") to acquire substantially all of the assets of Agway Energy Products, LLC, Agway Energy Services PA, Inc. and Agway Energy Services, Inc. (collectively "Agway Energy"), all of which are wholly owned subsidiaries of Agway, Inc., for total cash consideration of approximately $206,000, subject to certain purchase price adjustments. Agway, Inc. is presently a debtor-in-possession under Chapter 11 of the Bankruptcy Code pending before the United States Bankruptcy Court for the Northern District of New York. Agway Energy is not a Chapter 11 debtor. The Purchase Agreement was filed with the United States Bankruptcy Court and on November 24, 2003, the Bankruptcy Court approved Agway, Inc.'s motion to establish bid procedures for the sale. In addition, the transaction has been approved by the Partnership's Board of Supervisors. Closing on the sale under the Purchase Agreement is subject to the approval by the United States Bankruptcy Court following the conclusion of an auction process, to be conducted pursuant to the jurisdiction of the Bankruptcy Court, and is subject to regulatory approvals. The transaction will be accounted for using the purchase method of accounting.

Under the terms of the Purchase Agreement, the Partnership would purchase all of the operations of Agway Energy, including 139 distribution and sales centers primarily in New York, Pennsylvania, New Jersey and Vermont. Agway Energy, based in Syracuse, New York, markets and distributes propane, fuel oil, gasoline and diesel fuels and installs and services a wide variety of home comfort equipment, particularly in the area of heating, ventilation and air conditioning. For the year ended June 30, 2003 Agway Energy provided service to more than 400,000 customers across all lines of business and sold approximately 106.3 million gallons of propane and 356.8 million gallons of fuel oil, gasoline and diesel fuel to retail customers for residential, commercial, industrial and agricultural applications. While the Purchase Agreement has been reviewed and accepted by the Bankruptcy Court, there can be no assurance that the Partnership will ultimately be the successful bidder at the auction.



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REPORT OF INDEPENDENT AUDITORS

To the Stockholders of
Suburban Energy Services Group LLC:

In our opinion, the accompanying balance sheets present fairly, in all material respects, the financial position of Suburban Energy Services Group LLC at September 27, 2003 and September 28, 2002 in conformity with accounting principles generally accepted in the United States of America. These financial

statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheets are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheets, assessing the accounting principles used and significant estimates made by management, and evaluating the overall balance sheet presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Florham Park, NJ
October 23, 2003



<PAGE>

SUBURBAN ENERGY SERVICES GROUP LLC

BALANCE SHEETS

<TABLE>
<CAPTION>

| | September 27, 2003 | September 28, 2002 |
|---|---|---|
| ASSETS | | |
| Current assets: | | |
| <S> | <C> | <C> |
| Cash and cash equivalents | $ 2,886 | $ 4,363 |

| | | |
|---|---|---|
| Total current assets | 2,886 | 4,363 |
| Investment in Suburban Propane Partners, L.P. | 1,566,483 | 1,924,003 |
| Goodwill, net | 3,112,560 | 3,112,560 |
| Total assets | $ 4,681,929 | $ 5,040,926 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Total liabilities | - | - |
| Stockholders' equity | | |
| Common stock, $1 par value, 2,000 shares issued and outstanding | 2,000 | 2,000 |
| Additional paid in capital | 1,853,333 | 3,405,108 |
| Retained earnings | 2,826,596 | 1,633,818 |
| Total stockholders' equity | 4,681,929 | 5,040,926 |
| Total liabilities and stockholders' equity | $ 4,681,929 | $ 5,040,926 |

</TABLE>

The accompanying notes are an integral part of these balance sheets.



