Suburban Propane®

2016 ANNUAL REPORT

PARTNERSHIP PROFILE

A Master Limited Partnership since 1996, Suburban Propane Partners, L.P. (NYSE:SPH) has been in the customer service business since 1928

A value and growth-oriented company headquartered in Whippany, New Jersey, Suburban is managed for long-term, consistent performance.

Suburban is a nationwide marketer and distributor of a diverse array of energy-related products, specializing in propane, fuel oil and refined fuels, as well as marketing natural gas and electricity in deregulated markets. With approximately 3,400 full-time employees, Suburban maintains business operations in 41 states, providing dependable service to approximately 1.1 million residential, commercial, industrial and agricultural customers through 675 company-owned locations.

According to Department of Energy statistics, approximately 5 percent of U.S. households depend on propane as their primary space heating fuel and about 5 percent utilize fuel oil as their main heating fuel. Propane is an abundant, clean-burning, environmentally safe fuel with 100 percent of Suburban's supply produced in North America.

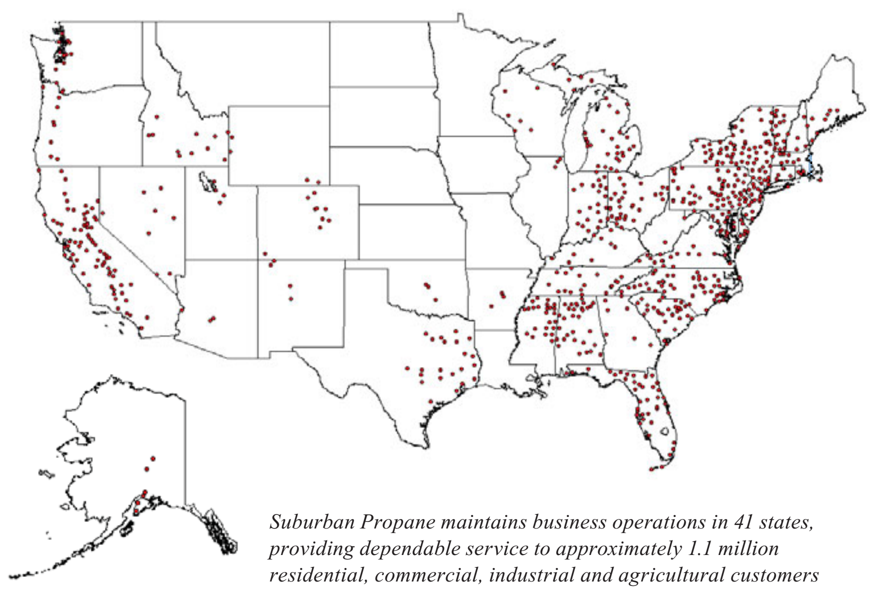
As one of the largest retail marketers of propane in the United States, Suburban had retail propane sales of 414.8 million gallons in fiscal 2016. In addition, Suburban sold 30.9 million gallons of fuel oil and other refined fuels.

It is the mission of Suburban Propane to:

Serve our customers, employees and communities by maintaining the highest level of safety standards, ethical principles, satisfaction and total value in all that we do.

Key Investment Considerations

- **Attractive tax-advantaged current yield**
- **Consistent track record of cash distributions**
- **Investor-friendly partnership structure**
  - MLP is controlled by unitholders through independently elected Board of Supervisors
  - No incentive distribution rights (IDRs)
  - Low relative cost of capital
- **Leading propane MLP with relatively stable cash flows**
  - Diversity of geography and customer base
  - Flexible cost structure
- **Strong financial position** and balanced approach to distribution policy
- **Experienced and proven management team**



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UNITED STATES
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 24, 2016

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

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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ 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. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒		Accelerated filer	☐
Non-accelerated filer	☐	(do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes ☐ No ☒

The aggregate market value as of March 26, 2016 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 ($30.01 per unit), was approximately $1,823,192,000.

Documents Incorporated by Reference: None

Total number of pages (excluding Exhibits): 120

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

INDEX TO ANNUAL REPORT ON FORM 10-K

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, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, relating to future business expectations and predictions and financial condition and results of operations of Suburban Propane Partners, L.P. (the "Partnership"). 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 (statements contained in this Annual Report identifying such risks and uncertainties are referred to as "Cautionary Statements"). The risks and uncertainties and their impact on the Partnership's results include, but are not limited to, the following risks:

- The impact of weather conditions on the demand for propane, fuel oil and other refined fuels, natural gas and electricity;
- Volatility in the unit cost of propane, fuel oil and other refined fuels, natural gas and electricity, the impact of the Partnership's hedging and risk management activities, and the adverse impact of price increases on volumes sold as a result of customer conservation;
- The ability of the Partnership to compete with other suppliers of propane, fuel oil and other energy sources;
- The impact on the price and supply of propane, fuel oil and other refined fuels from the political, military or economic instability of the oil producing nations, global terrorism and other general economic conditions;
- The ability of the Partnership to acquire sufficient volumes of, and the costs to the Partnership of acquiring, transporting and storing, propane, fuel oil and other refined fuels;
- The ability of the Partnership to acquire and maintain reliable transportation for its propane, fuel oil and other refined fuels;
- The ability of the Partnership to retain customers or acquire new customers;
- The impact of customer conservation, energy efficiency and technology advances on the demand for propane, fuel oil and other refined fuels, natural gas and electricity;
- The ability of management to continue to control expenses;
- The impact of changes in applicable statutes and government regulations, or their interpretations, including those relating to the environment and climate change, derivative instruments and other regulatory developments on the Partnership's business;
- The impact of changes in tax laws that could adversely affect the tax treatment of the Partnership for income tax purposes;
- The impact of legal proceedings on the Partnership's business;
- The impact of operating hazards that could adversely affect the Partnership's operating results to the extent not covered by insurance;
- The Partnership's ability to make strategic acquisitions and successfully integrate them;
- The impact of current conditions in the global capital and credit markets, and general economic pressures;
- The operating, legal and regulatory risks the Partnership may face; and
- Other risks referenced from time to time in filings with the Securities and Exchange Commission ("SEC") and those factors listed or incorporated by reference into this Annual Report under "Risk Factors."

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 with the SEC, press releases or oral statements made by or with the approval of one of the Partnership's authorized executive officers. Readers are cautioned not to place undue reliance on Forward-Looking Statements, which reflect management's view only as of the date made. The Partnership undertakes no obligation to update any Forward-Looking Statement or Cautionary Statement, except as required by law. 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. For a more complete discussion of specific factors which could cause actual results to differ from those in the Forward-Looking Statements or Cautionary Statements, see "Risk Factors" in this Annual Report.

PART I

ITEM 1. BUSINESS

Development of Business

Suburban Propane Partners, L.P. (the "Partnership"), a publicly traded Delaware limited partnership, is a nationwide marketer and distributor of a diverse array of products meeting the energy needs of our customers. We specialize in the distribution of propane, fuel oil and refined fuels, as well as the marketing of natural gas and electricity in deregulated markets. In support of our core marketing and distribution operations, we install and service a variety of home comfort equipment, particularly in the areas of heating and ventilation. We believe, based on *LP/Gas Magazine* dated February 2016, that we are the third largest retail marketer of propane in the United States, measured by retail gallons sold in the calendar year 2015. As of September 24, 2016, we were serving the energy needs of approximately 1.1 million residential, commercial, industrial and agricultural customers through 675 locations in 41 states with operations principally concentrated in the east and west coast regions of the United States, as well as portions of the midwest region of the United States and Alaska. We sold approximately 414.8 million gallons of propane and 30.9 million gallons of fuel oil and refined fuels to retail customers during the year ended September 24, 2016. Together with our predecessor companies, we have been continuously engaged in the retail propane business since 1928.

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

On August 1, 2012 (the "Acquisition Date"), we acquired the sole membership interest in Inergy Propane, LLC, including certain wholly-owned subsidiaries of Inergy Propane LLC, and the assets of Inergy Sales and Service, Inc. (the "Inergy Propane Acquisition"). The acquired interests and assets are collectively referred to as "Inergy Propane." As of the Acquisition Date, Inergy Propane consisted of the former retail propane assets and operations, as well as the assets and operations of the refined fuels business, of Inergy, L.P. ("Inergy"), a publicly traded limited partnership at the time of the acquisition. On the Acquisition Date, Inergy Propane and its remaining wholly-owned subsidiaries which we acquired in the Inergy Propane Acquisition became subsidiaries of our Operating Partnership, but were merged into the Operating Partnership on April 30, 2013. The results of operations of Inergy Propane are included in the Partnership's results of operations beginning on the Acquisition Date.

Direct and indirect subsidiaries of the Operating Partnership include Suburban Heating Oil Partners, LLC, which owns and operates the assets of our fuel oil and refined fuels business; Agway Energy Services, LLC, which owns and operates the assets of our natural gas and electricity business; and Suburban Sales and Service, Inc., which conducts a portion of our service work and appliance and parts business. Our fuel oil and refined fuels, natural gas and electricity and services businesses are structured as either limited liability companies that are treated as corporations or corporate entities (collectively referred to as "Corporate Entities") and, as such, are subject to corporate level income tax.

Suburban Energy Finance Corp., a direct 100%-owned subsidiary of the Partnership, was formed on November 26, 2003 to serve as co-issuer, jointly and severally with the Partnership, of the Partnership's senior notes. Suburban Energy Finance Corp. has nominal assets and conducts no business operations.

In this Annual Report, unless otherwise indicated, the terms "Partnership," "Suburban," "we," "us," and "our" are used to refer to Suburban Propane Partners, L.P. and its consolidated subsidiaries, including the Operating Partnership. The Partnership and the Operating Partnership commenced operations in March 1996 in connection with the Partnership's initial public offering of Common Units.

We currently file Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and current reports on Form 8-K with the SEC. You may read and receive copies of any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You 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 an information request link from our website at www.suburbanpropane.com, we will provide, without charge, copies of our Annual Report on Form 10-K for the year ended September 24, 2016, 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 SEC. Requests should be directed to: Suburban Propane Partners, L.P., Investor Relations, P.O. Box 206, Whippany, New Jersey 07981-0206. The information contained on our website is not included as part of, or incorporated by reference into, this Annual Report on Form 10-K.

Our 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 steady or increased quarterly distributions. The following are key elements of our strategy:

Internal Focus on Driving Operating Efficiencies, Right-Sizing Our Cost Structure and Enhancing Our Customer Mix. We focus internally on improving the efficiency of our existing operations, managing our cost structure and improving our customer mix. Through investments in our technology infrastructure, we continue to seek to improve operating efficiencies and the return on assets employed. We have developed a streamlined operating footprint and management structure to facilitate effective resource planning and decision making. Our internal efforts are particularly focused in the areas of route optimization, forecasting customer usage, inventory control, cash management and customer tracking. We will continue to pursue operational efficiencies while staying focused on providing exceptional service to our customer base. Our systems platform is advanced and scalable and we will seek to leverage that technology for enhanced routing, forecasting and customer relationship management.

Growing Our Customer Base by Improving Customer Retention and Acquiring New Customers. We set clear objectives to focus our employees on seeking new customers and retaining existing customers by providing highly responsive customer service. We believe that customer satisfaction is a critical factor in the growth and success of our operations. ***"Our Business is Customer Satisfaction"*** is one of our core operating philosophies. We measure and reward our customer service centers based on a combination of profitability of the individual customer service center and net customer growth. We have made investments in training our people both on techniques to provide exceptional customer service to our existing customer base, as well as advanced sales training focused on growing our customer base.

Selective Acquisitions of Complementary Businesses or Assets. Externally, we seek to extend our presence or diversify our product offerings through selective acquisitions. Our acquisition strategy is to focus on businesses with a relatively steady cash flow that will extend our presence in strategically attractive markets, complement our existing business segments or provide an opportunity to diversify our operations. We are very patient and deliberate in evaluating acquisition candidates.

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

Business Segments

We manage and evaluate our operations in four operating segments, three of which are reportable segments: Propane, Fuel Oil and Refined Fuels and Natural Gas and Electricity. These business segments are described below. See the Notes to the Consolidated Financial Statements included in this Annual Report for financial information about our business segments.

Propane

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. Propane use falls into three broad categories:

- residential and commercial applications;
- industrial applications; and
- 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 to 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. It 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, propane becomes a flammable gas that is colorless and odorless, although an odorant is added to allow its detection. Propane is clean burning and, when consumed, produces only negligible amounts of pollutants.

Product Distribution and Marketing

We distribute propane through a nationwide retail distribution network consisting of approximately 660 locations in 41 states as of September 24, 2016. Our operations are principally concentrated in the east and west coast regions of the United States, as well as portions of the midwest region of the United States and Alaska. As of September 24, 2016, we serviced approximately 942,000 propane customers. Typically, our customer service centers are located in suburban and rural areas where natural gas is not readily available. Generally, these customer service centers 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 through an automatic delivery system. These deliveries are scheduled through proprietary computer technology, based upon each customer's historical consumption patterns and prevailing weather conditions. Additionally, we offer our customers a budget payment plan whereby the customer's estimated annual propane purchases and service contracts are paid for in a series of estimated equal monthly payments over a twelve-month period. From our customer service centers, we also sell, install and service equipment to customers who purchase propane from us including heating and cooking appliances 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 95% of the propane gallons sold by us in fiscal 2016 were to retail customers: 45% to residential customers, 27% to commercial customers, 9% to industrial customers, 5% to agricultural customers and 14% to other retail users. The balance of approximately 5% of the propane gallons sold by us in fiscal 2016 was for risk management activities and wholesale customers. No single customer accounted for 10% or more of our propane revenues during fiscal 2016.

Retail deliveries of propane are usually made to customers by means of bobtail and rack trucks. Propane is pumped from bobtail trucks, which have capacities typically ranging from 2,400 gallons to 3,500 gallons of propane, into a stationary storage tank on the customers' 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. As is common in the propane industry, we own a significant portion of the storage tanks located on our customers' premises. 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 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 delivery requirements, and large agricultural accounts that use propane for crop drying.

Supply

Our propane supply is purchased from approximately 40 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, and 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. Propane is generally transported from refineries, pipeline terminals, storage facilities (including our storage facility in Elk Grove, California) and coastal terminals to our customer service centers by a combination of common carriers, owner-operators and railroad tank cars. See Item 2 of this Annual Report.

Historically, supplies of propane have been readily available from our supply sources. However, during the fiscal 2014 heating season, we were adversely affected by supply constraints resulting from industry-wide supply shortages and logistics issues involving propane transportation sourcing and costs. Nevertheless, through relationships with our suppliers and extraordinary efforts by our supply and logistics personnel, we were able to effectively manage the challenging environment in fiscal 2014 without a material disruption in supply. Such supply shortages and logistics issues were not repeated during fiscal 2015 or fiscal 2016. 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 2017. During fiscal 2016, Crestwood Equity Partners L.P. ("Crestwood"), Targa Liquids Marketing and Trade LLC ("Targa"), Enterprise Products Partners L.P. ("Enterprise") and Phillips 66 Company ("Phillips") provided approximately 19%, 14%, 13% and 10% of our total propane purchases, respectively. No other single supplier accounted for more than 10% of our propane purchases in fiscal 2016. The availability of our propane supply is dependent on several factors, including the severity of winter weather, the magnitude of competing demands for available supply (e.g., crop drying and exports), the availability of transportation and storage infrastructure and the price and availability of competing fuels, such as natural gas and fuel oil. We believe that if supplies from Crestwood, Enterprise, Targa or Phillips 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 and transporting such propane might be higher and, at least on a short-term basis, our margins could be affected. Approximately 91% of our total propane purchases were from domestic suppliers in fiscal 2016.

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 forward and option contracts with various third parties to purchase and sell propane at fixed prices in the future. These activities are monitored by our senior management through enforcement of our Hedging and Risk Management Policy. See Items 7 and 7A of this Annual Report.

We own and operate a large propane storage facility in Elk Grove, California. We also operate smaller storage facilities in other locations and have rights to use storage facilities in additional locations. These storage facilities enable us to buy and store large quantities of propane particularly during periods of low demand, 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. As of September 24, 2016, the majority of the storage capacity at our facility in Elk Grove, California was leased to third parties.

Competition

According to the US Census Bureau's 2015 American Community Survey, propane ranks as the fourth most important source of residential energy in the nation, with about 5% of all households using propane as their primary space heating fuel. This level has not changed materially over the previous two decades. As an energy source, propane competes primarily with natural gas, electricity 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 ("BTU") basis in locations serviced by natural gas, but it is an alternative or supplement 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 extension of natural gas pipelines to previously unserved geographic areas tends to displace propane distribution in those areas, we believe new opportunities for propane sales may arise as new neighborhoods are developed in geographically remote areas. However, over the last few years, fewer new housing developments have been started in our service areas as a result of recent economic circumstances. The increasing availability of natural gas extracted from shale deposits in the United States may accelerate the extension of natural gas pipelines in the future.

Propane has some relative advantages over other energy sources. For example, in certain geographic areas, propane is generally less expensive to use than electricity for space heating, water heating, clothes drying and cooking. Utilization of fuel oil is geographically limited (primarily in the northeast), and even in that region, propane and fuel oil are not significant competitors because of the cost of converting from one to the other.

In addition to competing with suppliers of other energy sources, our propane operations compete with other retail propane distributors. The retail propane industry is highly fragmented and competition 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 *2014 Sales of Natural Gas Liquids and Liquefied Refinery Gases*, as published by the American Petroleum Institute in January 2016, and *LP/Gas Magazine* dated February 2016, the ten largest retailers, including us, account for approximately 36% of the total retail sales of propane in the United States. 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 areas the marketing radius may be extended by one or more satellite offices. Most of our customer service centers compete with five or more marketers or distributors.

Fuel Oil and Refined Fuels

Product Distribution and Marketing

We market and distribute fuel oil, kerosene, diesel fuel and gasoline to approximately 48,000 residential and commercial customers primarily in the northeast region of the United States. Sales of fuel oil and refined fuels for fiscal 2016 amounted to 30.9 million gallons. Approximately 66% of the fuel oil and refined fuels gallons sold by us in fiscal 2016 were to residential customers, principally for home heating, 7% were to commercial customers, and 6% to other users. Sales of diesel and gasoline accounted for the remaining 21% of total volumes sold in this segment during fiscal 2016. Fuel oil has a more limited use, compared to propane, and is used almost exclusively for space and water heating in residential and commercial buildings. We sell diesel fuel and gasoline to commercial and industrial customers for use primarily to operate motor vehicles.

Approximately 45% of our fuel oil customers receive their fuel oil under an automatic delivery system. These deliveries are scheduled through proprietary computer technology, based upon each customer's historical consumption patterns and prevailing weather conditions. Additionally, we offer our customers a budget payment plan whereby the customer's estimated annual fuel oil purchases are paid for in a series of estimated equal monthly payments over a twelve-month period. From our customer service centers, we also sell, install and service equipment to customers who purchase fuel oil from us including heating appliances.

Deliveries of fuel oil are usually made to customers by means of tankwagon trucks, which have capacities ranging from 2,500 gallons to 3,000 gallons. Fuel oil is pumped from the tankwagon truck into a stationary storage tank that is located on the customer's premises, which is owned by the customer. The capacity of customer storage tanks ranges from approximately 275 gallons to approximately 1,000 gallons. No single customer accounted for 10% or more of our fuel oil revenues during fiscal 2016.

Supply

We obtain fuel oil and other refined fuels in pipeline, truckload or tankwagon quantities, and have contracts with certain pipeline and terminal operators for the right to temporarily store fuel oil at 14 terminal facilities we do not own. We have arrangements with certain suppliers of fuel oil, which provide open access to fuel oil at specific terminals throughout the northeast. Additionally, a portion of our purchases of fuel oil are made at local wholesale terminal racks. In most cases, the supply contracts do not establish the price of fuel oil in advance; rather, prices are typically established based upon market prices at the time of delivery plus or minus a differential for transportation and volume discounts. We purchase fuel oil from approximately 30 suppliers at approximately 50 supply points. While fuel oil supply is more susceptible to longer periods of supply constraint than propane, we believe that our supply arrangements will provide us with sufficient supply sources. Although we make no assurance regarding the availability of supplies of fuel oil in the future, we currently expect to be able to secure adequate supplies during fiscal 2017.

Competition

The fuel oil industry is a mature industry with total demand expected to remain relatively flat to moderately declining. The fuel oil industry is highly fragmented, characterized by a large number of relatively small, independently owned and operated local distributors. We compete with other fuel oil distributors offering a broad range of services and prices, from full service distributors to those that solely offer the delivery service. We have developed a wide range of sales programs and service offerings for our fuel oil customer base in an attempt to be viewed as a full service energy provider and to build customer loyalty. For instance, like most companies in the fuel oil business, we provide home heating equipment repair service to our fuel oil customers on a 24-hour a day basis. The fuel oil business unit also competes for retail customers with suppliers of alternative energy sources, principally natural gas, propane and electricity.

Natural Gas and Electricity

We market natural gas and electricity through our 100%-owned subsidiary, Agway Energy Services, LLC ("AES"), in the deregulated markets of New York and Pennsylvania primarily to residential and small commercial customers. Historically, local utility companies provided their customers with all three aspects of electric and natural gas service: generation, transmission and distribution. However, under deregulation, public utility commissions in several states are licensing energy service companies, such as AES, to act as alternative suppliers of the commodity to end consumers. In essence, we make arrangements for the supply of electricity or natural gas to specific delivery points. The local utility companies continue to distribute electricity and natural gas on their distribution systems. The business strategy of this segment is to expand its market share by concentrating on growth in the customer base and expansion into other deregulated markets that are considered strategic markets.

We serve approximately 80,000 natural gas and electricity customers in New York and Pennsylvania. During fiscal 2016, we sold approximately 2.8 million dekatherms of natural gas and 443.3 million kilowatt hours of electricity through the natural gas and electricity segment. Approximately 86% of our customers were residential households and the remainder were small commercial and industrial customers. New accounts are obtained through numerous marketing and advertising programs, including telemarketing and direct mail initiatives. Most local utility companies have established billing service arrangements whereby customers receive a single bill from the local utility company which includes distribution charges from the local utility company, as well as product charges for the amount of natural gas or electricity provided by AES and utilized by the customer. We have arrangements with several local utility companies that provide billing and collection services for a fee. Under these arrangements, we are paid by the local utility company for all or a portion of customer billings after a specified number of days following the customer billing with no further recourse to AES.

Supply of natural gas is arranged through annual supply agreements with major national wholesale suppliers. Pricing under the annual natural gas supply contracts is based on posted market prices at the time of delivery, and some contracts include a pricing formula that typically is based on prevailing market prices. The majority of our electricity requirements are purchased through the New York Independent System Operator ("NYISO") under an annual supply agreement, as well as purchase arrangements through other national wholesale suppliers on the open market. Electricity pricing under the NYISO agreement is based on local market indices at the time of delivery. Competition is primarily with local utility companies, as well as other marketers of natural gas and electricity providing similar alternatives as AES.

All Other

We sell, install and service various types of whole-house heating products, air cleaners, humidifiers and space heaters to the customers of our propane, fuel oil, natural gas and electricity businesses. Our supply needs are filled through supply arrangements with several large regional equipment manufacturers and distribution companies. Competition in this business segment is primarily with small, local heating and ventilation providers and contractors, as well as, to a lesser extent, other regional service providers. The focus of our ongoing service offerings are in support of the service needs of our existing customer base within our propane, refined fuels and natural gas and electricity business segments. Additionally, we have entered into arrangements with third-party service providers to complement and, in certain instances, supplement our existing service capabilities.

Seasonality

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

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

Trademarks and Tradenames

We utilize a variety of trademarks and tradenames owned by us, including "Suburban Propane." 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 and services.

Government Regulation; Environmental, Health 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 hazardous materials and pollutants and establish standards for the handling, transportation, treatment, storage and disposal of solid and hazardous wastes and can require the investigation, cleanup or monitoring 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, whereas some constituents contained in fuel oil are considered hazardous substances. We own real property at locations where such hazardous substances may be or may have been present as a result of prior activities.

We expect that we will be required to expend funds to participate in the remediation of certain sites, including sites where we have been designated as a potentially responsible party under CERCLA or comparable state statutes and at sites with aboveground and underground fuel storage tanks. We will also incur other expenses associated with environmental compliance. We continually monitor our operations with respect to potential environmental issues, including changes in legal requirements and remediation technologies.

Through an acquisition in fiscal 2004, and in the Inergy Propane Acquisition, we acquired certain properties with either known or probable environmental exposure, some of which are currently in varying stages of investigation, remediation or monitoring. Additionally, certain of the active sites acquired contained environmental conditions which required further investigation, future remediation or ongoing monitoring activities. The environmental exposures included instances of soil, groundwater and/or other impacts associated with the handling and storage of fuel oil, gasoline and diesel fuel. With respect to certain of the properties acquired in the Inergy Propane Acquisition, Inergy (now known as Crestwood Equity Partners LP) is contractually obligated to indemnify us for the costs associated with the investigation, monitoring, remediation and/or resolution of identified conditions. As of September 24, 2016, we had accrued environmental liabilities of $0.6 million representing the total estimated future liability for remediation and monitoring of all of our properties.

Estimating the extent of our responsibility at a particular site, and the method and ultimate cost of remediation and monitoring of that site, requires making numerous assumptions. As a result, the ultimate cost to remediate and monitor any site may differ from current estimates, and will depend, in part, on whether there is additional contamination, not currently known to us, at that site. However, we believe that our past experience provides a reasonable basis for estimating these liabilities. As additional information becomes available, estimates are adjusted as necessary. While we do not anticipate that any such adjustment would be material to our financial statements, the result of ongoing or future environmental studies or other factors could alter this expectation and require recording additional liabilities. We currently cannot determine whether we will incur additional liabilities or the extent or amount of any such liabilities, or the extent to which such additional liabilities would be subject to the contractual indemnification of Inergy.

National Fire Protection Association ("NFPA") Pamphlet Nos. 54 and 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 for propane storage, distribution and equipment installation and operation 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.

NFPA Pamphlet Nos. 30, 30A, 31, 385 and 395, which establish rules and procedures governing the safe handling of distillates (fuel oil, kerosene and diesel fuel) and gasoline, or comparable regulations, have been adopted, in whole, in part or with state addenda, as the industry standard for fuel oil, kerosene, diesel fuel and gasoline storage, distribution and equipment installation and operation in all of the states in which we sell those products. In some states these laws are administered by state agencies and in others they are administered on a municipal level.

With respect to the transportation of propane, distillates and gasoline by truck, we are subject to regulations promulgated under various Federal statutes, including the Federal Motor Carrier Safety Improvement Act and the Hazardous Materials Transportation Act. These laws and regulations cover the transportation of hazardous materials and are administered, respectively, by the Federal Motor Carrier Safety Administration and the Pipeline and Hazardous Materials Safety Administration of the United States Department of Transportation ("DOT"), or similar state agencies. We conduct ongoing training programs to help ensure that our operations are in compliance with these and other applicable safety laws and regulations. We maintain various permits that are necessary to operate our facilities, some of which may be material to our operations. In compliance with the DOT's pipeline safety regulations for "jurisdictional" propane systems that serve multiple customers, we provide training and written instruction for our employees, provide customers with periodic awareness notices and safety information, have established written procedures to minimize the hazards resulting from gas pipeline emergencies and keep records of inspections. We believe that the procedures currently in effect at all of our facilities are in compliance, in all material respects, with applicable laws and regulations concerning the handling, storage, transportation and distribution of propane, distillates and gasoline.

Our operations are subject to workplace safety standards under the Federal Occupational Safety and Health Act of 1970 (OSHA) and comparable state laws that regulate the protection of worker health and safety. Compliance with these standards is monitored through required workplace injury and illness recordkeeping, and reporting. We believe that our operations are in compliance, in all material respects, with applicable worker health and safety standards. We are also subject to laws and regulations governing the security of hazardous materials, including propane, under the Federal Homeland Security Act of 2002, as administered by the Department of Homeland Security ("DHS"). The DHS promulgated the Chemical Facility Anti-Terrorism Standards ("CFATS") regulation to identify and secure chemical facilities that present the greatest security risk using a risk-based tiering structure. We have a number of facilities registered with the DHS. As a result of the CFATS Act of 2014, the DHS developed a revised tiering methodology for chemical facilities. We will be required to submit revised Top Screen applications for all of our facilities over the upcoming months. Should the number of our regulated facilities increase, we could incur additional costs for enhanced physical security measures. We currently cannot determine the extent of such additional costs, if any, that may be required.

In December 2009, the U.S. Environmental Protection Agency ("EPA") issued an "Endangerment Finding" under the Clean Air Act, determining that emissions of carbon dioxide, methane and other greenhouse gases ("GHGs") present an endangerment to public health and the environment because emissions of such gases may be contributing to warming of the earth's atmosphere and other climatic changes. Based on these findings, the EPA has begun adopting and implementing regulations to restrict emissions of GHGs and require reporting by certain regulated facilities on an annual basis. The EPA's authority to regulate GHGs has been upheld by the U.S. Supreme Court.

Both Houses of the United States Congress also have considered adopting legislation to reduce emissions of GHGs. Although Congress has not yet enacted federal climate change legislation, numerous states and municipalities have adopted laws and policies on climate change.

The adoption of federal, state or local climate change legislation or regulatory programs to reduce emissions of GHGs could require us to incur increased capital and operating costs, with resulting impact on product price and demand. We cannot predict whether or in what form climate change legislation provisions and renewable energy standards may be enacted. In addition, a possible consequence of climate change is increased volatility in seasonal temperatures. It is difficult to predict how the market for our fuels would be affected by increased temperature volatility, although if there is an overall trend of warmer temperatures, it could adversely affect our business.

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, as currently in effect and applicable to known sites will have a material adverse effect on our financial condition or results of operations. To the extent we discover any environmental liabilities presently unknown to us or environmental, health or safety laws or regulations are made more stringent, however, there can be no assurance that our financial condition or results of operations will not be materially and adversely affected.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") significantly increased regulation of, and restrictions on, derivative transactions to include certain instruments used by the Partnership for risk management activities.

Pursuant to the Dodd-Frank Act, the Commodity Futures Trading Commission (the "CFTC") and the SEC have implemented, and continue to promulgate, rules and regulations relating to, among other things, swaps, participants in the derivatives markets, clearing of swaps and reporting of swap transactions. In general, the Dodd-Frank Act subjects swap transactions and participants to greater regulation and supervision by the CFTC and the SEC and requires, or will require, many swaps to be cleared through a registered CFTC- or SEC-clearing facility and executed on a designated exchange or swap execution facility.

We are subject to certain regulatory requirements as a result of the Dodd-Frank Act and the implementing regulations and may be indirectly affected by regulatory requirements imposed on our derivatives counterparties. Transactional, margin, capital, recordkeeping, reporting, clearing and other requirements may increase our operational and transactional cost of entering into and maintaining derivatives contracts and may adversely affect the number and/or creditworthiness of derivatives counterparties available to us. If we were to reduce our use of derivatives as a result of regulatory burdens or otherwise, our results of operations could become more volatile and our cash flow could be less predictable.

Many of the states in which we do business have passed laws prohibiting "unfair or deceptive practices" in transactions between consumers and sellers of products used for residential purposes, which give the Attorney General or other officials of that state the authority to investigate alleged violations of those laws. From time to time, we receive inquiries or requests for additional information under these laws from the offices of Attorneys General or other government officials in connection with the sale of our products to residential customers. Based on information to date, and because our policies and business practices are designed to comply with all applicable laws, we do not believe that the costs or liabilities associated with such inquiries or requests will result in a material adverse effect on our financial condition or results of operations; however, there can be no assurance that our financial condition or results of operations may not be materially and adversely affected as a result of current or future government investigations or civil litigation derived therefrom.

Employees

As of September 24, 2016, we had 3,417 full time employees, of whom 642 were engaged in general and administrative activities (including fleet maintenance), 34 were engaged in transportation and product supply activities and 2,741 were customer service center employees. As of September 24, 2016, 70 of our employees were represented by 9 different local chapters of labor unions. We believe that our relations with both our union and non-union employees are satisfactory. In addition, we hire temporary workers to meet peak seasonal demands.

ITEM 1A. RISK FACTORS

Investing in our Common Units involves a high degree of risk. The most significant risks include those described below; however, additional risks that we currently do not know about may also impair our business operations. You should carefully consider the following risk factors, as well as the other information in this Annual Report. If any of the following risks actually occurs, our business, results of operations and financial condition could be materially adversely affected. In this case, the trading price of our Common Units would likely decline and you might lose part or all of the value in our Common Units. You should carefully consider the specific risk factors set forth below as well as the other information contained or incorporated by reference in this Annual Report. Some factors in this section are Forward-Looking Statements. See "Disclosure Regarding Forward-Looking Statements" above.

Risks Related to Our Business and Industry

Since weather conditions may adversely affect demand for propane, fuel oil and other refined fuels and natural gas, our results of operations and financial condition are vulnerable to warm winters.

Weather conditions have a significant impact on the demand for propane, fuel oil and other refined fuels and natural gas for both heating and agricultural purposes. Many of our customers rely on propane, fuel oil or natural gas primarily as a heating source. The volume of propane, fuel oil and natural gas sold is at its highest during the six-month peak heating season of October through March and is directly affected by the severity of the winter. Typically, we sell approximately two-thirds of our retail propane volume and approximately three-fourths of our retail fuel oil volume during the peak heating season.

Actual weather conditions can vary substantially from year to year, significantly affecting our financial performance. For example, average temperatures in our service territories were 17% warmer than normal, 2% warmer than normal and 3% colder than normal for fiscal 2016, fiscal 2015 and fiscal 2014, respectively, as measured by the number of heating degree days reported by the National Oceanic and Atmospheric Administration ("NOAA"). Furthermore, variations in weather in one or more regions in which we operate can significantly affect the total volume of propane, fuel oil and other refined fuels and natural gas we sell and, consequently, our results of operations. Variations in the weather in the northeast, where we have a greater concentration of propane accounts and substantially all of our fuel oil and natural gas operations, generally have a greater impact on our operations than variations in the weather in other markets. We can give no assurance that the weather conditions in any quarter or year will not have a material adverse effect on our operations, or that our available cash will be sufficient to pay principal and interest on our indebtedness and distributions to Unitholders.

Sudden increases in our costs to acquire and transport propane, fuel oil and other refined fuels and natural gas due to, among other things, our inability to obtain adequate supplies from our usual suppliers, or our inability to obtain adequate supplies of such products from alternative suppliers, may adversely affect our operating results.

Our profitability in the retail propane, fuel oil and refined fuels and natural gas businesses is largely dependent on the difference between our costs to acquire and transport product and retail sales price. Propane, fuel oil and other refined fuels and natural gas are commodities, and the availability of those products, and the unit prices we need to pay to acquire and transport those products, are subject to volatile changes in response to changes in production and supply or other market conditions over which we have no control, including the severity of winter weather, the price and availability of competing alternative energy sources, competing demands for the products (including for export) and infrastructure (including highway, rail, pipeline and refinery) constraints. Our supply of these products from our usual sources may be interrupted due to these and other reasons that are beyond our control, necessitating the transportation of product, if it is available at all, by truck, rail car or other means from other suppliers in other areas, with resulting delay in receipt and delivery to customers and increased expense. As a result, our costs of acquiring and transporting alternative supplies of these products to our facilities might be materially higher at least on a short-term basis. Since we may not be able to pass on to our customers immediately, or in full, all increases in our wholesale and transportation costs of propane, fuel oil and other refined fuels and natural gas, these increases could reduce our profitability. In addition, our inability to obtain sufficient supplies of propane, fuel oil and other refined fuels and natural gas in order for us to fully meet our customer demand for these products on a timely basis could adversely affect our revenues, and consequently our profitability.

In general, product supply contracts permit suppliers to charge posted prices at the time of delivery or the current prices established at major supply points, including Mont Belvieu, Texas, and Conway, Kansas. We engage in transactions to manage the price risk associated with certain of our product costs from time to time in an attempt to reduce cost volatility and to help ensure availability of product. We can give no assurance that future increases in our costs to acquire and transport propane, fuel oil and natural gas will not have a material adverse effect on our profitability and cash flow, or that our available cash will be sufficient to pay principal and interest on our indebtedness and distributions to our Unitholders.

High prices for propane, fuel oil and other refined fuels and natural gas can lead to customer conservation, resulting in reduced demand for our product.

Prices for propane, fuel oil and other refined fuels and natural gas are subject to fluctuations in response to changes in wholesale prices and other market conditions beyond our control. Therefore, our average retail sales prices can vary significantly within a heating season or from year to year as wholesale prices fluctuate with propane, fuel oil and natural gas commodity market conditions. During periods of high propane, fuel oil and other refined fuels and natural gas product costs our selling prices generally increase. High prices can lead to customer conservation, resulting in reduced demand for our product.

Because of the highly competitive nature of the retail propane and fuel oil businesses, we may not be able to retain existing customers or acquire new customers, which could have an adverse impact on our operating results and financial condition.

The retail propane and fuel oil industries are mature and highly competitive. We expect overall demand for propane and fuel oil to be relatively flat to moderately declining over the next several years. Year-to-year industry volumes of propane and fuel oil are expected to be primarily affected by weather patterns and from competition intensifying during warmer than normal winters, as well as from the impact of a sustained higher commodity price environment on customer conservation and the impact of continued weakness in the economy on customer buying habits.

Propane and fuel oil compete with electricity, natural gas and other existing and future sources of energy, some of which are, or may in the future be, less costly for equivalent energy value. For example, natural gas currently is a significantly less expensive source of energy than propane and fuel oil on an equivalent BTU basis. As a result, except for some industrial and commercial applications, propane and fuel oil are generally not economically competitive with natural gas in areas where natural gas pipelines already exist. The gradual expansion of the nation's natural gas distribution systems has made natural gas available in many areas that previously depended upon propane or fuel oil. We expect this trend to continue, and, with the increasingly abundant supply of natural gas from domestic sources, perhaps accelerate. Propane and fuel oil compete to a lesser extent with each other due to the cost of converting from one to the other.

In addition to competing with other sources of energy, our propane and fuel oil businesses compete with other distributors of those respective products principally on the basis of price, service and availability. Competition in the retail propane business 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. Our fuel oil business competes with fuel oil distributors offering a broad range of services and prices, from full service distributors to those offering delivery only. In addition, our existing fuel oil customers, unlike our existing propane customers, generally own their own tanks, which can result in intensified competition for these customers.

As a result of the highly competitive nature of the retail propane and fuel oil businesses, our growth within these industries depends on our ability to acquire other retail distributors, open new customer service centers, add new customers and retain existing customers. We can give no assurance that we will be able to acquire other retail distributors, add new customers and retain existing customers.

Energy efficiency, general economic conditions and technological advances have affected and may continue to affect demand for propane and fuel oil by our retail customers.

The national trend toward increased conservation and technological advances, including installation of improved insulation and the development of more efficient furnaces and other heating devices, has adversely affected the demand for propane and fuel oil by our retail customers which, in turn, has resulted in lower sales volumes to our customers. In addition, continued weakness in the economy may lead to additional conservation by retail customers seeking to further reduce their heating costs, particularly during periods of sustained higher commodity prices. Future technological advances in heating, conservation and energy generation and continued economic weakness may adversely affect our volumes sold, which, in turn, may adversely affect our financial condition and results of operations.

Current conditions in the global capital and credit markets, and general economic pressures, may adversely affect our financial position and results of operations.

Our business and operating results are materially affected by worldwide economic conditions. Current conditions in the global capital and credit markets and general economic pressures have led to declining consumer and business confidence, increased market volatility and reduction of business activity generally. This turmoil, especially when coupled with increasing energy prices, may cause our customers to experience cash flow shortages which in turn may lead to delayed or cancelled plans to purchase our products, and affect the ability of our customers to pay for our products. In addition, disruptions in the U.S. residential mortgage market and the rate of mortgage foreclosures may adversely affect retail customer demand for our products (in particular, products used for home heating and home comfort equipment) and our business and results of operations.

Our operating results and ability to generate sufficient cash flow to pay principal and interest on our indebtedness, and to pay distributions to Unitholders, may be affected by our ability to continue to control expenses.

The propane and fuel oil industries are mature and highly fragmented with competition from other multi-state marketers and thousands of smaller local independent marketers. Demand for propane and fuel oil is expected to be affected by many factors beyond our control, including, but not limited to, the severity of weather conditions during the peak heating season, customer conservation driven by high energy costs and other economic factors, as well as technological advances impacting energy efficiency. Accordingly, our propane and fuel oil sales volumes and related gross margins may be negatively affected by these factors beyond our control. Our operating profits and ability to generate sufficient cash flow may depend on our ability to continue to control expenses in line with sales volumes. We can give no assurance that we will be able to continue to control expenses to the extent necessary to reduce the effect on our profitability and cash flow from these factors.

The risk of terrorism, political unrest and the current hostilities in the Middle East or other energy producing regions may adversely affect the economy and the price and availability of propane, fuel oil and other refined fuels and natural gas.

Terrorist attacks, political unrest and the current hostilities in the Middle East or other energy producing regions may adversely impact the price and availability of propane, fuel oil and other refined fuels and natural gas, as well as our results of operations, our ability to raise capital and our future growth. The impact that the foregoing may have on our industry in general, and on us in particular, is not known at this time. An act of terror could result in disruptions of crude oil or natural gas supplies and markets (the sources of propane and fuel oil), and our infrastructure facilities could be direct or indirect targets. Terrorist activity may also hinder our ability to transport propane, fuel oil and other refined fuels if our means of supply transportation, such as rail or pipeline, become damaged as a result of an attack. A lower level of economic activity could result in a decline in energy consumption, which could adversely affect our revenues or restrict our future growth. Instability in the financial markets as a result of terrorism could also affect our ability to raise capital. Terrorist activity, political unrest and hostilities in the Middle East or other energy producing regions could likely lead to increased volatility in prices for propane, fuel oil and other refined fuels and natural gas. We have opted to purchase insurance coverage for terrorist acts within our property and casualty insurance programs, but we can give no assurance that our insurance coverage will be adequate to fully compensate us for any losses to our business or property resulting from terrorist acts.

Our financial condition and results of operations may be adversely affected by governmental regulation and associated environmental and health and safety costs.

Our business is subject to a wide and ever increasing range of federal, state and local laws and regulations related to environmental and health and safety matters including those concerning, among other things, the investigation and remediation of contaminated soil, groundwater and other environmental media, and the transportation of hazardous materials. These requirements are complex, changing and tend to become more stringent over time. In addition, we are required to maintain various permits that are necessary to operate our facilities, some of which are material to our operations. There can be no assurance that we have been, or will be, at all times in complete compliance with all legal, regulatory and permitting requirements or that we will not incur significant costs in the future relating to such requirements. Violations could result in penalties, or the curtailment or cessation of operations.

Moreover, currently unknown environmental issues, such as the discovery of additional contamination, may result in significant additional expenditures, and potentially significant expenditures also could be required to comply with future changes to environmental laws and regulations or the interpretation or enforcement thereof. Such expenditures, if required, could have a material adverse effect on our business, financial condition or results of operations.

We are subject to operating hazards and litigation risks that could adversely affect our operating results to the extent not covered by insurance.

Our operations are subject to all operating hazards and risks normally associated with handling, storing and delivering combustible liquids such as propane, fuel oil and other refined fuels. We have been, and are likely to continue to be, a defendant in various legal proceedings and litigation arising in the ordinary course of business, both as a result of these operating hazards and risks and as a result of other aspects of our 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 cannot guarantee that our insurance will be adequate to protect us from all material expenses related to potential future claims for personal injury and property damage or that these levels of insurance will be available at economical prices, or that all legal matters that arise will be covered by our insurance programs.

If we are unable to make acquisitions on economically acceptable terms or effectively integrate such acquisitions into our operations, our financial performance may be adversely affected.

The retail propane and fuel oil industries are mature. We expect overall demand for propane and fuel oil to be relatively flat to moderately declining over the next several years. With respect to our retail propane business, it may be difficult for us to increase our aggregate number of retail propane customers except through acquisitions. As a result, we expect the success of our financial performance to depend, in part, upon our ability to acquire other retail propane and fuel oil distributors or other energy-related businesses and to successfully integrate them into our existing operations and to make cost saving changes. The competition for acquisitions is intense and we can make no assurance that we will be able to acquire other propane and fuel oil distributors or other energy-related businesses on economically acceptable terms or, if we do, that we can integrate the acquired operations effectively.

The adoption of climate change legislation could result in increased operating costs and reduced demand for the products and services we provide.

In December 2009, the EPA issued an "Endangerment Finding" under the Clean Air Act, determining that emissions of GHGs present an endangerment to public health and the environment because emissions of such gases may be contributing to warming of the earth's atmosphere and other climatic changes. Based on these findings, the EPA has begun adopting and implementing regulations to restrict emissions of GHGs and require reporting by certain regulated facilities on an annual basis. The EPA's authority to regulate GHGs has been upheld by the U.S. Supreme Court.

Both Houses of the United States Congress also have considered adopting legislation to reduce emissions of GHGs. Although Congress has not yet enacted federal climate change legislation, numerous states and municipalities have adopted laws and policies on climate change.

The adoption of federal, state or local climate change legislation or regulatory programs to reduce emissions of GHGs could require us to incur increased capital and operating costs, with resulting impact on product price and demand. We cannot predict whether or in what form climate change legislation provisions and renewable energy standards may be enacted. In addition, a possible consequence of climate change is increased volatility in seasonal temperatures. It is difficult to predict how the market for our fuels would be affected by increased temperature volatility, although if there is an overall trend of warmer temperatures, it could adversely affect our business.

Our use of derivative contracts involves credit and regulatory risk and may expose us to financial loss.

From time to time, we enter into hedging transactions to reduce our business risks arising from fluctuations in commodity prices and interest rates. Hedging transactions expose us to risk of financial loss in some circumstances, including if the other party to the contract defaults on its obligations to us or if there is a change in the expected differential between the price of the underlying commodity or financial metric provided in the hedging agreement and the actual amount received.

Transactional, margin, capital, recordkeeping, reporting, clearing and other requirements imposed on parties to derivatives transactions as a result of legislation (such as the Dodd-Frank Act) and related rulemaking may increase our operational and transactional cost of entering into and maintaining derivatives contracts and may adversely affect the number and/or creditworthiness of derivatives counterparties available to us. If we were to reduce our use of derivatives as a result of regulatory burdens or otherwise, our results of operations could become more volatile and our cash flow could be less predictable.

Because we depend on particular management information systems to effectively manage all aspects of our delivery of propane, a failure in our operational systems or cyber security attacks on any of our facilities, or those of third parties, may adversely affect our financial results.

We depend on our management information systems to process orders, manage inventory and accounts receivable collections, maintain distributor and customer information, maintain cost-efficient operations and assist in delivering our products on a timely basis. In addition, our staff of management information systems professionals relies heavily on the support of several key personnel and vendors. Any disruption in the operation of those management information systems, loss of employees knowledgeable about such systems, termination of our relationship with one or more of these key vendors or failure to continue to modify such systems effectively as our business expands could negatively affect our business.

If any of our financial, operational, or other data processing systems fail or have other significant shortcomings, our financial results could be adversely affected. Our financial results also could be adversely affected if an employee or third party causes our operational systems to fail, either as a result of inadvertent error or by deliberately tampering with or manipulating our operational systems. In addition, dependence upon automated systems may further increase the risk that operational system flaws, employee tampering or manipulation of those systems will result in losses that are difficult to detect or recoup, including damage to our reputation. To the extent customer data is hacked or misappropriated, we could be subject to liability to affected persons.

Risks Inherent in the Ownership of Our Common Units

Cash distributions are not guaranteed and may fluctuate with our performance and other external factors.

Cash distributions on our Common Units are not guaranteed, and depend primarily on our cash flow and our cash on hand. Because they are not dependent on profitability, which is affected by non-cash items, our cash distributions might be made during periods when we record losses and might not be made during periods when we record profits.

The amount of cash we generate may fluctuate based on our performance and other factors, including:

- the impact of the risks inherent in our business operations, as described above;
- required principal and interest payments on our debt and restrictions contained in our debt instruments;
- issuances of debt and equity securities;
- our ability to control expenses;
- fluctuations in working capital;
- capital expenditures; and
- financial, business and other factors, a number of which will be beyond our control.

Our Partnership Agreement gives our Board of Supervisors broad discretion in establishing cash reserves for, among other things, the proper conduct of our business. These cash reserves will affect the amount of cash available for distributions.

We have substantial indebtedness. Our debt agreements may limit our ability to make distributions to Unitholders, as well as our financial flexibility.

As of September 24, 2016, our long-term debt borrowings consisted of $346.2 million in aggregate principal amount of 7.375% senior notes due August 1, 2021 (excluding unamortized premium of $17.0 million), $525.0 million in aggregate principal amount of 5.5% senior notes due June 1, 2024, $250.0 million in aggregate principal amount of 5.75% senior notes due March 1, 2025 and $100.0 million under our $500.0 million senior secured revolving credit facility. The payment of principal and interest on our debt will reduce the cash available to make distributions on our Common Units. In addition, we will not be able to make any distributions to holders of our Common Units if there is, or after giving effect to such distribution, there would be, an event of default under the indentures governing the senior notes and the senior secured revolving credit facility. The amount of distributions that we may make to holders of our Common Units is limited by the senior notes, and the amount of distributions that the Operating Partnership may make to us is limited by our revolving credit facility.

The revolving credit facility and the senior notes both contain various restrictive and affirmative covenants applicable to us, the Operating Partnership and its subsidiaries, respectively, including (i) restrictions on the incurrence of additional indebtedness, and (ii) restrictions on certain liens, investments, guarantees, loans, advances, payments, mergers, consolidations, distributions, sales of assets and other transactions. The revolving credit facility contains certain financial covenants: (a) requiring our consolidated interest coverage ratio, as defined, to be not less than 2.5 to 1.0 as of the end of any fiscal quarter; (b) prohibiting our total consolidated leverage ratio, as defined, from being greater than 5.5 to 1.0 as of the end of any fiscal quarter; and (c) prohibiting the senior secured consolidated leverage ratio, as defined, of the Operating Partnership from being greater than 3.0 to 1.0 as of the end of any fiscal quarter. Under the indentures governing the senior notes, we are generally permitted to make cash distributions equal to available cash, as defined, as of the end of the immediately preceding quarter, if no event of default exists or would exist upon making such distributions, and our consolidated fixed charge coverage ratio, as defined, is greater than 1.75 to 1. We and the Operating Partnership were in compliance with all covenants and terms of the senior notes and the revolving credit facility as of September 24, 2016.

The amount and terms of our debt may also adversely affect our ability to finance future operations and capital needs, limit our ability to pursue acquisitions and other business opportunities and make our results of operations more susceptible to adverse economic and industry conditions. In addition to our outstanding indebtedness, we may in the future require additional debt to finance acquisitions or for general business purposes; however, credit market conditions may impact our ability to access such financing. If we are unable to access needed financing or to generate sufficient cash from operations, we may be required to abandon certain projects or curtail capital expenditures. Additional debt, where it is available, could result in an increase in our leverage. Our ability to make principal and interest payments depends on our future performance, which is subject to many factors, some of which are beyond our control. As interest expense increases (whether due to an increase in interest rates and/or the size of aggregate outstanding debt), our ability to fund distributions on our Common Units may be impacted, depending on the level of revenue generation, which is not assured.

Unitholders have limited voting rights.

A Board of Supervisors governs our operations. Unitholders have only limited voting rights on matters affecting our business, including the right to elect the members of our Board of Supervisors every three years and the right to vote on the removal of the general partner.

It may be difficult for a third party to acquire us, even if doing so would be beneficial to our Unitholders.

Some provisions of our Partnership Agreement may discourage, delay or prevent third parties from acquiring us, even if doing so would be beneficial to our Unitholders. For example, our Partnership Agreement contains a provision, based on Section 203 of the Delaware General Corporation Law, that generally prohibits the Partnership from engaging in a business combination with a 15% or greater Unitholder for a period of three years following the date that person or entity acquired at least 15% of our outstanding Common Units, unless certain exceptions apply. Additionally, our Partnership Agreement sets forth advance notice procedures for a Unitholder to nominate a Supervisor to stand for election, which procedures may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of Supervisors or otherwise attempting to obtain control of the Partnership. These nomination procedures may not be revised or repealed, and inconsistent provisions may not be adopted, without the approval of the holders of at least 66-2/3% of the outstanding Common Units. These provisions may have an anti-takeover effect with respect to transactions not approved in advance by our Board of Supervisors, including discouraging attempts that might result in a premium over the market price of the Common Units held by our Unitholders.

Unitholders may not have limited liability in some circumstances.

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

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

Unitholders may have liability to repay distributions.

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

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

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

Tax Risks to Unitholders

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

The anticipated after-tax economic benefit of an investment in our Common Units depends largely on our being treated as a partnership for U.S. federal income tax purposes. If less than 90% of the gross income of a publicly traded partnership, such as Suburban Propane Partners, L.P., for any taxable year is "qualifying income" within the meaning of Section 7704 of the Internal Revenue Code, that partnership will be taxable as a corporation for U.S. federal income tax purposes for that taxable year and all subsequent years.

If we were treated as a corporation for U.S. federal income tax purposes, then we would pay U.S. federal income tax on our income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay additional state income tax at varying rates. Because a tax would be imposed upon us as a corporation, our cash available for distribution to Unitholders would be substantially reduced. Treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to Unitholders and thus would likely result in a substantial reduction in the value of our Common Units.

