

Suburban Propane Partners, L.P. Announces First Quarter Earnings Per Common Unit of \$0.82 and Declares Quarterly Distribution of \$0.5625 Per Common Unit

WHIPPANY, N.J., Jan. 24 [/PRNewswire-FirstCall/](#) -- Suburban Propane Partners, L.P. (NYSE: SPH), a leading marketer of propane gas and related products and services nationwide, today announced results for the first quarter of fiscal 2002 and declared its quarterly distribution of \$0.5625 per Common Unit.

Net income for the three months ended December 29, 2001 was \$20.6 million, or \$0.82 per Common Unit, compared to \$32.7 million, or \$1.33 per Common Unit, for the three months ended December 30, 2000. Earnings before interest, taxes, depreciation and amortization ("EBITDA") amounted to \$37.1 million compared to \$52.4 million for the prior year period.

Results for the first quarter of fiscal 2002 were adversely affected by unusually warm weather conditions nationwide. Temperatures during the first quarter of fiscal 2002 were 18% warmer than normal, compared to 13% colder than normal a year ago, a 27% decline year-over-year. The wide swing in temperatures was particularly felt during the latter two-thirds of the fiscal 2002 first quarter. According to the National Oceanic and Atmospheric Administration ("NOAA"), which began keeping records in 1895, this past November and December experienced some of the warmest temperatures on record.

Retail gallons sold decreased 39.9 million gallons, or 24.3%, to 124.0 million gallons in the first quarter of fiscal 2002 compared to 163.9 million gallons in the prior year period. The decrease in volume is primarily attributable to the unusually warm weather conditions mentioned above and the impact of the current economic downturn on commercial and industrial customers.

Revenues of \$181.9 million in the first quarter of fiscal 2002 were \$114.1 million, or 38.5%, below the first quarter of fiscal 2001. The decrease in revenues is principally due to the aforementioned decrease in retail volumes sold, coupled with a decrease in selling prices in line with the steep decline in product costs which began in March 2001. Partially offsetting the decline in revenues was an improvement in the average margin per retail gallon sold, reflecting continued efforts to manage product costs.

Combined operating and general and administrative expenses improved 12.9%, or \$9.6 million, to \$64.9 million in the first quarter of fiscal 2002 compared to \$74.4 million in the prior year quarter. The decrease is primarily attributable to the Partnership's ability to reduce costs amidst declining volumes resulting from management's ongoing initiatives to shift costs from fixed to variable. Operating expenses in the first quarter of fiscal 2002 include a \$2.7 million unrealized gain attributable to derivative instruments and hedging activities (FAS 133), compared to a \$1.1 million unrealized loss in the prior year quarter.

Depreciation and amortization expense decreased 20.9%, or \$2.0 million, to \$7.6 million compared to \$9.6 million in the prior year quarter as a result of the Partnership's decision in fiscal 2002 to early adopt Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets", which eliminates the requirement to amortize goodwill and certain intangible assets. On a pro forma basis, fiscal 2001 first quarter net income would have increased by \$1.9 million, or \$0.07 per Common Unit, excluding amortization expense on goodwill.

Net interest expense decreased 13.0%, or \$1.3 million, to \$8.7 million compared to \$10.0 million in the prior year quarter principally due to reductions in average amounts outstanding under the Partnership's revolving credit agreement and, to a lesser extent, lower average interest rates.

In announcing these results, President and Chief Executive Officer Mark A. Alexander said, "These results reflect the near-record warm temperatures that impacted our business for most of the quarter in all regions of the country. Our strong balance sheet, coupled with timely planning on the part of management to control our cost structure in anticipation of the warmer weather conditions, has enabled us to minimize the negative impact on our results. We are well positioned to continue to deliver increasing value for our Unitholders."

Suburban also announced its quarterly distribution of \$0.5625 per Common Unit for the three months ended December 29, 2001. The distribution will be payable on February 11, 2002 to Common Unitholders of record as of February 4, 2002. On an annual basis the distribution equates to \$2.25 per Common Unit.

Suburban Propane Partners, L.P. is a publicly traded Master Limited Partnership listed on the New York Stock Exchange. Headquartered in Whippany, New Jersey, Suburban has been in the customer service business since 1928 and is the nation's third largest propane gas marketer. The Partnership serves over 800,000 residential, commercial, industrial and agricultural customers through approximately 330 customer service centers in more than 40 states. Corporate news, unit prices and additional information about Suburban are available 24 hours a day, 7 days a week on the company's web site: <http://www.suburbanpropane.com>. To receive news releases via fax: Dial 800-758-5804 and input extension 112074.

Suburban Propane Partners, L.P. and Subsidiaries
Consolidated Statements of Operations

For the Three Months Ended December 29, 2001 and December 30, 2000

(in thousands, except per unit amounts)
(unaudited)

	Three Months Ended	
	December 29, 2001	December 30, 2000
Revenues		
Propane	\$153,856	\$268,459
Other (a)	28,008	27,469
	181,864	295,928
Costs and Expenses		
Cost of sales	79,944	169,138
Operating	57,652	66,222
General and administrative	7,207	8,206
Depreciation and amortization	7,586	9,586
	152,389	253,152
Income before interest expense and provision for income taxes	29,475	42,776
Interest expense, net	8,724	9,988
Income before provision for income taxes	20,751	32,788
Provision for income taxes	138	71
Net income	\$20,613	\$32,717
General Partner's interest in net income	\$390	\$654
Limited Partners' interest in net income	\$20,223	\$32,063
Basic and diluted net income per unit	\$0.82	\$1.33
Weighted average number of units outstanding	24,631	24,163
Pro Forma Information (b):		
Pro forma net income		\$34,571
Pro forma General Partner's interest in net income		\$691
Pro forma Limited Partners' interest in net income		\$33,880
Pro forma basic and diluted net income per unit		\$1.40
Supplemental Information:		
EBITDA (c)	\$37,061	\$52,362
Retail gallons sold	123,958	163,900

(a) Other revenues principally represent amounts generated from the sales of appliances, parts and related services.

(b) Pro forma information presents net income, General Partner's interest

in net income, Limited Partners' interest in net income and basic and diluted net income per unit reflecting the impact that the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" would have had on financial results for the first quarter of fiscal 2001 if the statement were effective at the beginning of fiscal 2001.

(c) EBITDA is defined as earnings before interest, income taxes, depreciation and amortization. EBITDA should not be considered as an

alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not in accordance with nor superior to generally accepted accounting principles but provides additional information for evaluating the Partnership's ability to distribute the Minimum Quarterly Distribution or the increased quarterly distribution.

SOURCE Suburban Propane Partners, L.P.

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