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SUBURBAN ENERGY SERVICES GROUP LLC

NOTES TO BALANCE SHEETS

1. ORGANIZATION,AND FORMATION

Suburban Energy Services Group LLC (the "Company") was formed on October 26, 1998 as a limited liability company pursuant to the Delaware Limited Liability Company Act. The Company was formed to purchase the general partner interests in Suburban Propane Partners, L.P. (the "Partnership") from Suburban Propane GP, Inc. (the "Former General Partner"), a wholly-owned indirect subsidiary of Millennium Chemicals Inc., and become the successor general partner. On May 26, 1999, the Company purchased a 1% general partner interest in the Partnership and

a 1.0101% general partner interest in Suburban Propane, L.P., the Operating Partnership.

The Partnership is a publicly-traded master limited partnership whose common units are listed on the New York Stock Exchange and is engaged in the retail and wholesale marketing of propane and related appliances and services. As a result of two public offerings by the Partnership on October 17, 2000 and June 18, 2003, the Company's interest in the Partnership was reduced to .701%. The Company's interest in Suburban Propane, L.P. was not affected.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING PERIOD. The Company's accounting period ends on the last Saturday nearest to September 30.

USE OF ESTIMATES. The preparation of financial statements in conformity with generally accepted accounting principles 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. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS. The Company considers all highly liquid debt 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.

INVESTMENT IN SUBURBAN PROPANE PARTNERS, L.P. As previously noted, the Company acquired a combined 2% general partner interest in the Partnership which was subsequently reduced to 1.71%. The Company accounts for its investment under the equity method of accounting whereby the Company recognizes in income its share of net income of Suburban Propane Partners, L.P. consolidated net income (loss) and reduces its investment balance to the extent of partnership distributions the Company receives from Suburban Propane Partners, L.P.

GOODWILL. Goodwill represents the excess of the purchase price for the general partner interests in the Partnership over the carrying value of the General Partner's capital account reflected on the books of Suburban Propane Partners, L.P. on the date of acquisition.

The Company tests goodwill for impairment on an annual basis using a two-step impairment test. The first step compares the fair value of the Company to the carrying value of the company. If the carrying value of the Company exceeds the fair value of the Company, a second step is performed comparing the implied fair value of the Company with the carrying amount of the Company's goodwill to determine the amount of goodwill impairment, if any. Based on the Company's annual goodwill impairment test, goodwill was not considered impaired as of September 27, 2003.

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INCOME TAXES. For Federal and state income tax purposes, the earnings and losses attributable to the Company are included in the tax returns of the individual stockholders. As a result, no recognition of income taxes has been reflected in the accompanying balance sheets.

RECENTLY ISSUED ACCOUNTING STANDARDS. In January 2003, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), an interpretation of Accounting Research Bulletin No. 51, "Consolidated Financial Statements." FIN 46 addresses consolidation by business enterprises of variable interest entities that meet certain characteristics. The consolidation requirements of FIN 46 apply immediately to variable interest entities created after January 31, 2003. The consolidation requirements apply to variable interest entities created before February 1, 2003 in the first fiscal year or interim period beginning after June 15, 2003. However, in October 2003, the FASB deferred the effective date for applying certain provisions of FIN 46 and in November 2003, issued an exposure draft which would amend certain provisions of FIN 46. As a result of the latest exposure draft, the Company is currently evaluating the impact, if any, that FIN 46 or any future amendment may have on its financial position.



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Schedule II Valuation and Qualifying Accounts - Years Ended September 27, 2003, September 28, 2002 and September 29, 2001 .......... S-2



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SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

<TABLE>
<CAPTION>

| | Balance at Beginning of Period | Charged to Costs and Expenses | Other Additions | Deductions | Balance at End of Period |
|---|---|---|---|---|---|
| YEAR ENDED SEPTEMBER 29, 2001 | | | | | |

<S>

| | <C> | <C> | <C> | <C> | <C> |
|---|---|---|---|---|---|
| Allowance for doubtful accounts | $ 2,975 | $ 5,328 | $ - | $ (4,311) | $ 3,992 |
| YEAR ENDED SEPTEMBER 28, 2002 | | | | | |
| Allowance for doubtful accounts | $ 3,992 | $ 1,147 | $ - | $ (3,245) | $ 1,894 |
| YEAR ENDED SEPTEMBER 27, 2003 | | | | | |
| Allowance for doubtful accounts | $ 1,894 | $ 3,315 | $ - | $ (2,690) | $ 2,519 |