The tax treatment of publicly traded partnerships or an investment in our Common Units could be subject to potential legislative, judicial or administrative changes and differing interpretations thereof, possibly on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including Suburban Propane Partners, L.P., or an investment in our Common Units may be modified by legislative, judicial or administrative changes and differing interpretations thereof at any time. Any modification to the U.S. federal income tax laws or interpretations thereof may or may not be applied retroactively. Moreover, any such modification could make it more difficult or impossible for us to meet the exception that allows publicly traded partnerships that generate qualifying income to be treated as partnerships (rather than as corporations) for U.S. federal income tax purposes, affect or cause us to change our business activities, or affect the tax consequences of an investment in our Common Units. On May 5, 2015, the U.S. Treasury Department and the Internal Revenue Service issued proposed regulations interpreting the scope of qualifying income for publicly traded partnerships by providing industry-specific guidance with respect to activities that will generate qualifying income for purposes of the qualifying income requirement. The proposed regulations could modify the amount of our gross income that we are able to treat as qualifying income for purposes of the qualifying income requirement. Based on the legislative history of Section 7704 of the Internal Revenue Code and previous Internal Revenue Service guidance, we do not believe that the proposed regulations should affect our ability to qualify as a publicly traded partnership or the characterization of the income from our propane activities as qualifying income. However, there are no assurances that the proposed regulations, when published as final regulations, will not take a position that is contrary to our interpretation of Section 7704 of the Internal Revenue Code. We have not requested, and do not plan to request, a ruling from the IRS on this or any other tax matter affecting us. We are unable to predict whether any of these changes, or other proposals, will ultimately be enacted. Any such changes could negatively impact the value of an investment in our units.

In addition, because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after 2017, it (and some states) may collect any resulting taxes (including any applicable penalties and interest) directly from the Partnership, in which case cash available to service debt or to pay distributions to our unitholders, if and when resumed, might be substantially reduced.

Pursuant to the Bipartisan Budget Act of 2015, if the IRS makes audit adjustments to our income tax returns for tax years beginning after 2017, it may collect any resulting taxes (including any applicable penalties and interest) directly from us. We will generally have the ability to shift any such tax liability to our unitholders in accordance with their interests in us during the year under audit, but there can be no assurance that we will be able to do so (and will choose to do so) under all circumstances, or that we will be able to (or choose to) effect corresponding shifts in state income or similar tax liability resulting from the IRS adjustment in states in which we do business in the year under audit or in the adjustment year. If we make payments of taxes, penalties and interest resulting from audit adjustments, cash available to service debt or to resume payment of distributions to our unitholders could be reduced.

A successful IRS contest of the U.S. federal income tax positions we take may adversely affect the market for our Common Units, and the cost of any IRS contest will reduce our cash available for distribution to our Unitholders.

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

A Unitholder's tax liability could exceed cash distributions on its Common Units.

Because our Unitholders are treated as partners, a Unitholder is required to pay U.S. federal income taxes and state and local income taxes on its allocable share of our income, without regard to whether we make cash distributions to the Unitholder. We cannot guarantee that a Unitholder will receive cash distributions equal to its allocable share of our taxable income or even the tax liability to it resulting from that income.

Ownership of Common Units may have adverse tax consequences for tax-exempt organizations and foreign investors.

Investment in Common Units by certain tax-exempt entities and foreign persons raises issues specific to them. For example, virtually all of our taxable income allocated to organizations exempt from U.S. federal income tax, including individual retirement accounts and other retirement plans, will be unrelated business taxable income and thus will be taxable to the Unitholder. Distributions to foreign persons will be reduced by withholding taxes at the highest applicable effective tax rate, and foreign persons will be required to file U.S. federal income tax returns and pay tax on their share of our taxable income. Tax-exempt organizations and foreign persons should consult, and should depend on, their own tax advisors in analyzing the U.S. federal, state, local and foreign income tax and other tax consequences of the acquisition, ownership or disposition of Common Units.

The ability of a Unitholder to deduct its share of our losses may be limited.

Various limitations may apply to the ability of a Unitholder to deduct its share of our losses. For example, in the case of taxpayers subject to the passive activity loss rules (generally, individuals and closely held corporations), any losses generated by us will only be available to offset our future income and cannot be used to offset income from other activities, including other passive activities or investments. Such unused losses may be deducted when the Unitholder disposes of its entire investment in us in a fully taxable transaction with an unrelated party, such as a sale by a Unitholder of all of its Common Units in the open market. A Unitholder's share of any net passive income may be offset by unused losses from us carried over from prior years, but not by losses from other passive activities, including losses from other publicly-traded partnerships.

The tax gain or loss on the disposition of Common Units could be different than expected.

A Unitholder who sells Common Units will recognize a gain or loss equal to the difference between the amount realized and its adjusted tax basis in the Common Units. Prior distributions in excess of cumulative net taxable income allocated to a Common Unit which decreased a Unitholder's tax basis in that Common Unit will, in effect, become taxable income if the Common Unit is sold at a price greater than the Unitholder's tax basis in that Common Unit, even if the price is less than the original cost of the Common Unit. A portion of the amount realized, if the amount realized exceeds the Unitholder's adjusted basis in that Common Unit, will likely be characterized as ordinary income. Furthermore, should the IRS successfully contest some conventions used by us, a Unitholder could recognize more gain on the sale of Common Units than would be the case under those conventions, without the benefit of decreased income in prior years. In addition, because the amount realized will include a holder's share of our nonrecourse liabilities, if a Unitholder sells its Common Units, such Unitholder may incur a tax liability in excess of the amount of cash it receives from the sale.

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

We intend to furnish to each Unitholder, within 90 days after the close of each calendar year, specific tax information, including a Schedule K-1 that sets forth its allocable share of income, gains, losses and deductions for our preceding taxable year. In preparing these schedules, we use various accounting and reporting conventions and adopt various depreciation and amortization methods. We cannot guarantee that these conventions will yield a result that conforms to statutory or regulatory requirements or to administrative pronouncements of the IRS. Further, our income tax return may be audited, which could result in an audit of a Unitholder's income tax return and increased liabilities for taxes because of adjustments resulting from the audit.

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

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

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

We prorate our items of income, gain, loss and deduction between transferors and transferees of our Common Units each month based upon the ownership of our Common Units on the first day of each month, instead of on the basis of the date a particular Common Unit is transferred. The U.S. Treasury Department has issued proposed Treasury Regulations that provide a safe harbor pursuant to which publicly traded partnerships may use a similar monthly simplifying convention to allocate tax items among transferors and transferees of our Common Units. However, if the IRS were to challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our Unitholders.

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

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

The sale or exchange of 50% or more of our capital and profits interests during any twelve-month period will result in the termination of our partnership for federal income tax purposes.

We will be considered to have terminated as a partnership for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in our capital and profits within a twelve-month period. Our termination would, among other things, result in the closing of our taxable year for all Unitholders and could result in a deferral of depreciation deductions allowable in computing our taxable income. In the case of a Unitholder reporting on a taxable year other than the calendar year, the closing of our taxable year may also result in more than twelve months of our taxable income or loss being includable in his taxable income for the year of termination. Our termination currently would not affect our treatment as a partnership for U.S. federal income tax purposes, but instead, after our termination we would be treated as a new partnership for U.S. federal income tax purposes. If treated as a new partnership, we must make new tax elections and could be subject to penalties if we are unable to determine that a termination occurred.

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

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

A Unitholder whose Common Units are loaned to a "short seller" to cover a short sale of Common Units may be considered as having disposed of those Common Units. If so, that Unitholder would no longer be treated for tax purposes as a partner with respect to those Common Units during the period of the loan and may recognize gain or loss from the disposition.

Because there is no tax concept of loaning a partnership interest, a Unitholder whose Common Units are loaned to a "short seller" to cover a short sale of Common Units may be considered as having disposed of the loaned Common Units. In that case, a Unitholder may no longer be treated for tax purposes as a partner with respect to those Common Units during the period of the loan to the short seller and may recognize gain or loss from such disposition. Moreover, during the period of the loan to the short seller, any of our income, gain, loss or deduction with respect to those Common Units may not be reportable by the Unitholder and any cash distribution received by the Unitholder as to those Common Units could be fully taxable as ordinary income. Unitholders desiring to ensure their status as partners and avoid the risk of gain recognition from a loan to a short seller should consult their own tax advisors to discuss whether it is advisable to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their Common Units.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

As of September 24, 2016, we owned approximately 74% of our customer service center and satellite locations and leased the balance of our retail locations from third parties. We own and operate a 22 million gallon refrigerated, aboveground propane storage facility in Elk Grove, California. Additionally, we own our principal executive offices located in Whippany, New Jersey.

The transportation of propane requires specialized equipment. The trucks and railroad tank cars utilized for this purpose carry specialized steel tanks that maintain the propane in a liquefied state. As of September 24, 2016, we had a fleet of 7 transport truck tractors, of which we owned 1, and 23 railroad tank cars, of which we owned none. In addition, as of September 24, 2016 we had 1,150 bobtail and rack trucks, of which we owned 50%, 113 fuel oil tankwagons, of which we owned 79%, and 1,215 other delivery and service vehicles, of which we owned 57%. We lease the vehicles we do not own. As of September 24, 2016, we also owned approximately 845,000 customer propane storage tanks with typical capacities of 100 to 500 gallons, 58,000 customer propane storage tanks with typical capacities of over 500 gallons and 270,000 portable propane cylinders with typical capacities of five to ten gallons.

ITEM 3. LEGAL PROCEEDINGS

Litigation

Our operations are subject to operating hazards and risks normally incidental to handling, storing and delivering combustible liquids such as propane. We have been, and will continue to be, a defendant in various legal proceedings and litigation as a result of these operating hazards and risks, and as a result of other aspects of our business. Although any litigation is inherently uncertain, based on past experience, the information currently available to us, and the amount of our accrued insurance liabilities, we do not believe that currently pending or threatened litigation matters, or known claims or known contingent claims, will have a material adverse effect on our results of operations, financial condition or cash flow.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

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

(a) Our Common Units, representing limited partner interests in the Partnership, are listed and traded on the New York Stock Exchange ("NYSE") under the symbol SPH. As of November 21, 2016, there were 647 Unitholders of record (based on the number of record holders and nominees for those Common Units held in street name). The following table presents, for the periods indicated, the high and low sales prices per Common Unit, as reported on the NYSE, and the amount of quarterly cash distributions declared and paid per Common Unit in respect of each quarter.

	Common Unit Price Range		Cash Distribution Declared per Common Unit
	High	Low	
Fiscal 2016			
First Quarter	$ 36.69	$ 22.69	$ 0.8875
Second Quarter	30.94	20.93	0.8875
Third Quarter	37.10	27.77	0.8875
Fourth Quarter	35.95	31.50	0.8875
Fiscal 2015			
First Quarter	$ 46.05	$ 40.81	$ 0.8750
Second Quarter	45.87	42.55	0.8875
Third Quarter	44.75	39.47	0.8875
Fourth Quarter	41.14	31.00	0.8875

We make quarterly distributions to our partners in an aggregate amount equal to our Available Cash (as defined in our Partnership Agreement) with respect to such quarter. Available Cash generally means all cash on hand at the end of the fiscal quarter plus all additional cash on hand as a result of borrowings subsequent to the end of such quarter less cash reserves established by the Board of Supervisors in its reasonable discretion for future cash requirements. The amount of distributions that we may make to holders of our Common Units is limited by the senior notes, and the amount of distributions that the Operating Partnership may make to us is limited by our revolving credit facility. See "Risk Factors—We have substantial indebtedness. Our debt agreements may limit our ability to make distributions to Unitholders, as well as our financial flexibility" and "Management's Discussion and Analysis—Liquidity and Capital Resources."

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

(b) Not applicable.

(c) None.

ITEM 6. SELECTED FINANCIAL DATA

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

	Year Ended				
	September 24, 2016	September 26, 2015	September 27, 2014	September 28, 2013	September 29, 2012 (a)
Statement of Operations Data					
Revenues	$ 1,046,111	$ 1,416,979	$ 1,938,257	$ 1,703,606	$ 1,063,458
Costs and expenses	965,474	1,239,221	1,748,131	1,526,630	1,003,885
Gain on sale of business (b)	9,769	—	—	—	—
Acquisition-related costs (c)	—	—	—	—	17,916
Operating income	90,406	177,758	190,126	176,976	41,657
Interest expense, net	75,086	77,634	83,261	95,427	38,633
Pension settlement charge (d)	2,000	2,000	—	—	—
Loss on debt extinguishment (e)	292	15,072	11,589	2,144	2,249
Provision for income taxes	588	700	767	607	137
Net income	14,440	84,352	94,509	78,798	638
Net income per Common Unit - basic (f)	0.24	1.39	1.56	1.35	0.02
Net income per Common Unit - diluted (f)	0.24	1.38	1.56	1.34	0.02
Cash distributions declared per unit	$ 3.55	$ 3.54	$ 3.50	$ 3.50	$ 3.41
Balance Sheet Data					
Cash and cash equivalents	$ 37,341	$ 152,338	$ 92,639	$ 107,232	$ 134,317
Current assets	147,299	273,413	294,865	293,322	337,515
Total assets	2,295,969	2,485,730	2,609,363	2,727,987	2,883,850
Current liabilities	205,054	210,346	222,266	233,894	253,715
Total debt	1,238,172	1,241,107	1,242,685	1,245,237	1,422,078
Total liabilities	1,587,738	1,587,410	1,587,910	1,598,861	1,793,351
Partners' capital - Common Unitholders	$ 754,063	$ 947,203	$ 1,067,358	$ 1,176,479	$ 1,151,606
Statement of Cash Flows Data					
Cash provided by (used in)					
Operating activities	$ 157,108	$ 324,209	$ 225,551	$ 214,306	$ 110,973
Investing activities	(53,905)	(35,972)	(16,532)	(14,663)	(239,758)
Financing activities	$ (218,200)	$ (228,538)	$ (223,612)	$ (226,728)	$ 113,549
Other Data					
Depreciation and amortization	$ 129,616	$ 133,294	$ 136,399	$ 130,384	$ 47,034
EBITDA (g)	219,730	295,980	314,936	305,216	86,442
Adjusted EBITDA (g)	223,043	334,039	338,502	329,253	108,536
Capital expenditures - maintenance and growth (h)	$ 38,375	$ 41,213	$ 30,052	$ 27,823	$ 17,476
Retail gallons sold					
Propane	414,776	480,372	530,743	534,621	283,841
Fuel oil and refined fuels	30,878	41,878	49,071	53,710	28,491

(a) Fiscal 2012 includes 53 weeks of operations compared to 52 weeks in each of fiscal 2016, 2015, 2014 and 2013. In addition, on August 1, 2012, we acquired Inergy Propane. The results of operations of Inergy Propane have been included in the consolidated results from the Acquisition Date through September 29, 2012 and all of fiscal 2013, fiscal 2014, fiscal 2015 and fiscal 2016, and the assets and liabilities of Inergy Propane have been included in the consolidated balance sheet since September 29, 2012.

(b) On April 22, 2016, we sold certain assets and operations in a non-strategic market of the propane segment for $26.0 million, including $5.0 million of non-compete consideration that will be received over a five-year period, resulting in a gain of $9.8 million.

(c) Due to the Inergy Propane Acquisition on August 1, 2012 we recorded acquisition-related costs of $17.9 million during fiscal 2012. These costs were primarily attributable to investment banker, legal, accounting and other consulting fees.

(d) We incurred non-cash pension settlement charges of $2.0 million during fiscal 2016 and 2015 to accelerate the recognition of actuarial losses in our defined benefit pension plan as a result of the level of lump sum retirement benefit payments made.

(e) We recognized a loss on debt extinguishment during the following periods:

- On March 3, 2016, we entered into a Second Amended and Restated Credit Agreement ("the "Amended Credit Agreement") that provides for a five-year $500.0 million revolving credit facility (the "Revolving Credit Facility"), of which $100.0 million was outstanding as of September 24, 2016. As of the end of fiscal 2015, 2014, 2013 and 2012, $100.0 million was outstanding under the revolving credit facility of the previous credit agreement, which was rolled into the Revolving Credit Facility of the Amended Credit Agreement. The Amended Credit Agreement amends and restates the previous credit agreement to, among other things, extend the maturity date from January 5, 2017 to March 3, 2021, reduce the borrowing rate, amend certain affirmative and negative covenants and increase the revolving credit facility from $400.0 million to $500.0 million. In connection with the Amended Credit Agreement, we recognized a non-cash charge of $0.3 million to write-off a portion of unamortized debt origination costs of the previous credit agreement.
- On February 25, 2015, we repurchased and satisfied and discharged all of our 2020 Senior Notes with net proceeds from the issuance of the 2025 Senior Notes and cash on hand pursuant to a tender offer and redemption. In connection with this tender offer and redemption, we recognized a loss on the extinguishment of debt of $15.1 million consisting of $11.1 million for the redemption premium and related fees, as well as the write-off of $2.9 million and $1.1 million in unamortized debt origination costs and unamortized discount, respectively.
- On May 27, 2014, we repurchased and satisfied and discharged all of our 2018 Senior Notes with net proceeds from the issuance of the 2024 Senior Notes and cash on hand pursuant to a tender offer and redemption. In connection with this tender offer and redemption, we recognized a loss on the extinguishment of debt of $11.6 million consisting of $31.6 million for the redemption premium and related fees, as well as the write-off of $5.3 million and ($25.3) million in unamortized debt origination costs and unamortized premium, respectively.
- On August 2, 2013, we repurchased pursuant to optional redemption $133.4 million of our 2021 Senior Notes using net proceeds from our May 2013 public offering and net proceeds from the underwriters' exercise of their over-allotment option to purchase additional Common Units. In addition, on August 6, 2013, we repurchased $23.9 million of our 2021 Senior Notes in a private transaction using cash on hand. In connection with these repurchases, which totaled $157.3 million in aggregate principal amount, we recognized a loss on the extinguishment of debt of $2.1 million consisting of $11.7 million for the repurchase premium and related fees, as well as the write-off of $2.1 million and ($11.7) million in unamortized debt origination costs and unamortized premium, respectively.
- During fiscal 2012, we amended the then outstanding credit agreement to increase the five-year $250.0 million revolving credit facility to $400.0 million and also to extend the maturity date from June 25, 2013 to January 5, 2017. In connection with the execution of the previous credit agreement, we recognized a non-cash charge of $0.5 million for the write-off of previously incurred debt origination costs associated with lenders who did not participate, or whose lending capacity decreased, in the amended facility. On August 1, 2012, we amended the then previous credit agreement to provide for a $250.0 million senior secured 364-day incremental term loan facility (the "364-Day Facility"). On August 1, 2012, in connection with the Inergy Propane Acquisition, we drew $225.0 million on the 364-Day Facility and on August 14, 2012, using the proceeds of our secondary offering of Common Units, we repaid the $225.0 million term loan facility, and wrote off $1.7 million of unamortized commitment fees associated with the 364-Day Facility.

(f) Computations of basic earnings per Common Unit were performed by dividing net income by the weighted average number of outstanding Common Units, and restricted units granted under our 2000 and 2009 Restricted Unit Plans (which we collectively refer to as the "Restricted Unit Plans" or the "RUP") to retirement-eligible grantees. The final awards under the 2000 Restricted Unit Plan vested during the first quarter of fiscal 2015. Computations of diluted earnings per Common Unit were performed by dividing net income by the weighted average number of outstanding Common Units and unvested restricted units granted under our Restricted Unit Plans.

- On May 17, 2013, we sold 2.7 million Common Units in a public offering. On May 22, 2013, following the underwriters' exercise of their over-allotment option, we sold an additional 0.4 million Common Units.
- On August 1, 2012, in connection with the Inergy Propane Acquisition, we issued 14.2 million Common Units, and on August 14, 2012, we sold 7.2 million Common Units in a secondary offering.
- The aforementioned Common Units have been included in basic and diluted earnings per Common Unit from the respective dates of issuance.

(g) EBITDA represents net income before deducting interest expense, income taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA excluding the unrealized net gain or loss from mark-to-market activity for derivative instruments and other items, as applicable, as provided in the table below. Our management uses EBITDA and Adjusted EBITDA as supplemental measures of operating performance and we are including them because we believe that they provide our investors and industry analysts with additional information to evaluate our operating results. EBITDA and Adjusted EBITDA are not recognized terms under US GAAP and should not be considered as an alternative to net income or net cash provided by operating activities determined in accordance with US GAAP. Because EBITDA and Adjusted EBITDA as determined by us excludes some, but not all, items that affect net income, they may not be comparable to EBITDA and Adjusted EBITDA or similarly titled measures used by other companies.

The following table sets forth our calculations of EBITDA and Adjusted EBITDA:

	Year Ended				
	September 24, 2016	September 26, 2015	September 27, 2014	September 28, 2013	September 29, 2012 (a)
Net income	$ 14,440	$ 84,352	$ 94,509	$ 78,798	$ 638
Add:					
Provision for income taxes	588	700	767	607	137
Interest expense, net	75,086	77,634	83,261	95,427	38,633
Depreciation and amortization	129,616	133,294	136,399	130,384	47,034
EBITDA	219,730	295,980	314,936	305,216	86,442
Unrealized (non-cash) (gains) losses on changes in fair value of derivatives	1,190	(1,855)	(306)	4,318	(4,649)
Gain on sale of business	(9,769)	—	—	—	—
Multi-employer pension plan withdrawal charge	6,600	11,300	—	7,000	—
Product liability settlement	3,000	—	—	—	—
Pension settlement charge	2,000	2,000	—	—	—
Loss on debt extinguishment	292	15,072	11,589	2,144	2,249
Integration-related costs	—	11,542	12,283	10,575	—
Acquisition-related costs	—	—	—	—	17,916
Loss on legal settlement	—	—	—	—	4,500
Loss on asset disposal	—	—	—	—	2,078
Adjusted EBITDA	$ 223,043	$ 334,039	$ 338,502	$ 329,253	$ 108,536

(h) Our capital expenditures fall generally into two categories: (i) maintenance expenditures, which include expenditures for repair and replacement of property, plant and equipment; and (ii) growth capital expenditures which include new propane tanks and other equipment to facilitate expansion of our customer base and operating capacity.

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

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

Executive Overview

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

Product Costs and Supply

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

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

Changes in our costs to acquire and transport products 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 acquisition and transportation cost increases fully or immediately, particularly when such costs increase rapidly. Therefore, average retail sales prices can vary significantly from year to year as our costs fluctuate with the propane, fuel oil, crude oil and natural gas commodity markets and infrastructure conditions. In addition, periods of sustained higher commodity and/or transportation prices can lead to customer conservation, resulting in reduced demand for our product.

Seasonality

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

Weather

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

Hedging and Risk Management Activities

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

Critical Accounting Policies and Estimates

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

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

Allowances for Doubtful Accounts. We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We estimate our allowances for doubtful accounts using a specific reserve for known or anticipated uncollectible accounts, as well as an estimated reserve for potential future uncollectible accounts taking into consideration our historical write-offs. If the financial condition of one or more of our customers were to deteriorate resulting in an impairment in their ability to make payments, additional allowances could be required. As a result of our large customer base, which is comprised of approximately 1.1 million customers, no individual customer account is material. Therefore, while some variation to actual results occurs, historically such variability has not been material. Schedule II, Valuation and Qualifying Accounts, provides a summary of the changes in our allowances for doubtful accounts during the period.

Pension and Other Postretirement Benefits. We estimate the rate of return on plan assets, the discount rate used to estimate the present value of future benefit obligations and the expected cost of future health care benefits in determining our annual pension and other postretirement benefit costs. In October 2014, the Society of Actuaries ("SOA") issued new mortality tables (RP-2014) and a new mortality improvement scale (MP-2014). We use SOA and other actuarial life expectancy information when developing the annual mortality assumptions for our pension and postretirement benefit plans, which are used to measure net periodic benefit costs and the obligation under these plans. While we believe that our assumptions are appropriate, significant differences in our actual experience or significant changes in market conditions may materially affect our pension and other postretirement benefit obligations and our future expense. With other assumptions held constant, an increase or decrease of 100 basis points in the discount rate would have an immaterial impact on net pension and postretirement benefit costs. See "Liquidity and Capital Resources—Pension Plan Assets and Obligations" below for additional disclosure regarding pension benefits.

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

Loss Contingencies. In the normal course of business, we are involved in various claims and legal proceedings. We record a liability for such matters when it is probable that a loss has been incurred and the amounts can be reasonably estimated. The liability includes probable and estimable legal costs to the point in the legal matter where we believe a conclusion to the matter will be reached. When only a range of possible loss can be established, the most probable amount in the range is accrued. If no amount within this range is a better estimate than any other amount within the range, the minimum amount in the range is accrued.

We contribute to multi-employer pension plans ("MEPPs") in accordance with various collective bargaining agreements covering union employees. As one of the many participating employers in these MEPPs, we are responsible with the other participating employers for any plan underfunding. Due to the uncertainty regarding future factors that could impact the withdrawal liability, we are unable to determine the timing of the payment of the future withdrawal liability, or additional future withdrawal liability, if any.

Fair Values of Acquired Assets and Liabilities. From time to time, we enter into material business combinations. In accordance with accounting guidance associated with business combinations, the assets acquired and liabilities assumed are recorded at their estimated fair value as of the acquisition date. Fair values of assets acquired and liabilities assumed are based upon available information and may involve us engaging an independent third party to perform an appraisal. Estimating fair values can be complex and subject to significant business judgment. Estimates most commonly impact property, plant and equipment and intangible assets, including goodwill. Generally, we have, if necessary, up to one year from the acquisition date to finalize our estimates of acquisition date fair values.

Results of Operations and Financial Condition

Net income for fiscal 2016 was $14.4 million, or $0.24 per Common Unit, compared to $84.4 million, or $1.39 per Common Unit, in fiscal 2015.

Net income and EBITDA (as defined and reconciled below) for fiscal 2016 included: (i) a $9.8 million gain from the sale of certain assets and operations in a non-strategic market of the propane segment; (ii) a $6.6 million charge related to the voluntary full withdrawal from a MEPP covering certain employees acquired in the Inergy Propane Acquisition; (iii) a $3.0 million charge related to the settlement of a product liability matter; (iv) a pension settlement charge of $2.0 million; and (v) a loss on debt extinguishment of $0.3 million.

Net income and EBITDA for fiscal 2015 included: (i) a loss on debt extinguishment of $15.1 million; (ii) $11.5 million in expenses related to the integration of Inergy Propane; (iii) an $11.3 million charge related to the voluntary partial withdrawal from a MEPP covering certain employees acquired in the Inergy Propane Acquisition; and (iv) a pension settlement charge of $2.0 million.

Excluding the effects of the foregoing items and unrealized (non-cash) mark-to-market adjustments on derivative instruments in both years, Adjusted EBITDA (as defined and reconciled below) amounted to $223.0 million in fiscal 2016, compared to Adjusted EBITDA of $334.0 million in fiscal 2015.

Retail propane gallons sold in fiscal 2016 decreased 65.6 million gallons, or 13.7%, to 414.8 million gallons. Sales of fuel oil and other refined fuels decreased 11.0 million gallons, or 26.3%, to 30.9 million gallons. According to the National Oceanic and Atmospheric Administration, the winter of 2015-2016 was the warmest on record in the contiguous United States. Average temperatures (as measured by heating degree days) across all of our service territories for fiscal 2016 were 17% warmer than normal and 15% warmer than the prior year. While average temperatures were considerably warmer than the prior year in nearly all service territories, California experienced cooler weather compared to the prior year, which contributed to a 13% increase in propane volumes sold in that market.

Revenues for fiscal 2016 of $1,046.1 million decreased $370.9 million, or 26.2%, compared to the prior year, primarily due to the lower volumes sold, combined with lower retail selling prices associated with lower wholesale costs.

Cost of products sold for fiscal 2016 of $362.0 million decreased $231.4 million, or 39.0%, compared to the prior year, primarily due to lower wholesale propane costs and, to a lesser extent, lower volumes sold. Average posted propane prices (basis Mont Belvieu, Texas) and fuel oil prices were 18.4% and 31.0% lower than the prior year, respectively. Cost of products sold for fiscal 2016 included a $1.2 million unrealized (non-cash) loss attributable to the mark-to-market adjustment for derivative instruments used in risk management activities, compared to a $1.9 million unrealized (non-cash) gain for fiscal 2015. These unrealized gains and losses are excluded from Adjusted EBITDA for both periods in the table below.

Combined operating and general and administrative expenses of $473.9 million for fiscal 2016 were $38.6 million, or 7.5%, lower than fiscal 2015. Excluding the impact of the items discussed above in the computation of Adjusted EBITDA from both periods, combined operating and general and administrative expenses decreased 5.2% compared to the prior year, primarily due to savings in payroll and benefit-related expenses from a lower headcount, lower vehicle expenses stemming from a reduced vehicle count, as well as lower volume-related variable costs and continued operating efficiencies.

Depreciation and amortization expense of $129.6 million for fiscal 2016 decreased $3.7 million, or 2.8%, primarily due to the acceleration of depreciation expense recorded in the prior year for assets taken out of service. Net interest expense of $75.1 million for fiscal 2016 decreased $2.5 million, or 3.2%, primarily due to savings from the refinancing of certain of our senior notes completed in the second quarter of fiscal 2015 and the refinancing of our revolving credit facility during the second quarter of fiscal 2016.

During fiscal 2016, we succeeded in accomplishing many significant goals. The following highlight a few key accomplishments for fiscal 2016:

- We acquired the assets and operations of Propane USA Distribution, LLC, which expanded our presence in the South Florida market;
- We extended our reach in certain strategic markets that were not previously served by our existing footprint;
- We successfully refinanced our revolving credit facility which improved our cost of capital, further extended our debt maturities until 2021 and increased our available borrowing capacity;
- We made further refinements to our operating model to streamline our operational activities, reduce our cost structure and enhance our position in several markets; and
- We funded all working capital needs from cash on hand without the need to borrow under our revolving credit facility and ended the year with more than $37.0 million of cash.

As we look ahead to fiscal 2017, our anticipated cash requirements include: (i) maintenance and growth capital expenditures of approximately $38.0 million; (ii) approximately $74.8 million of interest and income tax payments; and (iii) approximately $216.6 million of distributions to Unitholders, assuming distributions remain at the current annualized rate of $3.55 per Common Unit. Based on our current cash position of $37.3 million as of September 24, 2016, availability of funds under the Revolving Credit Facility and expected cash flow from operating activities, we expect to have sufficient funds to meet our current and future obligations.

Fiscal Year 2016 Compared to Fiscal Year 2015

Revenues

(Dollars and gallons in thousands)

	Fiscal 2016	Fiscal 2015	Decrease	Percent Decrease
Revenues				
Propane	$ 884,169	$ 1,176,980	$ (292,811)	(24.9)%
Fuel oil and refined fuels	68,759	127,495	(58,736)	(46.1)%
Natural gas and electricity	50,763	66,865	(16,102)	(24.1)%
All other	42,420	45,639	(3,219)	(7.1)%
Total revenues	$ 1,046,111	$ 1,416,979	$ (370,868)	(26.2)%
Retail gallons sold				
Propane	414,776	480,372	(65,596)	(13.7)%
Fuel oil and refined fuels	30,878	41,878	(11,000)	(26.3)%

Total revenues decreased $370.9 million, or 26.2%, to $1,046.1 million for fiscal 2016 compared to $1,417.0 million for the prior year due to lower volumes sold driven by record warm temperatures experienced during the fiscal 2016 heating season, combined with lower average selling prices associated with lower wholesale costs. As discussed above, average temperatures (as measured in heating degree days) across all of our service territories for fiscal 2016 were 17% warmer than normal and 15% warmer than the prior year. During the heating season (October through March), average temperatures were 18% warmer than normal and 19% warmer than the comparable prior year period. The unseasonably warm weather was persistent as temperatures were warmer than both normal and the prior year throughout the heating season in nearly all of our service territories. While average temperatures were considerably warmer than the prior year in nearly all service territories, California experienced cooler weather compared to the prior year (although temperatures were still 24% warmer than normal), which helped contribute to a 13% year-over-year increase in sales volumes in that market.

Revenues from the distribution of propane and related activities of $884.2 million for fiscal 2016 decreased $292.8 million, or 24.9%, compared to $1,177.0 million for the prior year, primarily due to lower retail volumes sold resulting from the impact of record warm temperatures on customer demand for heating needs, coupled with lower average retail selling prices associated with lower wholesale costs. Retail propane gallons sold in fiscal 2016 decreased 65.6 million gallons, or 13.7%, resulting in a decrease in revenues of $150.4 million. Average propane selling prices for fiscal 2016 decreased 13.5% compared to the prior year, resulting in a $128.1 million decrease in revenues year-over-year. Included within the propane segment are revenues from other propane activities of $61.1 million for fiscal 2016, which decreased $14.3 million compared to the prior year.

Revenues from the distribution of fuel oil and refined fuels of $68.8 million for fiscal 2016 decreased $58.7 million, or 46.1%, from $127.5 million for the prior year, primarily due to lower volumes sold resulting from the record warm temperatures discussed above, particularly in the northeast region of the country in which the majority of our fuel oil customers reside, and lower average selling prices associated with lower wholesale costs. Fuel oil and refined fuels gallons sold in fiscal 2016 decreased 11.0 million gallons, or 26.3%, resulting in a decrease in revenues of $33.4 million. Average selling prices in our fuel oil and refined fuels segment decreased 26.9%, resulting in a $25.3 million decrease in revenues.

Revenues in our natural gas and electricity segment decreased $16.1 million, or 24.1%, to $50.8 million in fiscal 2016 compared to $66.9 million in the prior year as a result of lower average selling prices for natural gas and electricity associated with lower average wholesale costs, and lower natural gas usage resulting from the warm weather discussed above.

Cost of Products Sold

(Dollars in thousands)

	Fiscal 2016	Fiscal 2015	Decrease	Percent Decrease
Cost of products sold				
Propane	$ 275,091	$ 443,538	$ (168,447)	(38.0)%
Fuel oil and refined fuels	42,890	92,628	(49,738)	(53.7)%
Natural gas and electricity	30,676	42,313	(11,637)	(27.5)%
All other	13,296	14,901	(1,605)	(10.8)%
Total cost of products sold	$ 361,953	$ 593,380	$ (231,427)	(39.0)%
As a percent of total revenues	34.6%	41.9%		

The cost of products sold reported in the consolidated statements of operations represents the weighted average unit cost of propane, fuel oil and refined fuels, natural gas and electricity 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.

Given the retail nature of our operations, we maintain a certain level of priced physical inventory to help ensure that our field operations have adequate supply commensurate with the time of year. Our strategy has been, and will continue to be, to keep our physical inventory priced relatively close to market for our field operations. Consistent with past practices, we principally utilize futures and/or options contracts traded on the NYMEX to mitigate the price risk associated with our priced physical inventory. Under this risk management strategy, realized gains or losses on futures or options contracts, which are reported in cost of products sold, will typically offset losses or gains on the physical inventory once the product is sold (which may or may not occur in the same accounting period). We do not use futures or options contracts, or other derivative instruments, for speculative trading purposes. Unrealized (non-cash) gains or losses from changes in the fair value of derivative instruments that are not designated as cash flow hedges are recorded within cost of products sold. Cost of products sold excludes depreciation and amortization; these amounts are reported separately within the consolidated statements of operations.

In the commodities markets, the downward trend in propane prices (basis Mont Belvieu, Texas) experienced in fiscal 2015 continued in fiscal 2016 and extended into February 2016. Thereafter, propane prices rallied and generally traded between $0.40 and $0.50 per gallon. Overall, average posted prices for propane and fuel oil for fiscal 2016 were 18.4% and 31.0% lower than the prior year, respectively. The net change in the fair value of derivative instruments during the period resulted in unrealized (non-cash) (losses) gains of ($1.2) million and $1.9 million reported in cost of products sold in fiscal 2016 and 2015, respectively, resulting in an increase of $3.1 million in cost of products sold in fiscal 2016 compared to the prior year, $2.2 million of which was reported in the propane segment and $0.9 million was reported in the fuel oil and refined fuels segment.

Cost of products sold associated with the distribution of propane and related activities of $275.1 million for fiscal 2016 decreased $168.4 million, or 38.0%, compared to the prior year, primarily due to lower wholesale costs and, to a lesser extent, lower volumes sold. Lower average propane costs and lower propane volumes sold during fiscal 2016 resulted in a decrease of $106.8 million and $59.5 million, respectively. Cost of products sold from other propane activities decreased $4.3 million.

Cost of products sold associated with our fuel oil and refined fuels segment of $42.9 million for fiscal 2016 decreased $49.7 million, or 53.7%, compared to the prior year. Lower fuel oil and refined fuels wholesale costs and lower volumes sold resulted in decreases of $26.2 million and $24.4 million, respectively, in costs of products sold during fiscal 2016 compared to the prior year.

Cost of products sold in our natural gas and electricity segment of $30.7 million for fiscal 2016 decreased $11.6 million, or 27.5%, compared to the prior year, primarily due to lower natural gas and electricity wholesale costs coupled with lower usage.

Total cost of products sold as a percent of total revenues decreased 7.3 percentage points to 34.6% in fiscal 2016 from 41.9% in the prior year, primarily due to the decline in wholesale costs outpacing the decline in average selling prices.

Operating Expenses

(Dollars in thousands)

	Fiscal 2016	Fiscal 2015	Decrease	Percent Decrease
Operating expenses	$ 412,756	$ 444,251	$ (31,495)	(7.1)%
As a percent of total revenues	39.5%	31.4%		

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

Operating expenses of $412.8 million for fiscal 2016 decreased $31.5 million, or 7.1%, compared to $444.3 million in the prior year, primarily due to lower payroll and benefit-related expenses attributable to reduced headcount, lower variable compensation associated with lower earnings, lower vehicle expenses due to reduced vehicle count and lower fuel costs to operate our fleet; offset to an extent by an increase in insurance and product liability expenses. Operating expenses for fiscal 2016 included a $6.6 million accrual for our voluntary full withdrawal from a MEPP, a charge of $3.0 million related to the settlement of a product liability matter, and a pension settlement charge of $2.0 million. Operating expenses for fiscal 2015 included expenses of $9.7 million associated with the integration of the Inergy Propane operations, an $11.3 million charge related to our voluntary partial withdrawal from a MEPP, and a pension settlement charge of $2.0 million. These items were excluded from our calculation of Adjusted EBITDA below.

General and Administrative Expenses

(Dollars in thousands)

	Fiscal 2016	Fiscal 2015	Decrease	Percent Decrease
General and administrative expenses	$ 61,149	$ 68,296	$ (7,147)	(10.5)%
As a percent of total revenues	5.8%	4.8%		

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 $61.1 million for fiscal 2016 decreased $7.1 million, or 10.5%, compared to $68.3 million in the prior year, primarily due to lower variable compensation associated with lower earnings, partially offset by increased professional services fees for strategic initiatives. General and administrative expenses for fiscal 2015 included $1.9 million of professional services and other expenses associated with the integration of the Inergy Propane operations. This item was excluded from our calculation of Adjusted EBITDA below.

Depreciation and Amortization

(Dollars in thousands)

	Fiscal 2016	Fiscal 2015	Decrease	Percent Decrease
Depreciation and amortization	$ 129,616	$ 133,294	$ (3,678)	(2.8)%
As a percent of total revenues	12.4%	9.4%		

Depreciation and amortization expense of $129.6 million in fiscal 2016 decreased $3.7 million from $133.3 million in the prior year, primarily as a result of accelerated depreciation expense recorded in the prior year for assets taken out of service from integration activities.

Interest Expense, net

(Dollars in thousands)

	Fiscal 2016	Fiscal 2015	Decrease	Percent Decrease
Interest expense, net	$ 75,086	$ 77,634	$ (2,548)	(3.3)%
As a percent of total revenues	7.2%	5.5%		

Net interest expense of $75.1 million for fiscal 2016 decreased $2.5 million from $77.6 million in the prior year, primarily due to the refinancing of $250.0 million of 7.375% Senior Notes due 2020 with $250.0 million of 5.75% Senior Notes due 2025 in the second quarter of fiscal 2015, and savings from the refinancing of our revolving credit facility. See Liquidity and Capital Resources below for additional discussion.

Gain on Sale of Business

On April 22, 2016, we sold certain assets and operations in a non-strategic market of the propane segment for $26.0 million, including $5.0 million of non-compete consideration that will be received over a five-year period, resulting in a gain of $9.8 million that was recognized during the third quarter of fiscal 2016. The corresponding net assets and results of operations were not material to our results of operations, financial position and cash flows.

Loss on Debt Extinguishment

On March 3, 2016, we entered into a Second Amended and Restated Credit Agreement ("Amended Credit Agreement") that provides for a five-year $500.0 million revolving credit facility. In connection with the Amended Credit Agreement, we recognized a non-cash charge of $0.3 million to write-off a portion of unamortized debt origination costs of the previous credit agreement.

On February 25, 2015, we repurchased and satisfied and discharged all of our previously outstanding 2020 Senior Notes with net proceeds from the issuance of the 2025 Senior Notes and cash on hand, pursuant to a tender offer and redemption. In connection with this tender offer and redemption, during the second quarter of fiscal 2015 we recognized a loss on the extinguishment of debt of $15.1 million, consisting of $11.1 million for the redemption premium and related fees, as well as the write-off of $2.9 million and $1.1 million in unamortized debt origination costs and unamortized discount, respectively.

Net Income and Adjusted EBITDA

Net income for fiscal 2016 amounted to $14.4 million, or $0.24 per Common Unit, compared to $84.4 million, or $1.39 per Common Unit, in fiscal 2015. Earnings before interest, taxes, depreciation and amortization ("EBITDA") for fiscal 2016 amounted to $219.7 million, compared to $296.0 million for fiscal 2015.

Net income and EBITDA for fiscal 2016 included: (i) a gain on sale of business of $9.8 million; (ii) a $6.6 million charge related to our voluntary full withdrawal from a MEPP; (iii) a $3.0 million charge related to the settlement of a product liability matter; (iv) a pension settlement charge of $2.0 million; and (v) a loss on debt extinguishment of $0.3 million. Net income and EBITDA for fiscal 2015 included: (i) a loss on debt extinguishment of $15.1 million; (ii) $11.5 million in expenses related to the integration of Inergy Propane; (iii) an $11.3 million charge related to our voluntary partial withdrawal from a MEPP; and (iv) a pension settlement charge of $2.0 million. Excluding the effects of these items, as well as the unrealized (non-cash) mark-to-market adjustments on derivative instruments in both years, Adjusted EBITDA amounted to $223.0 million for fiscal 2016, compared to Adjusted EBITDA of $334.0 million in fiscal 2015.

EBITDA represents net income before deducting interest expense, income taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA excluding the unrealized net gain or loss on mark-to-market activity for derivative instruments and other items, as applicable, as provided in the table below. Our management uses EBITDA and Adjusted EBITDA as supplemental measures of operating performance and we are including them because we believe that they provide our investors and industry analysts with additional information to evaluate our operating results. EBITDA and Adjusted EBITDA are not recognized terms under US GAAP and should not be considered as an alternative to net income or net cash provided by operating activities determined in accordance with US GAAP. Because EBITDA and Adjusted EBITDA as determined by us excludes some, but not all, items that affect net income, they may not be comparable to EBITDA and Adjusted EBITDA or similarly titled measures used by other companies.

The following table sets forth our calculations of EBITDA and Adjusted EBITDA:

(Dollars in thousands)	Year Ended September 24, 2016	Year Ended September 26, 2015
Net income	$ 14,440	$ 84,352
Add:		
Provision for income taxes	588	700
Interest expense, net	75,086	77,634
Depreciation and amortization	129,616	133,294
EBITDA	219,730	295,980
Unrealized (non-cash) losses (gains) on changes in fair value of derivatives	1,190	(1,855)
Gain on sale of business	(9,769)	—
Multi-employer pension plan withdrawal charge	6,600	11,300
Product liability settlement	3,000	—
Pension settlement charge	2,000	2,000
Loss on debt extinguishment	292	15,072
Integration-related costs	—	11,542
Adjusted EBITDA	$ 223,043	$ 334,039

Fiscal Year 2015 Compared to Fiscal Year 2014

Revenues

(Dollars and gallons in thousands)	Fiscal 2015	Fiscal 2014	Decrease	Percent Decrease
Revenues				
Propane	$ 1,176,980	$ 1,606,840	$ (429,860)	(26.8)%
Fuel oil and refined fuels	127,495	194,684	(67,189)	(34.5)%
Natural gas and electricity	66,865	87,093	(20,228)	(23.2)%
All other	45,639	49,640	(4,001)	(8.1)%
Total revenues	$ 1,416,979	$ 1,938,257	$ (521,278)	(26.9)%
Retail gallons sold				
Propane	480,372	530,743	(50,371)	(9.5)%
Fuel oil and refined fuels	41,878	49,071	(7,193)	(14.7)%

Total revenues decreased $521.3 million, or 26.9%, to $1,417.0 million for fiscal 2015 compared to $1,938.3 million for the prior year due to lower average propane, fuel oil and refined fuels and natural gas selling prices and, to a lesser extent, lower volumes sold. Average temperatures (as measured in heating degree days) across all of our service territories for fiscal 2015 were 2% warmer than normal and 5% warmer than the prior year. The weather pattern during the fiscal 2015 heating season was characterized by warmer than normal temperatures for the first quarter of fiscal 2015, particularly during the month of December 2014 (December 2014 was 15% warmer than normal and 21% warmer than December 2013), followed by inconsistent temperatures in our eastern and midwestern territories during the latter half of the heating season. We also experienced sustained warmer than normal temperatures in our western territories throughout fiscal 2015 as average temperatures were 23% warmer than normal and 9% warmer than the comparable prior year period.

Revenues from the distribution of propane and related activities of $1,177.0 million for fiscal 2015 decreased $429.9 million, or 26.8%, compared to $1,606.8 million for the prior year, primarily due to lower average retail selling prices associated with lower wholesale propane costs and, to a lesser extent, lower volumes sold. Average propane selling prices for fiscal 2015 decreased 20.3% compared to the prior year, resulting in a $281.0 million decrease in revenues year-over-year. Retail propane gallons sold in fiscal 2015 decreased 50.4 million gallons, or 9.5%, resulting in a decrease in revenues of $145.0 million. Volumes sold during fiscal 2015 were adversely affected by the unseasonably warm weather during key parts of the winter heating season discussed above. Included within the propane segment are revenues from other propane activities of $75.3 million for fiscal 2015, which decreased $3.9 million compared to the prior year.

Revenues from the distribution of fuel oil and refined fuels of $127.5 million for fiscal 2015 decreased $67.2 million, or 34.5%, from $194.7 million for the prior year, primarily due to lower average selling prices and, to a lesser extent, lower volumes sold. Average selling prices in our fuel oil and refined fuels segment decreased 23.2%, resulting in a $38.5 million decrease in revenues. Fuel oil and refined fuels gallons sold in fiscal 2015 decreased 7.2 million gallons, or 14.7%, resulting in a decrease in revenues of $28.7 million. The decrease in volumes sold was primarily due to the impact of the unfavorable weather trends discussed above.

Revenues in our natural gas and electricity segment decreased $20.2 million, or 23.2%, to $66.9 million in fiscal 2015 compared to $87.1 million in the prior year as a result of lower average selling prices for natural gas and electricity as a result of lower average wholesale costs and, to a lesser extent, lower natural gas and electricity usage.

Cost of Products Sold

(Dollars in thousands)

	Fiscal 2015	Fiscal 2014	Decrease	Percent Decrease
Cost of products sold				
Propane	$ 443,538	$ 844,855	$ (401,317)	(47.5)%
Fuel oil and refined fuels	92,628	155,773	(63,145)	(40.5)%
Natural gas and electricity	42,313	64,448	(22,135)	(34.3)%
All other	14,901	15,674	(773)	(4.9)%
Total cost of products sold	$ 593,380	$ 1,080,750	$ (487,370)	(45.1)%
As a percent of total revenues	41.9%	55.8%		

From a commodity perspective, propane prices declined rather sharply during the first quarter of fiscal 2015 and continued to trend downward for the remainder of the fiscal year, primarily due to sustained record or near-record high U.S. propane inventories. The movement in commodity prices in fiscal 2015 was in stark contrast to the prior year, when prices were rising rapidly due to industry-wide supply and logistics challenges, particularly during the peak of the fiscal 2014 heating season. Overall, average posted prices for propane (basis Mont Belvieu, Texas) and fuel oil prices for fiscal 2015 were 52.7% and 35.5% lower than the prior year, respectively. The net change in the fair value of derivative instruments during the period resulted in unrealized (non-cash) gains of $1.9 million and $0.3 million reported in cost of products sold in fiscal 2015 and 2014, respectively, resulting in a decrease of $1.6 million in cost of products sold in fiscal 2015 compared to the prior year, $1.3 million of which was reported in the propane segment and $0.3 million was reported in the fuel oil and refined fuels segment.

Cost of products sold associated with the distribution of propane and related activities of $443.5 million for fiscal 2015 decreased $401.3 million, or 47.5%, compared to the prior year primarily due to lower wholesale costs and, to a lesser extent, lower volumes sold. Lower average propane costs and lower propane volumes sold during fiscal 2015 resulted in a decrease of $310.3 million and $78.2 million, respectively. Cost of products sold from other propane activities decreased $11.5 million.

Cost of products sold associated with our fuel oil and refined fuels segment of $92.6 million for fiscal 2015 decreased $63.1 million, or 40.5%, compared to the prior year. Lower fuel oil and refined fuels wholesale costs and lower volumes sold, resulted in decreases of $39.8 million and $23.0 million, respectively, in costs of products sold during fiscal 2015 compared to the prior year.

Cost of products sold in our natural gas and electricity segment of $42.3 million for fiscal 2015 decreased $22.1 million, or 34.3%, compared to the prior year, primarily due to lower natural gas and electricity wholesale costs and, to a lesser extent, lower usage.

Total cost of products sold as a percent of total revenues decreased 13.9 percentage points to 41.9% in fiscal 2015 from 55.8% in the prior year, primarily due to the decline in wholesale costs outpacing the decline in average selling prices in all segments during fiscal 2015.

Operating Expenses

(Dollars in thousands)

	Fiscal 2015	Fiscal 2014	Decrease	Percent Decrease
Operating expenses	$ 444,251	$ 466,389	$ (22,138)	(4.7)%
As a percent of total revenues	31.4%	24.1%		

Operating expenses of $444.3 million for fiscal 2015 decreased $22.1 million, or 4.7%, compared to $466.4 million in the prior year, primarily due to operating efficiencies and synergies realized as a result of the integration of Inergy Propane; including lower payroll and benefit-related expenses attributable to reduced headcount, lower vehicles expenses attributable to reduced vehicle count and lower fuel costs to operate our fleet, and lower bad debt and insurance expenses. Operating expenses for fiscal 2015 included expenses of $9.7 million associated with the integration of the Inergy Propane operations, an $11.3 million charge related to our voluntary partial withdrawal from a MEPP, and a pension settlement charge of $2.0 million. Operating expenses for fiscal 2014 included integration-related expenses of $8.1 million. These items were excluded from our calculation of Adjusted EBITDA below.

General and Administrative Expenses

(Dollars in thousands)

	Fiscal 2015	Fiscal 2014	Increase	Percent Increase
General and administrative expenses	$ 68,296	$ 64,593	$ 3,703	5.7%
As a percent of total revenues	4.8%	3.3%		

General and administrative expenses of $68.3 million for fiscal 2015 increased $3.7 million from $64.6 million in the prior year, primarily due to higher payroll expenses, including variable compensation, and higher professional service fees associated with uninsured legal matters. General and administrative expenses for fiscal 2015 and 2014 included $1.9 million and $4.2 million, respectively, of professional services and other expenses associated with the integration of the Inergy Propane operations. These items were excluded from our calculation of Adjusted EBITDA below.

Depreciation and Amortization

(Dollars in thousands)

	Fiscal 2015	Fiscal 2014	Decrease	Percent Decrease
Depreciation and amortization	$ 133,294	$ 136,399	$ (3,105)	(2.3)%
As a percent of total revenues	9.4%	7.0%		

Depreciation and amortization expense of $133.3 million in fiscal 2015 decreased $3.1 million from $136.4 million in the prior year, primarily as a result of accelerated depreciation expense recorded in the prior year for assets taken out of service from integration activities.

Interest Expense, net

(Dollars in thousands)

	Fiscal 2015	Fiscal 2014	Decrease	Percent Decrease
Interest expense, net	$ 77,634	$ 83,261	$ (5,627)	(6.8)%
As a percent of total revenues	5.5%	4.3%		

Net interest expense of $77.6 million for fiscal 2015 decreased $5.6 million from $83.3 million in the prior year, primarily due to the refinancing of $496.6 million of 7.5% Senior Notes due 2018 with $525.0 million of 5.5% Senior Notes due 2024 in the third quarter of fiscal 2014, and the refinancing of $250.0 million of 7.375% Senior Notes due 2020 with $250.0 million of 5.75% Senior Notes due 2025 in the second quarter of fiscal 2015. See Liquidity and Capital Resources below for additional discussion.

Loss on Debt Extinguishment

On February 25, 2015, we repurchased and satisfied and discharged all of our previously outstanding 2020 Senior Notes with net proceeds from the issuance of the 2025 Senior Notes and cash on hand, pursuant to a tender offer and redemption. In connection with this tender offer and redemption, during the second quarter of fiscal 2015 we recognized a loss on the extinguishment of debt of $15.1 million, consisting of $11.1 million for the redemption premium and related fees, as well as the write-off of $2.9 million and $1.1 million in unamortized debt origination costs and unamortized discount, respectively.

On May 27, 2014, we repurchased and satisfied and discharged all of our previously outstanding 2018 Senior Notes with net proceeds from the issuance of the 2024 Senior Notes and cash on hand pursuant to a tender offer and redemption. In connection with this tender offer and redemption, we recognized a loss on the extinguishment of debt of $11.6 million consisting of $31.6 million for the redemption premium and related fees, as well as the write-off of $5.3 million and ($25.3) million in unamortized debt origination costs and unamortized premium, respectively.

