

Suburban Propane Partners, L.P. Announces Adjustment to Fiscal 2004 Earnings to Reflect a Non-Cash Pension Charge

WHIPPANY, N.J., Dec. 1 [/PRNewswire-FirstCall/](#) -- Suburban Propane Partners, L.P. (NYSE: SPH), a marketer of propane gas, fuel oil and related products and services nationwide, today announced an adjustment to previously released earnings for its fourth quarter and fiscal year ended September 25, 2004 to reflect a non-cash pension charge. Previously reported cash flow from operating activities for the fourth quarter and full year ended September 25, 2004 remains unchanged.

During the course of finalizing the Partnership's footnote disclosures to be included in the consolidated financial statements for the fiscal year ended September 25, 2004, our principal actuarial firm advised that they had made an error in the computation of pension expense for fiscal 2004. The adjustment to pension expense represents a non-cash charge required to accelerate the recognition of a portion of the cumulative unrecognized actuarial losses related to the Partnership's defined benefit pension plan as a result of a higher level of lump sum retirement benefit payments made during fiscal 2004 compared to prior years.

The effect of the adjustment is to increase fiscal 2004 pension expense for a non-cash charge of \$5.3 million, thus reducing previously reported net income for fiscal 2004 from \$59.6 million, or \$1.97 per Common Unit, to \$54.3 million, or \$1.79 per Common Unit, and increasing the fiscal 2004 fourth quarter net loss from \$28.7 million, or \$0.92 per Common Unit, to a net loss of \$34.0 million, or \$1.09 per Common Unit. The adjustment also decreases previously reported EBITDA for fiscal 2004 from \$137.2 million to \$131.9 million and increases the previously reported EBITDA loss of \$7.6 million for the fourth quarter of fiscal 2004 to a loss of \$13.0 million.

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. The Partnership serves the energy needs of approximately 1,000,000 residential, commercial, industrial and agricultural customers through more than 370 customer service centers in 30 states.

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

For the Three and Twelve Months Ended September 25, 2004 and September 27, 2003

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

	Three Months Ended September 25, 2004		Twelve Months Ended September 27, 2003	
Revenues				
Propane	\$143,694	\$108,035	\$856,109	\$680,840
Fuel oil and refined fuels	62,063	-	281,682	-
Natural gas and electricity	13,478	-	68,452	-
HVAC	23,080	9,890	92,072	46,938
All other	2,349	1,927	8,939	7,297
	244,664	119,852	1,307,254	735,075
Costs and expenses				
Cost of products sold	156,413	59,746	779,029	358,582
Operating	92,022	56,308	356,359	232,462
General and administrative	13,872	8,957	53,888	36,661
Restructuring costs	560	-	2,942	-
Pension settlement charge	5,337	-	5,337	-
Impairment of goodwill	-	-	3,177	-
Depreciation and amortization	11,114	7,030	36,743	27,520
	279,318	132,041	1,237,475	655,225

(Loss) income before and
interest expense provision

for income taxes	(34,654)	(12,189)	69,779	79,850
Interest expense, net	9,804	7,417	40,832	33,629

(Loss) income before				
provision for income taxes	(44,458)	(19,606)	28,947	46,221
Provision for income taxes	120	99	3	202
(Loss) income from				
continuing operations	(44,578)	(19,705)	28,944	46,019
Discontinued operations:				
Gain on sale of customer				
service centers	11,508	-	26,332	2,483
(Loss) income from				
discontinued customer				
service centers	(940)	(1,251)	(972)	167

Net (loss) income	\$(34,010)	\$(20,956)	\$54,304	\$48,669
General Partner's interest				
in net (loss) income	\$(1,057)	\$(562)	\$1,310	\$1,193
Limited Partners' interest				
in net (loss) income	\$(32,953)	\$(20,394)	\$52,994	\$47,476

(Loss) income from				
continuing operations per				
Common Unit - basic	\$(1.43)	\$(0.70)	\$0.96	\$1.77
Net (loss) income per				
Common Unit - basic	\$(1.09)	\$(0.75)	\$1.79	\$1.87
Weighted average number of				
Common Units outstanding				
- basic	30,257	27,256	29,599	25,359

(Loss) income from				
continuing operations per				
Common Unit - diluted	\$(1.43)	\$(0.70)	\$0.96	\$1.76
Net (loss) income per				
Common Unit - diluted	\$(1.09)	\$(0.75)	\$1.78	\$1.86
Weighted average number of				
Common Units outstanding				
- diluted	30,257	27,256	29,705	25,495

Supplemental Information:				
EBITDA (a)	\$(12,972)	\$(6,410)	\$131,882	\$110,020
Retail gallons sold:				
Propane	85,976	78,961	537,330	491,451
Fuel oil and refined fuels	47,956	-	220,469	-

(a) 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 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:

	Three Months Ended		Twelve Months Ended	
	September	September	September	September
	25, 2004	27, 2003	25, 2004	27, 2003

Net (loss) / income	\$(34,010)	\$(20,956)	\$54,304	\$48,669
Add:				

Provision for income taxes	120	99	3	202
Interest expense, net	9,804	7,417	40,832	33,629
Depreciation and amortization	11,114	7,030	36,743	27,520
EBITDA	(12,972)	(6,410)	131,882	110,020
Add / (subtract):				
Provision for income taxes	(120)	(99)	(3)	(202)
Interest expense, net	(9,804)	(7,417)	(40,832)	(33,629)
Gain on disposal of property, plant and equipment, net	(562)	(150)	(715)	(636)
Gain on sale of customer service centers	(11,508)	-	(26,332)	(2,483)
Changes in working capital and other assets and liabilities	26,795	2,453	29,065	(15,770)
Net cash (used in)/ provided by operating activities	\$(8,171)	\$(11,623)	\$93,065	\$57,300
Net cash provided by/(used in) investing activities	\$7,547	\$(4,328)	\$(196,557)	\$(4,859)
Net cash (used in)/provided by financing activities	\$(61,666)	\$(59,162)	\$141,208	\$(77,631)

SOURCE Suburban Propane Partners, L.P.

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/Company News On-Call: <http://www.prnewswire.com/comp/112074.html/>
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(SPH)

CO: Suburban Propane Partners, L.P.

ST: New Jersey

IN: OIL UTI

SU: ERN

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