</TABLE>

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EXHIBIT 10.27

FIRST AMENDMENT TO CREDIT AGREEMENT

THIS FIRST AMENDMENT (this "Amendment") dated as of November 4, 2003 is entered into by and among SUBURBAN PROPANE, L.P., a Delaware limited partnership (the "Borrower"), certain of the Lenders who are party to the Credit Agreement referred to below and WACHOVIA BANK, NATIONAL ASSOCIATION, as Administrative Agent (the "Administrative Agent").

Statement of Purpose

Pursuant to the Second Amended and Restated Credit Agreement dated as of May 8, 2003 (as amended, restated, supplemented or otherwise modified, the "Credit Agreement") by and among the Borrower, the lenders party thereto, the Administrative Agent, and Fleet National Bank, as Syndication Agent, the Lenders have agreed to make, and have made, certain extensions of credit to the Borrower.

The Borrower has requested that the Required Lenders (a) consent to the purchase by the Borrower of substantially all of the assets of the Sellers and certain other transactions, each as more specifically described on Annex I attached hereto and incorporated herein by reference (such transactions, collectively, the "Transactions") and (b) amend Section 11.1 of the Credit Agreement as provided herein. In addition, following the consummation of the Acquisition, the Borrower will make Restricted Payments to the Parent at such times and in such amounts as are necessary for the Parent to make payments of principal, interest and fees due on the Indebtedness incurred by the Parent in connection with the Acquisition and any renewals or refinancings of such Indebtedness (collectively, the "MLP Debt Service"). Subject to the terms and conditions set forth herein, the Required Lenders are willing to consent to the Transactions, the payment of the MLP Debt Service and the amendment to Section 11.1 of the Credit Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, such parties hereby agree as follows:

Section 1. Definitions. All capitalized terms used and not defined herein or Annex I shall have the meanings given thereto in the Credit Agreement.

Section 2. Consents and Amendment.

(a) Consent to the Transactions. Pursuant to Section 13.11 of the Credit Agreement and effective as of the date upon which the conditions specified in Section 4 hereof are satisfied, the Required Lenders hereby consent to the Transactions, notwithstanding the terms of the Credit Agreement to the contrary.

(b) Consent to the MLP Debt Service Payments. Pursuant to Section 13.11 of the Credit Agreement and effective as of the date upon which the conditions specified in Section 4 hereof are satisfied, the Required Lenders hereby consent to the Borrower making Restricted Payments to the Parent for the MLP Debt Service, notwithstanding the terms of Sections 10.6(a) or 10.7 of the Credit Agreement to the contrary; provided that all Restricted Payments, including, without

<PAGE>

limitation, such MLP Debt Service, shall remain subject to the limitations and requirements set forth in the proviso of Section 10.6 of the Credit Agreement.

(c) Amendment to Credit Agreement. Section 11.1 of the Credit Agreement (Events of Default) is hereby amended by amending and restating clause (f) of such Section as set forth below:

"(f) Indebtedness Cross-Default. The Parent, the Borrower or any of their Subsidiaries shall (i) default in the payment of any Indebtedness (other than that evidenced by the Notes or any Reimbursement Obligation; but including, without limitation, the Indebtedness evidenced by the Senior Notes or any Refinancing Notes), the aggregate outstanding amount of which Indebtedness is in excess of $10,000,000, beyond the period of grace if any, provided in the instrument or agreement under which such Indebtedness was created, or (ii) default in the observance or performance of any other agreement or condition relating to any Indebtedness (other than that evidenced by the Notes or any Reimbursement Obligation; but including, without limitation, the Indebtedness evidenced by the Senior Notes or any Refinancing Notes) the aggregate outstanding amount of which Indebtedness is in excess of $10,000,000, or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice if required, any such Indebtedness to become due prior to its stated maturity (any applicable grace period having expired)."