Net Income and Adjusted EBITDA

Net income for fiscal 2015 amounted to $84.4 million, or $1.39 per Common Unit, compared to $94.5 million, or $1.56 per Common Unit, in fiscal 2014. Earnings before interest, taxes, depreciation and amortization ("EBITDA") for fiscal 2015 amounted to $296.0 million, compared to $314.9 million for fiscal 2014.

Net income and EBITDA for fiscal 2015 included: (i) a loss on debt extinguishment of $15.1 million; (ii) $11.5 million in expenses related to the integration of Inergy Propane; (iii) an $11.3 million charge related to our voluntary partial withdrawal from a MEPP; and (iv) a pension settlement charge of $2.0 million. Net income and EBITDA for fiscal 2014 included: (i) a loss on debt extinguishment of $11.6 million; and (ii) $12.3 million in expenses related to the integration of Inergy Propane. Excluding the effects of these items, as well as the unrealized (non-cash) mark-to-market adjustments on derivative instruments in both years, Adjusted EBITDA amounted to $334.0 million for fiscal 2015, compared to Adjusted EBITDA of $338.5 million in fiscal 2014.

The following table sets forth our calculations of EBITDA and Adjusted EBITDA:

(Dollars in thousands)	**Year Ended**	
	September 26, 2015	**September 27, 2014**
Net income	$ 84,352	$ 94,509
Add:		
Provision for income taxes	700	767
Interest expense, net	77,634	83,261
Depreciation and amortization	133,294	136,399
EBITDA	295,980	314,936
Unrealized (non-cash) (gains) losses on changes in fair value of derivatives	(1,855)	(306)
Loss on debt extinguishment	15,072	11,589
Integration-related costs	11,542	12,283
Multi-employer pension plan withdrawal charge	11,300	—
Pension settlement charge	2,000	—
Adjusted EBITDA	$ 334,039	$ 338,502

Liquidity and Capital Resources

Analysis of Cash Flows

Operating Activities. Net cash provided by operating activities for fiscal 2016 amounted to $157.1 million, a decrease of $167.1 million compared to the prior year. The decrease was primarily attributable to lower earnings (discussed above) coupled with a lower amount of working capital realized as a result of a lower level of working capital at the beginning of fiscal 2016 compared to the beginning of fiscal 2015. The decline in the amount of working capital was due to the impact of the steep decline in wholesale product costs on our accounts receivable and inventory in fiscal 2015.

Investing Activities. Net cash used in investing activities of $53.9 million for fiscal 2016 consisted of $42.9 million for the acquisition of Propane USA and capital expenditures of $38.4 million (including $21.8 million to support the growth of operations and $16.6 million for maintenance expenditures); partially offset by $21.5 million in proceeds from the sale of assets and operations in a non-strategic market and $6.0 million in net proceeds from the sale of property, plant and equipment. Net cash used in investing activities of $36.0 million for fiscal 2015 consisted of capital expenditures of $41.2 million (including $21.8 million to support the growth of operations and $19.4 million for maintenance expenditures) and $6.5 million for the acquisition of a business; partially offset by $11.7 million in net proceeds from the sale of property, plant and equipment.

Financing Activities. Net cash used in financing activities for fiscal 2016 of $218.2 million reflects the quarterly distribution to Common Unitholders at a rate of $0.8875 per Common Unit paid in respect of the fourth quarter of fiscal 2015 and the first, second and third quarters of fiscal 2016. Upon the execution of the amendment and restatement of our credit agreement on March 3, 2016, we rolled the $100.0 million then-outstanding under the revolving credit facility of the previous credit agreement into the revolving credit facility of the new second amended and restated credit agreement. This resulted in the repayment of the $100.0 million then-outstanding under the revolving credit facility of the previous credit agreement with proceeds from borrowings under the revolving credit facility of the new credit agreement. Financing activities for fiscal 2016 also reflects the payment of $2.7 million in debt origination costs associated with the refinancing of the credit agreement.

Net cash used in financing activities for fiscal 2015 of $228.5 million reflects the quarterly distribution to Common Unitholders at a rate of $0.8750 per Common Unit paid in respect of the fourth quarter of fiscal 2014 and the first quarter of fiscal 2015, and at a rate of $0.8875 per Common Unit paid in respect of the second and third quarters of fiscal 2015. In addition, cash used in financing activities included proceeds of $250.0 million from the issuance of the 2025 Senior Notes in February 2015 which were used, along with cash on hand, to repurchase and satisfy and discharge all of the previously outstanding 2020 Senior Notes, as well as to pay tender premiums and other related fees of $11.1 million and debt issuance costs of $4.6 million, pursuant to a tender offer and redemption.

Summary of Long-Term Debt Obligations and Revolving Credit Lines

As of September 24, 2016, our long-term debt consisted of $346.2 million in aggregate principal amount of 7.375% senior notes due August 1, 2021 (excluding unamortized premium of $17.0 million), $525.0 million in aggregate principal amount of 5.5% senior notes due June 1, 2024, $250.0 million in aggregate principal amount of 5.75% senior notes due March 1, 2025 and $100.0 million outstanding under our senior secured Revolving Credit Facility. See Part IV, Note 8 of this Annual Report.

The aggregate amounts of long-term debt maturities subsequent to September 24, 2016 are as follows: fiscal 2017: $-0-; fiscal 2018: $-0-; fiscal 2019: $-0-; fiscal 2020: $-0-; fiscal 2021: $446.2 million; and thereafter: $775.0 million.

Partnership Distributions

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

On October 20, 2016, we announced that our Board of Supervisors had declared a quarterly distribution of $0.8875 per Common Unit for the three months ended September 24, 2016. This quarterly distribution rate equates to an annualized rate of $3.55 per Common Unit. The distribution was paid on November 8, 2016 to Common Unitholders of record as of November 1, 2016.

Pension Plan Assets and Obligations

We have a noncontributory defined benefit pension plan which was originally designed to cover all of our eligible employees who met certain requirements as to age and length of service. Effective January 1, 1998, we amended the defined benefit pension plan to provide benefits under a cash balance formula as compared to a final average pay formula which was in effect prior to January 1, 1998. Our defined benefit pension plan was frozen to new participants effective January 1, 2000 and, in furtherance of our effort to minimize future increases in our benefit obligations, effective January 1, 2003, all future service credits were eliminated. Therefore, eligible participants will receive interest credits only toward their ultimate defined benefit under the defined benefit pension plan. We made a minimum required funding payment of $0.7 million in fiscal 2016. There were no such funding requirements for the defined benefit pension plan in fiscal 2015 or 2014. As of September 24, 2016 and September 26, 2015 the plan's projected benefit obligation exceeded the fair value of plan assets by $49.3 million and $42.6 million, respectively. As a result, the net liability recognized in the consolidated financial statements for the defined benefit pension plan increased by $6.7 million during fiscal 2016, which was primarily attributable to an increase in the benefit obligation as a result of the decrease in discount rates used to measure the obligation, partially offset by a return on plan assets that outpaced the interest cost of the benefit obligation. During fiscal 2017, the Partnership expects to contribute approximately $10.7 million to the defined benefit pension plan in the form of a minimum funding requirement.

Our investment policies and strategies, as set forth in the Investment Management Policy and Guidelines, are monitored by a Benefits Committee comprised of five members of management. The Benefits Committee employs a liability driven investment strategy, which seeks to increase the correlation of the plan's assets and liabilities to reduce the volatility of the plan's funded status. The execution of this strategy has resulted in an asset allocation that is largely comprised of fixed income securities. A liability driven investment strategy is intended to reduce investment risk and, over the long-term, generate returns on plan assets that largely fund the annual interest on the accumulated benefit obligation. However, as we experienced in recent fiscal years, significant declines in interest rates relevant to our benefit obligations, and/or poor performance in the broader capital markets in which our plan assets are invested, could have an adverse impact on the funded status of the defined benefit pension plan. For purposes of measuring the projected benefit obligation as of September 24, 2016 and September 26, 2015, we used a discount rate of 3.125% and 3.875%, respectively, reflecting current market rates for debt obligations of a similar duration to our pension obligations.

During fiscal 2016 and fiscal 2015, lump sum settlement payments of $5.8 million in each year exceeded the interest and service cost components of the net periodic pension cost. As a result, we recorded a non-cash settlement charge of $2.0 million during the fourth quarter of fiscal 2016 and fiscal 2015, respectively, in order to accelerate recognition of a portion of cumulative unrecognized losses in the defined benefit pension plan. These unrecognized losses were previously accumulated as a reduction to partners' capital and were being amortized to expense as part of our net periodic pension cost. During fiscal 2014, the amount of the pension benefit obligations settled through lump sum payments did not exceed the settlement threshold (combined service and interest costs of net periodic pension cost); therefore, a settlement charge was not required to be recognized.

We also provide postretirement health care and life insurance benefits for certain retired employees. Partnership employees who were hired prior to July 1993 and retired prior to March 1998 are eligible for health care benefits if they reached a specified retirement age while working for the Partnership. Partnership employees hired prior to July 1993 are eligible for postretirement life insurance benefits if they reach a specified retirement age while working for the Partnership. Effective March 31, 1998, we froze participation in our postretirement health care benefit plan, with no new retirees eligible to participate in the plan. All active and eligible employees who were to receive health care benefits under the postretirement plan subsequent to March 1, 1998 were provided an increase to their accumulated benefits under the defined benefit pension plan. Our postretirement health care and life insurance benefit plans are unfunded. Effective January 1, 2006, we changed our postretirement health care plan from a self-insured program to one that is fully insured under which we pay a portion of the insurance premium on behalf of the eligible participants.

Long-Term Debt Obligations and Operating Lease Obligations

Contractual Obligations

The following table summarizes payments due under our known contractual obligations as of September 24, 2016:

(Dollars in thousands)

	Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022 and thereafter
Long-term debt obligations	$ —	$ —	$ —	$ —	$ 446,180	$ 775,000
Interest payments	73,937	73,064	73,064	73,064	71,660	136,938
Operating lease obligations (a)	22,580	18,796	15,050	12,519	9,497	15,841
Self-insurance obligations (b)	10,168	10,383	8,833	7,201	6,012	16,451
Pension contributions (c)	10,704	9,570	7,570	9,175	5,400	—
Other contractual obligations (d)	3,232	3,944	3,354	1,811	1,502	13,985
Total	$ 120,621	$ 115,757	$ 107,871	$ 103,770	$ 540,251	$ 958,215

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

(b) The timing of when payments are due for our self-insurance obligations is based on estimates that may differ from when actual payments are made. In addition, the payments do not reflect amounts to be recovered from our insurance providers, which amount to $2.7 million, $2.7 million, $2.4 million, $1.7 million, $1.5 million and $4.5 million for each of the next five fiscal years and thereafter, respectively, and are included in other assets on the consolidated balance sheet.

(c) Amounts represent estimated minimum funding requirements for our pension plan.

(d) These amounts are included in our consolidated balance sheet and primarily include payments for postretirement and long-term incentive benefits.

Additionally, we have standby letters of credit in the aggregate amount of $43.3 million, in support of retention levels under our casualty insurance programs and certain lease obligations, which expire periodically through April 3, 2017.

Operating Leases

We lease certain property, plant and equipment for various periods under noncancelable operating leases, including 46% of our vehicle fleet, approximately 26% of our customer service centers and portions of our information systems equipment. Rental expense under operating leases was $29.2 million, $32.7 million and $31.8 million for fiscal 2016, 2015 and 2014, respectively. Future minimum rental commitments under noncancelable operating lease agreements as of September 24, 2016 are presented in the table above.

Off-Balance Sheet Arrangements

Guarantees

Certain of our operating leases, primarily those for transportation equipment with remaining lease periods scheduled to expire periodically through fiscal 2023, contain residual value guarantee provisions. Under those provisions, we guarantee that the fair value of the equipment will equal or exceed the guaranteed amount upon completion of the lease period, or we will pay the lessor the difference between fair value and the guaranteed amount. Although the fair value of equipment at the end of its lease term has historically exceeded the guaranteed amounts, the maximum potential amount of aggregate future payments we could be required to make under these leasing arrangements, assuming the equipment is deemed worthless at the end of the lease term, was approximately $16.0 million. The fair value of residual value guarantees for outstanding operating leases was de minimis as of September 24, 2016 and September 26, 2015.

Recently Issued Accounting Pronouncements

See Part IV, Note 2 of this Annual Report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk

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

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

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

Futures are traded with brokers of the NYMEX and require daily cash settlements in margin accounts. Forward contracts are generally settled at the expiration of the contract term by physical delivery, and swap and options contracts are generally settled at expiration through a net settlement mechanism. Market risks associated with our derivative instruments are monitored daily for compliance with our Hedging and Risk Management Policy which includes volume limits for open positions. Open inventory positions are reviewed and managed daily as to exposures to changing market prices.

Credit Risk

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

Interest Rate Risk

A portion of our borrowings bear interest at prevailing interest rates based upon, at the Operating Partnership's option, LIBOR, plus an applicable margin or the base rate, defined as the higher of the Federal Funds Rate plus ½ of 1% or the agent bank's prime rate, or LIBOR plus 1%, plus the applicable margin. The applicable margin is dependent on the level of the Partnership's total consolidated leverage ratio (the ratio of consolidated total debt to consolidated EBITDA). Therefore, we are subject to interest rate risk on the variable component of the interest rate. We manage our interest rate risk by entering into interest rate swap agreements. The interest rate swaps have been designated as a cash flow hedge. Changes in the fair value of the interest rate swaps are recognized in other comprehensive income ("OCI") until the hedged item is recognized in earnings. At September 24, 2016, the fair value of the interest rate swaps was a net liability of $0.2 million, which is included within other current liabilities with a corresponding unrealized loss reflected in accumulated other comprehensive income.

Derivative Instruments and Hedging Activities

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

Sensitivity Analysis

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

A. The fair value of open positions as of September 24, 2016.

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

Based on the sensitivity analysis described above, the hypothetical 10% adverse change in market prices for open derivative instruments as of September 24, 2016 indicates an increase in potential future net losses of $1.0 million. 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.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our Consolidated Financial Statements and the Report of Independent Registered Public Accounting Firm thereon listed on the accompanying Index to Financial Statements in Part IV, Item 15 (see page F-1) and the Supplemental Financial Information listed on the accompanying Index to Financial Statement Schedule in Part IV, Item 15 (see page S-1) are included herein.

Selected Quarterly Financial Data

Due to the seasonality of the retail propane, fuel oil and other refined fuel and natural gas businesses, 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).

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Fiscal 2016					
Revenues	$ 275,857	$ 404,140	$ 205,099	$ 161,015	$ 1,046,111
Costs of products sold	92,506	137,009	75,497	56,941	361,953
Gain on sale of business (a)	—	—	9,769	—	9,769
Operating income (loss)	31,344	111,213	(10,780)	(41,371)	90,406
Loss on debt extinguishment (b)	—	292	—	—	292
Net income (loss)	12,266	92,011	(29,598)	(60,239)	14,440
Net income (loss) per Common Unit - basic (c)	$ 0.20	$ 1.51	$ (0.49)	$ (0.99)	$ 0.24
Net income (loss) per Common Unit - diluted (c)	$ 0.20	$ 1.51	$ (0.49)	$ (0.99)	$ 0.24
Cash provided by (used in):					
Operating activities	10,351	70,136	48,173	28,448	157,108
Investing activities	(52,505)	(11,399)	14,542	(4,543)	(53,905)
Financing activities	(53,722)	(56,517)	(54,011)	(53,950)	(218,200)
EBITDA (d)	$ 62,982	$ 144,071	$ 21,508	$ (8,831)	$ 219,730
Adjusted EBITDA (d)	$ 67,192	$ 145,102	$ 18,395	$ (7,646)	$ 223,043
Retail gallons sold					
Propane	109,764	161,597	80,184	63,231	414,776
Fuel oil and refined fuels	8,565	13,296	5,771	3,246	30,878
Fiscal 2015					
Revenues	$ 422,944	$ 599,389	$ 220,302	$ 174,344	$ 1,416,979
Costs of products sold	187,921	253,667	94,198	57,594	593,380
Operating income (loss)	75,968	171,591	(21,834)	(47,967)	177,758
Loss on debt extinguishment (b)	—	15,072	—	—	15,072
Net income (loss)	55,807	136,634	(40,952)	(67,137)	84,352
Net income (loss) per Common Unit - basic (c)	$ 0.92	$ 2.26	$ (0.67)	$ (1.11)	$ 1.39
Net income (loss) per Common Unit - diluted (c)	$ 0.92	$ 2.24	$ (0.67)	$ (1.11)	$ 1.38
Cash provided by (used in):					
Operating activities	33,605	126,332	99,205	65,067	324,209
Investing activities	(11,453)	(10,083)	(8,419)	(6,017)	(35,972)
Financing activities	(52,777)	(68,197)	(53,843)	(53,721)	(228,538)
EBITDA (d)	$ 108,597	$ 189,748	$ 10,896	$ (13,261)	$ 295,980
Adjusted EBITDA (d)	$ 101,005	$ 214,316	$ 12,067	$ 6,651	$ 334,039
Retail gallons sold					
Propane	134,534	199,690	77,633	68,515	480,372
Fuel oil and refined fuels	11,261	19,898	6,181	4,538	41,878

(a) On April 22, 2016, we sold certain assets and operations in a non-strategic market of the propane segment for $26.0 million, including $5.0 million of non-compete consideration that will be received over a five-year period, resulting in a gain of $9.8 million that was recognized during the third quarter of fiscal 2016.

(b) During the second quarter of fiscal 2016, we entered into a Second Amended and Restated Credit Agreement that provides for a five-year $500.0 million revolving credit facility. In connection with the Amended Credit Agreement, we recognized a non-cash charge of $0.3 million to write-off a portion of unamortized debt origination costs of the previous credit agreement. During the second quarter of fiscal 2015, we repurchased and satisfied and discharged all of our 2020 Senior Notes with net proceeds from the issuance of the 2025 Senior Notes and cash on hand, pursuant to a tender offer and redemption. In connection with this tender offer and redemption, we recognized a loss on the extinguishment of debt of $15.1 million consisting of $11.1 million for the redemption premium and related fees, as well as the write-off of $2.9 million and $1.1 million in unamortized debt origination costs and unamortized discount, respectively.

(c) Basic net income (loss) per Common Unit is computed by dividing net income (loss) by the weighted average number of outstanding Common Units, and restricted units granted under the Restricted Unit Plans to retirement-eligible grantees. Computations of diluted net income per Common Unit are performed by dividing net income by the weighted average number of outstanding Common Units and unvested restricted units granted under our Restricted Unit Plans. Diluted loss per Common Unit for the periods where a net loss was reported does not include unvested restricted units granted under our Restricted Unit Plans as their effect would be anti-dilutive.

(d) EBITDA represents net income before deducting interest expense, income taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA excluding the unrealized net gain or loss on mark-to-market activity for derivative instruments and other items, as applicable, as provided in the table below. Our management uses EBITDA and Adjusted EBITDA as supplemental measures of operating performance and we are including them because we believe that they provide our investors and industry analysts with additional information to evaluate our operating results. EBITDA and Adjusted EBITDA are not recognized terms under US GAAP and should not be considered as an alternative to net income or net cash provided by operating activities determined in accordance with US GAAP. Because EBITDA and Adjusted EBITDA as determined by us excludes some, but not all, items that affect net income, they may not be comparable to EBITDA and Adjusted EBITDA or similarly titled measures used by other companies. The following table sets forth our calculations of EBITDA and Adjusted EBITDA:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
Fiscal 2016					
Net income (loss)	$ 12,266	$ 92,011	$ (29,598)	$ (60,239)	$ 14,440
Add:					
Provision for income taxes	185	58	180	165	588
Interest expense, net	18,893	18,852	18,638	18,703	75,086
Depreciation and amortization	31,638	33,150	32,288	32,540	129,616
EBITDA	62,982	144,071	21,508	(8,831)	219,730
Unrealized (non-cash) (gains) losses on changes in fair value of derivatives	1,210	739	56	(815)	1,190
Gain on sale of business	—	—	(9,769)	—	(9,769)
Multi-employer pension plan withdrawal charge	—	—	6,600	—	6,600
Product liability settlement	3,000	—	—	—	3,000
Pension settlement charge	—	—	—	2,000	2,000
Loss on debt extinguishment	—	292	—	—	292
Adjusted EBITDA	$ 67,192	$ 145,102	$ 18,395	$ (7,646)	$ 223,043
Fiscal 2015					
Net income (loss)	$ 55,807	$ 136,634	$ (40,952)	$ (67,137)	$ 84,352
Add:					
Provision for income taxes	162	174	185	179	700
Interest expense, net	19,999	19,711	18,933	18,991	77,634
Depreciation and amortization	32,629	33,229	32,730	34,706	133,294
EBITDA	108,597	189,748	10,896	(13,261)	295,980
Unrealized (non-cash) losses (gains) on changes in fair value of derivatives	(9,505)	7,433	37	180	(1,855)
Loss on debt extinguishment	—	15,072	—	—	15,072
Integration-related costs	1,913	2,063	1,134	6,432	11,542
Multi-employer pension plan withdrawal charge	—	—	—	11,300	11,300
Pension settlement charge	—	—	—	2,000	2,000
Adjusted EBITDA	$ 101,005	$ 214,316	$ 12,067	$ 6,651	$ 334,039

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

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

Before filing this Annual Report, the Partnership completed an evaluation under the supervision and with the participation of the Partnership's management, including the Partnership's principal executive officer and principal financial officer, of the effectiveness of the design and operation of the Partnership's disclosure controls and procedures as of September 24, 2016. Based on this evaluation, the Partnership's principal executive officer and principal financial officer concluded that as of September 24, 2016, such disclosure controls and procedures were effective to provide the reasonable assurance level described above.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the quarter ended September 24, 2016, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Management's Report on Internal Control over Financial Reporting is included below.

Management's Report on Internal Control Over Financial Reporting

Management of the Partnership is responsible for establishing and maintaining adequate internal control over financial reporting. The Partnership's internal control over financial reporting is designed to provide reasonable assurance as to the reliability of the Partnership's financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

The Partnership's management has assessed the effectiveness of the Partnership's internal control over financial reporting as of September 24, 2016. In making this assessment, the Partnership used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in "Internal Control-Integrated Framework (2013)." These criteria are in the areas of control environment, risk assessment, control activities, information and communication, and monitoring. The Partnership's assessment included documenting, evaluating and testing the design and operating effectiveness of its internal control over financial reporting.

Based on the Partnership's assessment, as described above, management has concluded that, as of September 24, 2016, the Partnership's internal control over financial reporting was effective.

Our independent registered public accounting firm, PricewaterhouseCoopers LLP, issued an attestation report dated November 23, 2016 on the effectiveness of our internal control over financial reporting, which is included herein.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND PARTNERSHIP GOVERNANCE

Partnership Management

Our Partnership Agreement provides that all management powers over our business and affairs are exclusively vested in our Board of Supervisors and, subject to the direction of the Board of Supervisors, our officers. No Unitholder has any management power over our business and affairs or actual or apparent authority to enter into contracts on behalf of or otherwise to bind us. Under the current Partnership Agreement, members of our Board of Supervisors are elected by the Unitholders for three-year terms. All of our current Supervisors, namely Messrs. Harold R. Logan Jr., Lawrence C. Caldwell, Matthew J. Chanin, John D. Collins, Michael A. Stivala, John Hoyt Stookey and Ms. Jane Swift, were elected to their current three-year terms at the Tri-Annual Meeting of our Unitholders held on May 13, 2015.

At its regular meeting on November 15, 2016, our Board of Supervisors, pursuant to authority granted to the Board under the Partnership Agreement, and acting on the recommendation of the Board's Nominating/Governance Committee, increased the size of the Board from eight (8) Supervisors to nine (9) Supervisors, effective January 1, 2017. At the same meeting and again pursuant to authority granted to the Board under the Partnership Agreement and in accordance with the recommendation of its Nominating/Governance Committee, the Board elected Messrs. Terence J. Connors and William M. Landuyt to fill the two vacancies on the Board following the increase in size of the Board, effective January 1, 2017. Messrs. Connors and Landuyt were each elected for a term due to expire at the next Tri-Annual Meeting of our Unitholders, currently planned for Spring 2018. At this time neither Mr. Connors nor Mr. Landuyt has been named to any Board committees.

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

The Board of Supervisors has determined that all three current members of the Audit Committee, John D. Collins, Lawrence C. Caldwell and Jane Swift, are independent and (with the exception of Ms. Swift) audit committee financial experts within the meaning of the NYSE corporate governance listing standards and in accordance with Rule 10A-3 of the Exchange Act, Item 407 of Regulation S-K and the Partnership's criteria for Supervisor independence (as discussed in Item 13, herein) as of the date of this Annual Report.

Mr. Logan, Chairman of the Board, presides at the regularly scheduled executive sessions of the non-management Supervisors, all of whom are independent, held as part of the regular meetings of the Board of Supervisors. Investors and other parties interested in communicating directly with the non-management Supervisors as a group may do so by writing to the Non-Management Members of the Board of Supervisors, c/o Company Secretary, Suburban Propane Partners, L.P., P.O. Box 206, Whippany, New Jersey 07981-0206

Board of Supervisors and Executive Officers of the Partnership

The following table sets forth certain information with respect to the members of the Board of Supervisors and our executive officers as of November 23, 2016 and with respect to Terence J. Connors and William M. Landuyt, who have been elected to become members of the Board of Supervisors as of January 1, 2017. Officers are appointed by the Board of Supervisors for one-year terms and Supervisors (other than those elected by the Board to fill vacancies) are elected by the Unitholders for three-year terms.

Name	Age	Position With the Partnership
Michael A. Stivala	47	President and Chief Executive Officer; Member of the Board of Supervisors
Michael A. Kuglin	46	Chief Financial Officer & Chief Accounting Officer
Paul Abel	63	Senior Vice President, General Counsel and Secretary
Steven C. Boyd	52	Senior Vice President – Operations
Douglas T. Brinkworth	55	Senior Vice President – Product Supply, Purchasing & Logistics
Neil E. Scanlon	51	Senior Vice President – Information Services
A. Davin D'Ambrosio	52	Vice President and Treasurer
Keith P. Onderdonk	52	Vice President – Operational Support
Sandra N. Zwickel	50	Vice President – Human Resources
Daniel S. Bloomstein	43	Controller
Harold R. Logan, Jr.	72	Member of the Board of Supervisors (Chairman)
John Hoyt Stookey	86	Member of the Board of Supervisors
John D. Collins	78	Member of the Board of Supervisors (Chairman of the Audit Committee)
Jane Swift	51	Member of the Board of Supervisors
Lawrence C. Caldwell	70	Member of the Board of Supervisors
Matthew J. Chanin	62	Member of the Board of Supervisors (Chairman of the Compensation Committee)
Terence J. Connors	61	Member of the Board of Supervisors
William M. Landuyt	61	Member of the Board of Supervisors

Mr. Stivala has served as our President since April 2014 and as our Chief Executive Officer since September 2014. Mr. Stivala has served as a Supervisor since November 2014. From November 2009 until March 2014 he was our Chief Financial Officer, and, before that, our Chief Financial Officer and Chief Accounting Officer since October 2007. Prior to that he was our Controller and Chief Accounting Officer since May 2005 and Controller since December 2001. Before joining the Partnership, he held several positions with PricewaterhouseCoopers LLP, an international accounting firm, most recently as Senior Manager in the Assurance practice.

Mr. Stivala's qualifications to sit on our Board include his fifteen years of experience in the propane industry, including as our current President and Chief Executive Officer and, before that, as our Chief Financial Officer for almost seven years, which day to day leadership roles have provided him with intimate knowledge of our operations.

Mr. Kuglin has served as our Chief Financial Officer & Chief Accounting Officer since September 2014 and was our Vice President – Finance and Chief Accounting Officer from April 2014 through September 2014. Prior to that he served as our Vice President and Chief Accounting Officer since November 2011, our Controller and Chief Accounting Officer since November 2009 and our Controller since October 2007. For the eight years prior to joining the Partnership he held several financial and managerial positions with Alcatel-Lucent, a global communications solutions provider. Prior to Alcatel-Lucent, Mr. Kuglin held several positions with the international accounting firm PricewaterhouseCoopers LLP, most recently as Manager in the Assurance practice. Mr. Kuglin is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.

Mr. Abel has served as our General Counsel and Secretary since June 2006, was additionally made a Vice President in October 2007 and a Senior Vice President in April 2014. Prior to joining the Partnership, Mr. Abel served as senior in-house legal counsel (including as a General Counsel) for several technology companies.

Mr. Boyd has served as our Senior Vice President – Operations since September 2015 and before that was our Senior Vice President – Field Operations since April 2014. Previously he was our Vice President – Field Operations (formerly Vice President – Operations) since October 2008, our Southeast and Western Area Vice President since March 2007, Managing Director – Area Operations since November 2003 and Regional Manager – Northern California since May 1997. Mr. Boyd held various managerial positions with predecessors of the Partnership from 1986 through 1996.

Mr. Brinkworth has served as our Senior Vice President – Product Supply, Purchasing & Logistics since April 2014 and was previously our Vice President – Product Supply (formerly Vice President – Supply) since May 2005. Mr. Brinkworth joined the

Partnership in April 1997 after a nine year career with Goldman Sachs and, since joining the Partnership, has served in various positions in the product supply area.

Mr. Scanlon became our Senior Vice President – Information Services in April 2014, after serving as our Vice President – Information Services since November 2008. Prior to that he served as our Assistant Vice President – Information Services since November 2007, Managing Director – Information Services from November 2002 to November 2007 and Director – Information Services from April 1997 until November 2002. Prior to joining the Partnership, Mr. Scanlon spent several years with JP Morgan & Co., most recently as Vice President – Corporate Systems and earlier held several positions with Andersen Consulting, an international systems consulting firm, most recently as Manager.

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

Mr. Onderdonk has served as our Vice President – Operational Support since November 2015 and before that was our Assistant Vice President – Financial Planning and Analysis since November 2013. Prior to that, he served as our Managing Director, Financial Planning and Analysis from November 2010 to November 2013. Mr. Onderdonk joined the Partnership in September 2001 after fourteen years in the consumer products industry.

Ms. Zwickel has served as our Vice President – Human Resources since November 2013. Prior to that, she was our Assistant Vice President – Human Resources since April 2011 and earlier held several roles in the Partnership's Legal Department (including Assistant General Counsel from October 2009 to April 2011 and Counsel from October 2002 to October 2009), where she was responsible for, among other things, providing legal counsel on employment issues. Ms. Zwickel joined the Partnership in June 1999 after eight years in the private practice of law.

Mr. Bloomstein joined the Partnership as its Controller in April 2014. For the ten years prior to joining the Partnership, he held several executive financial and accounting positions with The Access Group, a network of professional services companies, and with Dow Jones & Company, Inc., a global news and financial information company. Mr. Bloomstein started his career with the international accounting firm PricewaterhouseCoopers LLP, working his way to the level of Manager in the Assurance/Business Advisory Services practice. Mr. Bloomstein is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.

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

Over the past forty years, Mr. Logan's education, investment banking/venture capital experience and business/financial management experience have provided him with a comprehensive understanding of business and finance. Most of Mr. Logan's business experience has been in the energy industry, both in investment banking and as a senior financial officer and director of publicly-owned energy companies. Mr. Logan's expertise and experience have been relevant to his responsibilities of providing oversight and advice to the managements of public companies, and is of particular benefit in his role as our Chairman. Since 1996, Mr. Logan has been a director of ten public companies and has served on audit, compensation and governance committees.

Mr. Stookey has served as a Supervisor since March 1996. He was Chairman of the Board of Supervisors from March 1996 through January 2007. From 1986 until September 1993, he was the Chairman, President and Chief Executive Officer of Quantum Chemical Corporation, a predecessor of the Partnership. He served as non-executive Chairman and a Director of Quantum from its acquisition by Hanson plc, a global diversified industrial conglomerate, in September 1993 until October 1995, at which time he retired. Since then, Mr. Stookey has served as a trustee of a number of non-profit organizations, including founding and serving as non-executive Chairman of Per Scholas Inc. (a non-profit organization dedicated to training inner city individuals to become computer and software technicians), The Berkshire Choral Festival and Landmark Volunteers and also currently serves on the Board of Directors of The Clark Foundation and The Robert Sterling Clark Foundation and as a Life Trustee of the Boston Symphony Orchestra.

Mr. Stookey's qualifications to sit on our Board include his extensive experience as Chief Executive Officer of four corporations (including a predecessor of the Partnership) and his many years of service as a director of publicly-owned corporations and non-profit organizations.

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

Mr. Collins' qualifications to sit on our Board, and serve as Chairman of its Audit Committee, include his forty years of experience in public accounting, including 31 years as a partner supervising the audits of public companies. Mr. Collins has served on a number of AICPA and international accounting and auditing standards bodies.

Ms. Swift has served as a Supervisor since April 2007. She is currently the CEO of Middlebury Interactive Languages, LLC, a marketer of world language products. From 2010 through July 2011, Ms. Swift served as Senior Vice President – ConnectEDU Inc., a private education technology company. In 2007, she founded WNP Consulting, LLC, a provider of expert advice and guidance to early stage education companies. From 2003 to 2006 she was a General Partner at Arcadia Partners, a venture capital firm focused on the education industry. She has previously served on the boards of K12, Inc., Animated Speech Company, The Young Writers Project and Sally Ride Science Inc. Ms. Swift currently serves on several not-for-profit boards, including the National Alliance for Public Charter Schools and Vermont PBS; and on the advisory boards of School of Leadership Afghanistan and Vote, Run, Lead. Ms. Swift is also a Trustee for Champlain College. Prior to joining Arcadia, Ms. Swift served for fifteen years in Massachusetts state government, becoming Massachusetts' first woman governor in 2001.

Ms. Swift's qualifications to sit on our Board include her strong skills in public policy and government relations and her extensive knowledge of regulatory matters arising from her fifteen years in state government.

Mr. Caldwell has served as a Supervisor since November 2012. He was a Co-Founder of New Canaan Investments, Inc. ("NCI"), a private equity investment firm, where he was one of three senior officers of the firm from 1988 to 2005. NCI was an active "fix and build" investor in packaging, chemicals, and automotive components companies. Mr. Caldwell held a number of board directorships and senior management positions in these companies until he retired in 2005. The largest of these companies was Kerr Group, Inc., a plastic closure and bottle company where Mr. Caldwell served as Director for eight years and Chief Financial Officer for six years. From 1985 to 1988, Mr. Caldwell was head of acquisitions for Moore McCormack Resources, Inc., an oil and gas exploration, shipping, and construction materials company. Mr. Caldwell is currently a director of Magnuson Products, LLC, a private company which manufactures specialty engine components for automotive original equipment manufacturers and aftermarket. Mr. Caldwell also currently serves on the Board of Trustees and as Chairman of the Investment and Finance Committee of Historic Deerfield, and on the Board of Directors and as Chairman of the Finance Committee of the Leventhal Map Center; both of which non-profit institutions focus on enriching educational programs for K-12 children locally and nationwide.

Mr. Caldwell's qualifications to sit on our Board include over forty years of successful investing in and managing of a broad range of public and private businesses in a number of different industries. This experience has encompassed both turnaround situations, and the building of companies through internal growth and acquisitions.

Mr. Chanin has served as a Supervisor since November 2012. He was Senior Managing Director of Prudential Investment Management, a subsidiary of Prudential Financial, Inc., from 1996 until his retirement in January 2012. He headed the firm's private fixed income business, chaired an internal committee responsible for strategic investing and was a principal in Prudential Capital Partners, the firm's mezzanine investment business. He currently serves as a Director of two private companies that are in Prudential Capital Partners funds' portfolios, and provides consulting services to Prudential and one other client.

Mr. Chanin's qualifications to sit on our Board include 35 years of investment experience with a focus on highly structured private placements in companies in a broad range of industries, with a particular focus on energy companies. He has previously served on the audit committee of a public company board and is currently a member of the compensation committee for a private company board. Mr. Chanin has earned an MBA and is a Chartered Financial Analyst.

Mr. Connors will commence service as a Supervisor on January 1, 2017. Mr. Connors retired in September 2015 from KPMG LLP after nearly forty years in public accounting. Prior to joining KPMG in 2002 he was a partner with another large international accounting firm. During his career, he served as a senior audit and global lead partner for numerous public companies, including Fortune 500 companies. At KPMG he was a professional practice partner, SEC Reviewing Partner and was elected to serve as a member of KPMG's board of directors (2011-2015), where he chaired the Audit, Finance & Operations Committee. Mr. Connors currently serves as a director and audit committee chairman of the largest privately-held automotive parts remanufacturer in the world.

Mr. Connors' qualifications to sit on our Board include his extensive experience as a lead audit partner for numerous public companies across a variety of industries, which enables him to provide helpful insights to the Board in connection with its oversight of financial, accounting and internal control matters.

Mr. Landuyt will commence service as a Supervisor on January 1, 2017. Since 2003, Mr. Landuyt has served as a Managing Director at Charterhouse Equity Partners, LLC, a private equity firm with a focus on build-ups, management buyouts, and growth capital investments primarily in the business services and healthcare services sectors, and has served on the Boards of Directors of a number of portfolio companies of that firm. From 1996 to 2003, Mr. Landuyt served as Chairman of the Board, President and Chief Executive Officer of Millennium Chemicals, Inc. ("Millennium"), and from 1983 to 1996 he served in several senior executive positions with Hanson Industries ("Hanson," the US subsidiary of Hanson plc), including Vice President and Chief Financial Officer and ultimately Director, President and Chief Executive Officer. Hanson and Millennium were both previous owners of the Partnership or its predecessor through 1996 and 1999, respectively. He joined Hanson after spending six years as a Certified Public Accountant and auditor at Price Waterhouse & Co., where he rose to the position of Senior Manager. Mr. Landuyt has previously served on the Boards of Directors (including their Audit and Compensation Committees) of public companies, including Bethlehem Steel Corp., MxEnergy Holdings, Inc., a leading retail marketer of natural gas and electricity contracts, and Top Image Systems, Inc. Mr. Landuyt is also the Co-Founder and Executive Director of Celtic Charms, Inc., a non-profit therapeutic horsemanship center serving people with physical and cognitive disabilities and disorders.

Mr. Landuyt's qualifications to sit on our Board include forty years of financial and executive management experience for both public and private companies, including extensive experience with mergers and acquisitions and corporate governance. Additionally, his specific responsibility for supervision of the Partnership's predecessors, as well as his subsequent board-level involvement in the distribution, petrochemical and retail energy sectors through Charterhouse's investments in those sectors, gives Mr. Landuyt extensive expertise in areas directly relevant to the business of the Partnership.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our Supervisors, executive officers and holders of ten percent or more of our Common Units to file initial reports of ownership and reports of changes in ownership of our Common Units with the SEC. Supervisors, executive officers and ten percent Unitholders are required to furnish the Partnership with copies of all Section 16(a) forms that they file. Based on a review of these filings, we believe that all such filings were timely made during fiscal year 2016.

Codes of Ethics and of Business Conduct

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

Corporate Governance Guidelines

We have adopted Corporate Governance Guidelines and Principles in accordance with the NYSE corporate governance listing standards in effect as of the date of this Annual Report. In addition, we have adopted certain Corporate Governance Policies, including an Equity Holding Policy for Supervisors and Executives and an Incentive Compensation Recoupment Policy. A copy of our Corporate Governance Guidelines and Principles, as well as a copy of the Corporate Governance Policies, is available without charge from our website at www.suburbanpropane.com or upon written request directed to: Suburban Propane Partners, L.P., Investor Relations, P.O. Box 206, Whippany, New Jersey 07981-0206.

Audit Committee Charter

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

Compensation Committee Charter

Three Supervisors, who are not officers or employees of the Partnership or its subsidiaries, currently serve on the Compensation Committee. The Board of Supervisors has determined that all three current members of the Compensation Committee, Matthew J. Chanin, Harold R. Logan, Jr. and John Hoyt Stookey, are independent.

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

During fiscal 2016, the Compensation Committee independently retained Willis Towers Watson ("Towers Watson"), a human resources consulting firm, formerly known as Towers Watson & Co., to assist the Compensation Committee in developing competitive compensation packages for the Partnership's executive officers. See Item 11 below.

Nominating/Governance Committee Charter

The Nominating/Governance Committee participates in Board succession planning and development and identifies individuals qualified to become Board members, recommends to the Board the persons to be nominated for election as Supervisors at any Tri-Annual Meeting of the Unitholders and the persons (if any) to be elected by the Board to fill any vacancies on the Board, develops and recommends to the Board changes to the Partnership's Corporate Governance Guidelines and Principles when appropriate, and oversees the annual evaluation of the Board. The Committee's current members are Harold R. Logan, Jr. (its Chairman), Lawrence C. Caldwell, Matthew J. Chanin, John D. Collins, John Hoyt Stookey and Jane Swift, all of whom are independent in accordance with our Corporate Governance Guidelines and Principles and the rules of the NYSE.

We have adopted a written Nominating/Governance Committee Charter. A copy of our Nominating/Governance Committee Charter is available without charge from our website at www.suburbanpropane.com or upon written request directed to: Suburban Propane Partners, L.P., Investor Relations, P.O. Box 206, Whippany, New Jersey 07981-0206.

NYSE Annual CEO Certification

The NYSE requires the Chief Executive Officer of each listed company to submit a certification indicating that the company is not in violation of the Corporate Governance listing standards of the NYSE on an annual basis. Our Chief Executive Officer submits his Annual CEO Certification to the NYSE each December. In December 2015, our Chief Executive Officer, Michael A. Stivala, submitted his Annual CEO Certification to the NYSE without qualification.

ITEM 11. EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis ("CD&A") explains our executive compensation philosophy, policies and practices with respect to those executive officers of the Partnership identified below whom we collectively refer to as our "named executive officers":

Name	Position
Michael A. Stivala	President and Chief Executive Officer
Michael A. Kuglin	Chief Financial and Chief Accounting Officer
Steven C. Boyd	Senior Vice President – Field Operations
Douglas T. Brinkworth	Senior Vice President Product Supply, Purchasing and Logistics
Paul Abel	Senior Vice President, General Counsel and Secretary
Mark Wienberg	Former Chief Development Officer*

* Effective May 26, 2016, Mr. Wienberg is no longer employed by the Partnership. For details regarding Mr. Wienberg's severance arrangement with the Partnership, please refer to the section below titled "Severance Benefits."

Key Topics Covered in our CD&A

The following table summarizes the main areas of focus in the CD&A:

Compensation Governance
Participants in the Compensation Process
The Annual Compensation Decision Making Process
Risk Mitigation Policies
Executive Compensation Philosophy
Overview
Pay Mix
Components of Compensation
Base Salary
Annual Cash Bonus
Long-Term Incentive Plan
Restricted Unit Plan
Benefits and Perquisites

Compensation Governance

Participants in the Compensation Process

Role of the Compensation Committee

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

Among other duties, the Committee has overall responsibility for:

- Reviewing and approving the compensation of our President and Chief Executive Officer, our Chief Financial Officer, and our other executive officers;
- Reporting to the Board of Supervisors any and all decisions regarding compensation changes for our President and Chief Executive Officer and our other executive officers;
- Evaluating and approving our annual cash bonus plan, Long-Term Incentive Plan, and grants under our Restricted Unit Plan, as well as all other executive compensation policies and programs;

- Administering and interpreting the compensation plans that constitute each component of our executive officers' compensation packages; and
- Engaging consultants, when appropriate, to provide independent, third-party advice on executive officer-related compensation.

Role of the President and Chief Executive Officer

The role of our President and Chief Executive Officer in the executive compensation process is to recommend individual pay adjustments, grants of restricted units under the Partnership's Restricted Unit Plan and other adjustments to the compensation packages of the executive officers, other than himself, to the Committee based on market conditions, the Partnership's performance, and individual performance. When recommending individual pay adjustments for the executive officers, Mr. Stivala, our President and Chief Executive Officer, presents the Committee with information comparing each executive officer's current compensation to the mean compensation figures for comparable positions included in benchmarking data utilized by the Committee.

Role of Outside Consultants

Prior to each Committee meeting at which executive compensation packages are reviewed, members of the Committee are provided with benchmarking data from the Mercer Human Resource Consulting, Inc. ("Mercer") database for comparison. The Committee's sole use of the Mercer database is to compare and contrast our executives' current base salaries and total direct compensation to the data provided in the Mercer benchmarking database. The information provided by Mercer was derived from a proprietary database maintained by Mercer and, as such, there was no formal consultancy role played by them. Therefore, prior to the Committee's meetings, neither the Committee members nor our President and Chief Executive Officer met with representatives from Mercer.

In addition to using the benchmark data from the Mercer benchmarking database, the Committee has utilized, since fiscal 2013, the services of Willis Towers Watson ("Towers Watson"), a human resources consulting firm, formerly known as Towers Watson & Co. During fiscal 2013, Towers Watson reviewed our Long-Term Incentive and Restricted Unit Plans, which resulted in revisions to our cash bonus plan and Long-term Incentive Plan, and an alteration of the vesting schedule of our Restricted Unit Plan. In fiscal 2014, Towers Watson provided the Committee with assistance in developing competitive compensation packages for those executive officers identified by the Committee as our senior level executive officers (including all of our present named executive officers). The recommendations that Towers Watson put forth to the Committee in 2014 were considered in the development of the respective fiscal 2015 compensation packages for each of our named executive officers. Similarly, in developing the fiscal 2016 compensation packages for each of our named executive officers, the Committee again retained the services of Towers Watson to benchmark the base salaries and total direct compensation of our executive officers compared to comparable positions, using market data for similarly-sized companies which was developed by Towers Watson from multiple survey sources across several industries, inclusive of other energy companies in the United States.

Our Unitholders: Say-on-Pay

At their 2015 Tri-Annual Meeting, our Unitholders overwhelmingly approved an advisory resolution approving executive compensation (commonly referred to as "Say-on-Pay"). As a result, the Committee has determined that no major revisions of its executive compensation practices are required. However, the Committee periodically evaluates its compensation practices for possible improvement. The following represents the 2015 Say-on-Pay voting results:

For	Against	Abstain	Broker Non-Votes
28,802,659	1,712,622	613,603	22,303,948

The Annual Compensation Decision Making Process

Fiscal 2016 Committee Meetings

The Committee holds three regularly-scheduled meetings during the fiscal year: one in November, one in January and one in July, and may meet at other times during the year as warranted. It finalized the fiscal year 2016 compensation packages for each of our named executive officers at its November 10, 2015 meeting.

As in past fiscal years and as referred to above, the Committee was provided with a comprehensive analysis of each senior executive's past and current compensation - including benchmarking data for comparison - to enable it to assess and determine each executive's compensation package for fiscal 2016. The Committee considered a number of factors in establishing the fiscal 2016 executive compensation packages, including, but not limited to, experience, scope of responsibility and individual performance.

The benchmarking data provided to the Committee for fiscal 2016 was derived from the Mercer database containing information obtained from surveys of over 3,000 organizations and approximately 1,400 positions which may or may not include similarly-sized national propane marketers for the reasons stated below. The use of the Mercer database provides a broad base of compensation benchmarking information for companies of similar size to the Partnership.

Prior to making its decisions regarding each named executive officer's fiscal 2016 compensation package, the Committee reviewed the total cash compensation opportunity that was provided to each named executive officer during the previously completed fiscal year. "Total cash compensation opportunity" consists of base salary, an annual cash bonus, and cash settled long-term incentives. The Committee then compared each named executive officer's total cash compensation opportunity to the total mean cash compensation opportunity for the parallel position in the Mercer database. In addition, the Committee retained the services of Towers Watson to benchmark the base salaries and total direct compensation of our executive officers compared to comparable positions, using market data for similarly-sized companies which was developed by Towers Watson from multiple survey sources across several industries, inclusive of other energy companies in the United States. The Committee then based its final decisions on both the recommendations made by Towers Watson and on the information contained in the Mercer benchmarking database.

Our Approach to Setting Compensation Packages

In reviewing and determining the compensation packages of our named executive officers, the Committee considers a number of factors related to each executive, including, but not limited to, years of experience in current position, scope and level of responsibility, influence over the affairs of the Partnership and individual performance. The relative importance assigned to each of these factors by the Committee may differ from executive to executive and from year to year. As a result, different weights may be given to different components of compensation among each of our named executive officers.

As previously stated, the Committee is provided with benchmarking data for comparison. This benchmarking data is just one of a number of factors considered by the Committee, but is not necessarily the most persuasive factor. The Committee compares total cash compensation opportunities, comprising base salary and annual cash bonuses, as well as total direct compensation (which includes opportunities under our Long-Term Incentive Plan and Restricted Unit Plan awards) to the total mean cash compensation opportunity and total direct compensation opportunity for the parallel position in the benchmark information reviewed.

Compensation Peer Group

The Committee bases its benchmarking on a broad base of companies of similar size to the Partnership, and does not rely solely on a peer group of other propane marketers. The Committee takes this approach because it believes that the proximity of our headquarters to New York City and the need to realistically compete for skilled executives in an environment shared by numerous other enterprises seeking similarly skilled employees requires a broader review of the market. Furthermore, similarly-sized propane marketers (of which there are only two) compete for executives in vastly different economic environments. The compensation packages of the named executive officers of Ferrellgas Partners, L.P. and AmeriGas Partners, L.P. were included in the benchmarking study provided by Towers Watson for fiscal 2016 and was reviewed by the Committee as part of its decision-making process. This benchmarking approach has been in place for a number of years.

Risk Mitigation Policies

Equity Holding Policy

Effective April 22, 2010, the Committee adopted an Equity Holding Policy which establishes guidelines for the level of Partnership equity holdings that members of the Board and our executive officers are expected to maintain. Effective November 11, 2015, the Committee approved an amendment to the Equity Holding Policy to increase the equity holding requirement for members of our Board of Supervisors from two times their annual fees to three times their annual fees.

The Partnership's equity holding requirements for the specified positions are currently as follows:

Position	Amount
Member of the Board of Supervisors	3 x Annual Fee
President and Chief Executive Officer	5 x Base Salary
Chief Financial Officer	3 x Base Salary
Senior Vice President	2.5 x Base Salary
Vice President	1.5 x Base Salary
Assistant Vice President	1 x Base Salary
Managing Director	1 x Base Salary

As of the January 2, 2016 measurement date, the amounts of units held by Mr. Stivala and by Mr. Kuglin were less than the amount noted above for their respective positions. This was the first time since adoption of the Equity Holding Policy that any of our executives held less than the applicable amount outlined in the policy. After a careful review of the circumstances, the Committee concluded that these shortfalls were attributable to the precipitous decline in the trading price of our Common Units leading up to the measurement date, similar to the trading performance of other master limited partnerships during that time. Later in 2016, the trading price of our Common Units increased and these named executive officers returned to compliance with the Equity Holding Policy.

The Equity Holding Policy can be accessed through a link on our website at www.suburbanpropane.com under the "Investors" tab.

Incentive Compensation Recoupment Policy

Upon recommendation by the Committee, on April 25, 2007, the Board of Supervisors adopted an Incentive Compensation Recoupment Policy that permits the Committee to seek reimbursement from certain executives of the Partnership of incentive compensation (i.e., payments made pursuant to the annual cash bonus plan and the Long-Term Incentive Plan) paid to those executives in connection with any fiscal year for which there is a significant restatement of the published financial statements of the Partnership triggered by a material accounting error, which results in less favorable results than those originally reported. Such reimbursement can be sought from executives even if they were not personally responsible for the restatement. In addition to the foregoing, if the Committee determines that any fraud or intentional misconduct by an executive was a contributing factor to the Partnership having to make a significant restatement, then the Committee is authorized to take appropriate action against such executive, including disciplinary action, up to, and including, termination, and requiring reimbursement of all, or any part, of the compensation paid to that executive in excess of that executive's base salary, including cancellation of any unvested restricted units.

The Incentive Compensation Recoupment Policy is available on our website at www.suburbanpropane.com under the "Investors" tab.

Executive Compensation Philosophy

Overview

Our executive compensation program is underpinned by two core objectives:

- To attract and retain talented executives who have the skills and experience required to achieve our goals; and
- To align the short-term and long-term interests of our executive officers with those of our Unitholders.

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

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

Component	Purpose	Features
Base Salary	• To reward individual performance, experience and scope of responsibility • To be competitive with market pay practices	• Reviewed and approved annually • Market benchmarked • Mean market salary data is considered in determining levels
Annual cash incentive	• Drive and reward the delivery of financial and operating performance during a particular fiscal year	• Paid in cash • Based solely on annual EBITDA performance compared to budgeted EBITDA
Long-term incentives	• To ensure alignment of interests with the long-term goals of Unitholders • To reward activities and practices that are conducive to sustainable, profitable growth and long-term value creation • To attract and retain skilled individuals	• Annual awards of phantom units settled in cash • Measured over a three-year period based on the level of our average distributable cash flow over such three-year measurement period
Restricted units	• Retain the services of the recipient over the vesting period • Further align the long-term interests of the recipient with the long-term interests of our Unitholders through encouragement of equity ownership • To help make up for potential shortfalls in total cash compensation of our executive officers when compared to benchmarked total cash compensation • To provide an adequate compensation package in connection with an internal promotion • To reward outstanding performance	• No pre-determined frequency or amounts of awards • Plan provides the Committee flexibility to respond to different facts and circumstances • Awards normally vest in equal thirds on the first three anniversaries of the date of grant • Awards are settled in Common Units

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

- Providing our executive officers with an annual incentive target that encourages them to achieve or exceed targeted financial results and operating performance for a particular fiscal year;
- Providing a long-term incentive plan that encourages our executive officers to implement activities and practices conducive to sustainable, profitable growth; and
- Providing our executive officers with restricted units in order to encourage the retention of the participating executive officers, while simultaneously encouraging behaviors conducive to the long-term appreciation of our Common Units.