Section 3. Covenant of the Borrower. Notwithstanding the terms of Section 8.7 of the Credit Agreement to the contrary, the parties hereto agree that the Borrower shall have thirty (30) days following the consummation of the Transactions to comply with the terms of such Section 8.7 with respect to any new Subsidiary created in connection with the Transactions.

Section 4. Conditions of Effectiveness. This Amendment shall become effective upon the delivery to the Administrative Agent of (a) this Amendment executed by the Required Lenders and the Borrower and (b) a certificate of a Responsible Officer demonstrating compliance, on a pro forma basis after giving effect to the Transactions, with the covenants contained in Article IX of the Credit Agreement recomputed as of the last day of the most recently ended fiscal quarter of the Borrower and its Subsidiaries as if the Transactions had occurred on the first day of such period, together with the calculations demonstrating such compliance.

Section 5. Limited Effect. Except as expressly provided herein, the Credit Agreement and the Loan Documents shall remain unmodified and in full force and

effect. This Amendment shall not be deemed (a) to be a waiver of, or consent to, a modification or amendment of, any other term or condition of the Credit Agreement or any other Loan Document or (b) to prejudice any other right or rights which the Administrative Agent or the Lenders may now have or may have in the future under or in connection with the Credit Agreement or the other Loan Documents or any of the instruments or agreements referred to therein, as the same may be amended or modified from time to time. References in the Credit Agreement (including references to such Credit Agreement



<PAGE>

as amended hereby) to "this Agreement" (and indirect references such as "hereunder", "hereby", "herein", and "hereof") and in any Loan Document to the Credit Agreement shall be deemed to be references to the Credit Agreement as amended hereby.

Section 6. Representations and Warranties/No Default. By its execution hereof, the Borrower hereby certifies (a) that, prior to and immediately after giving effect to the Transactions, each of the representations and warranties set forth in the Credit Agreement and the other Loan Documents is true and correct as of the date hereof as if fully set forth herein (other than representations and warranties which speak as of a specific date, which representations and warranties shall have been true and correct as of such specific dates), (b) that the execution, delivery and performance of this Amendment have been authorized by all requisite action on the part of the Borrower and (c) that as of the date hereof and after given effect to this Amendment, no Default or Event of Default has occurred and is continuing or would result due to the consummation of the Transactions.

Section 7. Expenses. The Borrowers shall pay all reasonable out-of-pocket expenses of the Administrative Agent in connection with the preparation, execution and delivery of this Amendment, including without limitation, the reasonable fees and disbursements of counsel for the Administrative Agent.

Section 8. Governing Law. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

Section 9. Counterparts. This Amendment may be executed in separate counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

SUBURBAN PROPANE, L.P., as Borrower,
on behalf of itself and the Guarantors

By: /s/ Michael J. Dunn, Jr.
----------------------------------------
Name: Michael J. Dunn, Jr.
Title: Senior Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Administrative Agent and as Lender

By: /s/ Mark D. Weir
----------------------------------------
Name: Mark D. Weir
Title: Vice President

FLEET NATIONAL BANK,
as Syndication Agent and as Lender

By: /s/ H. Louis Bailey
----------------------------------------
Name: H. Louis Bailey
Title: Managing Director

THE BANK OF NEW YORK, as Lender

By: /s/ Ernest Fung
----------------------------------------
Name: Ernest Fung
Title: Vice President

NATIONAL CITY BANK, as Lender

By: /s/ Heather M. McIntyre
----------------------------------------
Name: Heather M. McIntyre
Title: Assistant Vice President

FIRSTRUST BANK, as Lender

By: /s/ Kent Nelson
----------------------------------------
Name: Kent Nelson
Title: Senior Vice President