Pay Mix

Under our compensation structure, each executive officer's "total cash compensation opportunity" consists of a mix of base salary, cash bonus and cash-settled long-term incentives. This "mix" varies depending on his or her position. The base salary for each executive officer is the only fixed component of compensation. All other cash compensation, including annual cash bonuses and long-term incentive compensation, is variable in nature as it is dependent upon achievement of certain performance measures.

In allocating among these components, in order to align the interests of our senior executive officers - the executive officers having the greatest ability to influence our performance - with the interests of our Unitholders, we consider it crucial to emphasize the performance-based elements of the total compensation opportunities that we provide to them. Therefore, during fiscal 2016, the total cash compensation opportunity for our senior executive officers, including our named executive officers, was at least 50% performance-based under our annual cash bonus and long-term incentive plans, neither of which provide for minimum payments.

The following table summarizes each of these components as a percentage of each named executive officer's total cash compensation opportunity for fiscal 2016:

	Base Salary	Cash Bonus Target	Long-Term Incentive
Michael A. Stivala	40%	40%	20%
Michael A. Kuglin	45%	36%	19%
Steven C. Boyd	45%	36%	19%
Douglas T. Brinkworth	45%	36%	19%
Paul Abel	47%	35%	18%
Mark Wienberg	45%	36%	19%

Components of Compensation

Base Salary

The fiscal 2016 base salary adjustments for the named executive officers and all of our other executive officers were reviewed and approved by the Committee. As was explained in the section above titled "The Annual Compensation Decision Making Process," the Committee compared each named executive officer's total cash compensation opportunity to the total mean cash compensation opportunity for the parallel position in the Mercer benchmarking database. In addition, the Committee retained the services of Towers Watson to benchmark the base salaries and total direct compensation of our executive officers compared to comparable positions, using market data for similarly-sized companies which was developed by Towers Watson from multiple survey sources across several industries, inclusive of other energy companies in the United States. The Committee then based its final decisions on both the recommendations made by Towers Watson and on the information contained in the Mercer benchmarking database.

The following base salaries were in effect during fiscal 2016 and fiscal 2015 for our named executive officers:

	Fiscal 2016 Base Salary	Fiscal 2015 Base Salary
Michael A. Stivala	$ 500,000	$ 425,000
Michael A. Kuglin	$ 310,000	$ 275,000
Steven C. Boyd	$ 330,000	$ 315,000
Douglas T. Brinkworth	$ 310,000	$ 300,000
Paul Abel	$ 300,000	$ 290,000
Mark Wienberg	$ 335,000	$ 325,000

At its November 14, 2016 meeting, the Committee increased Mr. Kuglin's base salary to $330,000, in recognition of his performance throughout the year and to bridge a perceived shortfall between his former base salary and the benchmark salaries for similar positions. The Committee did not make any other adjustments to the base salaries of our named executive officers.

The base salaries paid to our named executive officers in fiscal 2016, fiscal 2015 and fiscal 2014 are reported in the column titled "Salary" in the Summary Compensation Table below.

Annual Cash Bonus Plan

The Committee uses the Annual Cash Bonus Plan (which falls within the Securities and Exchange Commission's definition of a "Non-Equity Incentive Plan" for the purposes of the Summary Compensation Table and otherwise) to provide a cash incentive award to our executive officers for the attainment of EBITDA targets for the particular fiscal year, in accordance with the annual budget approved by our Board of Supervisors at the beginning of the fiscal year.

Performance Condition

The sole metric measures Actual Plan EBITDA relative to Budgeted EBITDA.

Definitions

Actual EBITDA: represents net income before deducting interest expense, income taxes, depreciation and amortization.

Actual Plan EBITDA: represents Actual EBITDA adjusted for various items considered to be non-recurring in nature; including, but not limited to, unrealized (non-cash) gains or losses on changes in the fair value of derivative instruments; gains or losses on sale of business; acquisition and integration-related costs; multi-employer pension plan withdrawal charges; pension settlement charges; and losses on debt extinguishment.

Budgeted EBITDA: represents our target budgeted EBITDA developed using a bottom-up process factoring in reasonable growth targets from the prior year's performance, while at the same time attempting to reach a balance between a target that is reasonably achievable, yet not assured.

The performance targets for our Annual Cash Bonus Plan for fiscal years subsequent to fiscal 2014 were established by the Committee at its January 22, 2014 meeting, following a review of recommendations made by Towers Watson, which had been engaged by the Committee for that purpose. For fiscal 2016 and fiscal 2015, our named executive officers had the opportunity to earn between 50% and 120% of their target cash bonuses, and for fiscal years prior to fiscal 2015, our named executive officers had the opportunity to earn between 60% and 120% of their target cash bonuses, depending upon the relationship of our Actual Plan EBITDA compared to Budgeted EBITDA in accordance with the following tables:

	Fiscal 2016 and Fiscal 2015			**Fiscal 2014**	
	Actual EBITDA as a % of budgeted EBITDA	**% of Target Cash Bonus Earned**		**Actual EBITDA as a % of budgeted EBITDA**	**% of Target Cash Bonus Earned**
Maximum	120% and above	120%	**Maximum**	120% and above	120%
	119%	119%		119%	119%
	118%	118%		118%	118%
	117%	117%		117%	117%
	116%	116%		116%	116%
	115%	115%		115%	115%
	114%	114%		114%	114%
	113%	113%		113%	113%
	112%	112%		112%	112%
	111%	111%		111%	111%
	110%	110%		110%	110%
	109%	109%		109%	109%
	108%	108%		108%	108%
	107%	107%		107%	107%
	106%	106%		106%	106%
	105%	105%		105%	105%
	104%	104%		104%	104%
	103%	103%		103%	103%
	102%	102%		102%	102%
	101%	101%		101%	101%
Target	100%	100%	**Target**	100%	100%
	99%	98%		99%	98%
	98%	96%		98%	96%
	97%	94%		97%	94%
	96%	92%		96%	92%
	95%	90%		95%	90%
	94%	85%		94%	68%
	93%	82.5%		93%	66%
	92%	80%		92%	64%
	91%	77.5%		91%	62%
	90%	75%	**Entry**	90%	60%
	89%	70%		Below 90%	0%
	88%	65%			
	87%	60%			
	86%	55%			
Entry	85%	50%			
	Below 85%	0%			

The Committee made this change to the performance targets of our Annual Cash Bonus Plan based upon Towers Watson's benchmark study performed in fiscal 2016, which indicated that the entry point utilized in our plan was higher than those of similar plans utilized by comparable companies.

Fiscal 2016 Annual Cash Bonus

For fiscal 2016, our Budgeted EBITDA was $350.0 million. Our Actual Plan EBITDA was such that each of our executive officers earned 0% of his or her target cash bonus. During the previous two fiscal years, our Actual Plan EBITDA was such that each of our named executive officers earned 90% and 68% of their target cash bonus for fiscal 2015 and fiscal 2014, respectively.

The fiscal 2016 target cash bonuses established for each named executive officer and the actual cash bonuses earned by each of them during fiscal 2016 are summarized as follows:

Name	Fiscal 2016 Target Cash Bonus as a Percentage of Base Salary	Fiscal 2016 Target Cash Bonus	Fiscal 2016 Actual Cash Bonus Earned at 0%
Michael A. Stivala	100%	$ 500,000	$ —
Michael A. Kuglin	80%	$ 248,000	$ —
Steven C. Boyd	80%	$ 264,000	$ —
Douglas T. Brinkworth	80%	$ 248,000	$ —
Paul Abel	75%	$ 225,000	$ —
Mark Wienberg	80%	$ 268,000	$ —

The Use of Discretion

Although our Annual Cash Bonus Plan is generally administered in accordance with the provisions of the plan, the Committee may exercise its broad discretionary powers, expressly provided for in the plan, to decrease or increase the annual cash bonus paid to a particular executive officer, upon the recommendation of our President and Chief Executive Officer, or to the executive officers as a group, when the Committee determines that an adjustment is warranted. In each of fiscal 2016, fiscal 2015 and fiscal 2014, no such discretionary adjustments were made to the annual cash bonuses earned by our named executive officers.

At its meeting of November 14, 2016, the Committee approved the following fiscal 2017 target cash bonuses:

Name	Fiscal 2017 Target Cash Bonus as a Percentage of Base Salary	Fiscal 2017 Target Cash Bonus
Michael A. Stivala	100%	$ 500,000
Michael A. Kuglin	80%	$ 264,000
Steven C. Boyd	80%	$ 264,000
Douglas T. Brinkworth	80%	$ 248,000
Paul Abel	75%	$ 225,000

The bonuses earned by our named executive officers under the annual cash bonus plan for fiscal 2016, fiscal 2015 and fiscal 2014 are reported in the column titled "Non-Equity Incentive Plan Compensation" in the Summary Compensation Table below.

Long-Term Incentive Plan

To complement the Annual Cash Bonus Plan, which focuses on our short-term financial goals, the Long-Term Incentive Plan, which we hereafter refer to as the "LTIP," is a phantom unit plan that is designed to motivate our executive officers to focus on our long-term financial goals.

Performance Condition

Under the LTIP, performance is assessed based on the level of our distribution coverage ratio over a three-year measurement period ("Distribution Coverage Ratio"). This ratio will be calculated (as shown below) by dividing our Average Distributable Cash

Flow generated during an outstanding award's three-year measurement period by a Baseline Cash Flow set on the initial grant date of the award. The Committee adopted this measure for LTIP awards because the Partnership's ability to support future cash distributions, and demonstrate distribution growth, is essential to successfully attracting and retaining investors, making it an important long-term performance metric.

Average Distributable Cash Flow
(Average Actual Plan EBITDA less capital expenditures, cash interest expense and other adjustments)

Baseline Cash Flow
(Total # of Common Units outstanding at beginning of the three-year measurement period times the then annualized distribution rate)

Definitions

Distributable Cash Flow: represents Actual Plan EBITDA for a particular fiscal year less capital expenditures, cash interest expense, and the provision for income taxes for the same fiscal year.

Actual Plan EBITDA: represents the same definition as Actual Plan EBITDA under the Annual Cash Bonus Plan. Actual EBITDA is adjusted for various items considered to be non-recurring in nature, including, but not limited to, unrealized (non-cash) gains or losses on changes in the fair value of derivative instruments; gains or losses on sale of business; acquisition and integration-related costs; multi-employer pension plan withdrawal charges; pension settlement charges; and losses on debt extinguishment.

Average Distributable Cash Flow: represents average distributable cash flow for each of the three years in a particular award's three-year measurement period, plus the product of the number of Common Units outstanding at the beginning of the three-year measurement period and the annual differences between the per Common Unit annualized distribution rate at the beginning of the three-year measurement period and the actual per Common Unit distributions paid during each of those three years.

Baseline Cash Flow: represents the total number of Common Units outstanding at the beginning of the three-year measurement period multiplied by the then per Common Unit annualized distribution rate.

The following table summarizes the performance targets and associated level of vesting that applies to awards made under the LTIP prior to November 14, 2016 based on the achievement level of the Distribution Coverage Ratio:

Distribution Coverage Ratio	% of Award Earned
1.50 or higher (Maximum)	150%
1.20 (Target)	100%
1.00 (Entry)	50%
Less than 1.00	0%

Between entry and target performance, for every additional 0.01 increase in the Distribution Coverage Ratio, an additional 2.5% of the award is earned. Between target and maximum performance, awards are earned according to the following schedule:

Distribution Coverage Ratio	% of Award Earned	Distribution Coverage Ratio	% of Award Earned
1.50 or higher	150.0%	1.34	123.4%
1.49	148.4%	1.33	121.7%
1.48	146.8%	1.32	120.0%
1.47	145.1%	1.31	118.4%
1.46	143.4%	1.30	116.7%
1.45	141.8%	1.29	115.0%
1.44	140.1%	1.28	113.4%
1.43	138.4%	1.27	111.7%
1.42	136.7%	1.26	110.0%
1.41	135.1%	1.25	108.4%
1.40	133.4%	1.24	106.7%
1.39	131.7%	1.23	105.0%
1.38	130.1%	1.22	103.3%
1.37	128.4%	1.21	101.7%
1.36	126.7%	1.20	100.0%
1.35	125.1%		

At its meeting on November 14, 2016, the Committee amended the LTIP to revise the performance targets and associated level of vesting that applies to awards made under the LTIP on or after September 25, 2016. The following table summarizes the performance targets and associated level of vesting, based on the achievement level of the Distribution Coverage Ratio:

Distribution Coverage Ratio	% of Award Earned
1.25 or higher (Maximum)	150%
1.10 (Target)	100%
1.00 (Entry)	50%
Less than 1.00	0%

As a result of this amendment, between entry and target performance, for every additional 0.01 increase in the Distribution Coverage Ratio, an additional 5% of the award will be earned. Between target and maximum performance, awards will be earned according to the following schedule:

Distribution Coverage Ratio	% of Award Earned
1.25 or higher	150.0%
1.24	146.7%
1.23	143.3%
1.22	140.0%
1.21	136.7%
1.20	133.3%
1.19	130.0%
1.18	126.7%
1.17	123.3%
1.16	120.0%
1.15	116.7%
1.14	113.3%
1.13	110.0%
1.12	106.7%
1.11	103.3%
1.10	100.0%

This amendment to the LTIP did not lower the minimum required Distribution Coverage Ratio for participants to earn an entry-level award. The Committee's decision to reduce the target-level and maximum-level award thresholds was intended to strike a better balance between an award that is reasonably achievable, yet not assured.

In addition, an amendment to the existing LTIP document was approved in order to properly reflect the original intent of the change of control language contained in the Partnership's successive long term incentive plans to provide for a payout of the maximum threshold amount upon a change of control. When the current LTIP was adopted effective 2014, the maximum payout opportunity for participants under the LTIP was increased from 125% to 150%, but this increase was inadvertently not reflected in the change of control provision of the LTIP. This amendment aligns the change of control language to coincide with the current maximum threshold.

Grant Process

At the beginning of each fiscal year, LTIP unit awards are granted as a Committee-approved percentage of each executive officer's salary. In accordance with the terms of the LTIP, at the beginning of each three-year measurement period, the number of each executive officer's unvested LTIP phantom unit awards is calculated by dividing his target LTIP amount (representing 50% of that executive officer's target cash bonus under the Annual Cash Bonus Plan) by the average of the closing prices of our Common Units for the twenty days preceding the beginning of the three-year measurement period.

Cash Payments

For awards granted under the LTIP, our executive officers, as well as the other LTIP participants (all of whom are key employees), will, at the end of the three-year measurement period, receive cash payments equal to:

- The quantity of the participant's phantom units multiplied by the average of the closing prices of our Common Units for the twenty days preceding the conclusion of the three-year measurement period;
- The quantity of the participant's phantom units multiplied by the sum of the distributions that would have inured to one of our outstanding Common Units during the three-year measurement period; and
- The sum of the products of the two preceding calculations multiplied by the applicable percentage corresponding to the Distribution Coverage Ratio illustrated in the applicable preceding table (based on the fiscal year for which the award was granted).

The grant date values based on the target outcomes of the awards under the LTIP granted during fiscal 2016, fiscal 2015 and fiscal 2014 are reported in the column titled "Unit Awards" in the Summary Compensation Table below.

Outstanding Awards under the LTIP

The following are the quantities of unvested LTIP phantom units granted to our named executive officers during fiscal 2016 and fiscal 2015 that will be used to calculate cash payments at the end of each award's respective three-year measurement period (i.e., at the end of fiscal 2018 for the fiscal 2016 awards and at the end of fiscal 2017 for the fiscal 2015 awards):

	Fiscal 2016 Award	**Fiscal 2015 Award**
Michael A. Stivala	7,095	4,770
Michael A. Kuglin	3,519	2,315
Steven C. Boyd	3,746	2,828
Douglas T. Brinkworth	3,519	2,694
Paul Abel	3,193	2,441
Mark Wienberg	3,803	2,918

At its meeting on November 14, 2016, the Committee granted the following quantities of unvested LTIP phantom units to our named executive officers for fiscal 2017. These quantities will be used to calculate cash payments, if earned, at the end of this award's three-year measurement period (i.e., at the end of fiscal 2019).

	Fiscal 2017 Award
Michael A. Stivala	7,559
Michael A. Kuglin	3,991
Steven C. Boyd	3,991
Douglas T. Brinkworth	3,749
Paul Abel	3,402

Vesting of the LTIP Awards

The three-year measurement period of the fiscal 2014 award ended simultaneously with the conclusion of fiscal 2016. The Partnership's Distribution Coverage Ratio was below the entry threshold for the three-year measurement period. As such, no payments were earned relative to the fiscal 2014 awards.

Retirement Provision

The retirement provision applies to all LTIP participants who have been employed by the Partnership for ten years and have attained age 55. A retirement-eligible participant's outstanding awards under the LTIP will vest as of the retirement-eligible date, but will remain subject to the same three-year measurement period for purposes of determining the eventual cash payment, if any, at the conclusion of the remaining measurement period. Mr. Abel is our only named executive officer to whom this retirement provision applied at the end of fiscal 2016. As of the date of this filing, the retirement provision also applies to Mr. Brinkworth.

Restricted Unit Plan

At our July 22, 2009 Tri-Annual Meeting, our Unitholders approved our adoption of the 2009 Restricted Unit Plan ("RUP") effective August 1, 2009. Upon adoption, this plan authorized the issuance of 1,200,000 Common Units to our executive officers, managers, other employees and to the members of our Board of Supervisors. On May 13, 2015, following approval by our Unitholders at their 2015 Tri-Annual Meeting, we adopted an amendment to this plan which increased the number of Common Units authorized for issuance under this plan by 1,200,000 for a total of 2,400,000. At the conclusion of fiscal 2016, there remained 1,177,401 restricted units available under the RUP for future awards.

When the Committee authorizes an award of restricted units, the unvested units underlying an award do not provide the grantee with voting rights and do not receive distributions or accrue rights to distributions during the vesting period.

Grant Process

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

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

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

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

In addition, in establishing the level of restricted units to grant to our executive officers, the Committee considers the existing level of outstanding unvested RUP awards held by our executive officers.

The Committee generally approves awards under the RUP at its first meeting each fiscal year following the availability of the financial results for the prior fiscal year; however, occasionally the Committee grants awards at other times of the year, particularly when the need arises to grant awards because of promotions and new hires.

Upon vesting, restricted units are automatically converted into our Common Units, with full voting rights and rights to receive distributions.

Vesting Schedule

Restricted unit awards granted prior to August 6, 2013 vest as follows: 25% on each of the third and fourth anniversaries of the grant date and the remaining 50% on the fifth anniversary of the grant date.

At its August 6, 2013 meeting, after its review of recommendations made by Towers Watson, the Committee amended the RUP to revise the standard vesting schedule of awards granted thereafter to one third on each of the first three anniversaries of the award grant date. The Committee retains the ability to deviate, at its discretion, from the normal vesting schedule with respect to particular restricted unit awards. The Committee amended the plan in order to make its vesting schedule comparable to those of similar plans offered by other companies. Unvested awards are subject to forfeiture in certain circumstances, as defined in the RUP.

Outstanding Awards under the RUP

At its November 10, 2015 meeting, in order to continue to further align the interests of our named executive officers with those of our Unitholders, the Committee approved a grant of 18,277 restricted units to Mr. Stivala and grants of 8,773 restricted units to each of the other named executive officers. In determining these fiscal 2016 awards for our named executive officers, the Committee relied upon information provided by the Mercer database to conclude that these awards were necessary to remediate shortfalls perceived by the Committee in the cash compensation opportunities provided by the Partnership to these executives, as well as in recognition of their individual achievements throughout fiscal 2015. The Committee uses RUP awards to satisfy a perceived need to balance cash compensation with equity (or non-cash) compensation, and to encourage our named executive officers, and other key employees, to have a stake in the Partnership, thereby further aligning the economic interests of our named executive officers with the economic interests of our Common Unitholders.

The following table summarizes the RUP awards granted to our named executive officers at the Committee's November 10, 2015 meeting:

Name	Grant Date	Quantity
Michael A. Stivala	November 15, 2015	18,277
Michael A. Kuglin	November 15, 2015	8,773
Steven C. Boyd	November 15, 2015	8,773
Douglas T. Brinkworth	November 15, 2015	8,773
Paul Abel	November 15, 2015	8,773
Mark Wienberg	November 15, 2015	8,773*

* Mr. Wienberg was granted 8,773 units at this meeting; however, as a result of his departure from the Partnership, 2,669 units of this award were forfeited.

The aggregate grant date fair values of RUP awards made during fiscal 2016, fiscal 2015 and fiscal 2014, computed in accordance with accounting principles generally accepted in the United States of America, are reported in the column titled "Unit Awards" in the Summary Compensation Table below.

Retirement Provision

The RUP contains a retirement provision that provides for the vesting (six months and one day after the retirement date of qualifying participants) of unvested awards held by a retiring participant who meets all three of the following conditions on his or her retirement date:

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

Mr. Abel is our only named executive officer to whom this retirement provision applied at the end of fiscal 2016. As of the date of this filing, this retirement provision also applies to Mr. Brinkworth. As a result of the severance agreement between Mr. Wienberg and the Partnership, we agreed to treat Mr. Wienberg as if on May 26, 2016, he met the criteria of the retirement provision for 16,721 of his 24,032 then outstanding unvested restricted units.

***

At its November 14, 2016 meeting, the Committee granted the following RUP awards to our named executive officers:

Name	Grant Date	Quantity
Michael A. Stivala	November 15, 2016	31,864
Michael A. Kuglin	November 15, 2016	20,075
Steven C. Boyd	November 15, 2016	15,932
Douglas T. Brinkworth	November 15, 2016	15,932
Paul Abel	November 15, 2016	15,932

The Committee granted these awards in order to further align the economic interests of named executive officers with the economic interests our Common Unitholders.

Benefits and Perquisites

Pension Plan

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

The changes in the actuarial value relative to Mr. Boyd's and Mr. Brinkworth's participation in the plan during fiscal 2016, fiscal 2015 and fiscal 2014 are reported in the column titled "Change in Pension Value and Nonqualified Deferred Compensation Earnings" in the Summary Compensation Table below.

Deferred Compensation

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

For fiscal 2016, all of our named executive officers participated in the 401(k) Plan. The benefits provided to our named executive officers under the 401(k) Plan are provided on the same basis as to other exempt employees of the Partnership. Amounts deferred by our named executive officers under the 401(k) Plan during fiscal 2016, fiscal 2015 and fiscal 2014 are included in the column titled "Salary" in the Summary Compensation Table below.

In order to be competitive with other employers, if certain performance criteria are met, we will match our employee-participants' contributions up to the lesser of 6% of their base salary or $265,000, at a rate determined based on a performance-based scale. The following chart shows the performance target criteria that must be met for each level of matching contribution:

If We Meet This Percentage of Budgeted EBITDA (a)	The Participating Employee Will Receive this Matching Contribution for the Year
115% or higher	100%
100% to 114%	50%
90% to 99%	25%
Less than 90%	0%

(a) For purposes of the 401(k) Plan, the definition of the term "Budgeted EBITDA" is identical to that of "Budgeted EBITDA" discussed under the heading title "Annual Cash Bonus Plan" above.

Actual Plan EBITDA, when applied to the 401(k) Plan, was such that matching contributions were not earned for calendar year 2016; however, the Committee exercised its discretionary authority to provide participants, including our named executive officers, with matching contributions equal to 25% of their calendar year 2016 contributions that do not exceed 6% of their total base pay, up to a maximum annual compensation limit of $265,000.

The matching contributions made on behalf of our named executive officers for 2016 are reported in the column titled "All Other Compensation" in the Summary Compensation Table below.

Other Benefits

Each named executive officer is eligible to participate in all of our other employee benefit plans, such as the medical, dental, group life insurance and disability plans, on the same basis as other exempt employees. These benefit plans are offered to attract and retain talented employees by providing them with competitive benefits.

There are no post-termination or other special rights provided to any named executive officer to participate in these benefit programs other than the right to participate in such plans for a fixed period of time following termination of employment, on the same basis as is provided to other exempt employees, as required by law.

The costs of all such benefits incurred on behalf of our named executive officers in fiscal 2016, fiscal 2015 and fiscal 2014 are reported in the column titled "All Other Compensation" in the Summary Compensation Table below.

Perquisites

Perquisites represent a minor component of our executive officers' compensation. Each of the named executive officers is eligible for tax preparation services, a company-provided vehicle, and an annual physical.

The following table summarizes both the value and the utilization of these perquisites by the named executive officers in fiscal 2016.

Name	Tax Preparation Services	Employer Provided Vehicle	Physical
Michael A. Stivala	$ —	$ 15,234	$ 2,950
Michael A. Kuglin	$ —	$ 12,046	$ 2,950
Steven C. Boyd	$ 3,500	$ 7,609	$ —
Douglas T. Brinkworth	$ 3,500	$ 11,157	$ 1,600
Paul Abel	$ —	$ 15,640	$ 1,600
Mark Wienberg	$ —	$ 11,072	$ 2,950

Perquisite-related costs for fiscal 2016, fiscal 2015 and fiscal 2014 are reported in the column titled "All Other Compensation" in the Summary Compensation Table below.

Severance Benefits

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

Mr. Wienberg is our only named executive officer who entered into a severance agreement with us during fiscal 2016. This severance agreement provides for the following severance benefits in exchange for, among other things, Mr. Wienberg's release of all claims against the Partnership, Mr. Wienberg's agreement not to disclose Partnership confidential information in his possession and, through November 24, 2017, Mr. Wienberg's agreements not to compete with the Partnership, solicit any Partnership customer nor solicit the employment of any Partnership employee:

- In periodic payments to be made through November 24, 2017, Mr. Wienberg will receive severance aggregating $502,500 (equal to eighteen (18) months' base salary), less applicable withholdings;
- On or about November 27, 2016, 16,721 unvested restricted units issued to Mr. Wienberg under the Partnership's 2009 RUP prior to his departure will vest;

- If and only if at the conclusion of each of the Partnership's 2016, 2017 and 2018 fiscal years, participants in the Partnership's LTIP qualify under the terms of that plan for a cash payment with respect to the award made under that plan in the Partnership's 2014, 2015 and 2016 fiscal year, respectively, then the Partnership will make a cash payment to Mr. Wienberg in the full, non-pro-rated amount (less applicable withholdings) with respect to each such award that he would have been entitled to had he remained employed with the Partnership at those times (no such payment was due to Mr. Wienberg at the end of the Partnership's 2016 fiscal year);
- If and only if at the conclusion of the Partnership's 2016 fiscal year, participants in the Partnership's Annual Cash Bonus Plan qualify under the terms of that plan for a cash payment with respect to that fiscal year, then the Partnership will make a cash payment to Mr. Wienberg in the full, non-pro-rated amount (less applicable withholdings) that he would have been entitled to had he remained employed with the Partnership at the end of that fiscal year (no payment was due to Mr. Wienberg under this provision);
- If and only if there is a change of control of the Partnership within the six-month period immediately following May 25, 2016, then the 7,311 restricted units otherwise forfeited by Mr. Wienberg under the Partnership's RUP will immediately vest and be delivered to Mr. Wienberg, pursuant to the provisions of the plan (no such change of control occurred during that six-month period);
- The Partnership will continue to pay, under COBRA, applicable premiums for health insurance benefits for Mr. Wienberg for 18 months following May 25, 2016, or until Mr. Wienberg earlier obtains health insurance benefits under another plan;
- The Partnership will pay for executive outplacement services for Mr. Wienberg (value: $20,000);
- The Partnership transferred to Mr. Wienberg his company car (value: $37,000); and
- At Mr. Wienberg's request, the Partnership's operating subsidiary entered into a contract with Mr. Wienberg allowing him to purchase propane at a discounted price (the value thereof cannot be calculated).

Change of Control

Our executive officers and other key employees have built the Partnership into the successful enterprise that it is today; therefore, we believe that it is important to protect them in the event of a change of control. Further, it is our belief that the interests of our Unitholders will be best served if the interests of our executive officers are aligned with them, and that providing change of control benefits should eliminate, or at least reduce, the reluctance of our executive officers to pursue potential change of control transactions that may be in the best interests of our Unitholders. Additionally, we believe that the severance benefits provided to our executive officers and to our key employees are consistent with market practice and appropriate both because these benefits are an inducement to accepting employment and because the executive officers are subject to non-competition and non-solicitation covenants for a period following termination of employment. Therefore, our executive officers and other key employees are provided with severance protection following a change of control, which we refer to as the "Severance Protection Plan." During fiscal 2016, our Severance Protection Plan covered all of our executive officers, including our named executive officers.

The Severance Protection Plan provides for severance payments of either 65 or 78 weeks of base salary and target cash bonuses for such officers and key employees if within one year following a change of control their employment is terminated by us or our successor or they resign for Good Reason (as defined in the Severance Protection Plan). All of our named executive officers are eligible for 78 weeks of base salary and target bonuses. The cash components of any change of control benefits are paid in a lump sum.

In addition, upon a change of control, without regard to whether a participant's employment is terminated, all unvested awards granted under the RUP will vest immediately and become distributable to the participants. Also, without regard to whether a participant's employment is terminated, all outstanding, unvested LTIP awards will vest immediately as if the three-year measurement period for each outstanding award concluded on the date the change of control occurred. Under the provisions of the LTIP document operative at the conclusion of fiscal 2016, an amount equal to the cash value of 125% of a participant's unvested LTIP units, plus a sum equal to 125% of a participant's unvested LTIP units multiplied by an amount equal to the cumulative, per-Common Unit distribution from the beginning of an unvested award's three-year measurement period through the date on which a change of control occurred, would become payable to the participants. As a result of an amendment approved at the November 14, 2016 Compensation Committee meeting, this percentage was changed to 150%.

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

- An acquisition of our Common Units or voting equity interests by any person immediately after which such person beneficially owns more than 30% of the combined voting power of our then outstanding Common Units, unless such acquisition was made by (a) us or our subsidiaries, or any employee benefit plan maintained by us, the Operating

Partnership or any of our subsidiaries, or (b) any person in a transaction where (A) the existing holders prior to the transaction own at least 50% of the voting power of the entity surviving the transaction and (B) none of the Unitholders other than the Partnership, our subsidiaries, any employee benefit plan maintained by us, the Operating Partnership, or the surviving entity, or the existing beneficial owner of more than 25% of the outstanding Common Units owns more than 25% of the combined voting power of the surviving entity, which transaction we refer to as a "Non-Control Transaction";

or

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

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

Additional Information

Impact of Accounting and Tax Treatments of Executive Compensation

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

Although it is our practice to comply with the statutory and regulatory provisions of IRC Section 409A, the Suburban Propane, L.P. Severance Protection Plan for Key Employees, which we refer to as the "Severance Protection Plan," provides that if any payment under the Severance Protection Plan subjects a participant to the 20% additional tax under IRC Section 409A, the payment will be grossed up to permit such participant to retain a net amount on an after-tax basis equal to what he or she would have received had the additional tax not been payable.

Report of the Compensation Committee

The Compensation Committee has reviewed and discussed with management this Compensation Discussion and Analysis. Based on its review and discussions with management, the Committee recommended to the Board of Supervisors that this Compensation Discussion and Analysis be included in this Annual Report on Form 10-K for fiscal 2016.

The Compensation Committee:

Matthew J. Chanin, Chair
Harold R. Logan, Jr.
John Hoyt Stookey

ADDITIONAL INFORMATION REGARDING EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth certain information concerning the compensation of each named executive officer during the fiscal years ended September 24, 2016, September 26, 2015 and September 27, 2014:

Name	Year	Salary (1)	Bonus (2)	Unit Awards (3)	Non-Equity Incentive Plan Compensation (4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (5)	All Other Compensation (6)	Total
(a)	(b)	(c)	(d)	(e)	(g)	(h)	(i)	(j)
Michael A. Stivala	2016	$500,000	$ —	$ 756,967	$ —	$ —	$ 45,917	$1,302,884
President and Chief Executive	2015	$425,000	$ —	$ 263,241	$ 382,500	$ —	$ 43,527	$1,114,268
Officer	2014	$362,500	$ —	$1,182,776	$ 226,100	$ —	$ 41,381	$1,812,757
Michael A. Kuglin	2016	$310,000	$ —	$ 368,556	$ —	$ —	$ 40,282	$ 718,838
Chief Financial Officer and	2015	$275,000	$ —	$ 127,751	$ 185,625	$ —	$ 36,841	$ 625,217
Chief Accounting Officer	2014	$252,500	$ —	$ 675,618	$ 116,100	$ —	$ 33,430	$1,077,648
Steven C. Boyd	2016	$330,000	$ —	$ 378,974	$ —	$ 39,339	$ 38,471	$ 786,784
Senior Vice President -	2015	$315,000	$ —	$ 156,083	$ 226,800	$ 5,787	$ 36,437	$ 740,107
Operations	2014	$302,500	$ —	$ 763,708	$ 164,560	$ 28,917	$ 35,816	$1,295,501
Douglas T. Brinkworth	2016	$310,000	$ —	$ 368,556	$ —	$ 22,394	$ 43,349	$ 744,299
Senior Vice President -	2015	$300,000	$ —	$ 148,622	$ 216,000	$ 3,643	$ 42,215	$ 710,480
Product Supply, Purchasing and Logistics	2014	$285,000	$ —	$ 753,870	$ 155,040	$ 16,037	$ 41,791	$1,251,738
Paul Abel	2016	$300,000	$ —	$ 353,584	$ —	$ —	$ 31,934	$ 685,518
Senior Vice President, General	2015	$290,000	$ —	$ 134,684	$ 195,750	$ —	$ 29,518	$ 649,952
Counsel and Secretary	2014	$273,334	$ —	$ 735,124	$ 137,020	$ —	$ 27,780	$1,173,258
Mark Wienberg	2016	$223,333	$ —	$ 381,581	$ —	$ —	$ 196,773	$ 801,687
Former Chief Development	2015	$325,000	$ —	$ 161,040	$ 234,000	$ —	$ 42,201	$ 762,241
Officer	2014	$302,500	$ —	$ 758,784	$ 164,560	$ —	$ 38,275	$1,264,119

(1) Includes amounts deferred by named executive officers as contributions to the 401(k) Plan. For more information on the relationship between salaries and other cash compensation (i.e., annual cash bonuses and LTIP awards), refer to the subheading titled “Components of Compensation” in the “Compensation Discussion and Analysis” above.

(2) This column is reserved for discretionary cash bonuses that are not based on any performance criteria. During fiscal years 2016, 2015 and 2014, we did not provide our named executive officers with non-performance related bonus payments.

(3) The amounts reported in this column represent the aggregate grant date fair value of RUP awards made during fiscal years 2016, 2015 and 2014, as well as the value at the grant date of awards made in fiscal years 2016, 2015, and 2014 under the LTIP, based on the target outcome with respect to satisfaction of the performance conditions. The grant date fair value of Mr. Wienberg’s 2016 RUP award includes 2,669 of the 7,311 unvested restricted units that were forfeited by him on his departure date. Additionally, the grant date fair value of Mr. Wienberg’s 2014 awards includes 1,748 unvested restricted units that were forfeited by him on his departure date. The specific details regarding these plans are provided in the preceding “Compensation Discussion and Analysis” under the subheadings “Restricted Unit Plan” and “Long-Term Incentive Plan.” The breakdown for each plan with respect to each named executive officer is as follows:

Plan Name	Mr. Stivala	Mr. Kuglin	Mr. Boyd	Mr. Brinkworth	Mr. Abel	Mr. Wienberg
2016						
RUP	$ 431,405	$ 207,079	$ 207,079	$ 207,079	$ 207,079	$ 207,079
LTIP	325,562	161,477	171,895	161,477	146,505	174,502
Total	$ 756,967	$ 368,556	$ 378,974	$ 368,556	$ 353,584	$ 381,581
2015						
RUP	$ —	$ —	$ —	$ —	$ —	$ —
LTIP	263,241	127,751	156,083	148,622	134,684	161,040
Total	$ 263,241	$ 127,751	$ 156,083	$ 148,622	$ 134,684	$ 161,040
2014						
RUP	$ 1,035,266	$ 579,736	$ 621,111	$ 621,111	$ 621,111	$ 621,111
LTIP	147,510	95,882	142,597	132,759	114,013	137,673
Total	$ 1,182,776	$ 675,618	$ 763,708	$ 753,870	$ 735,124	$ 758,784

(4) The amounts reported in this column represent each named executive officer's annual cash bonus earned in accordance with the performance measures discussed under the subheading “Annual Cash Bonus Plan” in the “Compensation Discussion and Analysis.”

(5) Mr. Stivala, Mr. Kuglin, Mr. Abel and Mr. Wienberg do not participate in the Cash Balance Plan.

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

Fiscal 2016						
Type of Compensation	**Mr. Stivala**	**Mr. Kuglin**	**Mr. Boyd**	**Mr. Brinkworth**	**Mr. Abel**	**Mr. Wienberg**
401(k) Match	$ 4,500	$ 4,500	$ 4,500	$ 4,500	$ 4,500	$ —
Value of Annual Physical Examination	2,950	2,950	—	1,600	1,600	2,950
Value of Partnership Provided Vehicles	15,234	12,046	7,609	11,157	15,640	11,072
Tax Preparation Services	—	—	3,500	3,500	—	—
Cash Balance Plan Administrative Fees	—	—	1,500	1,500	—	—
Severance Paid	—	—	—	—	—	111,667
Post-severance Outplacement Services	—	—	—	—	—	20,000
Title to Vehicle per Severance Agreement	—	—	—	—	—	37,800
Insurance Premiums	23,233	20,786	21,362	21,092	10,194	13,284
Total	$ 45,917	$ 40,282	$ 38,471	$ 43,349	$ 31,934	$ 196,773

Fiscal 2015						
Type of Compensation	**Mr. Stivala**	**Mr. Kuglin**	**Mr. Boyd**	**Mr. Brinkworth**	**Mr. Abel**	**Mr. Wienberg**
401(k) Match	$ 4,500	$ 4,125	$ 4,500	$ 4,500	$ 4,350	$ 4,500
Value of Annual Physical Examination	1,600	1,600	—	1,600	1,600	1,600
Value of Partnership Provided Vehicles	17,516	13,033	8,004	11,305	14,504	16,986
Tax Preparation Services	—	—	3,500	4,500	—	—
Cash Balance Plan Administrative Fees	—	—	1,500	1,500	—	—
Insurance Premiums	19,911	18,083	18,933	18,810	9,064	19,115
Total	$ 43,527	$ 36,841	$ 36,437	$ 42,215	$ 29,518	$ 42,201

Fiscal 2014						
Type of Compensation	**Mr. Stivala**	**Mr. Kuglin**	**Mr. Boyd**	**Mr. Brinkworth**	**Mr. Abel**	**Mr. Wienberg**
401(k) Match	$ 4,375	$ 3,788	$ 4,375	$ 4,275	$ 4,100	$ 4,375
Value of Annual Physical Examination	—	—	—	1,500	—	1,750
Value of Partnership Provided Vehicles	18,153	12,725	6,837	11,410	15,061	13,142
Tax Preparation Services	—	—	4,450	4,400	—	—
Cash Balance Plan Administrative Fees	—	—	1,500	1,500	—	—
Insurance Premiums	18,853	16,917	18,654	18,706	8,619	19,008
Total	$ 41,381	$ 33,430	$ 35,816	$ 41,791	$ 27,780	$ 38,275

Note: Column (f) was omitted from the Summary Compensation Table because we do not grant options to our employees.

Grants of Plan Based Awards Table for Fiscal 2016

The following table sets forth certain information concerning grants of awards made to each named executive officer during the fiscal year ended September 24, 2016:

Name	Plan Name	Grant Date	Approval Date	LTIP Units Underlying Equity Incentive Plan Awards (LTIP) (4)	Estimated Future Payments Under Non-Equity Incentive Plan Awards		Estimated Future Payments Under Equity Incentive Plan Awards		All Other stock Awards: Number of Shares of Stock or Units	Grant Date Fair Value of Stock and Option Awards (5)
					Target	Maximum	Target	Maximum		
(a)		(b)			(d)	(e)	(g)	(h)	(i)	(l)
Michael A. Stivala	RUP (1)	15 Nov 15	10 Nov 15		$500,000	$ 600,000			18,277	$ 431,405
	Bonus (2)	27 Sep 15	10 Nov 15							
	LTIP (3)	27 Sep 15	10 Nov 15	7,095			$325,562	$ 488,343		
Michael A. Kuglin	RUP (1)	15 Nov 15	10 Nov 15						8,773	$ 207,079
	Bonus (2)	27 Sep 15	10 Nov 15		$248,000	$ 297,600				
	LTIP (3)	27 Sep 15	10 Nov 15	3,519			$161,477	$ 242,216		
Steven C. Boyd	RUP (1)	15 Nov 15	10 Nov 15						8,773	$ 207,079
	Bonus (2)	27 Sep 15	10 Nov 15		$264,000	$ 316,800				
	LTIP (3)	27 Sep 15	10 Nov 15	3,746			$171,895	$ 257,843		
Douglas T. Brinkworth	RUP (1)	15 Nov 15	10 Nov 15						8,773	$ 207,079
	Bonus (2)	27 Sep 15	10 Nov 15		$248,000	$ 297,600				
	LTIP (3)	27 Sep 15	10 Nov 15	3,519			$161,477	$ 242,216		
Paul Abel	RUP (1)	15 Nov 15	10 Nov 15						8,773	$ 207,079
	Bonus (2)	27 Sep 15	10 Nov 15		$225,000	$ 270,000				
	LTIP (3)	27 Sep 15	10 Nov 15	3,193			$146,505	$ 219,758		
Mark Wienberg	RUP (1)	15 Nov 15	10 Nov 15						8,773	$ 207,079
	Bonus (2)	27 Sep 15	10 Nov 15		$268,000	$ 321,600				
	LTIP (3)	27 Sep 15	10 Nov 15	3,803			$174,502	$ 261,753		

(1) The quantity reported on this line represents an award granted under the RUP. RUP awards granted subsequent to fiscal 2013 vest as follows: one third of the award on the first anniversary of the grant date, one third of the award on the second anniversary of the grant date, and one third of the award on the third anniversary of the grant date (subject in each case to continued service through each such date). If a recipient has held an unvested award for at least six months, is 55 years or older, and has worked for the Partnership for at least ten years, an award held by such participant will vest six months and one day following such participant's retirement if the participant retires prior to the conclusion of the normal vesting schedule, unless the Committee exercises its authority to alter the applicability of the plan's retirement provisions in regard to a particular award. Mr. Brinkworth and Mr. Abel are the only named executive officers who, at the time of this filing, satisfy the retirement eligibility criteria of the RUP. A discussion of the general terms of the RUP, and the facts and circumstances considered by the Committee in authorizing these fiscal 2016 awards to our named executive officers, is included in the "Compensation Discussion and Analysis" under the subheading "Restricted Unit Plan." The quantity and grant date fair value of Mr. Wienberg's 2016 RUP award includes 2,669 of the 7,311 unvested restricted units that were forfeited by him on his departure date. For a complete discussion of the disposition of Mr. Wienberg's unvested RUP awards, please refer to the subheading above titled "Severance Benefits."

(2) Amounts reported on these lines are the targeted and maximum annual cash bonus compensation potential for each named executive officer under the annual cash bonus plan as described in the "Compensation Discussion and Analysis" under the subheading "Annual Cash Bonus Plan." Actual amounts earned by the named executive officers for fiscal 2016 were equal to 0% of the "Target" amounts reported on this line. Column (c) ("Threshold $") was omitted because the annual cash bonus plan does not provide for a guaranteed minimum cash payment. Because 0% of the "Target" awards were earned by our named executive officers during fiscal 2016, 0% of the "Target" amounts reported under column (d) have been reported in the Summary Compensation Table above.

(3) The LTIP is a phantom unit plan. Payments, if earned, are based on a combination of (i) the fair market value of our Common Units at the end of a three-year measurement period, which, for purposes of the LTIP, is the average of the closing prices for the twenty business days preceding the conclusion of the three-year measurement period, and (ii) cash equal to the distributions that would have inured to the same quantity of outstanding Common Units during the same three-year measurement period. The fiscal 2016 award "Target" and "Maximum" amounts are estimates based upon (i) the fair market value (the average of the closing prices of our Common Units for the twenty business days preceding September 26, 2015) of our Common Units at the beginning of fiscal 2016, and (ii) the estimated distributions over the course of the award's three-year measurement period at the current annualized distribution rate of $3.55 per Common Unit. Column (f) ("Threshold") was omitted because the LTIP does not provide for a guaranteed minimum cash payment. The "Target" amount represents a hypothetical payment at 100% of target and the "Maximum" amount represents a hypothetical payment at 150% of target. Detailed descriptions of the plan and the calculation of awards are included in the "Compensation Discussion and Analysis" under the subheading "Long-Term Incentive Plan."

(4) This column is frequently used when non-equity incentive plan awards are denominated in units; however, in this case, the numbers reported represent the LTIP phantom units each named executive officer was awarded under the LTIP during fiscal 2016

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

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

Outstanding Equity Awards at Fiscal Year End 2016 Table

The following table sets forth certain information concerning outstanding equity awards under our RUP and LTIP unit awards under our LTIP for each named executive officer as of September 24, 2016:

	Stock Awards			
Name	Number of Shares or Units of Stock That Have Not Vested (7)	Market Value of Shares or Units of Stock That Have Not Vested (8)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (9)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (10)
(a)	(g)	(h)	(i)	(j)
Michael A. Stivala (1)	37,516	$ 1,276,857	11,865	$ 518,660
Michael A. Kuglin (2)	20,811	$ 708,302	5,834	$ 255,025
Steven C. Boyd (3)	24,032	$ 817,929	6,574	$ 287,368
Douglas T. Brinkworth (4)	24,032	$ 817,929	6,213	$ 271,587
Paul Abel (5)	21,163	$ 720,283	5,634	$ 246,277
Mark Wienberg (6)	16,721	$ 569,099	6,721	$ 293,793

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

Vesting Date	November 15, 2016	April 1, 2017	November 15, 2017	November 15, 2018
Quantity of Units	13,155	7,961	10,309	6,091

(2) Mr. Kuglin's RUP awards will vest as follows:

Vesting Date	November 15, 2016	April 1, 2017	November 15, 2017	November 15, 2018
Quantity of Units	7,971	3,981	5,936	2,923

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

Vesting Date	November 15, 2016	April 1, 2017	November 15, 2017	November 15, 2018
Quantity of Units	9,987	3,981	7,141	2,923

(4) Mr. Brinkworth's RUP awards will vest as follows:

Vesting Date	November 15, 2016	April 1, 2017	November 15, 2017	November 15, 2018
Quantity of Units	9,987	3,981	7,141	2,923

(5) Mr. Abel's RUP awards will vest as follows:

Vesting Date	November 15, 2016	April 1, 2017	November 15, 2017	November 15, 2018
Quantity of Units	8,323	3,981	5,936	2,923

(6) Mr. Wienberg's RUP awards will vest as follows:

Vesting Date	November 27, 2016
Quantity of Units	16,721

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

(8) The figures reported in this column represent the figures reported in column (g) multiplied by the average of the highest and the lowest trading prices of our Common Units on September 23, 2016, the last trading day of fiscal 2016.

(9) The amounts reported in this column represent the quantities of phantom units that underlie the outstanding and unvested fiscal 2016 and fiscal 2015 awards under the LTIP. Payments, if earned, will be made to participants at the end of a three-year measurement period and will be based upon the Partnership's distribution coverage ratio for the three-year measurement period. For more information on the LTIP, refer to the subheading "Long-Term Incentive Plan" in the "Compensation Discussion and Analysis."

(10) The amounts reported in this column represent the estimated future target payouts of the fiscal 2016 and fiscal 2015 awards granted under the LTIP. These amounts were computed by multiplying the quantities of the unvested phantom units in column (i) by the average of the closing prices of our Common Units for the twenty business days preceding September 24, 2016 (in accordance with the LTIP's valuation methodology), and by adding to the product of that calculation the product of each year's underlying phantom units times the sum of the distributions that are estimated to inure to an outstanding Common Unit during each award's three-year measurement period. Because of the variability of the trading prices of our Common Units, actual payments, if any, at the end of the three-year measurement period may differ. The following chart provides a breakdown of each year's awards:

	Mr. Stivala	Mr. Kuglin	Mr. Boyd	Mr. Brinkworth	Mr. Abel	Mr. Wienberg
Fiscal 2016 Phantom Units	7,095	3,519	3,746	3,519	3,193	3,803
Value of Fiscal 2016 Phantom Units	$ 234,656	$ 116,386	$ 123,893	$ 116,386	$ 105,604	$ 125,779
Estimated Distributions over Measurement Period	$ 75,562	$ 37,477	$ 39,895	$ 37,477	$ 34,005	$ 40,502
Fiscal 2015 Phantom Units	4,770	2,315	2,828	2,694	2,441	2,918
Value of Fiscal 2015 Phantom Units	$ 157,761	$ 76,565	$ 93,532	$ 89,100	$ 80,732	$ 96,508
Estimated Distributions over Measurement Period	$ 50,681	$ 24,597	$ 30,048	$ 28,624	$ 25,936	$ 31,004

Note: Columns (b), (c), (d), (e) and (f), all of which are for the reporting of option-related compensation, have been omitted from the "Outstanding Equity Awards At Fiscal Year End 2016 Table" because we do not grant options to our employees.

Equity Vested Table for Fiscal 2016

Awards under the RUP are settled in Common Units upon vesting. Awards under the LTIP, a phantom unit plan, are settled in cash. The following two tables set forth certain information concerning the vesting of awards under our RUP and the vesting of the fiscal 2014 award under our LTIP for each named executive officer during the fiscal year ended September 24, 2016:

Restricted Unit Plan

	Unit Awards	
Name	Number of Common Units Acquired on Vesting	Value Realized on Vesting (1)
Michael A. Stivala	16,151	$ 488,208
Michael A. Kuglin	9,776	$ 296,131
Steven C. Boyd	12,170	$ 369,375
Douglas T. Brinkworth	12,170	$ 369,375
Paul Abel	10,355	$ 313,846
Mark Wienberg	12,170	$ 369,375

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

Long-Term Incentive Plan - Fiscal 2014 Award (2)

	Cash Awards	
Name	Number of Phantom Units Cashed Out on Vesting (3)	Value Realized on Vesting (4)
Michael A. Stivala	2,620	$ —
Michael A. Kuglin	1,703	$ —
Steven C. Boyd	2,533	$ —
Douglas T. Brinkworth	2,358	$ —
Paul Abel	2,025	$ —
Mark Wienberg	2,445	$ —

(2) The fiscal 2014 award's three-year measurement period concluded on September 24, 2016.

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

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

Retirement Benefits Table for Fiscal 2016

The following table sets forth certain information concerning each plan that provides for payments or other benefits at, following, or in connection with retirement for each named executive officer as of the end of the fiscal year ended September 24, 2016:

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit	Payments During Last Fiscal Year
Michael A. Stivala (1)	N/A	N/A	$ —	$ —
Michael A. Kuglin (1)	N/A	N/A	$ —	$ —
Steven C. Boyd	Cash Balance Plan (2)	15	$ 243,955	$ —
Douglas T. Brinkworth	Cash Balance Plan (2)	6	$ 150,578	$ —
Paul Abel (1)	N/A	N/A	$ —	$ —
	LTIP (3)	N/A	$ 246,277	$ —
	RUP (4)	N/A	$ 720,283	$ —
Mark Wienberg (1)	N/A	N/A	$ —	$ —

(1) Because Mr. Stivala, Mr. Kuglin, Mr. Abel and Mr. Wienberg commenced employment with the Partnership after January 1, 2000, the date on which the Cash Balance Plan was closed to new participants, they do not participate in the Cash Balance Plan.

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

(3) On September 24, 2016, Mr. Abel was the only named executive officer who met the retirement criteria of the LTIP. For such participants, outstanding but unvested awards under the LTIP become fully vested. However, payouts on these awards are deferred until the conclusion of each outstanding award's three-year measurement period, based on the outcome of the distributable cash flow measurement for the 2016 and 2015 awards. The number reported on this line represents a projected payout of Mr. Abel's outstanding fiscal 2016 and 2015 awards under the LTIP. Because the ultimate payout, if any, is predicated on the trading prices of the Partnership's Common Units at the end of the three-year measurement period, the value reported may not be indicative of the value realized in the future upon vesting due to the variability in the trading price of our Common Units.

(4) On September 24, 2016, Mr. Abel was the only named executive officer who met the retirement criteria of the RUP. For more information on this and the retirement provisions, refer to the subheading "Restricted Unit Plan" in the "Compensation Discussion and Analysis." For participants who meet the retirement criteria, upon retirement, all RUP awards vest six months and one day after retirement.

Potential Payments Upon Termination

The following table sets forth certain information containing potential payments to the named executive officers in accordance with the provisions of the Severance Protection Plan, the RUP and the LTIP for the circumstances listed in the table assuming a September 24, 2016 termination date. For more information on severance and change of control payments, refer to the subheadings "Severance Benefits" and "Change of Control" above.