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Annex I to First Amendment

Description of the Transactions

The Borrower proposes to purchase (the "Acquisition") substantially all of the assets (the "Purchased Assets") and to assume certain liabilities of Agway Energy Products, LLC, Agway Energy Services, Inc. and Agway Energy Services PA, Inc. (collectively, the "Sellers"). The purchase price for the Purchased Assets is approximately $210 million (subject to adjustment pursuant to the terms of the Asset Purchase Agreement between the Borrower and the Sellers), a portion of which will be held in escrow to fund environmental, tax and general indemnity obligations of the Sellers. The purchase price and the fees and expenses related to the Acquisition will be funded through an equity contribution to the Borrower by Suburban Propane Partners, L.P. (the "Parent"), from the proceeds of (a) a bridge facility and/or (b) the combination of an equity issuance by the Parent and a high yield offering by the Parent, which such bridge facility, high yield offering or other Indebtedness incurred by the Parent in connection with the Acquisition (i) shall not exceed the purchase price for the Purchased Assets plus the fees and expenses related to the Acquisition, (ii) shall be unsecured and (iii) shall not be guaranteed by the Borrower or any of its Subsidiaries. Following consummation of the Acquisition, the Borrower may contribute the Purchased Assets to existing or newly-created Subsidiaries of the Borrower.

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EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-104415 and 333-109714) and Form S-8 (No. 333-10197 and No. 333-72972) of our report dated October 23, 2003 relating to the financial statements and financial statement schedule, which appears in the Suburban Propane Partners, L.P.'s Annual Report on Form 10-K for the year ended September 27, 2003. We also consent to the incorporation by reference in such registration statements of our report dated October 23, 2003 on the financial statements of Suburban Energy Services Group LLC, which appears in such Annual Report on Form 10-K.

PricewaterhouseCoopers LLP
Florham Park, NJ
December 2, 2003

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EXHIBIT 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

In connection with the Annual Report of Suburban Propane Partners, L.P. (the "Partnership") on Form 10-K for the period ended September 27, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark A. Alexander, Chief Executive Officer and President of the Partnership, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

/s/ Mark A. Alexander
--------------------------------------
Mark A. Alexander
President and Chief Executive Officer
December 2, 2003

A signed original of this written statement required by Section 906 has been provided to the Partnership and will be retained by the Partnership and furnished to the Securities and Exchange Commission or its staff upon request.

This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

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EXHIBIT 32.2
------------

Certification of the Vice President and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Suburban Propane Partners, L.P. (the "Partnership") on Form 10-K for the period ended September 27, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert M. Plante, Vice President and Chief Financial Officer of the Partnership, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

/s/ Robert M. Plante

------------------------------------------

Robert M. Plante
Vice President and Chief Financial Officer
December 2, 2003

A signed original of this written statement required by Section 906 has been provided to the Partnership and will be retained by the Partnership and furnished to the Securities and Exchange Commission or its staff upon request.

This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

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EXHIBIT 31.1

Certification of the President and Chief Executive Officer Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Mark A. Alexander, certify that:

1. I have reviewed this Annual Report on Form 10-K of Suburban Propane Partners, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal

control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Supervisors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 2, 2003

/s/ MARK A. ALEXANDER
-------------------------------------
Mark A. Alexander
President and Chief Executive Officer

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EXHIBIT 31.2
------------

Certification of the Vice President and Chief Financial Officer Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Robert M. Plante, certify that:

1. I have reviewed this Annual Report on Form 10-K of Suburban Propane Partners, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the

statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Supervisors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

December 2, 2003

/s/ ROBERT M. PLANTE
-----------------------------------
Robert M. Plante
Vice President and Chief
Financial Officer

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EXHIBIT 21.1

SUBSIDIARIES OF SUBURBAN PROPANE PARTNERS, L.P.