Executive Payments and Benefits Upon Termination	Death	Disability	Involuntary Termination Without Cause by the Partnership or by the Executive for Good Reason without a Change of Control Event	Involuntary Termination Without Cause by the Partnership or by the Executive for Good Reason with a Change of Control Event
Michael A. Stivala				
Cash Compensation (1) (2) (3) (4)	$ —	$ —	$ 500,000	$ 1,500,000
Accelerated Vesting of Fiscal 2016, 2015 and 2014 LTIP Awards (5)	—	—	—	706,405
Accelerated Vesting of Outstanding RUP Awards (6)	1,276,857	654,799	—	1,276,857
Medical Benefits (3)	—	—	23,233	—
Total	$ 1,276,857	$ 654,799	$ 523,233	$ 3,483,262
Michael A. Kuglin				
Cash Compensation (1) (2) (3) (4)	$ —	$ —	$ 310,000	$ 837,000
Accelerated Vesting of Fiscal 2016, 2015 and 2014 LTIP Awards (5)	—	—	—	369,835
Accelerated Vesting of Outstanding RUP Awards (6)	708,302	409,713	—	708,302
Medical Benefits (3)	—	—	20,786	—
Total	$ 708,302	$ 409,713	$ 330,786	$ 1,915,137
Steven C. Boyd				
Cash Compensation (1) (2) (3) (4)	$ —	$ —	$ 330,000	$ 891,000
Accelerated Vesting of Fiscal 2016, 2015 and 2014 LTIP Awards (5)	—	—	—	451,213
Accelerated Vesting of Outstanding RUP Awards (6)	817,929	519,340	—	817,929
Medical Benefits (3)	—	—	21,362	—
Total	$ 817,929	$ 519,340	$ 351,362	$ 2,160,142
Douglas T. Brinkworth				
Cash Compensation (1) (2) (3) (4)	$ —	$ —	$ 310,000	$ 837,000
Accelerated Vesting of Fiscal 2016, 2015 and 2014 LTIP Awards (5)	—	—	—	424,570
Accelerated Vesting of Outstanding RUP Awards (6)	817,929	519,340	—	817,929
Medical Benefits (3)	—	—	21,092	—
Total	$ 817,929	$ 519,340	$ 331,092	$ 2,079,499
Paul Abel				
Cash Compensation (1) (2) (3) (4)	$ —	$ —	$ 300,000	$ 787,500
Accelerated Vesting of Fiscal 2016, 2015 and 2014 LTIP Awards (5)	—	—	—	378,815
Accelerated Vesting of Outstanding RUP Awards (6)	720,283	720,283	—	720,283
Medical Benefits (3)	—	—	10,194	—
Total	$ 720,283	$ 720,283	$ 310,194	$ 1,886,598

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

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

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

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

(5) In the event of a change of control, all awards under the LTIP will vest immediately regardless of whether termination immediately follows. If a change of control event occurs, at the conclusion of fiscal 2016, payments would have been equal to 125% of the cash value of a participant's unvested phantom units plus a sum equal to 125% of a participant's unvested phantom units multiplied by an amount equal to the cumulative, per-Common Unit distribution from the beginning of an unvested award's three-year measurement period through the date on which the change of control occurred (beginning in fiscal 2017, this percentage has been changed to 150%). If a change of control event occurred on September 24, 2016, the fiscal 2016, fiscal 2015 and fiscal 2014 awards would have been subject to this treatment. Although Mr. Wienberg was no longer employed by the Partnership on September 24, 2016, if a change of control occurred on that date, his cash payment under the change of control provisions of the LTIP would have been $453,529. For more information, refer to the subheading "Long-Term Incentive Plan" in the "Compensation Discussion and Analysis."

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

(6) Effective November 13, 2012, the Committee amended the RUP document to provide for the vesting of all unvested awards held by a participant at the time of his or her death. If a recipient of a RUP award becomes permanently disabled, only those awards that have been held for at least one year on the date that the employee's employment is terminated as a result of his or her permanent disability will immediately vest; all awards held by the recipient for less than one year will be forfeited by the recipient. Because each of our named executive officers received a RUP award during fiscal 2016, if any or all of the following four named executive officers had become permanently disabled on September 24, 2016, the following quantities of restricted units would have vested: Stivala, 19,239; Kuglin, 12,038; Boyd, 15,259; Brinkworth, 15,259. The following quantities would have been forfeited: Stivala, 18,277; Kuglin, 8,773; Boyd, 8,773; Brinkworth, 8,773. Because all of Mr. Abel's unvested awards were subject to the plan's retirement provisions at the conclusion of fiscal 2016, if Mr. Abel had become permanently disabled on September 24, 2016, none of his unvested awards would have been forfeited.

Under circumstances unrelated to a change of control, if a RUP award recipient's employment is terminated without cause or he or she resigns for good reason, any RUP awards held by such recipient will be forfeited. Because all of Mr. Abel's unvested awards were subject to the retirement provisions on the last day of fiscal 2016, if Mr. Abel had been terminated without cause on September 24, 2016, none of his unvested awards would have been forfeited.

In the event of a change of control, as defined in the RUP document, all unvested RUP awards will vest immediately on the date the change of control is consummated, regardless of the holding period and regardless of whether the recipient's employment is terminated. In accordance with the provisions of the RUP document and his severance agreement, if a change of control occurred on September 24, 2016, Mr. Wienberg would have received 7,311 Common Units for the 7,311 restricted units that were forfeited in addition to the 16,721 Common Units provided for under the terms of his severance agreement (total value on September 24, 2016: $817,929).

SUPERVISORS' COMPENSATION

The following table sets forth the compensation of the non-employee members of the Board of Supervisors of the Partnership during fiscal 2016.

Supervisor	Fees Earned or Paid in Cash (1)	Unit Awards (2)	Total
Harold R. Logan, Jr.	$ 125,000	$ 258,861	$ 383,861
Lawrence C. Caldwell	$ 90,000	$ 207,079	$ 297,079
Matthew J. Chanin	$ 100,000	$ 207,079	$ 307,079
John D. Collins	$ 105,000	$ 207,079	$ 312,079
John Hoyt Stookey	$ 90,000	$ 207,079	$ 297,079
Jane Swift	$ 90,000	$ 207,079	$ 297,079

(1) This includes amounts earned for fiscal 2016, including quarterly retainer installments for the fourth quarter of 2016 that were paid in November 2016. It does not include amounts paid in fiscal 2016 for fiscal 2015 quarterly retainer installments.

(2) On September 24, 2016, Mr. Logan held 15,467 unvested restricted units, Mr. Caldwell and Mr. Chanin each held 13,290 unvested restricted units, and Mr. Collins, Mr. Stookey and Ms. Swift each held 13,273 unvested restricted units.

At its meeting on July 21, 2015, the Compensation Committee approved the following RUP awards with an effective grant date of November 15, 2015:

Supervisor	Grant Quantities
Mr. Logan	10,967
Mr. Caldwell	8,773
Mr. Chanin	8,773
Mr. Collins	8,773
Mr. Stookey	8,773
Ms. Swift	8,773

The aggregate grant date fair values of these RUP awards, computed in accordance with accounting principles generally accepted in the United States of America, are reported in the column above titled "Unit Awards."

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

Fees and Benefit Plans for Non-Employee Supervisors

Annual Cash Retainer Fees. As the Chairman of the Board of Supervisors, Mr. Logan receives an annual cash retainer of $125,000, payable in quarterly installments of $31,250 each. Each of the other non-employee Supervisors receives an annual cash retainer of $90,000 each, payable in quarterly installments of $22,500. As Chair of the Compensation Committee, Mr. Chanin receives an additional annual cash retainer of $10,000, payable in quarterly installments of $2,500 each. As Chair of the Audit Committee, Mr. Collins receives an additional annual cash retainer of $15,000, payable in quarterly installments of $3,750 each.

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

Restricted Unit Plan. Each non-employee Supervisor participates in the RUP. All awards vest in accordance with the provisions of the plan document (see "Compensation Discussion and Analysis" section titled "Restricted Unit Plan" for a description of the vesting schedule). Upon vesting, all awards are settled by issuing Common Units.

Additional Supervisor Compensation. Non-employee Supervisors receive no other forms of remuneration from us. The only perquisite provided to the members of the Board of Supervisors is the ability to purchase propane at the same discounted rate that we offer propane to our employees, the value of which was less than $10,000 in fiscal 2016 for each Supervisor.

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

The following table sets forth certain information as of November 21, 2016 regarding the beneficial ownership of Common Units by (a) each person or group known to the Partnership, based upon its review of filings under Section 13(d) or (g) under the Securities Act, to own more than 5% of the outstanding Common Units; (b) each member of the Board of Supervisors; (c) each executive officer named in the Summary Compensation Table in Item 11 of this Annual Report; and (d) all members of the Board of Supervisors and executive officers as a group. Except as set forth in the notes to the table, each individual or entity has sole voting and investment power over the Common Units reported.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)
Michael A. Stivala (a)	52,196	*
Michael A. Kuglin (b)	16,429	*
Steven C. Boyd (c)	45,048	*
Douglas T. Brinkworth (d)	31,512	*
Paul Abel (e)	33,504	*
Mark Wienberg (f)	—	*
Harold R. Logan, Jr. (g)	17,463	*
John Hoyt Stookey (h)	17,091	*
Jane Swift (h)	6,225	*
John D. Collins (h)	19,275	*
Lawrence C. Caldwell (i)	32,460	*
Matthew J. Chanin (j)	12,937	*
All Members of the Board of Supervisors and Executive Officers, as a group (16 persons) (k)	367,558	*

(1) With the exception of the 784 units held by the General Partner (see note (a) below and the 16,252 units held by charitable organizations over which Mr. Caldwell has shared investment and voting power (see note (i) below), the above listed units may be held in brokerage accounts where they are pledged as security.

(2) Based upon 61,041,252 Common Units outstanding on November 21, 2016.

* Less than 1%.

(a) Includes 784 Common Units held by the General Partner, of which Mr. Stivala is the sole member. Excludes 56,225 unvested restricted units, none of which will vest in the 60-day period following November 21, 2016.

(b) Excludes 32,915 unvested restricted units, none of which will vest in the 60-day period following November 21, 2016.

(c) Excludes 29,977 unvested restricted units, none of which will vest in the 60-day period following November 21, 2016.

(d) Excludes 29,977 unvested restricted units, none of which will vest in the 60-day period following November 21, 2016.

(e) Excludes 28,772 unvested restricted units, none of which will vest in the 60-day period following November 21, 2016.

(f) Excludes 16,721 unvested restricted units, all of which will vest in the 60-day period following November 21, 2016.

(g) Excludes 10,311 unvested restricted units, none of which will vest in the 60-day period following November 21, 2016.

(h) Excludes 8,848 unvested restricted units, none of which will vest in the 60-day period following November 21, 2016.

(i) Includes 16,252 Common Units held by charitable organizations over which Mr. Caldwell has shared investment and voting power. Excludes 8,859 unvested restricted units, none of which will vest in the 60-day period following November 21, 2016.

(j) Excludes 8,859 unvested restricted units, none of which will vest in the 60-day period following November 21, 2016.

(k) Inclusive of the unvested restricted units referred to in footnotes (a), (b), (c), (d), (e), (g), (h), (i) and (j) above, the reported number of units excludes 314,371 unvested restricted units, none of which will vest in the 60-day period following November 21, 2016.

Securities Authorized for Issuance Under the Restricted Unit Plan

The following table sets forth certain information, as of September 24, 2016, with respect to the Partnership's Restricted Unit Plan, under which restricted units of the Partnership, as described in the Notes to the Consolidated Financial Statements included in this Annual Report, are authorized for issuance.

Plan Category	Number of Common Units to be issued upon vesting of restricted units (a)	Weighted-average grant date fair value per restricted unit (b)	Number of restricted units remaining available for future issuance under the Restricted Unit Plan (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (1)	654,120 (2)	$ 26.74	1,173,408
Equity compensation plans not approved by security holders	—	—	—
Total	654,120	$ 26.74	1,173,408

(1) Relates to the Restricted Unit Plan.

(2) Represents number of restricted units that, as of September 24, 2016, had been granted under the Restricted Unit Plan but had not yet vested.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Related Person Transactions

None. See "Partnership Management" under Item 10 above for a description of the Audit Committee's role in reviewing, and approving or ratifying, related party transactions.

Supervisor Independence

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

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

A copy of our Corporate Governance Guidelines is available without charge from our website at www.suburbanpropane.com or upon written request directed to: Suburban Propane Partners, L.P., Investor Relations, P.O. Box 206, Whippany, New Jersey 07981-0206.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The following table sets forth the aggregate fees for services related to fiscal years 2016 and 2015 provided by PricewaterhouseCoopers LLP, our independent registered public accounting firm.

	Fiscal 2016	Fiscal 2015
Audit Fees (a)	$ 2,308,300	$ 2,487,000
Tax Fees (b)	971,000	1,033,000
All Other Fees (c)	1,800	1,800
Total	$ 3,281,100	$ 3,521,800

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

(b) Tax Fees consist of fees for professional services related to tax reporting, tax compliance and transaction services assistance.

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

The Audit Committee of the Board of Supervisors has adopted a formal policy concerning the approval of audit and non-audit services to be provided by the independent registered public accounting firm, PricewaterhouseCoopers LLP. The policy requires that all services PricewaterhouseCoopers LLP may provide to us, including audit services and permitted audit-related and non-audit services, be pre-approved by the Audit Committee. The Audit Committee pre-approved all audit and non-audit services provided by PricewaterhouseCoopers LLP during fiscal 2016 and fiscal 2015.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

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

1. Financial Statements

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

2. Financial Statement Schedule

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

3. Exhibits

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

SIGNATURES

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

SUBURBAN PROPANE PARTNERS, L.P.

Date: November 23, 2016

By: /s/ MICHAEL A. STIVALA
Michael A. Stivala
President, Chief Executive Officer and Supervisor

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

Signature	Title	Date
By: /s/ MICHAEL A. STIVALA (Michael A. Stivala)	President, Chief Executive Officer and Supervisor	November 23, 2016
By: /s/ HAROLD R. LOGAN, JR. (Harold R. Logan, Jr.)	Chairman and Supervisor	November 23, 2016
By: /s/ JOHN HOYT STOOKEY (John Hoyt Stookey)	Supervisor	November 23, 2016
By: /s/ JOHN D. COLLINS (John D. Collins)	Supervisor	November 23, 2016
By: /s/ JANE SWIFT (Jane Swift)	Supervisor	November 23, 2016
By: /s/ LAWRENCE C. CALDWELL (Lawrence C. Caldwell)	Supervisor	November 23, 2016
By /s/ MATTHEW J. CHANIN (Matthew J. Chanin)	Supervisor	November 23, 2016
By: /s/ MICHAEL A. KUGLIN (Michael A. Kuglin)	Chief Financial Officer and Chief Accounting Officer	November 23, 2016
By: /s/ DANIEL S. BLOOMSTEIN (Daniel S. Bloomstein)	Controller	November 23, 2016

INDEX TO EXHIBITS

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

Exhibit Number	Description
2.1	Contribution Agreement dated as of April 25, 2012, as amended as of June 15, 2012, July 6, 2012 and July 19, 2012, among Inergy, L.P., Inergy GP, LLC, Inergy Sales and Service, Inc. and Suburban Propane Partners, L.P. (Incorporated by reference to Exhibit 2.1 to the Partnership's Current Reports on Form 8-K filed April 26, 2012, June 15, 2012, July 6, 2012 and July 19, 2012, respectively).
3.1	Third Amended and Restated Agreement of Limited Partnership of the Partnership dated as of October 19, 2006, as amended as of July 31, 2007. (Incorporated by reference to Exhibit 3.1 to the Partnership's Current Report on Form 8-K filed August 2, 2007).
3.2	Third Amended and Restated Agreement of Limited Partnership of the Operating Partnership dated as of October 19, 2006, as amended as of June 24, 2009. (Incorporated by reference to Exhibit 10.2 to the Partnership's Current Report on Form 8-K filed June 30, 2009).
3.3	Amended and Restated Certificate of Limited Partnership of the Partnership dated May 26, 1999 (Incorporated by reference to Exhibit 3.2 to the Partnership's Quarterly Report on Form 10-Q filed August 6, 2009).
3.4	Amended and Restated Certificate of Limited Partnership of the Operating Partnership dated May 26, 1999 (Incorporated by reference to Exhibit 3.3 to the Partnership's Quarterly Report on Form 10-Q filed August 6, 2009).
4.1	Description of Common Units of the Partnership. (Incorporated by reference to Exhibit 4.1 to the Partnership's Current Report on Form 8-K filed October 19, 2006).
4.2	Indenture, dated as of August 1, 2012, related to the 7.375% Senior Notes due 2021, by and among Suburban Propane Partners, L.P., Suburban Energy Finance Corp. and The Bank of New York Mellon, as Trustee, including the form of 7.375% Senior Notes due 2021. (Incorporated by reference to Exhibit 4.1 to the Partnership's Current Report on Form 8-K filed August 2, 2012).
4.3	First Supplemental Indenture, dated as of May 23, 2014, related to the 7.375% Senior Notes due 2021, by and among Suburban Propane Partners, L.P., Suburban Energy Finance Corp. and The Bank of New York Mellon, as Trustee. (Incorporated by reference to Exhibit 4.1 to the Partnership's Current Report on Form 8-K filed May 27, 2014).
4.4	Indenture, dated as of May 27, 2014, relating to the 5.50% Senior Notes due 2024, among Suburban Propane Partners, L.P., Suburban Energy Finance Corp. and The Bank of New York Mellon, as Trustee, including the form of 5.50% Senior Notes due 2024. (Incorporated by reference to Exhibit 4.1 to the Partnership's Current Report on Form 8-K filed May 28, 2014).
4.5	First Supplemental Indenture, dated as of May 27, 2014, relating to the 5.50% Senior Notes due 2024, among Suburban Propane Partners, L.P., Suburban Energy Finance Corp. and The Bank of New York Mellon, as Trustee. (Incorporated by reference to Exhibit 4.1 to the Partnership's Current Report on Form 8-K filed May 28, 2014).
4.6	Second Supplemental Indenture, dated as of February 25, 2015, to the Indenture, dated as of May 27, 2014, relating to the 5.75% Senior Notes due 2025, among Suburban Propane Partners, L.P., Suburban Energy Finance Corp. and The Bank of New York Mellon, as Trustee. (Incorporated by reference to Exhibit 4.1 to the Partnership's Current Report on Form 8-K filed February 25, 2015).
4.7	Support Agreement, dated as of August 1, 2012, among Inergy, L.P., the Partnership and Suburban Energy Finance Corp. (Incorporated by reference to Exhibit 4.3 to the Partnership's Registration Statement on Form S-4 dated September 19, 2012).
10.1	Suburban Propane Partners, L.P. 2009 Restricted Unit Plan, effective August 1, 2009, as amended on November 13, 2012, August 6, 2013 and May 13, 2015. (Incorporated by reference to Exhibit 10.1 to the Partnership's Current Report on Form 8-K filed May 14, 2015).
10.2	Suburban Propane, L.P. Severance Protection Plan, as amended on January 24, 2008, January 20, 2009 and November 10, 2009. (Incorporated by reference to Exhibit 10.8 to the Partnership's Annual Report on Form 10-K for the fiscal year ended September 26, 2009).

10.3	Suburban Propane, L.P. 2014 Long Term Incentive Plan, effective October 1, 2013, as amended on November 14, 2016. (Incorporated by reference to Exhibit 99.2 to the Partnership's Current Report on Form 8-K filed November 16, 2016).
10.4	Amended and Restated Retirement Savings and Investment Plan of Suburban Propane (effective as of January 1, 2013). (Filed herewith).
10.5	First Amendment to the Retirement Savings and Investment Plan of Suburban Propane (effective January 1, 2015). (Filed herewith).
10.6	Second Amendment to the Retirement Savings and Investment Plan of Suburban Propane (effective January 1, 2016). (Filed herewith).
10.7	Second Amended and Restated Credit Agreement, among the Operating Partnership, the Partnership and Bank of America, N.A., as Administrative Agent, and the Lenders party thereto, dated March 3, 2016. (Incorporated by reference to Exhibit 10.1 to the Partnership's Current Report on Form 8-K filed on March 3, 2016).
10.8	Propane Storage Agreement, dated September 17, 2007, between Suburban Propane, L.P. and Plains LPG Services, L.P. (Incorporated by reference to Exhibit 10.3 to the Partnership's Current Report on Form 8-K filed September 20, 2007).
21.1	Subsidiaries of Suburban Propane Partners, L.P. (Filed herewith).
23.1	Consent of PricewaterhouseCoopers LLP. (Filed herewith).
31.1	Certification of the President and Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
32.1	Certification of the President and Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith).
99.1	Equity Holding Policy for Supervisors and Executives of Suburban Propane Partners, L.P., as amended on November 10, 2015. (Incorporated by reference to Exhibit 99.1 to the Partnership's Annual Report on Form 10-K filed November 25, 2015).
99.2	Five-Year Performance Graph (Filed herewith).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

INDEX TO FINANCIAL STATEMENTS

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

Report of Independent Registered Public Accounting Firm

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive income, partners' capital, and cash flows present fairly, in all material respects, the financial position of Suburban Propane Partners, L.P. and its subsidiaries at September 24, 2016 and September 26, 2015, and the results of their operations and their cash flows for each of the three years in the period ended September 24, 2016 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. Also in our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of September 24, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Partnership's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing in Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Partnership's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Florham Park, New Jersey
November 23, 2016

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 24, 2016	September 26, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 37,341	$ 152,338
Accounts receivable, less allowance for doubtful accounts of $2,441 and $3,520, respectively	53,802	59,929
Inventories	45,352	47,686
Other current assets	10,804	13,460
Total current assets	147,299	273,413
Property, plant and equipment, net	742,129	781,058
Goodwill	1,094,635	1,087,429
Other intangible assets, net	276,329	307,789
Other assets	35,577	36,041
Total assets	$ 2,295,969	$ 2,485,730
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable	$ 32,286	$ 34,922
Accrued employment and benefit costs	16,495	29,236
Accrued insurance	16,270	13,430
Customer deposits and advances	106,155	105,147
Accrued interest	16,589	16,382
Other current liabilities	17,259	11,229
Total current liabilities	205,054	210,346
Long-term borrowings	1,238,172	1,241,107
Accrued insurance	43,406	43,653
Other liabilities	101,106	92,304
Total liabilities	1,587,738	1,587,410
Commitments and contingencies		
Partners' capital:		
Common Unitholders (60,789 and 60,531 units issued and outstanding at September 24, 2016 and September 26, 2015, respectively)	754,063	947,203
Accumulated other comprehensive loss	(45,832)	(48,883)
Total partners' capital	708,231	898,320
Total liabilities and partners' capital	$ 2,295,969	$ 2,485,730

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

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per unit amounts)

	Year Ended		
	September 24, 2016	September 26, 2015	September 27, 2014
Revenues			
Propane	$ 884,169	$ 1,176,980	$ 1,606,840
Fuel oil and refined fuels	68,759	127,495	194,684
Natural gas and electricity	50,763	66,865	87,093
All other	42,420	45,639	49,640
	1,046,111	1,416,979	1,938,257
Costs and expenses			
Cost of products sold	361,953	593,380	1,080,750
Operating	412,756	444,251	466,389
General and administrative	61,149	68,296	64,593
Depreciation and amortization	129,616	133,294	136,399
	965,474	1,239,221	1,748,131
Gain on sale of business	9,769	—	—
Operating income	90,406	177,758	190,126
Loss on debt extinguishment	292	15,072	11,589
Interest expense, net	75,086	77,634	83,261
Income before provision for income taxes	15,028	85,052	95,276
Provision for income taxes	588	700	767
Net income	$ 14,440	$ 84,352	$ 94,509
Net income per Common Unit - basic	$ 0.24	$ 1.39	$ 1.56
Weighted average number of Common Units outstanding - basic	60,956	60,650	60,481
Net income per Common Unit - diluted	$ 0.24	$ 1.38	$ 1.56
Weighted average number of Common Units outstanding - diluted	61,176	60,907	60,751

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

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Year Ended		
	September 24, 2016	**September 26, 2015**	**September 27, 2014**
Net income	$ 14,440	$ 84,352	$ 94,509
Other comprehensive income:			
Net unrealized gains (losses) on cash flow hedges	6	(1,159)	(518)
Reclassification of realized losses on cash flow hedges into earnings	1,100	1,388	1,406
Amortization of net actuarial losses and prior service credits into earnings and net change in funded status of benefit plans	(55)	(5,207)	560
Recognition in earnings of net actuarial loss for pension settlement	2,000	2,000	—
Other comprehensive income (loss)	3,051	(2,978)	1,448
Total comprehensive income	$ 17,491	$ 81,374	$ 95,957

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

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended		
	September 24, 2016	September 26, 2015	September 27, 2014
Cash flows from operating activities:			
Net income	$ 14,440	$ 84,352	$ 94,509
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation and amortization	129,616	133,294	136,399
Loss on debt extinguishment	292	15,072	11,589
Gain on sale of business	(9,769)	—	—
Pension settlement charge	2,000	2,000	—
Other, net	9,181	11,605	5,664
Changes in assets and liabilities:			
Accounts receivable	6,258	36,986	(2,061)
Inventories	2,415	43,279	(13,342)
Other current and noncurrent assets	2,037	3,223	266
Accounts payable	(1,885)	(14,761)	(3,513)
Accrued employment and benefit costs	(13,055)	5,203	474
Accrued insurance	2,593	(5,367)	4,298
Customer deposits and advances	1,163	(2,239)	(176)
Contribution to defined pension benefit plan	(715)	—	—
Other current and noncurrent liabilities	12,537	11,562	(8,556)
Net cash provided by operating activities	157,108	324,209	225,551
Cash flows from investing activities:			
Capital expenditures	(38,375)	(41,213)	(30,052)
Acquisition of business	(42,945)	(6,500)	—
Proceeds from sale of property, plant and equipment	5,950	11,741	13,520
Proceeds from sale of business	21,465	—	—
Net cash (used in) investing activities	(53,905)	(35,972)	(16,532)
Cash flows from financing activities:			
Proceeds from long-term borrowings	—	250,000	525,000
Repayment of long-term borrowings (includes premium and fees)	—	(260,852)	(528,077)
Proceeds from borrowings under revolving credit facility	100,000	—	61,700
Repayment of borrowings under revolving credit facility	(100,000)	—	(61,700)
Issuance costs associated with long-term borrowings	(2,678)	(4,568)	(9,515)
Partnership distributions	(215,522)	(213,118)	(211,020)
Net cash (used in) financing activities	(218,200)	(228,538)	(223,612)
Net (decrease) increase in cash and cash equivalents	(114,997)	59,699	(14,593)
Cash and cash equivalents at beginning of period	152,338	92,639	107,232
Cash and cash equivalents at end of period	$ 37,341	$ 152,338	$ 92,639
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 74,289	$ 75,597	$ 91,836

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

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(in thousands)

	Number of Common Units	Common Unitholders	Accumulated Other Comprehensive (Loss)	Total Partners' Capital
Balance at September 28, 2013	60,231	$ 1,176,479	$ (47,353)	$ 1,129,126
Net income		94,509		94,509
Net unrealized losses on cash flow hedges			(518)	(518)
Reclassification of realized losses on cash flow hedges into earnings			1,406	1,406
Amortization of net actuarial losses and prior service credits into earnings and net change in funded status of benefit plans			560	560
Partnership distributions		(211,020)		(211,020)
Common Units issued under Restricted Unit Plans	86			
Compensation cost recognized under Restricted Unit Plans, net of forfeitures		7,390		7,390
Balance at September 27, 2014	60,317	$ 1,067,358	$ (45,905)	$ 1,021,453
Net income		84,352		84,352
Net unrealized losses on cash flow hedges			(1,159)	(1,159)
Reclassification of realized losses on cash flow hedges into earnings			1,388	1,388
Amortization of net actuarial losses and prior service credits into earnings and net change in funded status of benefit plans			(5,207)	(5,207)
Recognition in earnings of net actuarial loss for pension settlement			2,000	2,000
Partnership distributions		(213,118)		(213,118)
Common Units issued under Restricted Unit Plans	214			
Compensation cost recognized under Restricted Unit Plans, net of forfeitures		8,611		8,611
Balance at September 26, 2015	60,531	$ 947,203	$ (48,883)	$ 898,320
Net income		14,440		14,440
Net unrealized gains on cash flow hedges			6	6
Reclassification of realized losses on cash flow hedges into earnings			1,100	1,100
Amortization of net actuarial losses and prior service credits into earnings and net change in funded status of benefit plans			(55)	(55)
Recognition in earnings of net actuarial loss for pension settlement			2,000	2,000
Partnership distributions		(215,522)		(215,522)
Common Units issued under Restricted Unit Plan	258			
Compensation cost recognized under Restricted Unit Plans, net of forfeitures		7,942		7,942
Balance at September 24, 2016	60,789	$ 754,063	$ (45,832)	$ 708,231

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except unit and per unit amounts)

1. Partnership Organization and Formation

Suburban Propane Partners, L.P. (the "Partnership") is a publicly traded Delaware limited partnership principally engaged, through its operating partnership and subsidiaries, in the retail marketing and distribution of propane, fuel oil and refined fuels, as well as the marketing of natural gas and electricity in deregulated markets. In addition, to complement its core marketing and distribution businesses, the Partnership services a wide variety of home comfort equipment, particularly for heating and ventilation. The publicly traded limited partner interests in the Partnership are evidenced by common units traded on the New York Stock Exchange ("Common Units"), with 60,789,374 Common Units outstanding at September 24, 2016. The holders of Common Units are entitled to participate in distributions and exercise the rights and privileges available to limited partners under the Third Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement"), as amended. Rights and privileges under the Partnership Agreement include, among other things, the election of all members of the Board of Supervisors and voting on the removal of the general partner.

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

The general partner of both the Partnership and the Operating Partnership is Suburban Energy Services Group LLC (the "General Partner"), a Delaware limited liability company, the sole member of which is the Partnership's Chief Executive Officer. Other than as a holder of 784 Common Units that will remain in the General Partner, the General Partner does not have any economic interest in the Partnership or the Operating Partnership.

The Partnership's fuel oil and refined fuels, natural gas and electricity and services businesses are structured as either limited liability companies that are treated as corporations or corporate entities (collectively referred to as the "Corporate Entities") and, as such, are subject to corporate level U.S. income tax.

Suburban Energy Finance Corp., a direct 100%-owned subsidiary of the Partnership, was formed on November 26, 2003 to serve as co-issuer, jointly and severally with the Partnership, of the Partnership's senior notes.

On August 1, 2012 (the "Acquisition Date"), the Partnership completed the acquisition of the sole membership interest in Inergy Propane, LLC, including certain wholly-owned subsidiaries of Inergy Propane LLC, and the assets of Inergy Sales and Service, Inc. The acquired interests and assets are collectively referred to as "Inergy Propane." As of the Acquisition Date, Inergy Propane consisted of the former retail propane assets and operations of Inergy, L.P. ("Inergy"). On the Acquisition Date, Inergy Propane and its remaining wholly-owned subsidiaries acquired became subsidiaries of the Operating Partnership, but were merged into the Operating Partnership on April 30, 2013. The results of operations of Inergy Propane are included in the Partnership's results of operations beginning on the Acquisition Date.

The Partnership serves approximately 1.1 million residential, commercial, industrial and agricultural customers through 675 locations in 41 states. The Partnership's operations are principally concentrated in the east and west coast regions of the United States, as well as portions of the Midwest region of the United States and Alaska. No single customer accounted for 10% or more of the Partnership's revenues during fiscal 2016, 2015 or 2014.

2. Summary of Significant Accounting Policies

Principles of Consolidation. The consolidated financial statements include the accounts of the Partnership, the Operating Partnership and all of its direct and indirect subsidiaries. All 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 100% limited partner interest in the Operating Partnership.

Fiscal Period. The Partnership uses a 52/53 week fiscal year which ends on the last Saturday in September. The Partnership's fiscal quarters are generally 13 weeks in duration. When the Partnership's fiscal year is 53 weeks long, the corresponding fourth quarter is 14 weeks in duration. Fiscal 2016, fiscal 2015 and fiscal 2014 included 52 weeks of operations.

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

Fair Value Measurements. The Partnership measures certain of its assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants – in either the principal market or the most advantageous market. The principal market is the market with the greatest level of activity and volume for the asset or liability.

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

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

Business Combinations. The Partnership accounts for business combinations using the acquisition method and accordingly, the assets and liabilities of the acquired entities are recorded at their estimated fair values at the acquisition date. Goodwill represents the excess of the purchase price over the fair value of the net assets acquired, including the amount assigned to identifiable intangible assets. The primary drivers that generate goodwill are the value of synergies between the acquired entities and the Partnership, and the acquired assembled workforce, neither of which qualifies as an identifiable intangible asset. Identifiable intangible assets with finite lives are amortized over their useful lives. The results of operations of acquired businesses are included in the consolidated financial statements from the acquisition date. The Partnership expenses all acquisition-related costs as incurred.

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

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

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

Derivative Instruments and Hedging Activities

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

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

Interest Rate Risk. A portion of the Partnership's borrowings bear interest at prevailing interest rates based upon, at the Operating Partnership's option, LIBOR plus an applicable margin or the base rate, defined as the higher of the Federal Funds Rate plus ½ of 1% or the agent bank's prime rate, or LIBOR plus 1%, plus the applicable margin. The applicable margin is dependent on the level of the Partnership's total leverage (the ratio of total debt to income before deducting interest expense, income taxes, depreciation and amortization ("EBITDA")). Therefore, the Partnership is subject to interest rate risk on the variable component of the interest rate. The Partnership manages part of its variable interest rate risk by entering into interest rate swap agreements. The interest rate swaps have been designated as, and are accounted for as, cash flow hedges. The fair value of the interest rate swaps are determined using an income approach, whereby future settlements under the swaps are converted into a single present value, with fair value being based on the value of current market expectations about those future amounts. Changes in the fair value are recognized in OCI until the hedged item is recognized in earnings. However, due to changes in the underlying interest rate environment, the corresponding value in OCI is subject to change prior to its impact on earnings.

Valuation of Derivative Instruments. The Partnership measures the fair value of its exchange-traded options and futures contracts using quoted market prices found on the New York Mercantile Exchange (the "NYMEX") (Level 1 inputs); the fair value of its swap contracts using quoted forward prices, and the fair value of its interest rate swaps using model-derived valuations driven by observable projected movements of the 3-month LIBOR (Level 2 inputs); and the fair value of its over-the-counter options contracts using Level 3 inputs. The Partnership's over-the-counter options contracts are valued based on an internal option model. The inputs utilized in the model are based on publicly available information as well as broker quotes. The significant unobservable inputs used in the fair value measurements of the Partnership's over-the-counter options contracts are interest rate and market volatility.

Long-Lived Assets

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

Buildings	40 Years
Building and land improvements	20 Years
Transportation equipment	3-10 Years
Storage facilities	7-30 Years
Office equipment	5-10 Years
Tanks and cylinders	10-40 Years
Computer software	3-7 Years

The weighted average estimated useful life of the Partnership's storage facilities and tanks and cylinders is approximately 22 years and 28 years, respectively.

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

Goodwill. Goodwill represents the excess of the purchase price over the fair value of net assets acquired. Goodwill is subject to an impairment review at a reporting unit level, on an annual basis as of the end of fiscal July of each year, or when an event occurs or circumstances change that would indicate potential impairment.

The Partnership has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. However, if an entity concludes otherwise, then it is required to perform the first step of the two-step impairment test.

Under the two-step impairment test, the Partnership assesses the carrying value of goodwill at a reporting unit level based on an estimate of the fair value of the respective reporting unit. Fair value of the reporting unit is estimated using discounted cash flow analyses taking into consideration estimated cash flows in a ten-year projection period and a terminal value calculation at the end of the projection period. If the fair value of the reporting unit exceeds its carrying value, the goodwill associated with the reporting unit is not considered to be impaired. If the carrying value of the reporting unit exceeds its fair value, an impairment loss is recognized to the extent that the carrying amount of the associated goodwill, if any, exceeds the implied fair value of the goodwill.

Other Intangible Assets. Other intangible assets consist of customer relationships, tradenames, non-compete agreements and leasehold interests. Customer relationships and tradenames are amortized under the straight-line method over the estimated period for which the assets are expected to contribute to the future cash flows of the reporting entities to which they relate, ending periodically between fiscal years 2017 and 2025. Non-compete agreements are amortized under the straight-line method over the periods of the related agreements. Leasehold interests are amortized under the straight-line method over the shorter of the lease term or the useful life of the related assets, through fiscal 2025.

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

Pension and Other Postretirement Benefits. The Partnership estimates the rate of return on plan assets, the discount rate used to estimate the present value of future benefit obligations and the expected cost of future health care benefits in determining its annual pension and other postretirement benefit costs. In October 2014, the Society of Actuaries ("SOA") issued new mortality tables (RP-2014) and a new mortality improvement scale (MP-2014). The Partnership uses SOA and other actuarial life expectancy information when developing the annual mortality assumptions for the pension and postretirement benefit plans, which are used to measure net periodic benefit costs and the obligation under these plans.

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

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

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

Loss Contingencies. In the normal course of business, the Partnership is involved in various claims and legal proceedings. The Partnership records a liability for such matters when it is probable that a loss has been incurred and the amounts can be reasonably estimated. The liability includes probable and estimable legal costs to the point in the legal matter where the Partnership believes a conclusion to the matter will be reached. When only a range of possible loss can be established, the most probable amount in the range is accrued. If no amount within this range is a better estimate than any other amount within the range, the minimum amount in the range is accrued.

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

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

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

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

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

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

Net Income Per Unit. Computations of basic income per Common Unit are performed by dividing net income by the weighted average number of outstanding Common Units, and vested (and unissued) restricted units granted under the Partnership's Restricted Unit Plan, as defined below, to retirement-eligible grantees. Computations of diluted income per Common Unit are performed by dividing net income by the weighted average number of outstanding Common Units and unissued restricted units granted under the 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 220,112, 256,794 and 269,867 units for fiscal 2016, 2015 and 2014, respectively, to reflect the potential dilutive effect of the unvested restricted units outstanding using the treasury stock method.

Comprehensive Income. The Partnership reports comprehensive income (the total of net income and all other non-owner changes in partners' capital) within the consolidated statement of comprehensive income. Other comprehensive income includes unrealized gains and losses on derivative instruments accounted for as cash flow hedges and reclassifications of realized losses on cash flow hedges into earnings, amortization of net actuarial losses and prior service credits into earnings and changes in the funded status of pension and other postretirement benefit plans, and net actuarial losses recognized in earnings associated with pension settlements.

Recently Issued Accounting Pronouncements. In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-15, "Classification of Certain Cash Receipts and Cash Payments" ("ASU 2016-15"). This update addresses eight specific cash flow issues and is intended to reduce diversity in practice on how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU 2016-15 is effective for the first interim period within annual reporting periods beginning after December 15, 2017, which will be the Partnership's first quarter of fiscal 2019. Early adoption of ASU 2016-15 is permitted. The Partnership is currently evaluating the impact that the standard will have on the Partnership's cash flows.

In March 2016, the FASB issued ASU No. 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" ("ASU 2016-09"). This update is intended to simplify several areas of accounting for share-based compensation arrangements, including the income tax impact, classification on the statement of cash flows and forfeitures. ASU 2016-09 is effective for the first interim period within annual reporting periods beginning after December 15, 2016, which will be the Partnership's first quarter of fiscal 2018. Early adoption of ASU 2016-09 is permitted. The Partnership is currently evaluating the impact that the standard will have on the Partnership's results of operations, financial position and cash flows.

In February 2016, the FASB issued ASU 2016-02, "Leases" ("ASU 2016-02"). The standard amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU 2016-02 is effective for the first interim period within annual reporting periods beginning after December 15, 2018, which will be the Partnership's first quarter of fiscal 2020. Early adoption of ASU 2016-02 is permitted. The new leases standard requires a modified retrospective transition approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain transition relief. The Partnership is currently evaluating the impact of adopting ASU 2016-02 on the Partnership's results of operations, financial position and cash flows.

In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03"). This update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with the presentation of original issue debt discounts. ASU 2015-03 is effective for the first interim period within annual reporting periods beginning after December 15, 2015, which will be the Partnership's first quarter of fiscal 2017. In August 2015, the FASB issued ASU No. 2015-15, which provides additional guidance related to the presentation and subsequent measurement of debt issuance costs related to line-of-credit arrangements. An entity may present debt issuance costs as an asset and subsequently amortize the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings. Other than the reclassification of existing unamortized debt issuance costs on the balance sheet, the adoption of ASU 2015-03 will have no impact on the Partnership's operations or cash flows.

In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers" ("ASU 2014-09"). This update provides a principles-based approach to revenue recognition, requiring revenue recognition to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU provides a five-step model to be applied to all contracts with customers. The five steps are to identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract and recognize revenue when each performance obligation is satisfied. On July 9, 2015, the FASB finalized a one-year deferral of the effective date of ASU 2014-09. The revenue standard is therefore effective for the first interim period within annual reporting periods beginning after December 15, 2017, which will be the Partnership's first quarter of fiscal 2019. Early adoption as of the original effective date is permitted. ASU 2014-09 can be applied either retrospectively to either each prior reporting period presented or with the cumulative effect of initially applying the update recognized at the date of the initial application along with additional disclosures. While the Partnership is still in the process of evaluating the potential impact of ASU 2014-09, it does not expect the adoption of ASU 2014-09 will have a material impact on the Partnership's results of operations, financial position or cash flows.

3. Acquisition and Disposition of Businesses

On April 22, 2016, the Operating Partnership sold certain assets and operations in a non-strategic market of its propane segment for $26,000, including $5,000 representing non-compete consideration that will be received over a five-year period, resulting in a gain of $9,769 that was recognized during the third quarter of fiscal 2016. The corresponding net assets and results of operations were not material to the Partnership's results of operations, financial position and cash flows.

On December 15, 2015, the Operating Partnership acquired the assets of Propane USA Distribution, LLC ("Propane USA"), a propane marketer headquartered in Margate, Florida, and its affiliate companies, for $45,000, including $3,000 for non-compete consideration, plus working capital acquired. As of September 24, 2016, $42,945 was paid, of which $41,250 was paid at closing, and the remainder of the purchase price will be funded in accordance with the terms of the non-compete agreements. The acquisition of Propane USA was consummated pursuant to the Partnership's strategic growth initiatives and was funded entirely from cash on hand. The purchase price allocation and results of operations of Propane USA were not material to the Partnership's consolidated financial position and statement of operations.

4. Distributions of Available Cash

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

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 24, 2016:

	Fiscal 2016	Fiscal 2015	Fiscal 2014
First Quarter	$ 0.8875	$ 0.8750	$ 0.8750
Second Quarter	0.8875	0.8875	0.8750
Third Quarter	0.8875	0.8875	0.8750
Fourth Quarter	0.8875	0.8875	0.8750

5. Selected Balance Sheet Information

Inventories consist of the following:

	As of September 24, 2016	As of September 26, 2015
Propane, fuel oil and refined fuels and natural gas	$ 43,905	$ 45,918
Appliances	1,447	1,768
	$ 45,352	$ 47,686

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

Property, plant and equipment consist of the following:

	As of September 24, 2016	As of September 26, 2015
Land and improvements	$ 193,194	$ 195,430
Buildings and improvements	109,345	104,998
Transportation equipment	57,823	58,650
Storage facilities	110,528	110,033
Equipment, primarily tanks and cylinders	845,650	833,479
Computer Systems	52,643	51,039
Construction in progress	3,845	7,177
	1,373,028	1,360,806
Less: accumulated depreciation	(630,899)	(579,748)
	$ 742,129	$ 781,058

Depreciation expense for fiscal 2016, 2015 and 2014 amounted to $72,471, $75,920 and $78,921, respectively.

6. Goodwill and Other Intangible Assets

The Partnership's fiscal 2016 and fiscal 2015 annual goodwill impairment review resulted in no adjustments to the carrying amount of goodwill.

The carrying values of goodwill assigned to the Partnership's operating segments are as follows:

	Propane	Fuel oil and refined fuels	Natural gas and electricity	Total
Balance as of September 26, 2015				
Goodwill	$ 1,075,091	$ 10,900	$ 7,900	$ 1,093,891
Accumulated adjustments	—	(6,462)	—	(6,462)
	$ 1,075,091	$ 4,438	$ 7,900	$ 1,087,429
Fiscal 2016 Activity				
Goodwill acquired (1)	$ 14,710	$ —	$ —	$ 14,710
Goodwill disposed (2)	(7,504)	—	—	(7,504)
Balance as of September 24, 2016				
Goodwill	$ 1,082,297	$ 10,900	$ 7,900	$ 1,101,097
Accumulated adjustments	—	(6,462)	—	(6,462)
	$ 1,082,297	$ 4,438	$ 7,900	$ 1,094,635

Other intangible assets consist of the following:

	As of	
	September 24, 2016	September 26, 2015
Customer relationships (1) (2)	$ 492,656	$ 471,829
Non-compete agreements (1)	31,040	27,815
Tradenames	3,482	3,482
Other	1,967	1,967
	529,145	505,093
Less: accumulated amortization		
Customer relationships	(225,634)	(173,823)
Non-compete agreements	(22,533)	(19,337)
Tradenames	(3,482)	(3,069)
Other	(1,167)	(1,075)
	(252,816)	(197,304)
	$ 276,329	$ 307,789

(1) Reflects the impact from the Propane USA acquisition (Note 3).

(2) Reflects the impact from the disposition of certain assets and operations in a non-strategic market of the propane segment (Note 3).

Aggregate amortization expense related to other intangible assets for fiscal 2016, 2015 and 2014 was $57,145, $57,374 and $57,478, respectively. Aggregate amortization expense for each of the five succeeding fiscal years related to other intangible assets held as of September 24, 2016 is estimated as follows: 2017 - $56,454; 2018 - $56,094; 2019 - $55,071; 2020 - $54,086; and 2021 - $44,577.

7. Income Taxes

For federal income tax purposes, as well as for state income tax purposes in the majority of the states in which the Partnership operates, the earnings attributable to the Partnership and the Operating Partnership are not subject to income tax at the partnership level. With the exception of those states that impose an entity-level income tax on partnerships, the taxable income or loss attributable to the Partnership and to the Operating Partnership, which may vary substantially from the income (loss) before income taxes reported by the Partnership in the consolidated statement of operations, are includable in the federal and state income tax returns of the Common Unitholders. The aggregate difference in the basis of the Partnership's net assets for financial and tax reporting purposes cannot be readily determined as the Partnership does not have access to each Common Unitholder's basis in the Partnership.

As described in Note 1 and Note 2, the earnings of the Corporate Entities are subject to corporate level federal and state income tax. However, based upon past performance, the Corporate Entities are currently reporting an income tax provision composed primarily of minimum state income taxes. A full valuation allowance has been provided against the deferred tax assets based upon an analysis of all available evidence, both negative and positive at the balance sheet date, which, taken as a whole, indicates that it is more likely than not that sufficient future taxable income will not be available to utilize the assets. Management's periodic reviews include, among other things, the nature and amount of the taxable income and expense items, the expected timing of when assets will be used or liabilities will be required to be reported and the reliability of historical profitability of businesses expected to provide future earnings. Furthermore, management considered tax-planning strategies it could use to increase the likelihood that the deferred tax assets will be realized.

The income tax provision of all the legal entities included in the Partnership's consolidated statement of operations, which is composed primarily of state income taxes in the few states that impose taxes on partnerships and minimum state income taxes on the Corporate Entities, consists of the following:

	Year Ended September 24, 2016	Year Ended September 26, 2015	Year Ended September 27, 2014
Current			
Federal	$ 7	$ 23	$ 10
State and local	581	677	757
	588	700	767
Deferred	—	—	—
	$ 588	$ 700	$ 767

The provision for income taxes differs from income taxes computed at the United States federal statutory rate as a result of the following:

	Year Ended September 24, 2016	Year Ended September 26, 2015	Year Ended September 27, 2014
Income tax provision at federal statutory tax rate	$ 5,260	$ 29,768	$ 33,346
Impact of Partnership income not subject to federal income taxes	(9,844)	(32,148)	(38,919)
Permanent differences	182	210	86
Change in valuation allowance	4,737	2,181	5,458
State income taxes	(211)	253	(60)
Other	464	436	856
Provision for income taxes - current	$ 588	$ 700	$ 767

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

	Year Ended September 24, 2016	Year Ended September 26, 2015
Deferred tax assets:		
Net operating loss carryforwards	$ 60,628	$ 55,033
Allowance for doubtful accounts	184	340
Inventory	457	395
Deferred revenue	1,091	1,241
Derivative instruments	78	—
AMT credit carryforward	1,086	1,086
Other accruals	1,101	1,718
Total deferred tax assets	64,625	59,813
Deferred tax liabilities:		
Derivative instruments	—	142
Intangible assets	775	312
Property, plant and equipment	5,068	5,314
Total deferred tax liabilities	5,843	5,768
Net deferred tax assets	58,782	54,045
Valuation allowance	(58,782)	(54,045)
Net deferred tax assets	$ —	$ —

8. Long-Term Borrowings

Long-term borrowings consist of the following:

	As of	
	September 24, 2016	September 26, 2015
7.375% senior notes, due August 1, 2021, including unamortized premium of $16,992 and $19,927, respectively	$ 363,172	$ 366,107
5.5% senior notes, due June 1, 2024	525,000	525,000
5.75% senior notes, due March 1, 2025	250,000	250,000
Revolving Credit Facility, due March 3, 2021	100,000	—
Revolving Credit Facility, due January 5, 2017	—	100,000
	$ 1,238,172	$ 1,241,107

Senior Notes

2018 Senior Notes and 2021 Senior Notes

On August 1, 2012, the Partnership and its 100%-owned subsidiary, Suburban Energy Finance Corp., issued $496,557 in aggregate principal amount of unregistered 7.5% senior notes due October 1, 2018 (the "2018 Senior Notes") and $503,443 in aggregate principal amount of unregistered 7.375% senior notes due August 1, 2021 (the "2021 Senior Notes") in a private placement in connection with the Inergy Propane Acquisition. Based on market rates for similar issues, the 2018 Senior Notes and 2021 Senior Notes were valued at 106.875% and 108.125%, respectively, of the principal amount, on the Acquisition Date as they were issued in exchange for Inergy's outstanding notes, not for cash. The 2021 Senior Notes require semi-annual interest payments in February and August. On December 19, 2012, the Partnership completed an offer to exchange its then-outstanding unregistered 7.5% senior notes due 2018 and 7.375% senior notes due 2021 for an equal principal amount of 7.5% senior notes due 2018 and 7.375% senior notes due 2021, respectively, that have been registered under the Securities Act of 1933, as amended.

On August 2, 2013, the Partnership repurchased, pursuant to an optional redemption, $133,400 of its 2021 Senior Notes using net proceeds from a May 2013 public offering of Common Units and net proceeds from the underwriters' exercise of their over-allotment option to purchase additional Common Units. In addition, on August 6, 2013, the Partnership repurchased $23,863 of 2021 Senior Notes in a private transaction using cash on hand.

On May 27, 2014, the Partnership repurchased and satisfied and discharged all of its 2018 Senior Notes with net proceeds from the issuance of the 2024 Senior Notes, as defined below, and cash on hand pursuant to a tender offer and redemption. In connection with this tender offer and redemption, the Partnership recognized a loss on the extinguishment of debt of $11,589 consisting of $31,633 for the redemption premium and related fees, as well as the write-off of $5,230 and ($25,274) in unamortized debt origination costs and unamortized premium, respectively.

The 2021 Senior Notes are redeemable, at the Partnership's option, in whole or in part, at any time on or after August 1, 2016, in each case at the redemption prices described in the table below, together with any accrued and unpaid interest to date of the redemption.

Year	Percentage
2016	103.688%
2017	102.459%
2018	101.229%
2019 and thereafter	100.000%

2024 Senior Notes

On May 27, 2014, the Partnership and its 100%-owned subsidiary, Suburban Energy Finance Corp., completed a public offering of $525,000 in aggregate principal amount of 5.5% senior notes due June 1, 2024 (the "2024 Senior Notes"). The 2024 Senior Notes were issued at 100% of the principal amount and require semi-annual interest payments in June and December. The net proceeds from the issuance of the 2024 Senior Notes, along with cash on hand, were used to repurchase and satisfy and discharge all of the 2018 Senior Notes.

The 2024 Senior Notes are redeemable, at the Partnership's option, in whole or in part, at any time on or after June 1, 2019, in each case at the redemption prices described in the table below, together with any accrued and unpaid interest to the date of the redemption.

Year	Percentage
2019	102.750%
2020	101.833%
2021	100.917%
2022 and thereafter	100.000%

2025 Senior Notes

On February 25, 2015, the Partnership and its 100%-owned subsidiary, Suburban Energy Finance Corp., completed a public offering of $250,000 in aggregate principal amount of 5.75% senior notes due March 1, 2025 (the "2025 Senior Notes"). The 2025 Senior Notes were issued at 100% of the principal amount and require semi-annual interest payments in March and September. The net proceeds from the issuance of the 2025 Senior Notes, along with cash on hand, were used to repurchase and satisfy and discharge all of the previously outstanding 7.375% senior notes due March 15, 2020 ("2020 Senior Notes"). In connection with this tender offer and redemption, the Partnership recognized a loss on the extinguishment of debt of $15,072 consisting of $11,124 for the redemption premium and related fees, as well as the write-off of $2,855 and $1,093 in unamortized debt origination costs and unamortized discount, respectively.

The 2025 Senior Notes are redeemable, at the Partnership's option, in whole or in part, at any time on or after March 1, 2020, in each case at the redemption prices described in the table below, together with any accrued and unpaid interest to the date of the redemption.

Year	Percentage
2020	102.875%
2021	101.917%
2022	100.958%
2023 and thereafter	100.000%

The Partnership's obligations under the 2021 Senior Notes, 2024 Senior Notes and 2025 Senior Notes (collectively, the "Senior Notes") are unsecured and rank senior in right of payment to any future subordinated indebtedness and equally in right of payment with any future senior indebtedness. The Senior Notes are structurally subordinated to, which means they rank effectively behind, any debt and other liabilities of the Operating Partnership. The Partnership is permitted to redeem some or all of the Senior Notes at redemption prices and times as specified in the indentures governing the Senior Notes. The Senior Notes each have a change of control provision that would require the Partnership to offer to repurchase the notes at 101% of the principal amount repurchased, if a change of control, as defined in the indenture, occurs and is followed by a rating decline (a decrease in the rating of the notes by either Moody's Investors Service or Standard and Poor's Rating Group by one or more gradations) within 90 days of the consummation of the change of control.

Credit Agreement

The Operating Partnership has an amended and restated credit agreement entered into on January 5, 2012, as amended on August 1, 2012, May 9, 2014 and March 3, 2016 (collectively, the "Amended Credit Agreement") that provides for a five-year $500,000 revolving credit facility (the "Revolving Credit Facility"), of which $100,000 was outstanding as of September 24, 2016 and September 26, 2015. Borrowings under the Revolving Credit Facility may be used for general corporate purposes, including working capital, capital expenditures and acquisitions. The Operating Partnership has the right to prepay any borrowings under the Revolving Credit Facility, in whole or in part, without penalty at any time prior to maturity. In connection with the Amended Credit Agreement, the Partnership recognized a non-cash charge of $292 to write-off a portion of unamortized debt origination costs of the previous credit agreement.

The amendment and restatement of the credit agreement on January 5, 2012 amended the previous credit agreement to, among other things, extend the maturity date from June 25, 2013 to January 5, 2017, reduce the borrowing rate and commitment fees, and amend certain affirmative and negative covenants.

The amendment on August 1, 2012 also amended certain restrictive and affirmative covenants applicable to the Operating Partnership, its subsidiaries and the Partnership, as well as certain financial covenants. The amendment on May 9, 2014 made certain technical amendments with respect to agreements related to debt refinancing.

The amendment on March 3, 2016 amends and restates the previous amended and restated credit agreement to, among other things, extend the maturity date from January 5, 2017 to March 3, 2021, reduce the borrowing rate, amend certain affirmative and negative covenants and increase the revolving credit commitments from $400,000 to $500,000. The amendment also amended certain restrictive and affirmative covenants applicable to the Operating Partnership, its subsidiaries and the Partnership, as well as certain financial covenants, including (a) requiring the Partnership's consolidated interest coverage ratio, as defined in the Amended Credit Agreement, to be not less than 2.5 to 1.0 as of the end of any fiscal quarter and (b) prohibiting the total consolidated leverage ratio, as defined in the Amended Credit Agreement, of the Partnership from being greater than 5.5 to 1.0 as of the end of any fiscal quarter.

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

Borrowings under the Revolving Credit Facility of the Amended Credit Agreement bear interest at prevailing interest rates based upon, at the Operating Partnership's option, LIBOR plus the applicable margin, or the base rate, defined as the higher of the Federal Funds Rate plus ½ of 1%, the administrative agent bank's prime rate, or LIBOR plus 1%, plus in each case the applicable margin. The applicable margin is dependent upon the Partnership's ratio of total debt to EBITDA on a consolidated basis, as defined in the Revolving Credit Facility. As of September 24, 2016, the interest rate for the Revolving Credit Facility was approximately 3.1%. The interest rate and the applicable margin will be reset following the end of each calendar quarter.

In connection with the January 5, 2012 amendment, the Operating Partnership entered into an interest rate swap agreement with a notional amount of $100,000, an effective date of June 25, 2013 and a termination date of January 5, 2017. Under this interest rate swap agreement, the Operating Partnership will pay a fixed interest rate of 1.63% to the issuing lender on the notional principal amount outstanding, and the issuing lender will pay the Operating Partnership a floating rate, namely LIBOR, on the same notional principal amount. The interest rate swap has been designated as a cash flow hedge.

In addition, at the time the March 3, 2016 Amended Credit Agreement was entered into, the Operating Partnership had letters of credit issued under the revolving credit facility of the previous credit agreement, all of which have been rolled into the Revolving Credit Facility of the Amended Credit Agreement. As of September 24, 2016, the Partnership had standby letters of credit issued under the Revolving Credit Facility in the aggregate amount of $43,256 which expire periodically through April 3, 2017.

The Amended Credit Agreement and the Senior Notes both contain various restrictive and affirmative covenants applicable to the Operating Partnership, its subsidiaries and the Partnership, respectively, including (i) restrictions on the incurrence of additional indebtedness, and (ii) restrictions on certain liens, investments, guarantees, loans, advances, payments, mergers, consolidations, distributions, sales of assets and other transactions. Under the Amended Credit Agreement and the indentures governing the Senior Notes, the Operating Partnership and the Partnership are generally permitted to make cash distributions equal to available cash, as defined, as of the end of the immediately preceding quarter, if no event of default exists or would exist upon making such distributions, and with respect to the indentures governing the Senior Notes, the Partnership's consolidated fixed charge coverage ratio, as defined, is greater than 1.75 to 1. The Partnership and the Operating Partnership were in compliance with all covenants and terms of the Senior Notes and the Amended Credit Agreement as of September 24, 2016.

Debt origination costs representing the costs incurred in connection with the placement of, and the subsequent amendment to, long-term borrowings are capitalized within other assets and amortized on a straight-line basis over the term of the respective debt agreements. During fiscal 2016, the Partnership recognized charges of $292 to write-off unamortized debt origination costs and capitalized $2,678 in costs incurred in connection with the amendments to the Amended Credit Agreement. During fiscal 2015, the Partnership recognized charges of $2,855 to write-off unamortized debt origination costs associated with the tender offer and redemption of its 2020 Senior Notes. Other assets at September 24, 2016 and September 26, 2015 include debt origination costs with a net carrying amount of $17,391 and $18,458, respectively.

The aggregate amounts of long-term debt maturities subsequent to September 24, 2016 are as follows: fiscal 2017: $-0-; fiscal 2018: $-0-; fiscal 2019: $-0-; fiscal 2020: $-0-; fiscal 2021: $446,180; and thereafter: $775,000.

9. Unit-Based Compensation Arrangements

As described in Note 2, the Partnership recognizes compensation cost over the respective service period for employee services received in exchange for an award of equity, or equity-based compensation, based on the grant date fair value of the award. The Partnership measures liability awards under an equity-based payment arrangement based on re-measurement of the award's fair value at the conclusion of each interim and annual reporting period until the date of settlement, taking into consideration the probability that the performance conditions will be satisfied.

Restricted Unit Plan. On July 22, 2009, the Partnership adopted the Suburban Propane Partners, L.P. 2009 Restricted Unit Plan, as amended (the "Restricted Unit Plan"), which authorizes the issuance of Common Units to executives, managers and other employees and members of the Board of Supervisors of the Partnership. The total number of Common Units authorized for issuance under the Restricted Unit Plan was 2,400,000 as of September 24, 2016. In accordance with an August 6, 2013 amendment to the Restricted Unit Plan, unless otherwise stipulated by the Compensation Committee of the Partnership's Board of Supervisors on or before the grant date, all restricted unit awards granted after the date of the amendment will vest 33.33% on each of the first three anniversaries of the award grant date. Prior to the August 6, 2013 amendment, unless otherwise stipulated by the Compensation Committee of the Partnership's Board of Supervisors on or before the grant date, restricted units issued under the 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 grant date and the remaining 50% of the Common Units vesting at the end of the fifth anniversary of the grant date. The Restricted Unit Plan participants are not eligible to receive quarterly distributions on, or vote, their respective restricted units until vested. Restricted units cannot be sold or transferred prior to vesting. The value of the restricted unit is established by the market price of the Common Unit on the date of grant, net of estimated future distributions during the vesting period. Restricted units are subject to forfeiture in certain circumstances as defined in the Restricted Unit Plan. Compensation expense for the unvested awards is recognized ratably over the vesting periods and is net of estimated forfeitures.

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

	Units	Weighted Average Grant Date Fair Value Per Unit
Outstanding September 28, 2013	527,627	$ 29.30
Granted	256,273	37.43
Forfeited	(3,119)	(28.39)
Issued	(85,854)	(31.23)
Outstanding September 27, 2014	694,927	32.07
Granted	154,403	37.59
Forfeited	(7,607)	(31.04)
Issued	(214,324)	(36.68)
Outstanding September 26, 2015	627,399	31.87
Granted	307,559	23.62
Forfeited	(12,057)	(25.44)
Issued	(268,781)	(35.19)
Outstanding September 24, 2016	654,120	$ 26.74

As of September 24, 2016, unrecognized compensation cost related to unvested restricted units awarded under the Restricted Unit Plan amounted to $3,861. Compensation cost associated with the unvested awards is expected to be recognized over a weighted-average period of 1.2 years. Compensation expense for the Restricted Unit Plan for fiscal 2016, 2015 and 2014 was $8,256, $8,611 and $7,390, respectively.

Long-Term Incentive Plan. On August 6, 2013, the Compensation Committee of the Partnership's Board of Supervisors adopted the 2014 Long-Term Incentive Plan ("LTIP"). The LTIP is a non-qualified, unfunded, long-term incentive plan for officers and key employees that provides for payment, in the form of cash, of an award of equity-based compensation at the end of a three-year performance period. The level of compensation earned under the LTIP is based on the Partnership's average distribution coverage ratio over the three-year measurement period. The Partnership's average distribution coverage ratio is calculated as the Partnership's average distributable cash flow, as defined by the LTIP, for each of the three years in the measurement period, subject to certain adjustments as set forth in the LTIP, divided by the amount of annualized cash distributions to be paid by the Partnership, based on the annualized cash distribution rate at the beginning of the measurement period. Compensation expense, which includes adjustments to previously recognized compensation expense for current period changes in the fair value of unvested awards, for fiscal 2016, 2015 and 2014 was income of ($1,362) and expense of $1,814 and $120, respectively. The cash payouts in fiscal 2016, 2015 and 2014, which related to the fiscal 2013, 2012 and 2011 awards, were $1,473, $-0- and $-0-, respectively.

10. Employee Benefit Plans

Defined Contribution Plan. The Partnership has an employee Retirement Savings and Investment Plan (the "401(k) Plan") covering most employees. Employer matching contributions relating to the 401(k) Plan are a percentage of the participating employees' elective contributions. The percentage of the Partnership's contributions are based on a sliding scale depending on the Partnership's achievement of annual performance targets. These contribution costs were $1,477, $1,844 and $1,848 for fiscal 2016, 2015 and 2014, respectively.

Defined Pension and Retiree Health and Life Benefits Arrangements

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

Contributions, as needed, are made to a trust maintained by the Partnership. Contributions to the defined benefit pension plan are made by the Partnership in accordance with the Employee Retirement Income Security Act of 1974 minimum funding standards plus additional amounts made at the discretion of the Partnership, which may be determined from time to time. A minimum required funding payment of $715 was made by the Partnership in fiscal 2016. There were no such funding requirements for the defined benefit pension plan in fiscal 2015 or 2014. During the last decade, cash balance plans came under increased scrutiny which resulted in litigation pertaining to the cash balance feature and the Internal Revenue Service (“IRS”) issued additional regulations governing these types of plans. In fiscal 2010, the IRS completed its review of the Partnership’s defined benefit pension plan and issued a favorable determination letter pertaining to the cash balance formula. However, there can be no assurances that future legislative developments will not have an adverse effect on the Partnership’s results of operations or cash flows.

Retiree Health and Life Benefits. The Partnership provides postretirement health care and life insurance benefits for certain retired employees. Partnership employees hired prior to July 1993 are eligible for postretirement life insurance benefits if they reach a specified retirement age while working for the Partnership. Partnership employees hired prior to July 1993 and who retired prior to March 1998 are eligible for postretirement health care benefits if they reached a specified retirement age while working for the Partnership. Effective March 31, 1998, the Partnership froze participation in its postretirement health care benefit plan, with no new retirees eligible to participate in the plan. All active employees who were eligible to receive health care benefits under the postretirement plan subsequent to March 1, 1998, were provided an increase to their accumulated benefits under the cash balance pension plan. The Partnership’s postretirement health care and life insurance benefit plans are unfunded. Effective January 1, 2006, the Partnership changed its postretirement health care plan from a self-insured program to one that is fully insured under which the Partnership pays a portion of the insurance premium on behalf of the eligible participants.

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

Projected Benefit Obligation, Fair Value of Plan Assets and Funded Status. The following tables provide a reconciliation of the changes in the benefit obligations and the fair value of the plan assets for fiscal 2016 and 2015 and a statement of the funded status for both years. Under the Partnership's cash balance defined benefit pension plan, the accumulated benefit obligation and the projected benefit obligation are the same.

	Pension Benefits		Retiree Health and Life Benefits	
	2016	2015	2016	2015
Reconciliation of benefit obligations:				
Benefit obligation at beginning of year	$ 146,907	$ 149,836	$ 15,294	$ 16,954
Interest cost	5,041	5,128	520	575
Actuarial loss (gain)	11,547	5,239	(1,198)	(1,281)
Lump sum benefits paid	(5,816)	(5,777)	—	—
Ordinary benefits paid	(7,316)	(7,519)	(838)	(954)
Benefit obligation at end of year	$ 150,363	146,907	$ 13,778	$ 15,294
Reconciliation of fair value of plan assets:				
Fair value of plan assets at beginning of year	$ 104,303	$ 117,771	$ —	$ —
Actual return on plan assets	9,191	(172)	—	—
Employer contributions	715	—	838	954
Lump sum benefits paid	(5,816)	(5,777)	—	—
Ordinary benefits paid	(7,316)	(7,519)	(838)	(954)
Fair value of plan assets at end of year	$ 101,077	$ 104,303	$ —	$ —
Funded status:				
Funded status at end of year	$ (49,286)	$ (42,604)	$ (13,778)	$ (15,294)
Amounts recognized in consolidated balance sheets consist of:				
Net amount recognized at end of year	$ (49,286)	$ (42,604)	$ (13,778)	$ (15,294)
Less: current portion	—	—	922	1,025
Noncurrent benefit liability	$ (49,286)	$ (42,604)	$ (12,856)	$ (14,269)
Amounts not yet recognized in net periodic benefit cost and included in accumulated other comprehensive income (loss):				
Actuarial net (loss) gain	$ (51,391)	$ (52,836)	$ 5,764	$ 4,865
Prior service credits	—	—	—	399
Net amount recognized in accumulated other comprehensive (loss) income	$ (51,391)	$ (52,836)	$ 5,764	$ 5,264

The amounts in accumulated other comprehensive loss as of September 24, 2016 that are expected to be recognized as components of net periodic benefit costs during fiscal 2017 are expenses of $5,201 and credits of ($389) for pension and other postretirement benefits, respectively.

Plan Assets. The Partnership's investment policies and strategies, as set forth in the Investment Management Policy and Guidelines, are monitored by a Benefits Committee comprised of six members of management. The Partnership employs a liability driven investment strategy, which seeks to increase the correlation of the plan's assets and liabilities to reduce the volatility of the plan's funded status. This strategy has resulted in an asset allocation that is largely comprised of investments in funds of fixed income securities. The target asset mix is as follows: (i) fixed income securities portion of the portfolio should range between 80% and 90%; and (ii) equity securities portion of the portfolio should range between 10% and 20%.

The following table presents the actual allocation of assets held in trust as of:

	September 24, 2016	September 26, 2015
Fixed income securities	85%	86%
Equity securities	15%	14%
	100%	100%

The Partnership's valuations include the use of the funds' reported net asset values for commingled fund investments. Commingled funds are valued at the net asset value of its underlying securities. The valuation of the assets held by the commingled funds are based on observable market data using level 1 and 2 inputs within the fair value framework. The assets of the defined benefit pension plan have no significant concentration of risk and there are no restrictions on these investments.

The following table describes the measurement of the Partnership's pension plan assets by asset category as of:

	September 24, 2016	September 26, 2015
Short term investments (1)	$ 1,456	$ 99
Equity securities: (1) (2)		
Domestic	5,397	5,264
International	9,501	8,923
Fixed income securities (1) (3)	84,723	90,017
	$ 101,077	$ 104,303

(1) Includes funds which are not publicly traded and are valued at the net asset value of the units provided by the fund issuer.

(2) Includes funds which invest primarily in a diversified portfolio of publicly traded U.S. and Non-U.S. common stock.

(3) Includes funds which invest primarily in publicly traded and non-publicly traded, investment grade corporate bonds, U.S. government bonds and asset-backed securities.

Projected Contributions and Benefit Payments. The Partnership expects to contribute approximately $10,704 to the defined benefit pension plan during fiscal 2017. Estimated future benefit payments for both pension and retiree health and life benefits are as follows:

Fiscal Year	Pension Benefits	Retiree Health and Life Benefits
2017	$ 31,607	$ 922
2018	11,817	865
2019	10,776	806
2020	10,326	735
2021	10,073	672
2022 through 2026	42,360	2,470

Estimated future pension benefit payments assumes that age 65 or older active and non-active eligible participants in the pension plan that had not received a benefit payment prior to fiscal 2017 will elect to receive a benefit payment in fiscal 2017. In addition, for all periods presented, estimated future pension benefit payments assumes that participants will elect a lump sum payment in the fiscal year that the participant becomes eligible to receive benefits.

Effect on Operations. The following table provides the components of net periodic benefit costs included in operating expenses for fiscal 2016, 2015 and 2014:

	Pension Benefits			Retiree Health and Life Benefits		
	2016	2015	2014	2016	2015	2014
Interest cost	$ 5,041	$ 5,128	$ 5,774	$ 520	$ 575	$ 645
Expected return on plan assets	(3,418)	(4,913)	(5,102)	—	—	—
Amortization of prior service credit	—	—	—	(399)	(490)	(490)
Settlement charge	2,000	2,000	—	—	—	—
Recognized net actuarial loss (gain)	5,218	4,522	4,492	(299)	(196)	(181)
Net periodic benefit costs	$ 8,841	$ 6,737	$ 5,164	$ (178)	$ (111)	$ (26)

During fiscal 2016, lump sum pension settlement payments to either terminated or retired individuals amounted to $5,816, which exceeded the settlement threshold (combined service and interest costs of net periodic pension cost) of $5,041 for fiscal 2016, and as a result, the Partnership was required to recognize a non-cash settlement charge of $2,000 during fiscal 2016. During fiscal 2015, lump sum pension settlement payments to either terminated or retired individuals amounted to $5,777, which exceeded the settlement threshold (combined service and interest costs of net periodic pension cost) of $5,128 for fiscal 2015, and as a result, the Partnership was required to recognize a non-cash settlement charge of $2,000 during fiscal 2015. The non-cash charges were required to accelerate recognition of a portion of cumulative unamortized losses in the defined benefit pension plan. During fiscal 2014, the amount of the pension benefit obligation settled through lump sum payments did not exceed the settlement threshold; therefore, a settlement charge was not required to be recognized.

Actuarial Assumptions. The assumptions used in the measurement of the Partnership's benefit obligations as of September 24, 2016 and September 26, 2015 are shown in the following table:

	Pension Benefits		Retiree Health and Life Benefits	
	2016	2015	2016	2015
Weighted-average discount rate	3.125%	3.875%	2.875%	3.500%
Average rate of compensation increase	n/a	n/a	n/a	n/a
Health care cost trend	n/a	n/a	6.840%	7.100%

The assumptions used in the measurement of net periodic pension benefit and postretirement benefit costs for fiscal 2016, 2015 and 2014 are shown in the following table:

	Pension Benefits			Retiree Health and Life Benefits		
	2016	2015	2014	2016	2015	2014
Weighted-average discount rate	3.875%	3.875%	4.375%	3.500%	3.500%	3.750%
Average rate of compensation increase	n/a	n/a	n/a	n/a	n/a	n/a
Weighted-average expected long-term rate of return on plan assets	3.900%	4.900%	4.900%	n/a	n/a	n/a
Health care cost trend	n/a	n/a	n/a	7.100%	7.120%	7.330%

The discount rate assumption takes into consideration current market expectations related to long-term interest rates and the projected duration of the Partnership's pension obligations based on a benchmark index with similar characteristics as the expected cash flow requirements of the Partnership's defined benefit pension plan over the long-term. The expected long-term rate of return on plan assets assumption reflects estimated future performance in the Partnership's pension asset portfolio considering the investment mix of the pension asset portfolio and historical asset performance. The expected return on plan assets is determined based on the expected long-term rate of return on plan assets and the market-related value of plan assets. The market-related value of pension plan assets is the fair value of the assets. Unrecognized actuarial gains and losses in excess of 10% of the greater of the projected benefit obligation and the market-related value of plan assets are amortized over the expected average remaining service period of active employees expected to receive benefits under the plan.

The 6.84% increase in health care costs assumed at September 24, 2016 is assumed to decrease gradually to 4.50% in fiscal 2040 and to remain at that level thereafter. An increase or decrease of the assumed health care cost trend rates by 1.0% in each year would have no material impact to the Partnership's benefit obligation as of September 24, 2016 nor the aggregate of service and interest components of net periodic postretirement benefit expense for fiscal 2016. The Partnership has concluded that the prescription drug benefits within the retiree medical plan do not entitle the Partnership to an available Medicare subsidy.

Multi-Employer Pension Plans. As a result of the Inergy Propane Acquisition, the Partnership contributes to multi-employer pension plans ("MEPPs") in accordance with various collective bargaining agreements covering union employees. As one of the many participating employers in these MEPPs, the Partnership is responsible with the other participating employers for any plan underfunding. During fiscal 2013, the Partnership established an accrual of $7,000 for its estimated obligation to certain MEPPs due to the Partnership's voluntary partial withdrawal from one such MEPP and full withdrawal from four MEPPs. During fiscal 2015, the Partnership accrued $11,300 for its further voluntary partial withdrawal, and during fiscal 2016 the Partnership accrued an additional $6,600 for its voluntary full withdrawal. As of September 24, 2016 and September 26, 2015, the Partnership's estimated obligation to these MEPPs was $24,205 and $18,041, respectively. Due to the uncertainty regarding future factors that could impact the withdrawal liability, the Partnership is unable to determine the timing of the payment of the future withdrawal liability, or additional future withdrawal liability, if any.

The Partnership's contributions to a particular MEPP are established by the applicable collective bargaining agreements ("CBAs"); however, the required contributions may increase based on the funded status of a MEPP and legal requirements of the Pension Protection Act of 2006 (the "PPA"), which requires substantially underfunded MEPPs to implement a funding improvement plan ("FIP") or a rehabilitation plan ("RP") to improve their funded status. Factors that could impact funded status of a MEPP include, without limitation, investment performance, changes in the participant demographics, decline in the number of contributing employers, changes in actuarial assumptions and the utilization of extended amortization provisions.

While no multi-employer pension plan that the Partnership contributed to is individually significant to the Partnership, the table below discloses the MEPPs to which the Partnership contributes. The financial health of a MEPP is indicated by the zone status, as defined by the PPA, which represents the funded status of the plan as certified by the plan's actuary. Plans in the red zone are less than 65% funded, the yellow zone are between 65% and 80% funded, and green zone are at least 80% funded. Total contributions made by the Partnership to multi-employer pension plans for the fiscal year ended September 24, 2016 are shown below.

		PPA Zone Status			Contributions				
Pension Fund	**EIN/Pension Plan Number**	**2016**	**2015**	**FIP/RP Status**	**2016**	**2015**	**2014**	**Contributions greater than 5% of Total Plan Contributions**	**Expiration date of CBA**
Local 282 Pension Trust (a)	11-6245313	Green	Green	n/a	$ 281	$ 269	$ 336	No	August 2019
Teamsters Industrial Employees Pension Fund (b)	22-6099363	Green	Green	n/a	207	200	185	Yes	June 2017
Other (c)					260	604	647	No	n/a
					$ 748	$1,073	$1,168		

(a) Based on most recent available valuation information for plan year ended February 2016.

(b) Based on most recent available valuation information for plan year ended December 2015.

(c) Includes the MEPPs from which the Partnership withdrew.

Additionally, the Partnership contributes to certain multi-employer plans that provide health and welfare benefits and defined annuity plans. Contributions to those plans were $1,446, $1,817 and $1,897 for fiscal 2016, 2015 and 2014, respectively.

11. Financial Instruments and Risk Management

Cash and Cash Equivalents. The fair value of cash and cash equivalents is not materially different from their carrying amount because of the short-term maturity of these instruments.

Derivative Instruments and Hedging Activities. The Partnership measures the fair value of its exchange-traded commodity-related options and futures contracts using Level 1 inputs, the fair value of its commodity-related swap contracts and interest rate swaps using Level 2 inputs and the fair value of its over-the-counter commodity-related options contracts using Level 3 inputs. The Partnership's over-the-counter options contracts are valued based on an internal option model. The inputs utilized in the model are based on publicly available information, as well as broker quotes.

The following summarizes the fair value of the Partnership's derivative instruments and their location in the consolidated balance sheets as of September 24, 2016 and September 26, 2015, respectively:

	As of September 24, 2016		As of September 26, 2015	
Asset Derivatives	**Location**	**Fair Value**	**Location**	**Fair Value**
Derivatives not designated as hedging instruments:				
Commodity-related derivatives	Other current assets	$ 3,306	Other current assets	$ 7,013
	Other assets	1,546	Other assets	485
		$ 4,852		$ 7,498

Liability Derivatives	**Location**	**Fair Value**	**Location**	**Fair Value**
Derivatives designated as hedging instruments:				
Interest rate swap	Other current liabilities	$ 205	Other current liabilities	$ 1,112
	Other liabilities	—	Other liabilities	200
		$ 205		$ 1,312
Derivatives not designated as hedging instruments:				
Commodity-related derivatives	Other current liabilities	$ 1,002	Other current liabilities	$ —
	Other liabilities	1,353	Other liabilities	2,567
		$ 2,355		$ 2,567

The following summarizes the reconciliation of the beginning and ending balances of assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)			
	Fiscal 2016		Fiscal 2015	
	Assets	Liabilities	Assets	Liabilities
Beginning balance of over-the-counter options	$ 2,781	$ 347	$ 1,512	$ —
Beginning balance realized during the period	(2,781)	(347)	(1,450)	—
Contracts purchased during the period	809	—	2,067	347
Change in the fair value of outstanding contracts	—	—	652	—
Ending balance of over-the-counter options	$ 809	$ —	$ 2,781	$ 347

As of September 24, 2016 and September 26, 2015, the Partnership's outstanding commodity-related derivatives had a weighted average maturity of approximately six and seven months, respectively.

The effect of the Partnership's derivative instruments on the consolidated statements of operations for fiscal 2016, 2015 and 2014 are as follows:

	Amount of Gains (Losses) Recognized in OCI (Effective Portion)	Gains (Losses) Reclassified from Accumulated OCI into Income (Effective Portion)	
Derivatives in Cash Flow Hedging Relationships		**Location**	**Amount**
Interest rate swaps:			
Fiscal 2016	$ 6	Interest expense	$ (1,100)
Fiscal 2015	$ (1,159)	Interest expense	$ (1,388)
Fiscal 2014	$ (518)	Interest expense	$ (1,406)

Derivatives Not Designated as Hedging Instruments	Unrealized Gains (Losses) Recognized in Income Location	Amount
Commodity-related derivatives:		
Fiscal 2016	Cost of products sold	$ (1,190)
Fiscal 2015	Cost of products sold	$ 1,855
Fiscal 2014	Cost of products sold	$ 306

The following table presents the fair value of the Partnership's recognized derivative assets and liabilities on a gross basis and amounts offset on the consolidated balance sheets subject to enforceable master netting arrangements or similar agreements:

	As of September 24, 2016		
	Gross amounts	Effects of netting	Net amounts presented in the balance sheet
Asset Derivatives			
Commodity-related derivatives	$ 6,842	$ (1,990)	$ 4,852
Interest rate swap	230	(230)	—
	$ 7,072	$ (2,220)	$ 4,852
Liability Derivatives			
Commodity-related derivatives	$ 4,345	$ (1,990)	$ 2,355
Interest rate swap	435	(230)	205
	$ 4,780	$ (2,220)	$ 2,560

	As of September 26, 2015		
	Gross amounts	Effects of netting	Net amounts presented in the balance sheet
Asset Derivatives			
Commodity-related derivatives	$ 13,063	$ (5,565)	$ 7,498
Interest rate swap	740	(740)	—
	$ 13,803	$ (6,305)	$ 7,498
Liability Derivatives			
Commodity-related derivatives	$ 8,132	$ (5,565)	$ 2,567
Interest rate swap	2,052	(740)	1,312
	$ 10,184	$ (6,305)	$ 3,879

The Partnership had $206 and $553 posted cash collateral as of September 24, 2016 and September 26, 2015, respectively, with its brokers for outstanding commodity-related derivatives.

Concentrations. The Partnership's principal customers are residential and commercial end users of propane and fuel oil and refined fuels served by 675 locations in 41 states. No single customer accounted for more than 10% of revenues during fiscal 2016, 2015 or 2014 and no concentration of receivables exists as of September 24, 2016 or September 26, 2015.

During fiscal 2016, Crestwood Equity Partners L.P., Targa Liquids Marketing and Trade LLC, Enterprise Products Partners L.P. and Phillips 66 Company provided approximately 19%, 14%, 13% and 10% of the Partnership's total propane purchases, respectively. No other single supplier accounted for more than 10% of the Partnership's propane purchases in fiscal 2016. The Partnership believes that, if supplies from any of these suppliers were interrupted, it would be able to secure adequate propane supplies from other sources without a material disruption of its operations.

Credit Risk. Exchange-traded futures and options contracts are traded on and guaranteed by the NYMEX and as a result, have minimal credit risk. Futures contracts traded with brokers of the NYMEX require daily cash settlements in margin accounts. The Partnership is subject to credit risk with over-the-counter swaps and options contracts entered into with various third parties to the extent the counterparties do not perform. The Partnership evaluates the financial condition of each counterparty with which it conducts business and establishes credit limits to reduce exposure to credit risk based on non-performance. The Partnership does not require collateral to support the contracts.

Bank Debt and Senior Notes. The fair value of the Revolving Credit Facility approximates the carrying value since the interest rates are adjusted quarterly to reflect market conditions. Based upon quoted market prices, the fair value of the Partnership's 2021 Senior Notes, 2024 Senior Notes and 2025 Senior Notes was $360,893, $534,188 and $253,438, respectively, as of September 24, 2016.

12. 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 $29,171, $32,737 and $31,849 for fiscal 2016, 2015 and 2014, respectively.

Future minimum rental commitments under noncancelable operating lease agreements as of September 24, 2016 are as follows:

Fiscal Year	Minimum Lease Payments
2017	$ 22,580
2018	18,796
2019	15,050
2020	12,519
2121	9,497
2022 and thereafter	15,841

Contingencies

Self-Insurance. As described 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 24, 2016 and September 26, 2015, the Partnership had accrued liabilities of $59,676 and $57,083, respectively, representing the total estimated losses under these self-insurance programs. For the portion of the estimated liability that exceeds insurance deductibles, the Partnership records an asset within other assets (or prepaid expenses and other current assets, as applicable) related to the amount of the liability expected to be covered by insurance which amounted to $15,524 and $15,783 as of September 24, 2016 and September 26, 2015, respectively.

Legal Matters. The Partnership's operations are subject to operating hazards and risks normally incidental to handling, storing and delivering combustible liquids such as propane. The Partnership has been, and will continue to be, a defendant in various legal proceedings and litigation as a result of these operating hazards and risks, and as a result of other aspects of its business. Although any litigation is inherently uncertain, based on past experience, the information currently available to the Partnership, and the amount of its accrued insurance liabilities, the Partnership does not believe that currently pending or threatened litigation matters, or known claims or known contingent claims, will have a material adverse effect on its results of operations, financial condition or cash flow.

13. Guarantees

The Partnership has residual value guarantees associated with certain of its operating leases, related primarily to transportation equipment, with remaining lease periods scheduled to expire periodically through fiscal 2023. 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, was $15,950 as of September 24, 2016. The fair value of residual value guarantees for outstanding operating leases was de minimis as of September 24, 2016 and September 26, 2015.

14. Amounts Reclassified Out of Accumulated Other Comprehensive Income

The following table summarizes amounts reclassified out of accumulated other comprehensive (loss) income for the years ended September 24, 2016, September 26, 2015 and September 27, 2014:

	Year Ended		
	September 24, 2016	September 26, 2015	September 27, 2014
Cash Flow Hedges			
Balance, beginning of period	$ (1,311)	$ (1,540)	$ (2,428)
Other comprehensive income before reclassifications:			
Unrealized gains (losses)	6	(1,159)	(518)
Reclassifications to earnings:			
Realized losses (**a**)	1,100	1,388	1,406
Other comprehensive income	1,106	229	888
Balance, end of period	$ (205)	$ (1,311)	$ (1,540)
Pension Benefits			
Balance, beginning of period	$ (52,836)	$ (49,034)	$ (49,987)
Other comprehensive income before reclassifications:			
Net change in funded status of benefit plan	(5,773)	(10,324)	(3,539)
Reclassifications to earnings:			
Recognition of net actuarial loss for pension settlement (**b**)	2,000	2,000	—
Amortization of net loss (**b**)	5,218	4,522	4,492
Other comprehensive income (loss)	1,445	(3,802)	953
Balance, end of period	$ (51,391)	$ (52,836)	$ (49,034)
Postretirement Benefits			
Balance, beginning of period	$ 5,264	$ 4,669	$ 5,062
Other comprehensive income before reclassifications:			
Net change in plan obligation	1,198	1,281	278
Reclassifications to earnings:			
Amortization of prior service credits (**b**)	(399)	(490)	(490)
Amortization of net gain (**b**)	(299)	(196)	(181)
Other comprehensive income (loss)	500	595	(393)
Balance, end of period	$ 5,764	$ 5,264	$ 4,669
Accumulated Other Comprehensive Income (Loss)			
Balance, beginning of period	$ (48,883)	$ (45,905)	$ (47,353)
Other comprehensive income before reclassifications	(4,569)	(10,202)	(3,779)
Recognition of net actuarial loss for pension settlement	2,000	2,000	—
Reclassifications to earnings	5,620	5,224	5,227
Other comprehensive income (loss)	3,051	(2,978)	1,448
Balance, end of period	$ (45,832)	$ (48,883)	$ (45,905)

(a) Reclassification of realized losses on cash flow hedges are recognized in interest expense.

(b) These amounts are included in the computation of net periodic benefit cost. See Note 10, "Employee Benefit Plans".

15. Segment Information

The Partnership manages and evaluates its operations in four operating segments, three of which are reportable segments: Propane, Fuel Oil and Refined Fuels and Natural Gas and Electricity. The chief operating decision maker evaluates performance of the operating segments using a number of performance measures, including gross margins and income before interest expense and provision for income taxes (operating profit). Costs excluded from these profit measures are captured in Corporate and include corporate overhead expenses not allocated to the operating segments. Unallocated corporate overhead expenses include all costs of back office support functions that are reported as general and administrative expenses within the consolidated statements of operations. In addition, certain costs associated with field operations support that are reported in operating expenses within the consolidated statements of operations, including purchasing, training and safety, are not allocated to the individual operating segments. Thus, operating profit for each operating segment includes only the costs that are directly attributable to the operations of the individual segment. The accounting policies of the operating segments are otherwise the same as those described in the summary of significant accounting policies in Note 2.

The propane segment is primarily engaged in the retail distribution of propane to residential, commercial, industrial and agricultural customers and, to a lesser extent, wholesale distribution to large industrial end users. In the residential and commercial markets, propane is used primarily for space heating, water heating, cooking and clothes drying. Industrial customers use propane generally as a motor fuel burned in internal combustion engines that power over-the-road vehicles, forklifts and stationary engines, to fire furnaces and as a cutting gas. In the agricultural markets, propane is primarily used for tobacco curing, crop drying, poultry brooding and weed control.

The fuel oil and refined fuels segment is primarily engaged in the retail distribution of fuel oil, diesel, kerosene and gasoline to residential and commercial customers for use primarily as a source of heat in homes and buildings.

The natural gas and electricity segment is engaged in the marketing of natural gas and electricity to residential and commercial customers in the deregulated energy markets of New York and Pennsylvania. Under this operating segment, the Partnership owns the relationship with the end consumer and has agreements with the local distribution companies to deliver the natural gas or electricity from the Partnership’s suppliers to the customer.

Activities in the “all other” category include the Partnership’s service business, which is primarily engaged in the sale, installation and servicing of a wide variety of home comfort equipment, particularly in the areas of heating and ventilation.

The following table presents certain data by reportable segment and provides a reconciliation of total operating segment information to the corresponding consolidated amounts for the periods presented:

	Year Ended		
	September 24, 2016	September 26, 2015	September 27, 2014
Revenues:			
Propane	$ 884,169	$ 1,176,980	$ 1,606,840
Fuel oil and refined fuels	68,759	127,495	194,684
Natural gas and electricity	50,763	66,865	87,093
All other	42,420	45,639	49,640
Total revenues	$ 1,046,111	$ 1,416,979	$ 1,938,257
Operating income (loss):			
Propane	$ 184,213	$ 280,761	$ 295,916
Fuel oil and refined fuels	5,649	7,621	2,473
Natural gas and electricity	10,755	14,614	10,818
All other	(25,945)	(25,409)	(25,644)
Corporate	(84,266)	(99,829)	(93,437)
Total operating income	90,406	177,758	190,126
Reconciliation to net income:			
Loss on debt extinguishment	292	15,072	11,589
Interest expense, net	75,086	77,634	83,261
Provision for income taxes	588	700	767
Net income	$ 14,440	$ 84,352	$ 94,509
Depreciation and amortization:			
Propane	$ 110,067	$ 110,728	$ 106,491
Fuel oil and refined fuels	2,725	3,885	5,429
Natural gas and electricity	3	8	46
All other	304	288	699
Corporate	16,517	18,385	23,734
Total depreciation and amortization	$ 129,616	$ 133,294	$ 136,399

	As of	
	September 24, 2016	September 26, 2015
Assets:		
Propane	$ 2,141,108	$ 2,209,343
Fuel oil and refined fuels	53,266	58,077
Natural gas and electricity	13,415	13,253
All other	2,185	2,888
Corporate	85,995	202,169
Total assets	$ 2,295,969	$ 2,485,730

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SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

SCHEDULE II

SUBURBAN PROPANE PARTNERS, L.P. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	Balance at Beginning of Period	Charged (credited) to Costs and Expenses	Other Additions	Deductions (a)	Balance at End of Period
Year Ended September 27, 2014					
Allowance for doubtful accounts	$ 6,786	$ 11,933	$ —	$ (7,597)	$ 11,122
Valuation allowance for deferred tax assets	46,406	5,458	—	—	51,864
Year Ended September 26, 2015					
Allowance for doubtful accounts	$ 11,122	$ (397)	$ —	$ (7,205)	$ 3,520
Valuation allowance for deferred tax assets	51,864	2,181	—	—	54,045
Year Ended September 24, 2016					
Allowance for doubtful accounts	$ 3,520	$ 1,146	$ —	$ (2,225)	$ 2,441
Valuation allowance for deferred tax assets	54,045	4,737	—	—	58,782

(a) Represents amounts that did not impact earnings.

Exhibit 10.4

SUBURBAN PROPANE RETIREMENT SAVINGS & INVESTMENT PLAN

as amended and restated effective as of January 1, 2013

FOX ROTHSCHILD LLP
625 Liberty Avenue, 29th Floor
Pittsburgh, Pennsylvania 15222
(412) 391-1334

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SUBURBAN PROPANE RETIREMENT SAVINGS & INVESTMENT PLAN

Suburban Propane, L.P., previously adopted a retirement program (the "Plan") for the benefit of its employees with an initial effective date of January 1, 1994, the date on which the Plan was spun off from the Quantum Savings & Stock Ownership Plan, and now finds that a substantially complete revision of the Plan is required. The Plan is amended and restated in its entirety, as set forth herein, superseding all prior Plan provisions, effective as of January 1, 2013. The basic purpose of the Plan continues to be to provide retirement income to supplement benefits received under the Social Security laws.

The Plan is intended to be and remain a "qualified" plan within the meaning of Section 401(a) of the Internal Revenue Code, so that contributions made to the Plan will be deductible by the Employer and, until distributed, nontaxable to the Participants. By a separate document, incorporated herein by reference, Suburban Propane, L.P. entered into an agreement of trust, which is referred to herein as the Trust Agreement, and which may be amended from time to time, pursuant to which the cash, securities and other property set aside for the Participants in the Plan are held, invested and administered.

This Plan may be executed in any number of counterparts, each of which shall be deemed an original.

Intending to be legally bound by the provisions of the Plan, as hereinafter set forth, the duly authorized Members of the Benefits Administration Committee have signed it this ______ day of January, 2013.

____
Michael M. Keating

____
Steven C. Boyd

____
A. Davin D'Ambrosio

____
Michael A. Stivala

____
Sandra N. Zwickel

ARTICLE I - DEFINITIONS

As used in this Plan and the Trust Agreement adopted in connection therewith, the following words and phrases shall have the meanings set forth in this Article I, unless the context clearly indicates otherwise. Whenever appropriate, words used in the singular shall include the plural, words used in the plural shall include the singular, and the masculine shall include the feminine.

1.01 Actual Deferral Percentage shall mean the average (for a specified group of Employees for a Plan Year) of the ratios, calculated separately for each employee in the group, of (a) the amount of Employer contributions actually paid over to the Trust on behalf of each such Employee for such Plan Year, including elective deferral contributions (exclusive of catch-up contributions), such Employer contributions and Employer matching contributions, if any, as are treated as elective deferral contributions under Section 3.05(b)(iv), and Excess Contributions of Highly Compensated Employees, but excluding any elective deferral contributions taken into account for purposes of the Actual Contribution Percentage Tests (provided that the Actual Deferral Percentage Tests are satisfied after exclusion of these elective deferral contributions), to (b) his Employee Compensation for such Plan Year. For this purpose, Employer contributions shall include any elective deferral contributions, other than catch-up contributions, made pursuant to the Participant's deferral election, including excess deferrals by a Highly Compensated Employee, but excluding excess deferrals by a Non-Highly Compensated Employee that arise solely from Excess Deferrals made under the Plan or plans of the Employer, and excluding elective deferral contributions that are taken into account in the Actual Contribution Percentage Test, provided that the provisions of Section 3.05 are satisfied both with and without exclusion of such elective deferral contributions. For purposes of computing Actual Deferral Percentages, an Employee who would be a Participant but for his failure to make any elective deferral contribution shall be treated as a Participant on whose behalf no elective deferral contribution is made. In calculating the Actual Deferral Percentage for any Highly Compensated Employee who is a participant in two or more cash or deferred arrangements of the Employer, all such cash or deferred arrangements shall be treated as one; provided, however, that for Plan Years beginning before 2006, if two or more such cash or deferred arrangements have different plan years, all cash or deferred arrangements ending with or within the same calendar year shall be treated as a single arrangement. Notwithstanding the foregoing, certain plans shall be treated as separate, if mandatorily disaggregated pursuant to regulations under Code Section 401(k).

1.02 Beneficiary shall mean any person or persons other than the Participant who is entitled to receive benefits under this Plan by designation, under law, or in accordance with the provisions of this Plan.

1.03 Code shall mean the Internal Revenue Code of 1986, as it exists currently and as it may be amended from time to time.

1.04 Compensation shall mean a Participant's basic salary or hourly wage, plus commissions and transport pay, but excluding overtime, bonuses, and other contingent or extraordinary compensation of any kind, which is reportable as W-2 income for federal income tax purposes, which is received from the Employer during the Plan Year for personal services rendered to the Employer in the course of employment (exclusive of any severance benefit payable subsequent to severance from employment, and exclusive of reimbursements or other expense allowances, fringe benefits, whether cash or non-cash, moving expenses, deferred compensation, and welfare benefits, even if such items are includable in gross income) and which is determined before reduction for any elective deferral contribution to a qualified cash or deferred arrangement under Code Section 401(k), before reduction for any contribution or deferral which is excludable from the Participant's gross income under Code Section 125, and before reduction for any elective amount which is excludable from the Participant's gross income under Code Section 132(f)(4); provided, however, that for any Self-Employed Individual, Compensation shall mean his Earned Income. Notwithstanding the foregoing, Compensation in excess of $200,000.00, or such other amount as is specified by Code Section 401(a)(17)(A), as adjusted for increases in the cost-of-living in accordance with Code Section 401(a)(17)(B), shall be disregarded.

The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding twelve months, over which Compensation is determined (a "determination period") beginning with or within such calendar year. If a determination period consists of fewer than twelve months, the annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is twelve.

As to any Participant who, following a leave of absence for Qualified Military Service, returns to employment with the Employer within the time specified by Section 2.02, for purposes of calculating missed Employer contributions, Compensation shall mean the Compensation the Participant would have received during the period of absence but for the Qualified Military Service or, if such compensation cannot reasonably be determined, the Participant's average Compensation during the twelve-month period (or, if less than twelve months, during the period of employment) immediately preceding the Qualified Military Service.

Earned Income, used herein with respect to a Self-Employed Individual, shall mean net earnings from self-employment in the trade or business with respect to which the Employer has established the Plan, provided that personal services of the individual are a material income-producing factor. Such net earnings shall be determined without regard to items not included in gross income and deductions allocable to those items, after reduction for the Employer's deductible contribution made on behalf of such individual for such year, and with regard to the deduction allowed to the Employer by Code Section 164(f) for taxable years beginning after December 31, 1989. In addition, any distribution from an S Corporation, as defined in Code Section 1361, which is treated as income from self-employment shall be counted as Compensation under the Plan. Notwithstanding the foregoing, if Compensation is defined herein as other than total compensation, then the Earned Income of any Self-Employed Individual shall be adjusted to an equivalent amount by multiplying it by a percentage equal to the percentage of total compensation included for the Non-Highly Compensated (common law) Employees of the Employer.

1.05 Date of Participation shall mean the date on which an Employee becomes a Participant in the Plan in accordance with the provisions of Section 2.01.

1.06 Elective Deferral Contribution Account shall mean the account established within the Trust in the name of a Participant to which the Participant's elective deferral contributions, if any, are credited and which is adjusted, in accordance with the provisions of Section 4.03, for any gains or losses on the investments of the Trust.

1.07 Eligible Employee shall mean any regular part-time or full-time Employee who is not ineligible for participation, as provided in Section 2.04. A temporary Employee who is not otherwise ineligible for participation shall become an Eligible Employee after completing a Year of Service.

1.08 Employee shall mean any person who is employed by the Employer or any other employer mandatorily aggregated with the Employer under Code Section 414(b), (c), (m) or (o), any Self-Employed Individual, any Owner-Employee and any Leased Employee. Notwithstanding the foregoing, if the Leased Employees of the Employer do not constitute more than 20% of the Employer's Non-Highly Compensated Employees, the term "Employee" shall not include those Leased Employees covered by a money purchase pension plan providing (a) a non-integrated employer contribution rate of at least 10% of compensation, as defined in Code Section 415(c)(3), but including amounts contributed pursuant to a salary reduction agreement which are excludable from the employee's gross income under Code Section 125, 402(e)(3), 402(h)(1)(B) or 403(b); (b) immediate participation, and (c) full and immediate vesting.

1.09 Employee Compensation shall mean, for any Plan Year, the amount of the Participant's Compensation which is taken into account under the Plan in calculating his Actual Deferral Percentage and Actual Contribution Percentage and determining the amount of elective deferral contributions, voluntary nondeductible contributions and Employer matching contributions, if any, which may be made by him or on his behalf for such Plan Year.

1.10 Employer shall mean Suburban Propane, L.P. and any Affiliate which has adopted this Plan with the consent of the Board of Supervisors. For this purpose, Affiliate shall mean any entity which is related to the Employer as a member of a controlled group of corporations in accordance with Code Section 414(b), as a trade or business under common control in accordance with Code Section 414(c), or as a member of an affiliated service group as defined under Code Section 414(m).

1.11 Employer Contribution Account shall mean the account established within the Trust in the name of a Participant to which the Participant's share of any Employer contributions is credited and which is adjusted, in accordance with the provisions of Section 4.03, for any gains or losses on the investments of the Trust.

1.12 Employer Matching Contribution Account shall mean the account established within the Trust in the name of a Participant to which the Participant's share of any Employer matching contributions (if such contributions are, or ever have been, made under the terms of the Plan) is credited and which is adjusted, in accordance with the provisions of Section 4.03, for any gains or losses on the investments of the Trust.

1.13 <u>Employment Commencement Date</u> shall mean the date on which the Employee first completes an Hour of Service.

1.14 <u>Excess Contributions</u> shall mean, with respect to any Plan Year, the excess of the aggregate amount of Employer contributions and elective deferral contributions actually taken into account in computing the Actual Deferral Percentage of Highly Compensated Employees for such Plan Year, over the maximum amount of such contributions permitted by the Actual Deferral Percentage Test (determined by hypothetically reducing contributions made on behalf of Highly Compensated Employees in order of the Actual Deferral Percentages, beginning with the highest of such percentages.)

1.15 <u>Excess Deferrals</u> shall mean, with respect to any calendar year, a Participant's elective deferral contributions to this Plan other than catch-up contributions, aggregated with all elective deferrals by or on behalf of such Participant, pursuant to an election to defer under any qualified cash or deferred arrangement as described in Code Section 401(k), any salary reduction simplified employee pension plan as described in Code Section 408 (k)(6), any SIMPLE IRA plan as described in Code Section 408(p), any eligible deferred compensation plan under Code Section 457 or any Plan described in Code Section 501(c)(18), and any employer contributions on behalf of the Participant for the purchase of any annuity contract under Code Section 403(b), pursuant to a salary deferral agreement, which exceed such amount as the Secretary of the Treasury may designate for purposes of Code Section 402(g).

1.16 <u>Five Percent Owner</u> shall mean any person who owns or is considered (within the meaning of Code Section 318) to own more than 5% of the outstanding stock of the Employer, stock possessing more than 5% of the total combined voting power of all stock of the Employer, or more than 5% of the capital or profits interest in the Employer. For purposes of determining ownership in the Employer, the aggregation rules of Code Sections 414(b), (c) and (m) shall not apply.

1.17 <u>Highly Compensated Employee</u> shall mean any Employee who (a) at any time during the Plan Year or the preceding year, was a Five Percent Owner, as defined in Section 1.16, or (b) during the preceding year, received Compensation (as defined in Section 1.04) from the Employer in excess of $80,000.00. The $80,000.00 amount shall be adjusted at the same time and in the same manner as under Code Section 415(d), except that the base period shall be the calendar quarter ending September 30, 1996. In addition, the term "Highly Compensated Employee" shall be defined, at all times, in accordance with Code Section 414(q) and regulations issued thereunder. For purposes of this Section, "preceding year" shall mean the 12 month period immediately preceding the applicable Plan Year. A former employee shall be treated as a Highly Compensated Employee with respect to a Plan Year in which he is eligible to participate in the Plan, if such employee was a Highly Compensated Employee when such employee separated from service or at any time after attaining age 55. In determining whether the employee was a Highly Compensated Employee, the definition of Highly Compensated

Employee in effect at the time of the separation from service or attainment of age 55, whichever is applicable, shall control.

1.18 Hour of Service shall mean each hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer, which hour will be credited to the Employee for the Year of Service in which the duties are performed, and each hour for which an Employee is paid, or entitled to payment, by the Employer on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty or leave of absence; provided, however, that no more than 501 Hours of Service shall be credited to an Employee on account of any single continuous period (whether or not such period occurs in a single computation period) during which the Employee performs no duties; and provided, further, that Hours of Service shall be calculated and credited hereunder pursuant to United States Department of Labor Regulation Sections 2530.200b-2(b) and 2530.200b-2(c), which are incorporated herein by this reference. Hour of Service shall include each hour of Qualified Military Service which must be counted for plan purposes in accordance with Code Section 414(u).

Hour of Service also shall include each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Employer. The same hours of service shall not be credited under both this paragraph and the preceding paragraph but shall be credited to the Employee for the Year or Years of Service to which the award or agreement pertains rather than the Year of Service in which the award, agreement or payment is made.

Hours of Service will be credited for employment with other members of an affiliated service group, as defined in Code Section 414(m), or a controlled group, as defined in Code Section 414(b) or 414(c), of which the Employer is a member and any other entity which must be aggregated with the Employer in accordance with Code Section 414(o) and the regulations issued thereunder. Hours of Service shall be credited for any individual who is considered to be an employee for purposes of the Plan under Code Section 414(n) or 414(o) and the regulations issued thereunder.

Solely for purposes of determining whether a One Year Break in Service has occurred, a Participant who is on a “maternity or paternity leave of absence” shall be credited with the Hours of Service with which he normally would be credited but for the absence. In the event such hours cannot be determined, the Participant shall be credited with 8 Hours of Service per normal workday of absence; provided, however, that no more than 501 Hours of Service shall be credited for any single maternity or paternity leave of absence. Such Hours of Service shall be credited only in the Plan Year in which the maternity or paternity leave of absence begins, if the crediting of such Hours of Service is necessary to prevent the occurrence of a One Year Break in Service, or in any other case, in the year immediately following the Plan Year in which the maternity or paternity leave begins. For purposes of this section “maternity or paternity leave of absence” shall mean an absence due to pregnancy, birth of a child, placement of a child with the Participant in connection with the adoption of such child, or caring for a child immediately following such birth or placement.

1.19 Leased Employee shall mean any person who is not an Employee of the Employer but provides services to the Employer pursuant to an agreement between the Employer and a leasing organization, performs such services for the Employer (or for the Employer and related persons, as determined in accordance with Code Section 414(n)(6)) on a substantially full-time basis for a period of at least one year, and performs such services under the primary direction or control of the Employer. Any contributions or benefits provided for a Leased Employee by the leasing organization which are attributable to services performed for the Employer shall be treated as being provided by the Employer.

1.20 Limitation Year shall mean the calendar year or such other twelve month period as is identified by resolution or other appropriate action of the Employer.

1.21 Non-Highly Compensated Employee shall mean any Employee who is not a Highly Compensated Employee.

1.22 One Year Break in Service shall mean a Plan Year during which an Eligible Employee or Participant, as the case may be, does not complete an Hour of Service with the Employer.