Suburban Propane, L.P., a Delaware limited partnership

Suburban Sales & Service, Inc., a Delaware corporation

Suburban Holdings, Inc., a Delaware corporation

Gas Connection, Inc., an Oregon corporation

Suburban @ Home, Inc., a Delaware corporation

Suburban Franchising, Inc., a Nevada corporation

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-----END PRIVACY-ENHANCED MESSAGE-----

**DATE:** February 18, 2004

**SUBJECT:** A-125036
A-125125

DOCUMENT FOLDER

**TO:** Bureau of Fixed Utility Services

**FROM:** James J. McNulty, Secretary

On January 2, 2004, Agway Energy Services-PA, Inc., filed a petition to transfer the assets of Agway Energy Services-PA, Inc., to an affiliate, Suburban Natural Gas and Electricity, LLC. This was assigned to your Bureau on February 10, 2004.

The purpose of this memo is to acknowledge the name change of Suburban Natural Gas and Electricity, LLC to Agway Energy Services, LLC, and to provide the new docket number for Agway Energy Services, LLC, of A-125125.

cc: Law

ddt

DOCKETED
FEB 18 2004

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P. O. BOX 3265, HARRISBURG PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE
Secretary
717-772-7777

February 27, 2004

A-125125
A-125036F2000

SCOTT H DEBROFF, ESQUIRE
DEBROFF CONSULTING GROUP
4709 PINE RIDGE ROAD
HARRISBURG PA 17110

Dear Mr. DeBroff:

The Application of Agway Energy Services, LLC, filed in this Office on February 23, 2004, for approval to supply Natural Gas Services as a supplier of natural gas services, and a as a broker/marketer/aggregator engaged in the business of supplying natural gas services, is hereby acknowledged.

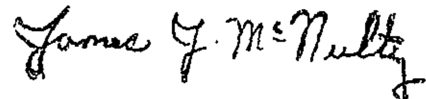
Pursuant to the Commission's Final Order, entered July 16, 1999, at M-00991249F0002, all entities wishing to engage in the business of a natural gas supplier must hold a license issued by the Commission, in order to provide services starting November 1, 1999.

The application of Agway Energy Services, LLC, will receive the attention of the Commission, and you will be advised of any further necessary procedure.

Please note that docket number A-125036F2000 represents the abandonment of Agway Energy Services-Pa, Inc.'s natural gas supplier license at A-125036. Docket number A-125125 is the docket number for Agway Energy Services, LLC.

Sincerely,

DOCUMENT
FOLDER



James J. McNulty
Secretary

JJM:ddt

cc: Janice Meola, Esquire

DOCKETED
FEB 27 2004

*COMMONWEALTH OF PENNSYLVANIA*

**DATE:** February 27, 2004

**SUBJECT:** A-125125
A-125036F2000

**TO:** Bureau of Fixed Utility Services

**FROM:** James J. McNulty, Secretary

Attached is a copy of the Application of Agway Energy Services, LLC, for a license to supply Natural Gas Services as a supplier of natural gas, broker, marketer and aggregator engaged in the business of supplying natural gas services to the public in the Commonwealth of Pennsylvania.

This matter is assigned to your Bureau for appropriate action.

Please note docket number A-125036F2000 is for the abandonment of Agway Energy Services-PA, Inc.'s natural gas supplier license. Docket number A-125125 represents Agway Energy Services, LLC's license as a natural gas supplier.

Attachment

cc: Law

ddt

DOCUMENT
FOLDER

DOCKETED
FEB 27 2004

# PENNSYLVANIA PUBLIC UTILITY COMMISSION

## RECEIPT

The addressee named here has paid the PA P.U.C. for the following bill:

DOCUMENT

DATE 3/15/2004
RECEIPT # 201807

SUBURBAN PROPANE, L.P.
240 ROUTE 10 WEST
WHIPPANY NJ 07981

DOCKETED
MAR 30 2004

IN RE: Application fees for SUBURBAN PROPANE, L.P.

Docket Number A-125125...................................... $350.00

REVENUE ACCOUNT: 001780-017601-102

CHECK NUMBER: 008700101
CHECK AMOUNT: $350.00

C. Joseph Meisinger
(for Department of Revenue)