1.23 Owner-Employee shall mean a Self-Employed Individual who is the sole proprietor or a partner who owns more than 10% of either the capital or profit interest in the Employer.

1.24 Participant shall mean any Eligible Employee who has attained his Date of Participation and has not become ineligible for any reason to participate further in the Plan; Participant also shall mean any former Employee who previously attained his Date of Participation and for whom an account balance is maintained. A Participant is deemed to benefit under the Plan in any Plan Year in which the Participant receives or is deemed to receive an allocation in accordance with Regulation §1.410(b)-3(a).

1.25 Plan shall mean the retirement plan sponsored by the Employer as embodied herein. Prior Plan shall mean a retirement plan which is qualified under Code Section 401(a), all or part of the assets of which are transferred to the Plan in a transaction which meets the requirements of Regulation § 1.414(l). As of the Effective Date, Prior Plan includes the Quantum Savings and Stock Ownership Plan, the Thrift and Profit Sharing Plan for Eligible Employees of National Distillers and Chemical Corporation, and the Petrolane Savings and Stock Ownership Plan, as well as the Suburban Propane Retirement Savings & Investment Plan for Certain Hourly Represented Employees which was merged into this Plan effective as of January 1, 1997.

1.26 Plan Administrator shall mean the Benefits Administration Committee which shall act in accordance with Article VIII. The Plan Administrator is the Named Fiduciary under the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

1.27 Plan Year shall mean the twelve consecutive month period, from and after the initial effective date of the Plan, beginning on January 1 of each year and ending on the following December 31.

1.28 <u>Qualified Military Service</u> shall mean service in the uniformed services of the United States performed by an individual who is entitled to reemployment rights with respect to such service in accordance with Code Section 414(u).

1.29 <u>Self-Employed Individual</u> shall mean an individual who has Earned Income or who would have had Earned Income but for the fact that the trade or business for which the Plan is established did not have net profits for the taxable year.

1.30 <u>Trust or Trust Fund</u> shall mean the assets of the Plan as shall exist from time to time and as shall be administered by the Trustee pursuant to the terms of the Trust Agreement.

1.31 <u>Trustee</u> shall mean the person, persons, entity or entities who, from time to time, are serving as trustees under the Trust Agreement.

1.32 <u>Vested Portion</u> shall mean the portion of a Participant's account which is nonforfeitable and which is determined in accordance with the provisions of Section 5.04.

1.33 <u>Voluntary Nondeductible Contribution Account</u> shall mean the account established within the Trust in the name of a Participant to which the Participant's voluntary nondeductible contributions, if such contributions are, or ever have been, permitted under the terms of the Plan or any Prior Plan, are credited and which is adjusted, in accordance with the provisions of Section 4.03, for any gains or losses on the investments of the Trust.

1.34 <u>Year of Service</u> shall mean a twelve month computation period during which the Employee completes an 1,000 Hours of Service. The first such computation shall begin with the Employee's Employment Commencement Date; succeeding computation periods shall be the Plan Year, and the first such succeeding computation period shall be the first Plan Year which commences prior to the first anniversary of the Employee's Employment Commencement Date.

ARTICLE II - PARTICIPATION

2.01 Date of Participation: Each Eligible Employee shall become a Participant in the Plan as of his Employment Commencement Date. On, or as soon as administratively feasible after, his Date of Participation, the Participant shall complete a salary deferral agreement (unless deemed to have made an election pursuant to Section 3.14), make an investment election as provided in Section 4.04, and designate a Beneficiary. Each current Participant in the Plan shall remain a Participant.

Each Eligible Employee who was employed by Inergy Propane, LLC or Inergy Sales & Service, Inc. immediately prior to the closing of the transaction contemplated by the Contribution Agreement by and among Inergy, L.P., Inergy GP, LLC, Inergy Sales & Service, Inc. and Suburban Propane Partners, L.P. dated April 25, 2012, shall become a Participant as of such closing date; each Eligible Employee who was employed by Inergy Propane, LLC or Inergy Sales & Service, Inc. but was on an approved leave of absence as of such closing date shall become a Participant as of the date on which he or she returns from such leave, provided that the return occurs within six months after the leave or absence commenced.

2.02 Leaves of Absence:

(a) Temporary Absence: A temporary break in the continuity of employment for approved leave of absence, temporary lay-off or service on jury duty shall not be considered to be a termination of employment or result in a One-Year Break in Service, provided that the absence does not exceed 12 months and provided that the Participant returns to his employment with the Employer after such absence. If the Participant does not return to active employment with the Employer after such absence, the Participant shall be deemed to have terminated his employment as of the date the approved absence ends.

(b) Qualified Military Service: A leave of absence for Qualified Military Service shall not be deemed to be a termination of employment and shall not result in a One Year Break in Service, provided that (i) the Participant returns to his employment with the Employer within 14 days of completion of the Qualified Military Service, if the leave of absence was less than 181 days in duration, within 90 days of completion of the Qualified Military Service, if the leave of absence was more than 180 days in duration, or within such other time period as may be provided by law, (ii) as to any such leave of absence which was more than 30 days in duration, the Participant furnishes proof of his Qualified Military Service upon request by the Employer, and (iii) the cumulative length of the leave of absence and all prior absences from employment with the Employer because of uniformed service obligations does not exceed 5 years, unless otherwise required by law. If the Participant does not return to active employment with the Employer within the required period, he shall be deemed to have terminated employment at the time his leave of absence commenced. If the Participant returns to active employment with the Employer within the required period, the Employer shall allocate to the Participant’s account the amount of any missed Employer contributions, but no forfeitures or earnings, to which the Participant is entitled based upon the Participant’s Compensation, as defined in Section 1.04, during that period of absence. For purposes of the limitations imposed by Code Section 415, as referenced in Appendix I, any contribution which is allocated to the account of the Participant, as provided herein, shall be counted only for the Limitation Year to which such contribution relates.

2.03 Participation After One Year Break in Service:

(a) In the event an Eligible Employee incurs a One Year Break in Service prior to becoming a Participant, he shall be treated thereafter as a new Employee for purposes of participation under Section 2.01.

(b) In the event a Participant incurs a One Year Break in Service, he shall resume participation in this Plan as of his Employment Commencement Date following the One Year Break in Service.

2.04 Employees Ineligible for Participation: Notwithstanding any provision in this Article to the contrary, and unless expressly agreed otherwise, no Employee who is a member of a unit of Employees covered by a collective bargaining agreement between employee representatives and one or more employers shall be eligible for participation in this Plan, provided that there is evidence that retirement benefits were the subject of good faith bargaining between employee representatives and such employer or employers. In addition, Leased Employees shall be ineligible for participation in the Plan.

Except as specifically provided by the terms of the applicable transaction, Employees who became employees as a result of an asset or stock acquisition, merger, or similar transaction involving a change in the employer of the employees of a trade or business shall be ineligible for participation in the Plan during the period beginning on the date of such transaction and ending on the last day of the Plan Year beginning after the date of the transaction.

2.05 Change in Eligibility Status:

(a) In the event that an Employee who has been ineligible for participation under Section 2.04 subsequently becomes eligible by reason of a change in status to a category of employment eligible for participation, he shall commence participation as of the date of the change in his status, provided that he has satisfied the conditions of Section 2.01. If, as of the date of the change in his status, he has not satisfied the conditions of Section 2.01, his participation shall commence as of his Date of Participation, as defined in Sections 1.05 and 2.01.

(b) In the event a Participant becomes ineligible for continued participation by reason of a change in status to a category of employment ineligible for participation, except as provided in Section 2.05(c) below, he shall cease to be an Eligible Employee as of the date immediately preceding his change in status and shall remain a Participant in this Plan only to the extent that, and for so long as, an account balance is maintained in the Plan for his benefit.

(c) Under this Section, it is contemplated that an Employee's status may change in the course of a particular Plan Year. To the extent that the Employee remains a Participant eligible to share in any Employer contribution for such year, in accordance with provisions of Section 4.01, all Hours of Service shall be aggregated, and all wages and other compensation shall be apportioned, such that the individual neither shall be deprived of any benefit nor receive a duplication of benefits.

(d) Upon a change to ineligible status by any Participant hereunder, that Employee's accounts shall remain within the Trust. The Employee's accounts shall be credited or charged, as the case may be, with gains and losses, as provided in Section 4.03, until such time as the Employee becomes entitled to benefits in accordance with the provisions of Article V.

2.06 Reclassification of Independent Contractor: In the event an individual, who has been ineligible for participation in this Plan by virtue of having been classified by the Employer as an independent contractor, shall be reclassified, by the Employer or otherwise, as an Employee, such individual shall become a Participant in the Plan, following such reclassification, in accordance with the provisions of Section 2.01, unless such Employee shall be ineligible for participation, in accordance with the provisions of Section 2.04. In no event, however, shall such an Employee become a Participant in the Plan prior to the date on which he is reclassified as an Employee, notwithstanding any retroactive effect of such reclassification.

ARTICLE III - CONTRIBUTIONS

3.01 Amount of Employer Contribution: The amount to be contributed to the Plan shall be determined for each Plan Year by the Employer, in its absolute discretion. A contribution may be made without regard to the existence of current or accumulated profits. The Employer contribution, if any, shall be paid to the Trust within the time period and manner permitted by the Code; provided, however, that no in-kind contributions shall be permitted.

3.02 Limitation on Employer Contributions: In no event shall a contribution be made on behalf of any Participant which would result in a violation of Code Section 415. (See Plan Appendix, "Limitations - Section 415.")

3.03 Elective Deferral Contributions:

(a) Subject to the Automatic Contribution Arrangement provisions of Section 3.14, each Plan Year, any Participant may elect to make an elective deferral contribution to the Trust by entering into a deferral election agreement with the Employer. The terms of any such deferral election shall provide that the Participant agrees to defer receipt of any whole percentage of his Compensation, between 1% and 90%, as specified by the Participant, subject to the limitations set forth in Section 3.05 and the then applicable limits under Code Section 402(g); provided, however, that in no event shall an elective deferral contribution be permitted by any Participant to the extent that it would result in a violation of Code Section 415 (See Plan Appendix, "Limitations - Section 415") or Code Section 401(k).

(b) In consideration of such election, the amount of the Participant's Compensation which was deferred, pursuant to the deferral election, shall be allocated to the Participant's Elective Deferral Contribution Account subject to the following conditions:

(i) The allocation shall be made without regard to the Participant's performance of services or participation in the Plan on any date subsequent to the date of the allocation, and

(ii) The elective deferral contributions so allocated shall be paid to the Trust as soon as administratively feasible, but in no event later than the 15th business day of the month following the month in which such amounts otherwise would have been payable to the Participant in cash. For this purpose, elective deferral contributions are deemed to relate to Compensation that either would have been received by the Participant during the Plan Year, but for the election to defer, or is attributable to services performed by the Participant during the Plan Year and, but for the election to defer, would have been received by the Participant within 2-1/2 months after the close of the Plan Year.

(c) The term "elective deferral contribution" shall include pre-tax elective deferral contributions, catch-up contributions and Roth elective deferrals, if the Plan, at any time, accepts Roth elective deferrals. The Participant's deferral election shall specify the type of elective deferral contribution (pre-tax or Roth) to be withheld from each payment of Compensation, and such elective deferral contributions may not be reclassified following the date of contribution.

(d) The term “catch-up contributions” shall mean pre-tax elective deferral contributions made after 2001, which exceed an otherwise applicable plan limit and which are made by a Participant who has attained, or, by the last day of the taxable year in which the catch-up contributions are made, will attain, the age of 50. For this purpose, an “otherwise applicable Plan limit” shall include the limit on elective deferrals under Code Section 402(g), the Actual Deferral Percentage limitations of Section 3.05, or an Employer-imposed limit on elective deferral contributions

(i) In no event may catch-up contributions be made for any taxable year which exceed (A) the applicable dollar limit on catch-up contributions under Code Section 414(v)(2)(B)(i), which is $5,000 for taxable years beginning in 2006, as adjusted, in accordance with Code Section 414(v)(2)(C), for cost-of-living increases in multiples of $500, or (B) the Participant’s Compensation, reduced by all elective deferral contributions, other than catch-up contributions, made by the Participant for such year. The dollar limit on catch-up contributions is, and thereafter, it will be adjusted by the Secretary of the Treasury

(ii) Catch-up contributions shall not be included as annual additions for purposes of Code Section 415 (See Plan Appendix, “Limitations – Section 415”), shall not be counted as elective deferral contributions for purposes of computing Actual Deferral Percentages or applying the Actual Deferral Percentage limitations of Section 3.05, and shall not be counted in determining the minimum allocation in any Top Heavy Plan Year in accordance with Section 10.03.

(e) The term “Roth elective deferrals” shall mean elective deferral contributions made after 2005, which are includible in the Participant’s gross income for the taxable year in which such elective deferral is made and which have been irrevocably designated as Roth elective deferrals by the Participant in his deferral election. A Participant’s Roth elective deferrals (if such contributions are, or ever have been, permitted under the terms of the Plan) and any income, gains and/or losses attributable thereto, shall be allocated to the Participant’s separate Roth Elective Deferral Account.

(f) Roth elective deferrals shall not be permitted.

3.04 <u>Deferral Election</u>:

(a) A deferral election shall be effective for the payroll period next following the date on which the election is executed and shall remain effective unless and until amended.

(b) A deferral election may be amended by a Participant at any time, effective for the payroll period next following the date of such amendment.

(c) The Employer or Committee may amend any deferral election at any time, if it is determined that such amendment is necessary to insure that the limitations of neither Section 3.05 nor Code Section 402(g) will be exceeded or to insure that the nondiscrimination tests of Code Section 401(k) are met for the Plan Year.

3.05 Actual Deferral Percentage Limitations:

(a) Actual Deferral Percentage Tests: As to each Plan Year and unless the Employer has elected one of the safe harbors, as provided in Section 3.13, the Actual Deferral Percentage, as defined in Section 1.01, for Participants who are Highly Compensated Employees for that Plan Year must bear a relationship to the Actual Deferral Percentage for Participants who are Non-Highly Compensated Employees for that Plan Year which satisfies either of the following Actual Deferral Percentage Tests:

(i) The Actual Deferral Percentage for Participants who are Highly Compensated Employees is not more than the Actual Deferral Percentage for Participants who are Non-Highly Compensated Employees, multiplied by 1.25, or

(ii) The excess of the Actual Deferral Percentage for Participants who are Highly Compensated Employees over that of the Participants who are Non-Highly Compensated Employees is not more than 2 percentage points, and the Actual Deferral Percentage for such Highly Compensated Employees is not more than the Actual Deferral Percentage for such Non-Highly Compensated Employees multiplied by 2.0.

(b) Application of Actual Deferral Percentage Tests:

(i) In the event that this Plan satisfies the requirements of Code Section 401(k), 401(a)(4), or 410(b) only if aggregated with one or more other plans, or, in the event one or more other plans satisfy such requirements only if aggregated with this Plan, the Actual Deferral Percentages shall be determined, and the Actual Deferral Percentage Tests shall be applied, as if all such plans were a single plan.

(ii) If the Committee so elects, by a duly adopted amendment, the Actual Deferral Percentage Tests may be applied by using the Actual Deferral Percentage for Participants who are Non-Highly Compensated Employees for the preceding Plan Year ("prior year testing"), rather than for the Plan Year ("current year testing"), provided that current year testing has been used for the preceding five Plan Years or, if less, all of the years the Plan has been in existence, or if, as a result of a merger or acquisition described in Code Section 410(6)(C)(i), the Employer maintains both a plan using prior year testing and a plan using current year testing, and the change is made within the transition period described in Code Section 410(b)(6)(C)(ii).

(iii) For purposes of satisfying the Actual Deferral Percentage Tests of Section 3.05(a), all or any part of the Employer contributions and Employer matching contributions, if any are made under the terms of this Plan, may be treated as elective deferral contributions, provided that they are fully vested at all times, are subject to the restrictions of Section 3.08, and otherwise are deemed to be qualified nonelective contributions or qualified matching contributions within the meaning of Regulation Section 1.401(k)-1(b)(5).

(iv) For purposes of the Actual Deferral Percentage Tests, only such elective deferral contributions, Employer contributions and Employer matching contributions as are paid over to the Trust prior to the last day of the twelve-month period immediately following the Plan Year to which such contribution relate shall be counted.

(v) The Committee shall maintain such records as are sufficient to demonstrate satisfaction of the Actual Deferral Percentage Test, as well as the amount of Employer contributions and/or Employer matching contributions taken into consideration for purposes of satisfying such test.

(c) Correction of Excess Contributions: In the event that the Actual Deferral Percentage of the Highly Compensated Employees does not satisfy either of the Actual Deferral Percentage Tests, set out in Section 3.05(a) above, and subject to the provisions of Section 3.05(e), the Excess Contributions to the Plan for the Plan Year shall be distributed to the Highly Compensated Employees, as provided in Sections 3.05(d) and 3.06. To the extent any Highly Compensated Employee has not made the maximum catch-up contribution permitted for the year, any Excess Contributions allocated to that Highly Compensated Employee shall be treated as catch-up contributions and shall not be treated as Excess Contributions.

(d) Distribution of Excess Contributions: The Excess Contributions for a Plan Year are to be distributed among Highly Compensated Employees on the basis of the amount of contributions made by, or on behalf of, each such Employee which is counted for purposes of computing the Actual Deferral Percentage of such Employee, first, by calculating the total amount of Excess Contribution to be distributed, in accordance with the procedures set forth this Section 3.05(d)(i) and, then, by apportioning the total amount of Excess Contributions among Highly Compensated Employees, in accordance with the procedures set forth in Section 3.05(d)(ii).

(i) The amount to be distributed attributable to a particular Highly Compensated Employee is the amount, if any, by which the contributions of that Highly Compensated Employee, which are taken into account under this section, must be reduced in order for the actual deferral ratio (hereinafter, "ADR") of that Highly Compensated Employee to equal the highest permitted ADR under the Plan. To calculate the highest permitted ADR under the Plan, the ADR of the Highly Compensated Employee with the highest ADR is reduced by the amount required to cause that Highly Compensated Employee's ADR to equal the ADR of the Highly Compensated Employee with the next highest ADR. If a lesser reduction would enable the Plan to satisfy one of the Actual Deferral Percentage Tests, only this lesser reduction shall be used to determine the highest permitted ADR.

(A) The above process shall be repeated until the Plan would satisfy one of the Actual Deferral Percentage Tests if the ADR for each Highly Compensated Employee were determined after the reductions described above.

(B) The sum of all the reductions for all Highly Compensated Employees as so determined is the total amount of Excess Contributions for the Plan Year.

(C) The ADR of a Participant is the sum of the Participant's elective deferral contributions, qualified nonelective contributions and qualified matching contributions taken into account with respect to the Participant for purposes of the Actual

Deferral Percentage Tests for a Plan Year, divided by the Participant's Compensation for that Plan Year, and calculated to the nearest hundredth of a percentage point.

(ii) The contributions of the Highly Compensated Employee or Employees with the highest dollar amount of contributions taken into account under this Section 3.05(d) are reduced by the amount required to cause the contributions of that Highly Compensated Employee to equal the dollar amount of the contributions taken into account under this Section 3.05(d) for the Highly Compensated Employee with the next highest dollar amount of contributions taken into account under this Section.

(A) If a lesser apportionment to the Highly Compensated Employee would enable the Plan to apportion the total amount of Excess Contributions, only the lesser apportionment shall apply.

(B) The above process shall be repeated until the total amount of Excess Contributions determined under Section 3.05(d)(i) has been apportioned.

(e) Qualified Non-Elective Contributions: For any Plan Year, the Employer may make a Qualified Non-Elective Contribution on behalf of Non-Highly Compensated Employees who are Participants in the Plan for such Plan Year in such amount as may be necessary to satisfy one of the Actual Deferral Percentage Tests set forth in Section 3.05(a). Such contribution shall be made within twelve months after the end of the Plan Year to which it relates and shall be allocated among the Participants who are Non-Highly Compensated Employees in the same proportion that the Compensation of each such Participant bears to the total Compensation of all such Participants. Each Participant's share of the Qualified Non-Elective Contribution shall be allocated to his Elective Deferral Contribution Account, shall be fully vested at all times and shall be subject to the provisions of Section 3.08, as applicable to all other amounts contributed to his Elective Deferral Contribution Account .

3.06 Corrective Distribution of Excess Contributions:

(a) A Participant's Excess Contributions for any Plan Year and any income allocable to such contributions through the end of such Plan Year, reduced by Excess Deferrals previously distributed to the Participant for the Participant's taxable year ending with or within the Plan Year, shall be distributed to the Participant no later than the last day of the following Plan Year. In the event the Plan should be terminated during a Plan Year in which Excess Contributions are made, the Excess Contributions shall be distributed no later than twelve months following the date of termination. For Plan Years beginning after 2005, distribution of Excess Contributions shall be made, first, from the Participant's pre-tax elective deferral contributions, to the extent any were made for the year, unless the Participant elects otherwise.

(b) The income allocable to Excess Contributions for the Plan Year shall be determined by multiplying the income or loss for the Plan Year allocable to the Participant's elective deferral reduction contributions (and to any Employer contributions or Employer matching contributions treated as elective deferral contributions in accordance with Section 3.05(b)(iii)) by a fraction.

(i) The numerator of the fraction is the Excess Contributions of the Participant for the Plan Year.

(ii) The denominator of the fraction is the Participant's total account balance attributable to elective deferral contributions and amounts treated as elective deferral contributions as of the end of the year, reduced by any income allocable to such account for the Plan Year and increased by any loss allocable to such account for the Plan Year.

3.07 Treatment of Excess Deferrals:

(a) In the event a Participant makes elective deferral contributions to this Plan for any calendar year which would result in Excess Deferrals, as defined in Section 1.15, for that year, such Excess Deferrals shall be distributed as provided herein.

(b) A Participant's Excess Deferrals shall be included in the Participant's gross income in the year to which the deferral relates and, unless distributed within the time required by Section 3.07(c)(ii), in the year in which the Excess Deferrals are distributed.

(c) Excess Deferrals received by the Plan may be distributed to the Participant, under the following terms and conditions:

(i) On or before March 1 following the taxable year in which the Excess Deferrals were made (or such later date as may be provided by IRS regulations), the Participant shall advise the Committee, in writing, of the existence and amount of the Excess Deferrals allocated to this Plan.

(ii) On or before April 15 following the taxable year in which the Excess Deferrals were made, the amount of the Excess Deferrals allocable to this Plan and any income allocable to such Excess Deferrals through the end of such taxable year, shall be distributed to the Participant. For Plan Years beginning after 2005, distribution of Excess Deferrals shall be made, first, from the Participant's pre-tax elective deferral contributions, to the extent any were made for the year, unless the Participant elects otherwise.

(iii) The income allocable to the Excess Deferrals for the taxable year of the Participant shall be determined by multiplying the income (or loss) for that taxable year allocable to elective deferral contributions by a fraction, the numerator of which is the amount of Excess Deferrals made by the Participant for the taxable year, and the denominator of which is the Participant's total Elective Deferral Contribution Account balance as of the end of the taxable year, reduced by the income allocable to such account for the taxable year and increased by the loss allocable to such account for the taxable year.

(iv) Any corrective distribution of less than the entire amount of Excess Deferrals and income shall be treated as a pro rata distribution of the Excess Deferrals and income.

(v) The amount of Excess Deferrals that may be distributed with respect to any Participant for a taxable year shall be reduced by any Excess Contributions previously distributed with respect to such participant under Section 3.06 for the Plan Year beginning with or within such taxable year.

(vi) Except as otherwise provided by law, notwithstanding the distribution of Excess Deferrals under this Section 3.07, such amounts shall not be disregarded for purposes of the nondiscrimination requirements of Code Section 401(a)(4) or the Actual Deferral Percentage Limitations of Section 3.05 and shall be treated as annual additions for purposes of the limitations of Code Section 415.

3.08 Limitations on Withdrawals and Distributions:

(a) A Participant is fully vested at all times in all amounts contributed to his Elective Deferral Contribution Account and all earnings thereon. However, except as provided in Section 3.07 or Section 3.09, no amounts may be withdrawn by, or distributed to, the Participant or his Beneficiary from such account prior to one of the following events:

(i) The Participant's retirement, death, disability or severance from employment;

(ii) The Participant's attainment of age 59-1/2;

(iii) The termination of this Plan by the Employer, provided that the Employer does not maintain or establish, during the period beginning on the date of termination and ending twelve months after the distribution of all plan assets, a successor defined contribution plan, other than an employee stock ownership plan, as defined in Code Section 4975(e)(7) or Code Section 409(a), a simplified employee pension plan, as defined in Code Section 408(k), a SIMPLE IRA plan, as defined in Code Section 408(p), a plan or contract described in Code Section 403(b), or a plan described in Code Section 457(b) or (f);

(iv) The Participant's call to duty after September 11, 2001, because of the Participant's status as a member of a reserve component, for a period of at least 180 days or for an indefinite period (a "qualified reservist distribution"), as more fully described in Section 5.09;

(v) The Participant's service in the uniformed services while on active duty for a period of at least 30 days; provided, however, that if a participant receives a distribution in accordance with this provision, the Participant's Elective Deferral Contributions and voluntary nondeductible contributions (if the Plan provides for such contributions) must be suspended for a period of six months from and after such distribution.

(b) The provisions of this Section 3.08 shall apply to all Employer contributions and Employer matching contributions, if any are made to this Plan, which are treated as elective deferral contributions for purposes of computing Actual Deferral Ratios and satisfying the actual deferral percentage tests, in accordance with Section 3.05(b)(iv).

(c) All withdrawals and distributions made in accordance with this Section 3.08 shall be subject to such Participant and spousal consent as may be required by law.

3.09 Hardship Distributions:

(a) General: Notwithstanding the provisions of Sections 3.08, distribution may be made to a Participant from his Elective Deferral Contribution Account at any time, provided that the distribution is made on account of an immediate and heavy financial need of the Participant, is necessary to satisfy such financial need, and is made in accordance with the provisions of this Section 3.09, and provided, further, that his spouse consents, if spousal consent is required by law.

(b) Immediate and Heavy Financial Need: The determination as to the existence of an immediate and heavy financial need shall be made by the Plan Administrator on the basis of all relevant facts and circumstances, but a distribution will be deemed to be made on account of an immediate and heavy financial need of the Participant, if the distribution is made on account of:

(i) Medical expenses described in Code Section 213(d) incurred by the Participant, the Participant's spouse, any dependent (as defined in Code Section 152) of the Participant, or a primary beneficiary;

(ii) Purchase (excluding mortgage payments) of a principal residence for the Participant;

(iii) Payment of tuition, related educational fees, and room and board expenses for the next twelve months of post-secondary education for the Participant, his spouse, children, dependents (as defined in Code Section 152), or a primary beneficiary;

(iv) Payments necessary to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of that principal residence;

(v) Payment of funeral or burial expenses for the parent, spouse, child, other dependent, or a primary beneficiary of the Participant; provided, however, that this subsection (b)(v) shall apply only with respect to Plan Years beginning after 2005;

(vi) Payment of expenses for repair of damage to the principal residence of the Participant which would qualify for casualty loss deduction under Code Section 165 (determined without regard to whether the loss exceeds 10% of adjusted gross income); provided, however, that this subsection (b)(vi) shall apply only with respect to Plan Years beginning after 2005, or

(vii) Any other circumstance which is determined by the Committee in an objective and nondiscriminatory manner, based upon all relevant facts and circumstances, and in accordance with the requirements of the Code and applicable regulations, to be an immediate and heavy financial need which is due to an extraordinary emergency, provided that an otherwise appropriate immediate and heavy financial need shall not fail to qualify merely because the need was reasonably foreseeable or voluntarily incurred.

(c) Distribution Necessary to Satisfy Financial Need: A distribution is made on account of a hardship only to the extent that the amount distributed does not exceed the amount required to relieve the financial need and only to the extent that the financial need cannot be satisfied from other sources which are reasonably available to the Participant. This determination is to be made by the Committee on the basis of relevant facts and circumstances. The following additional requirements must be satisfied:

(i) Prior to receiving any amount from this Plan as a hardship distribution, the Participant first must have obtained all distributions, other than hardship distributions, and all non-taxable loans (including any Participant loans permitted under Article XIV of this Plan) currently available under all plans maintained by the Employer.

(ii) The Participant's right to make elective deferral contributions shall be suspended for a period of six calendar months following the month in which the Participant receives a hardship distribution.

(d) Resources Considered: A Participant's resources shall include those assets of his or her spouse and minor children as are reasonably available.

(e) Additional Limitations on Distribution: The following additional limitations shall apply to hardship distributions:

(i) In no event shall any hardship distribution exceed the amount of the Participant's elective deferral contributions, plus any earnings on such contributions accrued as of December 31, 1988 (or such other date as may be provided by regulation).

(ii) For purposes of Section 3.09(b), a primary beneficiary of the Participant is an individual who is named as a beneficiary and has an unconditional right to all or a portion of the Participant's account balance under the Plan upon the death of the Participant.

3.10 Employer Matching Contributions:

(a) Although no Employer Matching Contribution is required, the Employer, at its discretion, may make a basic Employer Matching Contribution and a supplemental Employer Matching Contribution as provided herein for any Plan Year. Any such Employer Matching Contribution shall be made as soon as administratively feasible after the last day of the Plan Year and within the time period permitted by law for the benefit of each Participant who remains an Eligible Employee as of the last day of the Plan Year.

(b) The basic Employer Matching Contribution, if one is made, shall be a percentage of the Participant's Elective Deferral Contributions which do not exceed 6% of such Participant's Compensation ("Eligible Elective Deferral Contributions"), which percentage shall be based on a sliding scale of adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA") divided by an earnings performance target set for the fiscal year of the Employer by the Board of Supervisors (the "Performance Target") in accordance with the following schedule:

Adjusted EBITDA as a Percentage of the Performance Target for the Employer's Fiscal Year	Matching Contribution Expressed as a Percentage of Eligible Elective Deferral Contributions for the Plan Year
115% or higher of Adjusted EBITDA	100%
100% to 114% of Adjusted EBITDA	50%
90% to 99% of Adjusted EBITDA	25%
Less than 90% of Adjusted EBITDA	0%

(c) Any supplemental Employer Matching Contribution may be in such amount as the Board of Supervisors of the Employer shall select. This section shall not be interpreted as a guarantee of any Employer Matching Contributions.

(d) Notwithstanding the foregoing and in lieu of any other Employer Matching Contribution in accordance with Section 3.10 (b) or 3.10(c), the Employer shall make an Employer Matching Contribution, for each Plan Year, for each Participant who is covered by the collective bargaining agreement between Inergy Propane, LLC and Local Union 1293 of the International Brotherhood of Electrical Workers, AFL-CIO (hereinafter referred to as the "IBEW 1293 CBA") in an amount equal to 50% of such Participant's Elective Deferral Contributions that do not exceed 6% of the Participant's Compensation. This provision shall remain in effect through the July 31, 2015, expiration of the current IBEW 1293 CBA and any renewal thereof which provides expressly for the 50% rate of match.

3.11 <u>Voluntary Nondeductible Contributions</u>: No Participant in the Plan is required or permitted to make voluntary nondeductible contributions to the Trust. However, any voluntary nondeductible contributions which may have been made by a Participant to the Plan or a Prior Plan previously and which, as of the Effective Date, remain part of the Trust, as well as any amounts attributable to such contributions, shall remain in the Plan and shall be allocated to a separate voluntary nondeductible contribution account for the benefit of the Participant. Such account shall be held and invested and shall share in gains and losses of the Trust, in accordance with the terms of the Plan and Trust. A Participant's separate voluntary nondeductible contribution account shall be fully vested and nonforfeitable at all times and shall be distributable at any time as the Participant shall direct, subject to the provisions of Article VII.

3.12 Actual Contribution Percentage Limitations:

(a) Actual Contribution Percentage Tests:

(i) As to each Plan Year and unless the Employer has elected one of the safe harbors, as provided in Section 3.13, the Actual Contribution Percentage for Highly Compensated Employees for the Plan Year must bear a relationship to the Actual Contribution Percentage for Non-Highly Compensated Employees for the Plan Year which satisfies either of the following Actual Contribution Percentage Tests:

(A) The Actual Contribution Percentage for the Highly Compensated Employees is not more than the Actual Contribution Percentage for the Non-Highly Compensated Employees multiplied by 1.25, or

(B) The excess of the Actual Contribution Percentage for the Highly Compensated Employees over that of the Non-Highly Compensated Employees is not more than 2 percentage points, and the Actual Contribution Percentage of the Highly Compensated Employees is not more than the Actual Contribution Percentage for the Non-Highly Compensated Employees multiplied by 2.0.

(ii) In the event that this Plan satisfies the requirements of Code Section 401(m), 401(a)(4) or 410(b) only if aggregated with one or more other plans, or in the event one or more other plans satisfy such requirements only if aggregated with the Plan, the Actual Contribution Percentages shall be determined, and the Actual Contribution Tests shall be applied, as if all such plans were a single plan. Such aggregation may be applied for purposes of satisfying Section 401(m) only if such plans have the same plan year and use the same Actual Contribution Percentage testing method.

(iii) If the Committee so elects, by duly authorized amendment, the Actual Contribution Percentage Tests may be applied by using the Actual Contribution Percentage for Participants who are Non-Highly Compensated Employees for the preceding Plan Year ("prior year testing") rather than for the Plan Year ("current year testing"), provided that current year testing has been used for the preceding five Plan Years or, if less, all of the years the Plan has been in existence, or, if as a result of a merger or acquisition described in Code Section 410(b)(6)(C)(i), the Employer maintains both a plan using prior year testing and a plan using current year testing, and the change is made within the transition period described in Code Section 410(b)(6)(C)(ii).

(iv) The Committee shall maintain records sufficient to demonstrate satisfaction of the Actual Contribution Percentage Test, as well as the amount of Employer contributions and/or elective deferral contributions taken into consideration for purposes of satisfying such test.

(b) Correction of Excess Aggregate Contribution: In the event that the Actual Contribution Percentage of the Highly Compensated Employees does not satisfy either of the Actual Contribution Percentage Tests set out in Section 3.12(a) above, the excess voluntary nondeductible contributions and/or Employer matching contributions to the Plan for the Plan Year (and any excess elective contributions made under this Plan or any other cash or deferred arrangement maintained by the Employer which are recharacterized as voluntary nondeductible contributions for the Plan Year), which shall be referred to as "Excess Aggregate Contributions," and any income attributable to those Excess Aggregate Contributions, shall be forfeited, if attributable to Employer matching contributions, or distributed to the Participant within twelve months after the close of the Plan Year in which the excess arose. In the event the Plan should be terminated during a Plan Year in which Excess Aggregate Contributions arise, such Excess Contributions shall be distributed no later than 12 months following the date of termination. The Excess Aggregate Contributions with respect to any Plan Year shall be calculated as the excess of (i) the aggregate contribution percentage amounts taken into account in computing the numerator of the contribution percentage actually made on behalf of Highly Compensated Employees for such Plan Year, over (ii) the maximum contribution percentage amounts permitted by the Actual Contribution Percentage Test (determined by hypothetically reducing contributions made on behalf of Highly Compensated Employees in order of their contribution percentages beginning with the highest of such percentages).

(c) Distribution of Excess Aggregate Contributions: The Excess Aggregate Contributions for any Plan Year are to be distributed among Highly Compensated Employees on the basis of the amount of contributions made by or on behalf of each such Employee which is counted for purposes of computing the Actual Contribution Ratio of such Employee.

(i) Such Excess Aggregate Contributions shall be distributed, first, to the Highly Compensated Employee or Employees with the largest contribution percentage amount.

(ii) The above process shall be repeated with reference to the Highly Compensated Employee with the next largest contribution percentage amount and, then, continuing in descending order until all Excess Aggregate Contributions have been distributed. For this purpose, "largest contribution percentage amount" shall be determined after distribution of any Excess Aggregate Contributions.

(d) Definitions: For purposes of applying the provisions of this Section 3.12 and Article III,

(i) "Actual Contribution Percentage" shall mean the average of the Actual Contribution Ratios for the group of Highly Compensated Employees who are eligible to make voluntary nondeductible contributions or to receive Employer matching contributions or the group of Non-Highly Compensated Employees who are eligible to make voluntary nondeductible contributions or to receive Employer matching contributions, as the case may be.

(ii) "Actual Contribution Ratio" shall mean, for each employee, the sum of his voluntary nondeductible contributions, if any, and his Employer matching contributions, if any, for the Plan Year, divided by his Compensation for the Plan Year.

(A) The Actual Contribution Ratio for each Employee and the Actual Contribution Percentages shall be calculated to the nearest one hundredth of one percent.

(B) If a Highly Compensated Employee makes voluntary nondeductible contributions and/or receives Employer matching contributions under more than one plan of the Employer, all such contributions shall be aggregated for purposes of determining the Actual Contribution Ratio of that Employee.

(C) If a Highly Compensated Employee participates in two or more cash or deferred arrangements that have different plan years, all cash or deferred arrangements ending with or within the same calendar year shall be treated as a single arrangement. Notwithstanding the foregoing, certain plans shall be treated as separate, if mandatorily disaggregated under regulations under Code Section 401(m).

(D) For purposes of computing Actual Contribution Ratios and satisfying the Actual Contribution Percentage Tests of this Section 3.12, any Employer matching contributions which are treated as elective deferral contributions, in accordance with Section 3.05(b)(iii), for purposes of satisfying the Actual Deferral Percentage Tests of Section 3.05(a), shall be disregarded.

(E) For purposes of computing Actual Contribution Ratios and satisfying the Actual Contribution Percentage Tests of Section 3.12, all or any part of the Employer contributions and elective deferral contributions may be treated as Employer matching contributions, provided that such contributions are deemed to be qualified nonelective contributions or qualified elective contributions, within the meaning of Regulation Section 1.401(m)-1(b)(5), and provided that the Actual Contribution Percentage Tests are applied using the Actual Contribution Percentage for the Plan Year for Participants who are Non-Highly Compensated Employees.

(F) For purposes of computing Actual Contribution Ratios and satisfying the actual contribution percentage tests of Section 3.12, voluntary nondeductible contributions are taken into account for a Plan Year in which such contributions are contributed to the Trust. Payments by the Participant to an agent of the Plan shall be treated as contributions to the Trust, provided such contributions are transmitted to the Trust within a reasonable time. Excess elective deferral contributions, which are recharacterized as voluntary nondeductible contributions (if such recharacterization is permitted under the terms of this Plan), are to be taken into account as voluntary nondeductible contributions for the Plan Year in which the excess contributions are includable in the gross income of the Participant.

(G) For purposes of computing Actual Contribution Ratios and satisfying the Actual Contribution Percentage Tests of this Section 3.12, Employer matching contributions are to be taken into account for a Plan Year only if such contributions are allocated to the Participant's account as of a date within the Plan Year, are actually paid to the Trust no later than the end of the twelve month period beginning on the day after the close of the Plan Year, and are made on behalf of the Participant based on his elective deferral contributions for the Plan Year.

(e) Income Allocable to Excess Aggregate Contributions: The income attributable to the Participant's Excess Aggregate Contributions shall be equal to the allocable income or loss for the Plan Year to which the Excess Aggregate Contributions relate.

(i) The income allocable to Excess Aggregate Contributions for the Plan Year shall be determined by multiplying the income for the Plan Year allocable to voluntary nondeductible contributions and Employer matching contributions (and amounts treated as Employer matching contributions in accordance with Section 3.12(d)(ii)(E)) by a fraction.

(A) The numerator of the fraction is the Excess Aggregate Contributions of the Participant for the Plan Year.

(B) The denominator of the fraction is the Participant's total account balance attributable to voluntary nondeductible contributions, Employer matching contributions and/or amounts treated as Employer matching contributions as of the end of the Plan Year, reduced by any income allocable to such account for the Plan Year and increased by any loss allocable to such account for the Plan Year.

(ii) Notwithstanding the foregoing, the income allocable to Excess Aggregate Contributions resulting from the recharacterization of any elective deferral contributions as voluntary nondeductible contributions (if such recharacterization is permitted under the terms of this Plan) shall be determined and distributed as if such recharacterized contributions had been distributed as excess contributions.

3.13 <u>Safe Harbors</u>: Notwithstanding any other provision of this Article III to the contrary, for any Plan Year as to which the Employer has elected, in accordance with Section 3.13(b), to make a Safe Harbor Contribution, the Plan shall be deemed to have satisfied automatically the Actual Deferral Percentage Limitations of Section 3.05, and any elective deferral contributions made pursuant to Section 3.03 shall be deemed to satisfy the non-discrimination standards of Code Section 401(k)(3). In addition, with respect to any Plan Year, as to which the matching contribution safe harbor provisions of Section 3.13(a)(ii) are satisfied, the Plan shall be deemed to have satisfied automatically the Actual Contribution Percentage Limitations of Section 3.12; provided, however, that such limitations shall remain applicable to voluntary nondeductible contributions and any matching contributions which do not satisfy the safe harbor. The provisions of this Section 3.13 shall be applicable only to a Plan Year which is twelve months in length or, in the case of the first Plan Year, at least three months in length (or any shorter period, in the case of a new Employer that establishes the Plan as soon as administratively feasible after coming into existence).

(a) <u>Safe Harbor Contributions</u>: For each Plan Year for which the provisions of this Section 3.13 are applicable, the Employer shall contribute to the Trust either the amount specified in Section 3.13(a)(i) or Section 3.13(a)(ii) below. The contribution made for the benefit of a Participant hereunder shall be fully vested and nonforfeitable at all times, shall be subject to the restrictions on withdrawals and distributions of Section 3.08, (but shall not be subject to distribution for hardship in accordance with Section 3.09), and shall be allocated to that Participant's Employer Contribution Account. Such contribution shall be made to the Plan within twelve months of the close of the Plan Year. Such Safe Harbor Contribution may be made to another qualified defined contribution plan maintained by the Employer, provided that such plan is identified in Appendix II to this Plan, that each Employee eligible to participate in this Plan also is eligible under such other plan, and that such other plan has the same plan year as this Plan.

(i) 3% Safe Harbor Contribution: The Employer will contribute an amount equal to 3% of the Compensation of each Participant who is eligible to make an elective deferral contribution to the Trust in accordance with the provisions of Section 3.03, or who would be eligible to make an elective deferral contribution but for a suspension, in accordance with Section 3.09(c)(ii) by reason of having received a hardship distribution, or due to statutory limitations, such as Code Section 402(g) or Code Section 415. Compensation shall be defined as in Section 1.04; provided, however, that in no event shall any dollar limit, other than the limit imposed by Code Section 401(a)(17), apply to the Compensation of a Non-Highly Compensated Employee.

(ii) Safe Harbor Matching Contribution: In lieu of the contribution provided for in subsection (i) above, the Employer may contribute an amount for each Participant equal to 100% of that Participant's elective deferral contributions which do not exceed 3% of such Participant's Compensation, plus an amount equal to 50% of that Participant's elective deferral contributions which exceed 3% of that Participant's Compensation but do not exceed 5% of that Participant's Compensation; provided, however, that with respect to any Plan Year as to which the Employer elects to make the Safe Harbor Contribution pursuant to this Section 3.13(a)(ii), no Employer Matching Contribution shall be made, pursuant to Section 3.10, with respect to elective deferral contributions made by any Participant. The Safe Harbor Matching Contributions may be made with respect to elective deferral contributions for the Plan Year as a whole or separately with respect to each payroll period (or with respect to all payroll periods ending with or within each month or Plan Year quarter) taken into account for the Plan Year. If the payroll method is used, however, the Safe Harbor Matching Contributions due with respect to elective deferral contributions made during any Plan Year quarter beginning after May 1, 2000, shall be deposited into the Trust by the last day of the following Plan Year quarter.

(b) Election: The election to make a Safe Harbor Contribution, as provided herein for any Plan Year shall be made, prior to the first day of such Plan Year, by resolution or other appropriate action of the Employer, shall include the election of a specific safe harbor contribution method to be recited within Appendix II of this Plan, and may not be changed except by duly authorized amendment. Notwithstanding the foregoing, the election to make the 3% Safe Harbor Contribution for a Plan Year may be made, as provided herein, at any time during that Plan Year, but not later than 30 days prior to the last day of that Plan Year, provided that the Plan provides for Actual Deferral Percentage testing and, if applicable, Actual Contribution Percentage testing, to be applied on a current year basis and provided, further, that the notice requirements of Section 3.13(c)(ii) are satisfied.

(c) Notice:

(i) Timing of Notice: The Employer shall provide written notice to Participants, at least 30 days, but not more than 90 days, prior to the first day of the applicable Plan Year of its intention to make a Safe Harbor Contribution, and such notice shall specify whether the Employer will make the 3% Safe Harbor Contribution or the Safe Harbor Matching Contribution. If an Employee becomes a Participant after the date on which notice is given, as provided herein, the Employer shall provide written notice to that Participant no earlier than 90 days prior to his Date of Participation and no later than his Date of Participation.

(ii) Notice of Late Election Option: Alternatively, the Employer may provide written notice to Participants, at least 30 days, but not more than 90 days, prior to the first day of the applicable Plan Year that, at a later date in the Plan Year, it may elect to make the 3% Safe Harbor Contribution and that, if such election is made, a supplemental notice will be provided to Participants at least 30 days prior to the last day of the Plan Year informing them of such election.

(iii) Contents of Notice: All notices shall be written in a manner calculated to be understood by the average Participant and shall describe the Participant's rights and obligations under the Plan.

(d) Modification of Deferral Elections: In addition to the provisions of Section 3.04(b) with regard to amendment of deferral elections, a Participant may make or modify his salary deferral election during the thirty-day period immediately following receipt of the notice described in Section 3.13(b).

(e) Reduction or Elimination of Safe Harbor Matching Contributions: The Plan may be amended during a Plan Year to reduce or eliminate the Safe Harbor Matching Contribution, provided that the conditions of Sections 3.13(e)(i), (ii), (iii) and (iv) below are satisfied and provided that all other requirements of the Safe Harbor are satisfied through the effective date of the amendment.

(i) Notice: A supplemental notice shall be provided to all Participants explaining the consequences of the amendment , specifying the effective date of the amendment, and informing Participants of their right to modify their salary deferral elections and, if applicable, voluntary nondeductible contribution elections.

(ii) Effective Date: Any reduction or elimination of Safe Harbor Matching Contributions shall be effective no earlier than the later of (A) 30 days after the supplemental notice required in Section 3.13(e)(i) has been provided to Participants and (B) the date on which the amendment is adopted.

(iii) Modification of Elections: A participant may modify his salary deferral election and, if applicable, his voluntary nondeductible contribution election, during the thirty-day period immediately following receipt of the supplemental notice provided in accordance with Section 3.13(e)(i) above.

(iv) Testing: The Actual Deferral Percentage Limitations of Section 3.05 and, if applicable, the Actual Contribution Percentage Limitations of Section 3.12 must be satisfied for the entire Plan Year, using the current year testing method.

3.14 Automatic Contribution Arrangement:

(a) Each Covered Participant, as defined herein, shall be deemed to have elected to make an elective deferral contribution to the Trust and thereby to defer receipt of 6% of his Compensation for each pay period (hereinafter referred to as the "automatic deferral amount"), subject to the limitations set forth in Section 3.05, and the then applicable limits under Code Section 402(g); provided, however, that in no event shall an elective deferral contribution be permitted by any Participant to the extent that it would result in a violation of Code Section 415 (See Plan Appendix, "Limitations - Section 415") or Code Section 401(k). To the extent that any other provision of this Article III is inconsistent with automatic contribution arrangement provisions of this Section 3.14, this Section shall govern.

(b) Written notice of the automatic contribution arrangement and automatic deferral amount shall be given to each Covered Participant no more than 90 days prior to his initial Date of Participation (and no later than his Date of Participation) and to each Covered Participant at least 30 days, but not more than 90 days, prior to the beginning of each Plan Year. The notice must describe accurately and in terms calculated to be understood, (i) the amount of the automatic deferral that will be made on behalf of the Covered Employee in the absence of an affirmative election, (ii) the right of the Covered Participant to have no elective deferral made on his behalf or to have an elective deferral made on his behalf in a different amount, and (iii) how the automatic deferrals will be invested in the absence of an affirmative election by the Covered Participant.

(c) Each Covered Participant shall be accorded reasonable opportunity to modify his deferral election for the applicable Plan Year, to increase or reduce the deferral amount, or to opt out of the automatic deferral feature by entering into a deferral election agreement with the Employer. Such election shall be implemented by the Employer as soon as administratively feasible after receipt of same. In the event a Participant elects to opt out of the elective deferral feature with respect to any Plan Year, such election shall remain in effect for the remainder of that Plan Year and for succeeding Plan Years, unless and until the Participant affirmatively elects to make an elective deferral contribution by entering into a deferral election agreement with the Employer.

(d) For purposes of this Section 3.14, a "Covered Participant" is a Participant for whom no affirmative election regarding elective deferral contributions is in effect as of the effective date of this Section 3.14 or, if later his Date of Participation.

ARTICLE IV - ALLOCATIONS

4.01 Allocation of Employer Contributions:

(a) Each Participant's share of any Employer contributions paid into or accrued for the Trust for each Plan Year shall be determined by applying the formula A/B x C. A is the Eligible Participant's Compensation for the year, B is the Compensation of all Eligible Participants and C is the total Employer contribution.

(b) An Eligible Participant is one who is still employed by the Employer on the last day of that Plan Year. In addition, any Participant whose employment is terminated during the Plan Year because of death, disability or attainment of Normal Retirement Age shall be deemed to be an Eligible Participant for purposes of this Section 4.01.

(c) Notwithstanding the foregoing, for any Plan Year for which the top heavy provisions of Article X apply, the Participant's share of Employer contributions shall be determined in accordance with Section 10.03.

(d) Each Participant's share of Employer contributions for the Plan Year shall be allocated to his Employer Contribution Account.

4.02 Application of Miscellaneous Receipts: Any miscellaneous receipts occurring during the Plan Year, as provided in Section 12.06, shall be applied as of the last day of the Plan Year toward satisfaction of administrative expenses, as Employer contributions in accordance with Section 3.01 or, during any top heavy year, Section 10.03 or, as Employer matching contributions in accordance with Section 3.10.

4.03 Crediting Gains and Losses on General Trust Investments: The share of the gains and losses on the general investments of the Trust shall be credited to Participants' accounts as of each valuation date, as provided in Section 5.05. The amount to be credited or charged to each Participant's account shall be determined by applying the formula A/B x C. A is the market value of the Participant's accounts at the beginning of the Plan Year or other valuation period; B is the market value of the total accounts of all Participants at the beginning of the Plan Year or other valuation period, and C is the net gain or loss on the Trust investments for the Plan Year or other valuation period. For purposes of this computation, however, there shall be excluded from the Participant's account balances any amounts which otherwise would be credited under Sections 4.01, 4.02, and 4.04 for the current year.

4.04 Investment of Accounts: A Participant shall have the right to direct the investment of all assets in his account, in increments of 1%, subject to any restriction or limitation published in writing by the Committee and subject, further, to any restriction or limitation associated with any specific investment vehicle selected by the Participant. Each Participant may choose from among such investment options as may be made available, from time to time, by the Committee and which individually and collectively are designed to conform to Labor Regulation § 2550.404c-1, with the intent that the Plan will be deemed to be a Section 404(c) plan in order that fiduciaries of the Plan may be relieved of liability for any losses which are the direct and necessary result of a Participant's investment directions. The Committee, in its sole discretion, may add or delete investment options at any time as it determines to be in the best interest of Participants. To the extent that a Participant fails to provide investment instructions at such time and in such manner as the Committee may require, the Participant shall be presumed to have elected to have all amounts then held within his account, as well as all future contributions made by him or for his benefit, invested in the qualified default investment alternative which the Committee shall designate from time to time.

A Participant's investment directives under this Section 4.04, with respect to future contributions, may be made or modified at any time and will become effective as soon as administratively feasible after appropriate notice has been provided to the Committee. With respect to reinvestment of prior accumulation, a Participant may direct that up to the total value held in any investment option for the benefit of his account be transferred to any other investment option or options in increments of 1%, such directive to be implemented as soon as administratively feasible after appropriate notice is received by the Committee, provided that the value of any account or portion thereof to be reinvested shall be determined on the Valuation Date immediately preceding the date of the transfer.

Neither the Committee nor the Trustee shall have any liability for following the directions of the Participant or any duty to ascertain whether any investment directive is prudent. If, at any time, the Committee or Trustee believes that any investment direction may or will result in a prohibited transaction, or otherwise adversely affect the qualified status of the Plan, the Committee or Trustee, without liability to the Participant or any other party, may refuse to implement such direction or may require reversal of such direction, unless and until satisfied, based upon such opinions of counsel as desired, that the transaction and/or investment does not and will not have such result or effect.

ARTICLE V - BENEFITS

5.01 Retirement Benefits:

(a) Normal Retirement: A Participant is entitled to receive his Normal Retirement Benefit as of his Normal Retirement Date.

(i) Normal Retirement Date shall mean the later of the date on which the Participant attains age 65 or the 5th anniversary of his Date of Participation.

(ii) Normal Retirement Benefit shall mean the entire balance of the Participant's account, valued in accordance with the provisions of Section 5.05, and distributed in accordance with the provisions of Articles VI and VII of the Plan.

(b) Late Retirement: A Participant whose employment continues beyond his Normal Retirement Date shall continue to participate in this Plan until his actual retirement and is entitled to receive, as his Late Retirement Benefit, the entire balance remaining in his account, valued in accordance with the provisions of Section 5.05, and distributed in accordance with the provisions of Articles VI and VII of the Plan.

(c) Early Retirement: No Early Retirement Benefit is provided under the terms of this Plan.

5.02 Disability Benefit: A Participant whose employment with the Employer ceases as a result of total disability (including while on a leave of absence for Qualified Military Service, in accordance with Section 12.04) shall be entitled to receive, as his Disability Benefit, the entire balance of his account, valued in accordance with the provisions of Section 5.05 and distributed in accordance with the provisions of Articles VI and VII as of his Disability Date.

(a) "Disability Date" shall mean the date as of which the Committee determines, in a nondiscriminatory manner, that the Participant has sustained a total disability.

(b) "Total Disability" shall mean any physical or mental impairment which renders the Participant unable to engage in his usual and customary activities or comparable activity for a period of six months. Such determination shall be made by the Committee and may be based upon the Participant's receipt of Social Security disability payments or other disability insurance benefits or upon other independent medical opinion. Notwithstanding the foregoing, no Participant shall be entitled to a Disability Benefit if the physical or mental impairment (i) was intentionally self-inflicted or (ii) was incurred, suffered, or occurred while the Participant was engaged in, or resulted from the Participant having engaged in, a criminal enterprise.

5.03 Death Benefit: Upon the death of a Participant prior to his separation from service with the Employer (including while on a leave of absence for Qualified Military Service, in accordance with Section 12.04), the entire balance of his account, valued in accordance with the provisions of Section 5.05, shall be distributable, as a Death Benefit, as soon as administratively feasible and in accordance with the provisions of Articles VII of the Plan.

5.04 Deferred Vested Benefit: The Vested Portion of a Participant's Accounts shall be 100% at all times, such that he shall be entitled to the entire balance in his account, valued in accordance with the provisions of Section 5.05, if his participation ceases for any reason whatsoever. Distribution of such deferred vested benefit shall be made in accordance with the provisions of Articles VI and VII.

5.05 Valuation Date: The assets of the Plan shall be valued as of each day on which the New York Stock Exchange is open for trading. For purposes of distribution, the value of a Participant's account shall be determined as of the valuation date coincident with or immediately preceding the date on which (a) the Participant or other payee becomes entitled to distribution by virtue of the occurrence of a distributable event, (b) consent of the Participant or other payee is provided (if such consent is required), and (c) the Participant or other payee completes and submits all required distribution election forms, if any, which date shall be referred to as the "benefit entitlement date."

5.06 "Year of Vested Service": A Participant shall be credited with a Year of Vested Service, for purposes of Section 5.04, for any Plan Year, or any comparable twelve-month period prior to the Effective Date of the Plan, during which he has been credited with an Hour of Service.

5.07 Forfeiture for Cause: No vested benefit under this Plan shall be subject to forfeiture for cause.

5.08 In-Service Withdrawals: Any Participant may make withdrawals, at any time and without regard to termination of employment with the Employer, from his Employer Contribution Account, and Voluntary Nondeductible Contribution Account, or from amounts transferred to this Plan from a prior plan or by rollover pursuant to Article XIII. Any Participant who has attained age 59-1/2 may make withdrawals from any or all of his Accounts prior to his termination of employment with the Employer; provided, however, that such withdrawals shall be made from the following sources in the following order: (a) amounts transferred to this Plan from a prior plan or by rollover pursuant to Article XIII, (b) Voluntary Nondeductible Contribution Account, (c) Employer Contribution Account and/or Employer Matching Contribution Account, and (d) Elective Deferral Contribution Account.

5.09 Qualified Reservist Distribution: Effective as of January 1, 2011, any Participant, regardless of age, who is a member of the reserves and who is ordered or called to active duty for a period in excess of 179 days or for an indefinite period may withdraw all or any portion of his Elective Deferral Contribution Account, provided that such withdrawal is made during the period beginning on the date of such order or call to active duty and ending at the close of the active duty period.

ARTICLE VI - COMMENCEMENT OF BENEFITS

6.01 General: Subject to the provisions of Section 6.02, unless the Participant elects otherwise, distribution of each Participant's benefits shall begin not later than the 60th day following the close of the Plan Year in which the latest of the following occurs:

(a) The Participant attains age 65 or his Normal Retirement Age, if earlier,

(b) There occurs the 10th anniversary of the Participant's Date of Participation, or

(c) The Participant terminates his employment with the Employer.

Notwithstanding the foregoing, the failure of a Participant and/or his spouse, if spousal consent is required, to consent to a distribution while a benefit is immediately distributable shall be deemed to be an election to defer commencement of payment of such benefit.

6.02 Required Commencement Date: As to any Participant who is a Five Percent Owner, as defined in Section 1.16, during the Plan Year ending in the calendar year in which the Participant attains age 70-1/2, distribution of benefits shall begin not later than the first day of April following the calendar year in which the Participant attains age 70-1/2, which date shall be the Participant's "required commencement date." Once distribution has begun to a Five Percent Owner pursuant to this Section 6.02, such distribution must continue even if the Participant ceases to be a Five Percent Owner in a subsequent year.

Except with respect to a Participant who is a Five Percent Owner and except as provided in Section 6.03, distribution of benefits shall begin not later the first day of April of the calendar year following the later of the calendar year in which the Participant attains age 70-1/2, or the calendar year in which the Participant retires, which date shall be the Participant's "required commencement date."

6.03 TEFRA Section 242(b)(2) Election: Notwithstanding the foregoing, if the Participant had accrued a benefit under the plan as of December 31, 1983, and executed a distribution designation ("Section 242(b)(2) election") prior to January 1, 1984, the Trustee shall distribute the Participant's benefits in accordance with the commencement date specified in that designation, provided that the distribution designation specifies the time at which distribution will commence, the period over which distributions will be made, and, in the case of a distribution by reason of death, the beneficiaries of the Participant, listed in order of priority, and provided, further, that such designation has not been revoked or modified after December 31, 1983. For purposes of the foregoing and except as otherwise provided by law, such a distribution designation shall not be deemed to have been modified except by affirmative action by the Participant.

If any designation to which Section 6.03 refers is revoked, any subsequent distribution must satisfy the requirements of Code Section 401(a)(9) and the regulations issued thereunder. If such a designation is revoked subsequent to the date which otherwise would have been the Participant's required commencement date, the Trustee must distribute, by the end of the calendar year following the calendar year in which the revocation occurs, the total amount not yet distributed which would have been distributed, but for the Section 242(b) designation, in order to satisfy Code Section 401(a)(9) and the regulations issued thereunder. The mere substitution or addition of a beneficiary under the designation will not be considered to be a revocation of the designation, provided that such substitution or addition does not alter the period over which distributions are to be made under the designation, directly or indirectly, such as by altering the relevant measuring life.

6.04 Required Minimum Distributions:

(a) General Rules: The provisions of this Section 6.04 will apply for purposes of determining required minimum distributions for calendar years beginning after December 31, 2002, and will be applied in accordance with the Treasury regulations under Code Section 401(a)(9); provided, however, that distributions may be made, pursuant to Section 6.03, in accordance with a valid Section 242(b)(2) election. Distribution of the Participant's entire interest will be made or commenced no later than the Participant's required commencement date, as provided in Section 6.02.

(b) Death of Participant Before Distributions Begin: If the Participant dies before distributions begin, distribution of the Participant's entire interest will be made or commenced as follows:

(i) If the Participant's surviving spouse is the Participant's sole designated beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70-1/2, if later.

(ii) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, then distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, and, the amount payable to each beneficiary will be distributed, at the election of that beneficiary, either (A) by December 31 of the calendar year containing the fifth anniversary of the Participant's death or (B) over the life of such beneficiary or over a period not extending beyond the life expectancy of such beneficiary.

(iii) If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iv) If the Participant's surviving spouse is the Participant's sole designated beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 6.04(b), other than Section 6.04(b)(i), will apply as if the surviving spouse were the Participant.

For purposes of this Section 6.04(b) and Section 6.04(e), unless Section 6.04(b)(iv) applies, distributions are considered to begin on the Participant's required beginning date. If Section 6.04(b)(iv) applies, distributions are considered to begin on the date on which the Plan is required to begin making distributions to the surviving spouse under Section 6.04(b)(i). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date on which the Plan is required to begin making distributions to the surviving spouse under section 6.04(b)(i)), the date distributions are considered to begin is the date distributions actually commence.

(c) Forms of Distribution: Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year, distributions will be made in accordance with Sections 6.04(d) and 6.04(e). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and applicable Treasury regulations.

(d) Required Minimum Distributions During Lifetime of Participant: During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(i) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or

(ii) if the Participant's sole designated beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

The required minimum distributions, as determined in accordance with this Section 6.04(d), shall begin with the first distribution calendar year and continue through the distribution calendar year that includes the Participant's date of death.

(e) Required Minimum Distributions After Death of Participant:

(i) Death On or After Date Distributions Begin:

(A) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated beneficiary, determined as follows:

(1) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year,

(2) If the Participant's surviving spouse is the Participant's sole designated beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death, using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(3) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, the designated beneficiary's remaining life expectancy is calculated using the age of the beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(B) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) <u>Death Before Date Distributions Begin:</u>

(A) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated beneficiary, determined as provided in section 6.04(e)(i).

(B) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(C) Death of Surviving Spouse Before Distributions to Surviving Spouse are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated beneficiary, and the surviving spouse dies before the Plan is required to begin making distributions to the surviving spouse under Section 6.04(b), this Section 6.04(e)(ii) will apply as if the surviving spouse were the Participant.

(f) Definitions: For purposes of applying the required minimum distribution provisions of this Section 6.04:

(i) "Designated Beneficiary" shall mean the individual who is designated as the beneficiary under Article VII of the plan and is the designated beneficiary under Section 401(a)(9) of the Internal Revenue Code and Section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.

(ii) "Distribution Calendar Year" shall mean a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required commencement date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are to begin under section 6.04(b). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required commencement date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required commencement date occurs, will be made on or before December 31 of that distribution calendar year.

(iii) "Life Expectancy" shall mean life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury regulations.

(iv) "Participant's Account Balance" shall mean the account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year), increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date, and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the plan either in the valuation calendar year or in the distribution calendar year, if distributed or transferred in the valuation calendar year.

(g) 2009 Required Minimum Distributions: A Participant or Beneficiary to whom a required minimum distribution for 2009 would have been required in accordance with this Section 6.04 but for the enactment of Code Section 401(a)(9)(H) ("2009 Required Minimum Distributions") and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2009 Required Minimum Distributions or (2) one or more payments in a series of substantially equal distributions (that include the 2009 Required Minimum Distributions) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancies) of the Participant and the Participant's Designated Beneficiary, or for a period of at least ten years ("Extended 2009 Required Minimum Distributions") will not receive those 2009 Required Minimum Distributions unless the Participant or Beneficiary affirmatively elects, after having been given an opportunity to do so, to receive such distributions. For purposes of the direct rollover provisions of Section 7.07, 2009 Required Minimum Distributions and Extended 2009 Required Minimum Distributions will be treated as eligible rollover distributions.

6.05 Cash-Out Distribution: Subject to the Direct Rollover provisions of Article VII, the Committee shall make distribution, in advance of the date provided in Section 6.01, to a Participant whose employment with the Employer has been terminated for reasons other than death, disability or retirement, provided that the distribution is made in a lump sum, consists of the Participant's entire account (exclusive of any accumulated deductible employee contributions, within the meaning of Code Section 72(o)(5)(B), for Plan Years beginning prior to January 1, 1989), and satisfies the following terms and conditions:

(a) If the Participant's account is valued at $1,000 or less, the Committee shall direct the immediate distribution of such account.

(b) If the Participant's account is valued in excess of $1,000 but not in excess of $5,000, and unless the Participant elects to have such distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover or to receive the distribution in a lump sum payment, in accordance with Section 6.05, such cash-out distribution shall be transferred, for the benefit of the Participant, by direct rollover to an individual retirement plan designated by the Committee.

(c) If the Participant's account exceeds $5,000.00, the Participant must consent to the cash-out distribution in writing. In addition, as to any cash-out distribution for which written consent of the Participant is required, as provided in this Section 6.05(c), if a Participant's account is subject to provisions requiring distribution in the form of a qualified joint and survivor annuity or qualified pre-retirement survivor annuity pursuant to Article VII of this Plan, the Participant's spouse, if any, must consent to such a cash-out distribution in writing as provided in Article VII. With respect to cash-out distributions made to a Participant as to whom the qualified joint and survivor annuity provisions of Article VII do not apply, if the value of the Participant's vested account balance derived from Employer and employee contributions either exceeds $5,000.00 or is a remaining payment under a selected optional form of payment that exceeded $5,000.00 at the time the selected payment began, the Participant must consent to the distribution.

(d) The value of the Participant's account shall be determined in accordance with the provisions of Section 5.05.

(e) A cash-out distribution shall be made as soon as administratively feasible, subject to the customary procedures of the Committee, following the date on which the Participant's employment terminates, which date shall be deemed to be the Participant's benefit entitlement date for purposes of Section 5.05.

6.06 Distribution Pursuant to a Qualified Domestic Relations Order: Notwithstanding any other provision of this Plan, the Trustee may make a distribution at any time as directed pursuant to a domestic relations order, which has been determined to be a Qualified Domestic Relations Order under Article XV of this Plan, to an alternate payee without regard to whether the Participant has separated from service with the Employer or has attained the earliest retirement age under the Plan.

ARTICLE VII - FORM OF BENEFITS

7.01 Method of Payment: All benefits hereunder shall be paid to the Participant or his Beneficiary in the form of a single lump sum payment.

7.02 Distribution of Benefits Upon Death: In the event a Participant should die prior to receiving any or all of his benefits, such benefits shall be paid to the Participant's surviving spouse; provided, however, that if there is no surviving spouse, or if the surviving spouse has already consented to another beneficiary designation in a writing which acknowledges the effect of such election and which is witnessed by a representative of the Plan Administrator or a notary public, such benefits shall be paid to the Participant's designated Beneficiary or, if none, in accordance with Section 7.03.

7.03 Designation of Beneficiary: Each Participant may designate one or more primary or contingent Beneficiaries to whom his benefits are to be paid in the event the Participant should die prior to receiving such benefits. Such designation shall be made in writing and shall be filed with the Plan Administrator. Notwithstanding the foregoing, in the event the Participant designates a Beneficiary other than his surviving spouse, such designation shall not be effective unless the Participant's spouse consents or has consented to such designation in accordance with Section 7.02. In the event a Participant designates his spouse as a beneficiary, such designation shall become null and void upon the entry of a decree in divorce by a court of competent jurisdiction, absent an order of court or a signed, written agreement between the parties to the contrary. If, at the time of the Participant's death, no such Beneficiary is living, or if the Participant has failed to designate one and the Participant has no surviving spouse, the Trustee shall pay the benefits as follows: (a) to the Participant's then living children, including adopted children, in equal shares, or (b) if there is no living child, to the surviving parent or parents of the Participant in equal shares, or (c) if there is no living child or parent, to the legal representative of the Participant's estate.

7.04 Qualified Joint and Survivor Annuity: Notwithstanding anything herein to the contrary, in the event any account transferred to this Plan pursuant to Article XIII otherwise would be subject to provisions requiring distribution in the form of a qualified joint and survivor annuity or Qualified Pre-Retirement Survivor Annuity, then the normal form of benefit distribution, as to such account, shall be a Qualified Joint and Survivor Annuity, unless an election is made, as provided in Section 7.05, not to receive the benefits in such form. For purposes of this Plan, "Qualified Joint and Survivor Annuity" shall mean an immediate annuity for the life of the Participant, with a survivor annuity for the life of the Participant's spouse which is 50% of the amount of the annuity payable during the joint lives of the Participant and the spouse, and which is the actuarial equivalent of a single life annuity for the life of the Participant. For an unmarried Participant, "Qualified Joint and Survivor Annuity" shall mean an immediate life annuity for the Participant. The Participant may elect to have such annuity distributed upon his attainment of the earliest retirement age under the Plan.

7.05 Election of Alternate Form of Benefits:

(a) Any Participant who becomes entitled to benefits at or prior to retirement from an account which is subject to Section 7.04 may elect to receive distribution of those benefits in any of the forms listed in Section 7.01 or in the form of a Qualified Optional Survivor Annuity, which is an immediate annuity for the life of the Participant, with a survivor annuity for the life of the Participant's spouse which is 75% of the amount of the annuity payable during the joint lives of the Participant and the spouse, and which is the actuarial equivalent of a single life annuity for the life of the Participant, provided that:

(i) the election is made in writing, on a form to be furnished by the Plan Administrator, and designates a beneficiary, including any class of beneficiaries or any contingent beneficiaries, and the form of benefits, which beneficiary or beneficiaries and form of benefit may not be changed without spousal consent, as provided herein, unless the consent of the Participant's spouse, as provided in this Section 7.05, expressly permits designations by the Participant without further consent by his spouse, and

(ii) the Participant's spouse consents in writing to the election, the spousal consent acknowledges the effect of such election, and the spousal consent is witnessed by a representative of the Plan Administrator or a notary public, or

(iii) the Participant establishes, to the satisfaction of the Plan Administrator, that the written consent of the spouse cannot be obtained because there is no spouse or because the spouse cannot be located.

(b) The written explanation described in Section 7.06(a) may be provided to the Participant subsequent to the Participant's benefit commencement date. In such event, however, the period within which the Participant may elect to waive the Qualified Joint and Survivor Annuity in accordance with Section 7.05 shall not end prior to the 30th day following the date on which such explanation is provided.

(c) Any consent by a spouse obtained under this Section 7.05 (or establishment that the consent of a spouse may not be obtained) shall be effective only with respect to such spouse. A consent that permits designations by the Participant without any requirement of further consent by such spouse must acknowledge that the spouse has the right to limit consent to a specific beneficiary and/or a specific form of benefits where applicable, and that the spouse voluntarily elects to relinquish either or both of such rights.

(d) A Participant may elect (with any applicable spousal consent) to waive the requirement of Section 7.06(a) that the written explanation be provided at least 30 days prior to the Participant's benefit commencement date, provided that (i) the Participant has been advised that he has at least 30 days to consider whether to waive the joint and survivor annuity and (with spousal consent) elect an alternate form of distribution; (ii) distribution commences more than 7 days after the written explanation is provided, and (iii) the Participant may revoke any affirmative distribution election made at any time within the seven-day period which begins on the date the written explanation is provided.

(e) No spousal consent obtained under this provision shall be valid unless the Participant has received notice as required in Section 7.06.

7.06 Waiver of Joint and Survivor Annuity Benefit:

(a) At least 30 days, but no more than 180 days, prior to the Participant's benefit commencement date, the Plan Administrator shall provide the Participant with a written explanation of the terms and conditions of the Qualified Joint and Survivor Annuity benefit provided under Section 7.04 and the Qualified Optional Survivor Annuity provided under Section 7.05, the right of the Participant to make, and the effect of, an election to waive the Qualified Joint and Survivor Annuity form of benefit, the rights of the Participant's spouse regarding the waiver election, and the Participant's right to make, and the effect of, a revocation of a waiver election. The written explanation shall comply with the requirements of Regulation § 1.417(a)(3)-1. A waiver election may be made at any time prior to the Participant's benefit commencement date in accordance with Section 7.05.

(b) A Participant may revoke an election and thereafter make a new election by giving written notice of such revocation to the Plan Administrator at any time and any number of times prior to his benefit commencement date.

(c) For purposes of this Section 7.06, the Participant's "benefit commencement date" shall mean the first day of the first period for which an amount is payable as an annuity or in any other form.

7.07 Qualified Pre-Retirement Survivor Annuity:

(a) Unless otherwise elected, as provided in this Section 7.07, a Participant who has an account which is subject to Section 7.04 and who dies while employed by the Employer or after termination of employment but prior to attainment of his Normal Retirement Date or Early Retirement Date, if the Plan provides for early retirement, shall have his benefits from such account paid in the form of a Qualified Pre-Retirement Survivor Annuity. The surviving spouse may elect to have payment of benefits under such annuity commence within a reasonable period after the Participant's death.

(b) The Pre-Retirement Survivor Annuity shall be a lifetime income payable to the Participant's surviving spouse, the actuarial equivalent of which is not less than 50% of the balance of that account as of the date of death.

(c) An election to waive the Pre-Retirement Survivor Annuity made by the Participant must be made within the applicable election period, in writing, and the spouse must consent in the same manner as required in Section 7.05.

(i) The applicable election period during which a Participant may waive the Pre-Retirement Survivor Annuity shall begin on the first day of the Plan Year during which the Participant attains age 35 and shall end on the date of the Participant's death. In the event the Participant's employment is terminated prior to the first day of the Plan Year in which he attains age 35, the election period shall begin on the date of termination of employment.

A Participant who will not yet attain age 35 as of the end of any current Plan Year may make a special qualified election to waive the Qualified Pre-Retirement Survivor Annuity for the period beginning on the date of such election and ending on the first day of the Plan Year in which the Participant will attain age 35. Such election shall not be valid unless the

Participant receives a written explanation of the Qualified Pre-Retirement Survivor Annuity in such terms as are comparable to the explanation required in Section 7.06(a). Qualified Pre-Retirement Survivor Annuity coverage will be reinstated automatically as of the date on which the Participant attains age 35. Any new waiver on or after such date shall be subject to the full requirements of this Section 7.07.

(ii) Within the applicable period, the Plan Administrator shall provide each Participant with a written explanation of the Pre-Retirement Survivor Annuity in such terms and in such manner as would be comparable to the explanation provided under Section 7.06, with regard to the Qualified Joint and Survivor Annuity. The applicable period for a Participant is whichever of the following periods ends last:

(A) the period beginning with the first day of the Plan Year in which the Participant attains age 32 and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age 35;

(B) a reasonable period ending after the individual becomes a Participant;

(C) a reasonable period ending after the Joint and Survivor Annuity rules become applicable to the Participant, or

(D) a reasonable period after a fully subsidized Pre-Retirement Survivor Annuity no longer satisfies the requirements for a fully subsidized benefit.

For purposes of this Section 7.07(c)(ii), a reasonable period ending after the enumerated events described in (B), (C), and (D) above is the period beginning one year before, and ending one year after, the applicable event; provided, however, that in the event a Participant separates from service before the Plan Year in which he attains age 35, the Plan Administrator shall provide the written explanation within the two -year period beginning one year before, and ending one year after the separation from service. In the event such Participant thereafter returns to employment with the Employer, the applicable period for such Participant shall be redetermined.

(iii) A Participant may revoke an election (and thereafter make a new election) to waive the Pre-Retirement Survivor Annuity under Subparagraph (c) above by giving written notice of such revocation to the Plan Administrator at any time and any number of times prior to the Participant's death.

(d) Unless prohibited by law, and except as required under the method of payment elected by the Participant, a surviving spouse who is to receive benefits under this Section 7.07 may elect to receive the present value of the Qualified Pre-Retirement Survivor Annuity in a lump sum.

7.08 <u>Direct Rollover of Eligible Rollover Distribution</u>:

(a) Notwithstanding any provision of the Plan to the contrary that otherwise would limit a distributee's election under this Section 7.08, a distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

(b) For purposes of applying this Section 7.08:

(i) An "eligible rollover distribution" is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; any hardship distribution, as defined in Code Section 401(k)(2)(B)(i)(IV), and any other distribution that is reasonably expected to total less than $200 during a year. For purposes of the $200 rule, a distribution from a Roth Elective Deferral Contribution Account and a distribution from one or more other accounts in the Plan shall be treated as if made from separate plans.

(ii) An "eligible retirement plan" is an individual retirement account described in Code Section 408(a), a Roth individual retirement account described in Code Section 408A, an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a) of the Code, an annuity contract described in Code Section 403(b), or a qualified trust described in Section 401(a) of the Code, that accepts the distributee's eligible rollover distribution. In addition, "eligible retirement plan" shall mean an eligible plan under Code Section 457(b) which is maintained by a state, a political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to account for separately amounts transferred into such plan from this Plan. With respect to any portion of an eligible rollover distribution that consists of after-tax employee contributions that are not includible in gross income, an eligible retirement plan is limited to an individual retirement account described in Code Section 408(a) or 408A, an individual retirement annuity described in Code Section 408(b), or a qualified plan described in Code Section 401(a) or annuity plan described in Code Section 403(b) that agrees to maintain separate accounting for amounts transferred (and earnings thereon), as between the portion which is includible in gross income and the portion which is not so includible.

(iii) A "distributee" includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), and are distributees with regard to the interest of the spouse or former spouse. Further, as to distributions after December 31, 2006, "distributee" includes any other individual who is the designated beneficiary, as defined in Code Section 401(a)(9)(E), of the employee or former employee, provided, however, that with respect to such a non-spouse designated beneficiary, an eligible retirement plan, as defined above is limited to an individual retirement account described in Code Section 408(a) or 408A established for such purpose.

(iv) A "direct rollover" is a payment by the plan to the eligible retirement plan specified by the distributee.

ARTICLE VIII - ADMINISTRATION OF THE PLAN

8.01 Plan Administrator: The Benefits Administration Committee (the "Committee") shall be the Plan Administrator and shall have all powers to administer the Plan within its absolute discretion, other than the power to invest or reinvest the assets of the Plan, which power shall be delegated to the Investment Manager as provided herein, and such other powers as have been delegated expressly to the Trustee. This shall include, but not be limited to, the powers to construe and interpret the Plan documents and to administer the Plan in accordance with its terms; to adopt such rules, regulations and administrative procedures as deemed necessary or desirable in connection with the administration of the Plan; to make all determinations with regard to eligibility for participation and entitlement to benefits and to have full and final authority as to such determinations; to make any adjustments deemed necessary to correct arithmetical or accounting errors; to determine the amount, form and/or timing of distributions from the Plan; to approve, restrict and/or enforce Participant loans, if loans are permitted under the terms of the Plan; to make factual determinations relating to allocations of contributions and distribution of benefits; to correct any defect, supply any omission or reconcile any inconsistency in such manner and to such extent as deemed necessary or appropriate to carry out the terms of the Plan, and to appoint such counsel, accountants, specialists and other persons, as well as agent, designees or delegates, as deemed necessary or desirable in connection with the operation and administration of the Plan. The Committee, from time to time, may establish rules for the administration of the Plan.

The Committee shall endeavor to act by general rules so as not to discriminate in favor of any person. Its decisions and records shall be conclusive and binding upon the Employer, Participants, and all other persons having an interest under the Plan. No member of the Committee shall be disqualified from exercising the powers and discretion herein conferred by reason of the fact that the exercise of any such power or discretion may affect the payment of benefits to such member under the Plan; however, no member may vote on a matter relating exclusively to such member. To the extent administratively feasible, the period of notice required for Participants' elections to commence, change or suspend contributions hereunder or to make or change investment elections for either future contributions or existing accounts may be relaxed, reduced or eliminated by the Committee in accordance with uniform and nondiscriminatory rules.

8.02 Committee Actions: The Committee may appoint such agents, who need not be members of the Committee, as it deems necessary for the effective performance of its duties and may delegate to such agents such powers and duties as the Committee deems expedient or appropriate. Any action of the Committee shall be evidenced by the signature of a member who has been so authorized by the Committee, and the Trustee shall be fully protected in acting in reliance thereon. A certificate of the secretary or an assistant secretary of the Committee setting forth the names of the members shall be sufficient evidence at all times of the composition of the Committee.

The Committee may hold meetings upon such notice, at such time and place, and in such manner as the Committee may determine. The Committee shall act by a majority of its members, which also shall constitute a quorum for the transaction of business. Action may be taken by a vote at a meeting or by written consent without a meeting. The Committee shall keep, or cause to be kept, all records and other data as may be necessary or advisable for the administration of the Plan.

8.03 Personal Liability: To the extent not contrary to the provisions of ERISA, no member of the Committee, officer, supervisor or employee of an Employer shall be personally liable for acts done in good faith hereunder unless resulting from such member's own negligence or willful misconduct. Each such member of the Committee, officer and supervisor shall be indemnified by the Employer against expenses reasonably incurred by such member in connection with any action to which he may be a party by reason of such member's responsibilities hereunder, except in relation to matters as to which such member shall be adjudged in such action to be liable for negligence or misconduct in the performance of such member's duty. However, nothing in this Plan shall be deemed to relieve any person who is a fiduciary under the Plan for purposes of ERISA from any responsibility or liability which such Act shall impose upon such member.

8.04 Investment Manager: Subject to the terms of the Trust Agreement, the Employer may appoint one or more individuals and/or entities to serve as Investment Managers, to whom the Committee may delegate the authority to direct the investment and reinvestment of part or all of the Plan assets. The Trustee may be designated as Investment Manager. The Employer shall have to sole authority to appoint, remove and/or replace any Investment Manager. Each Investment Manager shall acknowledge in writing that the Investment Manager is a fiduciary with respect to the Plan. Each Investment Manager shall be (a) registered as an investment adviser under the Investment Advisers Act of 1940, (b) a bank, as defined in such Act, or (c) an insurance company qualified to manage, assign and dispose of qualified plan assets.

ARTICLE IX - CLAIMS

9.01 Claims: Participants and Beneficiaries shall direct all benefit claims to the Committee as Plan Administrator. Such claims may be made either orally or in writing. The Committee shall allow or deny the claim within 60 days after it is made. If the claim is denied, the Committee, after consulting legal counsel, shall notify the claimant of the denial in writing within the above sixty-day period. The notice of denial shall give the specific reason or reasons for denial, shall refer to the Plan provisions upon which the denial is based, shall describe any information or material with which the claimant could perfect his claim and explain why such material is necessary, and shall describe the claims review procedure.

9.02 Review of Claim: The Participant or Beneficiary may demand a review of his claim within 90 days after the denial of his claim. The review shall be made, at the claimant's written request, by the Trustee, legal counsel and the Committee. The claimant shall have access to all pertinent documents and shall be entitled to submit oral and written arguments to the reviewing group. Decisions on review shall be made within 30 days after the request for review. If the claim is denied after review, the decision shall be in writing and shall contain the same information as the notice of denial.

ARTICLE X - TOP HEAVY PROVISIONS

10.01 Definitions: For purposes of applying the provisions of this Article X:

(a) "Compensation" shall have the same meaning as under Code Section 415(c)(3) and as set forth in Appendix I, but shall include amounts contributed, if any, by the Employer pursuant to a salary reduction agreement which are excludable from income under Code Section 125, 402(a)(8), 402(h), 403(b) and/or for Plan Years beginning after December 31, 2000, 132(f)(4).

(b) "Determination Date" shall mean, for any Plan Year, the last day of the preceding Plan Year or, in the case of the first Plan Year, the last day of such Plan Year.

(c) "Key Employee" shall mean any Employee or former Employee (including any deceased Employee) who, at any time during the Plan Year containing the Determination Date was an officer of the Employer having annual Compensation greater than $130,000 (as adjusted under Code Section 416(i)(1)), a Five Percent Owner of the Employer, or a one percent owner of the Employer having annual compensation greater than $150,000. In addition and notwithstanding any of the foregoing to the contrary, the term "Key Employee" shall be defined, at all times, in accordance with Code Section 416(i)(1), the applicable regulations and other guidance of general applicability issued thereunder.

(d) "Non-Key Employee" shall mean any Employee who is not a Key Employee.

(e) "Permissive Aggregation Group" shall mean the Required Aggregation Group plus any other qualified plan maintained by the Employer, provided that such group, when taken as a whole, would satisfy the requirements of Code Sections 401(a)(4) and 410.

(f) "Required Aggregation Group" shall mean this Plan, each qualified plan of the Employer in which a Key Employee is a Participant, and any other qualified plan of the Employer which enables any plan in which a Key Employee participates to meet the requirements of Code Section 401(a)(4) or 410, including any qualified plan which may have been terminated during Plan Year containing the determination date or any of the four preceding Plan Years.

(g) "Top Heavy Plan" shall mean a qualified plan for which the top heavy ratio exceeds 60%. However, in no event shall a plan which consists solely of a cash or deferred arrangement which meets the requirements of Code Section 401(k)(12) and matching contributions, with respect to which the requirements of Code Section 401(m)(11) of the Code are met, be a Top Heavy Plan. If, but for the preceding sentence, the Plan would be treated as a Top Heavy Plan because it is a member of a Required or Permissive Aggregation Group which is top heavy, contributions under the Plan may be taken into account in determining whether any other plan in such group meets the minimum allocation requirements of Code Section 416(c)(2).

(h) "Top Heavy Plan Year" shall mean any Plan Year for which the Plan is determined, under Section 10.02, to be a Top Heavy Plan.

(i) “Top Heavy Ratio” shall mean the following:

(A) If the Employer maintains one or more defined contribution plans, including any Simplified Employee Pension Plan, and the Employer has not maintained any defined benefit plan which, during the five-year period ending on the Determination Date has or has had accrued benefits, the Top Heavy Ratio for this Plan alone or for the Required or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum of the account balances of all Key Employees as of the Determination Date, and the denominator of which is the sum of all account balances. Both the numerator and the denominator shall include any part of the account balance distributed during the one-year period ending on the Determination Date. The preceding sentence also shall apply to distributions under any terminated plan which, had it not been terminated, would have been aggregated with the Plan under Code Section 416(g)(2)(A)(i). In the case of a distribution made for a reason other than severance from employment, death, or disability, this provision shall be applied by substituting “five-year period” for “one-year period.” In addition, the numerator and denominator shall be increased to reflect any contribution which is required to be taken into account on that date under Code Section 416 and the regulations thereunder, although not actually paid as of the Determination Date.

(B) If the Employer maintains one or more defined contribution plans, including any Simplified Employee Pension Plan, and the Employer maintains or has maintained one or more defined benefit plans which, during the five-year period ending on the Determination Date has or has had any accrued benefits, the Top Heavy Ratio for any Required or Permissive Aggregation Group, as appropriate, is a fraction, the numerator of which is the sum account balances under the aggregated defined contribution plan or plans for all Key Employees, determined in accordance with the provisions of subparagraph (A) above, and the present value of accrued benefits under the aggregated defined benefit plan or plans for all Key Employees as of the Determination Date, and the denominator of which is the sum of the account balances under the aggregated defined contribution plan or plans for all Participants, determined in accordance with the provisions of Subparagraph (A) above, and the present value of accrued benefits under the defined benefit plan or plans for all Participants as of Determination Date, all determined in accordance with Code Section 416 and the regulations issued thereunder. The accrued benefits under a defined benefit plan in both the numerator and the denominator of the Top Heavy Ratio shall be increased for any distribution of an accrued benefit made during the one-year period ending on the Determination Date. The preceding sentence also shall apply to distributions under any terminated plan, which had it not be terminated, would have been aggregated with the Plan under Code Section 416(g)(2)(A)(i). In the case of a distribution made for a reason other than severance from employment, death or disability, this provision shall be applied by substituting “five-year period” for “one-year period.”

(C) For purposes of Subparagraphs (A) and (B) above,

(I) The value of account balances and the present value of accrued benefits will be determined as of the most recent valuation date which falls within, or ends with, the twelve-month period ending on the Determination Date, except as provided in Code Section 416 and the regulations thereunder for the first and second plan years of a defined benefit plan.

The account balances and accrued benefits of a Participant who is not a Key Employee but who was a Key Employee in a prior year, or who has not been credited with at least one Hour of Service with any Employer maintaining the Plan at any time during the one-year period ending on the Determination Date will be disregarded.

(II) The calculation of the Top Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Code Section 416 and the regulations issued thereunder. No deductible employee contributions will be taken into account for purposes of computing the Top Heavy Ratio.

(III) When aggregating plans, the value of account balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

(IV) The accrued benefit of a Participant other than a Key Employee shall be determined under the method, if any, that uniformly applies for accrual purposes under all defined benefit plans maintained by the Employer, or, if there is no such method, as if such benefit accrued not more rapidly then the slowest accrual rate permitted under the fractional rule of Code Section 411(b)(1)(C). The present value of accrued benefits will be determined under the interest and mortality rates specified in the defined benefit plan.

10.02 <u>Determination of Top Heavy Status</u>:

(a) An evaluation shall be made, as of each Determination Date, in accordance with the terms of this Section 10.02, to determine whether the Plan is a Top Heavy Plan.

(b) If an individual is a Non-Key Employee with respect to the Plan Year, but such individual was a Key Employee with respect to the Plan for any prior Plan Year, the aggregate account of that individual (or, in the case of a defined benefit pension plan, the present value of his accrued benefit) shall not be taken into account in determining whether the Plan is a Top Heavy Plan.

(c) If an individual has not performed any service for the Employer at any time during the one-year period ending on the Determination Date, the aggregate account of that individual (or, in the case of a defined benefit pension plan, the present value of his accrued benefit) shall not be taken into account in determining whether the Plan is a Top Heavy Plan.

(d) The determination of whether the Plan is a Top Heavy Plan shall be made after aggregating the Plan with all plans in the Required Aggregation Group and any Permissive Aggregation Group. The Plan shall not be a Top Heavy Plan for any Plan Year in which the Plan is part of a Required or Permissive Aggregation Group which is not top heavy.

(e) The value of each Participant's aggregate account (or accrued benefit) shall be determined with reference to such distributions, contributions, rollovers and transfers as required by Code Section 416 and regulations issued under that Code Section and as valued as of the Determination Date.

10.03 Minimum Allocations:

(a) For any Top Heavy Plan Year, each Participant's share of Employer contributions shall be determined in accordance with Section 4.01, provided that such determination results in an allocation to each Eligible Participant who is a Non-Key Employee which is not less than the Minimum Allocation required in accordance with this Section 10.03(a). The Minimum Allocation required in a Top Heavy Plan Year for each Eligible Participant who is a Non-Key Employee shall be 3% of such Participant's Compensation for that Plan Year, or such lesser percentage of his Compensation as equals the largest percentage of Compensation allocated for that Plan Year to any Participant who is a Key Employee. Employer matching contributions, if any, shall be taken into account for purposes of the Minimum Allocation.

(b) In the event the determination of Participants' shares of Employer contributions in accordance with Section 4.01 fails to satisfy the Minimum Allocation for each Eligible Participant who is a Non-Key Employee, as provided in Section 10.03(a), then the Participants' shares of Employer contributions shall be determined as follows, provided, however, that if Section 4.01 provides for permitted disparity, then the Participants' shares of Employer contribution shall be determined in accordance with Section 10.03(c).

(i) First, the Employer contributions, or a portion thereof, shall be allocated among the accounts of all those Participants eligible, under Section 4.01 or 10.03(d), to share in such allocation in the ratio that each such Participant's Compensation for the Plan Year bears to the total Compensation of all such Participants for that Plan Year; provided, however, that the portion of the Employer contributions allocated under this subparagraph shall not exceed 3% of the Compensation of all such Participants for the Plan Year.

(ii) Second, any part of the Employer contributions which is not allocated shall be allocated in accordance with the provisions of Section 4.01.

(c) In the event the determination of Participants' shares of Employer contributions in accordance with Section 4.01 provides for permitted disparity and fails to satisfy the Minimum Allocation for each Eligible Participant who is a Non-Key Employee, as provided in Section 10.03(a), then the Participants' shares of Employer contributions shall be determined as follows:

(i) First, the Employer contributions, or a portion thereof, shall be allocated among the accounts of all those Participants eligible, under Section 4.01 or 10.03(d), to share in such allocation in the ratio that each such Participant's Aggregate Compensation for the Plan Year bears to the total Aggregate Compensation of all such Participants for that Plan Year; provided, however, that the portion of the Employer contributions allocated under this subparagraph shall not exceed 3% of the Compensation of all such Participants for the Plan Year.

(ii) Second, any part of the Employer contributions which is not allocated shall be allocated in accordance with the provisions of Section 4.01; provided, however, that for purposes of Section 4.01(a)(i), the Excess Contribution Percentage shall be reduced by 3%.

(d) Alternatively, and notwithstanding the provisions of subparagraphs (b) and (c) above, in the event the determination of Participants' shares of the Employer contributions in accordance with Section 4.01 fails to satisfy the Minimum Allocation for any Eligible Participant who is a Non-Key Employee, as provided in Section 10.03(a), the Employer, at its sole option, may elect for any Plan Year to contribute to the account of each such Non-Key Employee the additional amount necessary to provide the required Minimum Allocation.

(e) For purposes of this Section 10.03, the term "Eligible Participant" shall mean a Participant who is employed by the Employer on the last day of the Plan Year, regardless of the number of Hours of Service with which he is credited in that year and regardless of the amount of his compensation for that year.

(f) Notwithstanding anything herein to the contrary, in the event the Employer maintains another qualified defined contribution plan in which a Non-Key Employee participates, to the extent that, for any Plan Year, a minimum contribution is being allocated for that Non-Key Employee under such other plan, the Minimum Allocation requirements of Section 10.03(a), as to that Non-Key Employee, shall be reduced or disregarded, provided that the Plan is amended to identify the other plan and the minimum contribution allocated under such other plan. In the event the Employer maintains a qualified defined benefit pension plan in which a Non-Key Employee participates, then with respect to such Non-Key Employee, the top heavy minimum benefit shall be satisfied by the defined benefit plan.

ARTICLE XI - AMENDMENT AND TERMINATION

11.01 General: The Employer expects to continue the Plan indefinitely, but is not contractually bound to do so. In order to protect both Employees and the Employer against unforeseen contingencies, the Employer reserves the right to amend the Plan at any time, except as restricted by law, as well as the right to terminate the Plan or to discontinue contributions at any time without the consent of any other party.

11.02 Amendment: All amendments to the Plan or Trust, including Appendices provided for herein, shall be in writing and, except for those items which, under the terms of the Plan may be adopted by the Trustee alone, shall be approved by the Committee. No amendment which affects the rights, duties or responsibilities of the Trustee shall be effective as to the Trustee, if the Trustee, within 30 days after receipt of notice of the amendment, shall notify the Employer that it does not intend to be bound by such change and shall tender its written resignation as Trustee.

No amendment shall be effective, as to any Employee who is a Participant on the later of the date such amendment is adopted or the date on which it becomes effective, to reduce his Vested Portion, as determined under Section 5.04 or 10.04, whichever is applicable. In the event said vesting provisions shall be amended, each Participant who has completed at least three Years of Service prior to the expiration of the election period described herein may elect to have his Vested Portion computed without regard to the amendment; provided, however, that as to any Participant who is not credited with at least one Hour of Service after December 31, 1988, the election permitted herein shall be available to such Participant only if he has completed at least five Years of Service. Such election must be filed with the Employer within sixty days of the latest of (a) the adoption by the Employer of the amendment, (b) the effective date of such amendment, and (c) the receipt by the Participant of written notice of the amendment from the Employer. No amendment shall be effective to the extent that it has the effect of decreasing a Participant's account balance or of eliminating any protected optional form of benefit with respect to benefits attributable to service before the amendment.

11.03 Termination: Upon complete or partial termination of the Plan or complete discontinuance of contributions, each affected Participant shall be fully vested in the entire balance of his account.

11.04 Failure to Qualify: In the event that the Internal Revenue Service shall make an initial determination that the Plan is not qualified under the Internal Revenue Code, any contributions made by the Employer may be returned to the Employer within one year after the date the initial qualification is denied, but only if the application for the determination of qualification is made by the date prescribed by law for the filing of the Employer's tax return for the taxable year in which the Plan is adopted, or such later date as of the Secretary of the Treasury may prescribe.

11.05 Bankruptcy of Employer: In the event that the Employer and each other employer adopting this Plan shall have been judicially declared to be bankrupt or insolvent without provision being made for the continuation of the Plan, the Plan shall terminate, and distribution of accounts shall be made to affected Participants after a final valuation of the Trust Fund.

ARTICLE XII - PARTICIPANTS' RIGHTS AND MISCELLANEOUS PROVISIONS

12.01 Merger and Consolidation: In the event of a merger or consolidation of the Plan with any other plan or the transfer of the assets or liabilities of the Plan to any other plan, each Participant shall be entitled to receive a benefit, if the Plan then terminated, which is at least equal to the benefit to which he would have been entitled if the Plan had terminated immediately prior to such merger, consolidation or transfer. The Trustee, at its discretion, may hold and maintain, for the benefit of any Participant, assets including but not limited to Plan loans, policies of insurance and annuity contracts, which are or have been transferred to the Plan by way of Plan merger, even if such assets otherwise would not be permissible under the terms of the Plan.

12.02 Employment Rights: The Plan shall neither confer upon any Participant or other Employee any right of employment, nor interfere with the right of the Employer to discharge any Participant or other Employee.

12.03 Spendthrift:

(a) Except as provided by law for loans from the Plan to a Participant or otherwise, and except as provided in subparagraphs (b) and (c) below, no benefit under the Plan shall be liable for, or subject to, the contracts, debts, liabilities or torts now or hereafter made, contracted, incurred or committed by any Participant, former Participant, or Beneficiary thereof; nor shall such benefit be subject to attachment, garnishment or legal or equitable process. Except as provided by law, no assignment, alienation, pledge or encumbrance of any benefit made by a Participant, former Participant or Beneficiary thereof shall be valid, and such benefit shall be paid by the Trustee directly to, or for the benefit of, the person(s) entitled thereto, without regard to any assignment, order, attachment or claim whatsoever.

(b) Subparagraph (a) of this Section 12.03 shall apply to the creation, assignment or recognition of a right to any benefit payable with respect to a Participant pursuant to a Domestic Relations Order, as defined in Article XV hereof, but shall not apply, if, in accordance with the provisions of that Article, such Order is determined to be a Qualified Domestic Relations Order.

(c) Subparagraph (a) of this Section 12.03 shall not apply to any offset of a Participant's benefits provided under this Plan against any amount that the Participant is ordered or required to pay to the Plan, provided that the following requirements are satisfied:

(i) The order or requirement to pay arises (A) under a judgment of conviction for a crime involving the Plan, (B) under a civil judgment (including any consent order or decree) entered by a court in an action brought in connection with a violation or alleged violation of Part 4 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974, or (C) pursuant to a settlement agreement between the Secretary of Labor and the Participant or between the Pension Benefit Guaranty Corporation and the Participant, in connection with a violation or alleged violation of Part 4 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974 by a fiduciary or any other person;

(ii) The judgment, order, decree or settlement agreement is entered into on or after August 5, 1997, and expressly provides for the offset of all or part of the amount which the Participant is ordered or required to pay against the Participant's benefits provided under the Plan;

(iii) If the survivor annuity requirements of Code Section 401(a)(11) apply with respect to the distributions from the Plan to the Participant, and if the Participant has a spouse at the time at which the offset is to be made, (A) either such spouse has consented in writing to such offset and such consent is witnessed by a notary public or representative of the Plan (or it is established to the satisfaction of a Plan representative that such consent may not be obtained because there is no spouse or because the spouse cannot be located, or an election to waive the right of the spouse to either a qualified joint and survivor annuity or a qualified preretirement survivor annuity is in effect in accordance with the requirements of Code Section 417(a); (B) such spouse is ordered or required, pursuant to such judgment, order, decree or settlement, to pay an amount to the Plan in connection with a violation of Part 4 of Subtitle B of Title I of the Employee Retirement Income Security Act of 1974, or (C) pursuant to such judgment, order, decree or settlement, such spouse retains the right to receive the survivor annuity under a qualified joint and survivor annuity provided pursuant to Code Section 401(a)(11)(A)(i) and under a qualified preretirement survivor annuity provided pursuant to Code Section 401(a)(11)(A)(ii), determined in accordance with subparagraph (iv) below, and

(iv) The survivor annuity described in subparagraph (c)(iii)(C) above shall be determined as if the Participant terminated employment on the date of the offset, there was no offset, the Plan permitted commencement of benefits only on or after attainment of normal retirement age, the Plan provided only the minimum required qualified joint and survivor annuity, and the amount of the qualified preretirement survivor annuity under the Plan is equal to the amount of the survivor annuity payable under the minimum required qualified joint and survivor annuity. For purposes of this subparagraph (c)(iv), the term "minimum required qualified joint and survivor annuity" shall mean the qualified joint and survivor annuity which is the actuarial equivalent of the Participant's accrued benefit (as defined in Code Section 411(a)(7)) and under which the survivor annuity is fifty percent of the amount of the annuity which is payable during the joint lives of the Participant and the spouse.

12.04 <u>Impact of Qualified Military Service</u>: For purposes of entitlement to death benefits in accordance with Section 5.03, a Participant who dies while performing Qualified Military Service shall be treated as having resumed employment with the Employer on the day preceding the Participant's death and then terminated employment on account of death. For purposes of Disability Benefits in accordance with Section 5.02, a Participant who sustains a Total and Permanent Disability while performing Qualified Military Service shall be treated as if such Participant had resumed employment immediately preceding the date on which such Total and Permanent Disability is deemed to have occurred and then ceased employment as a result of such Total and Permanent Disability. Effective for Plan Years beginning on or after January 1, 2009, any Differential Wage Payment made by the Employer to a Participant performing Qualified Military Service shall be treated as Compensation solely for purposes of applying the limitations of Code Section 415, in accordance with Appendix I. For this purpose, "Differential Wage Payment" shall mean any payment made by the Employer to an individual performing uniformed service while on active duty of more than 30 days and which represents all or a portion of the wages the individual would have received if he were performing services for the Employer.

12.05 Notice by Electronic Media: Unless otherwise restricted or prohibited by law, to the extent the Employer or Plan Administrator is required to provide written notice to any Employee, Participant, Beneficiary or Alternate Payee as the recipient, such notice may be provided by way of electronic media reasonably accessible to the recipient, provided that (a) the system under which the electronic notice is provided is reasonably designed to provide the notice in a manner which is no less understandable than a written paper document, (b) the recipient is advised, at the time the notice is provided, that he may request and receive the notice in written paper form at no charge, and (c) the notice, in written paper form, is provided at no charge upon request of the recipient.

12.06 Miscellaneous Receipts: Any amounts received by the Trustee which are not attributable to a specific account or investment, including, but not limited to, recovery of amounts previously written off as uncollectible, group insurance experience refunds, recoveries through correction of trade, clerical or administrative errors, claims settlements and recoveries, payments received as a result of demutualization of insurance companies, and recoveries from service providers or their insurers, shall be held in the suspense account and shall be allocated, as of the next valuation date, among Participants' accounts in accordance with the provisions of Section 4.03.

12.07 Payment of Administrative Expenses: Except as otherwise determined by the Committee, all reasonable and proper expenses incurred in the administration of the Plan, including expenses incurred by the Committee, the Employer, an Investment Manager and/or the Trustee, shall be paid from the Trust and may be charged to individual accounts on a pro rata or per capita basis. Expenses shall include fees and expenses of the Trustee and Investment Manager, as well as expenses incident to the administration of the Plan, including, but not limited to, fees of accountants, actuaries, legal counsel, third party administrators, consultants and other advisors or specialists.

Subject to any restrictions imposed by law, expenses unique to, or specifically related to, a Participant, Beneficiary, putative Beneficiary, Alternate Payee or putative Alternative Payee may be charged solely to the individual accountant or interest of that Participant, Beneficiary or Alternate Payee, or, to the extent the Committee deems appropriate, may be charged and paid by the Participant, Beneficiary or Alternate Payee outside of the Plan, provided that such expenses are assessed in a uniform and nondiscriminatory manner.

12.08 Diversification Requirements: The provisions of this Section 12.08 apply only if the Plan holds any publicly traded employer securities or is treated as holding publicly traded securities as provided herein.

(a) For purposes of this Section 12.08, a "publicly traded security" is a security which is traded on a national securities exchange that is registered under Section 6 of the Securities Exchange Act of 1935 or which is traded on a foreign national securities exchange that is officially recognized, sanctioned, or supervised by a governmental authority and is deemed by the Securities and Exchange Commission as having a "ready market" under SEC Rule 15c3-1 (17 CFR 240.15c3).

(b) To the extent that the account of any Participant (which, for this purpose, shall include an Alternate Payee, as defined in Section 15.01(c), who has an account under the Plan, and the beneficiary of a deceased Participant) attributable to elective deferrals (as defined in Code Section 402(g)(3)(A)), employee contributions or rollover contributions is invested in publicly traded employer securities, such Participant must be offered the opportunity, no less frequently than quarterly, to divest those employer securities and reinvest an equivalent amount in other investment options described in Section 12.08(d).

(c) With respect to any Participant (which, for this purpose, shall include an Alternate Payee, as defined in Section 15.01(c), who has an account under the Plan, and the beneficiary of a deceased Participant) who has completed at least three years of vesting service, if any portion of such Participant's account attributable to employer nonelective contributions is invested in publicly traded employer securities, such Participant must be offered the opportunity, no less frequently than quarterly, to divest those employer securities and reinvest an equivalent amount in other investment options described in Section 12.08(d).

(d) At least three investment options, other than employer securities, much be offered to Participants, as provided in Sections 12.08(b) and (c) above. These investment options must be diversified and have materially different risk and return characteristics. Except as provided in Treasury Regulation § 1.401(a)(35)-1(e)(2) and (3), no restrictions (direct or indirect) or conditions which are not imposed on other plan assets, will be imposed with respect to publicly traded employer securities.

(e) For purposes of this Section 12.09, if the Employer or any member of a controlled group of corporations (as described in Treasury Regulation § 1.401(a)(35)-1(f)(2)(iv)(A)), which includes the Employer has issued a class of stock which is a publicly traded employer security, and if the Plan holds employer securities which are not publicly traded employer securities, the Plan shall be treated as holding publicly traded employer securities.

12.09 <u>Restrictions on Annuities</u>: Any annuity contract purchased and distributed from the Plan shall be non-transferable and shall comply with the terms of the Plan.

12.10 <u>Headings</u>: The headings used in this Plan are for convenience only and shall not be deemed to limit, construe or interpret any of the provisions of the Plan.

12.11 <u>Construction</u>: The provisions of this Plan and of the Trust Agreement adopted in conjunction with this Plan shall be construed in accordance with federal laws governing qualified retirement plans and, to the extent not preempted by federal law, by the laws of the state in which the principal office of the Employer is located. If any provision of this Plan or the Trust Agreement is determined to be invalid or illegal for any reason, such determination shall not affect the remaining provisions of the Plan, and, in such event, the Plan or Trust Agreement, as the case may be, shall be construed as if the invalid or illegal provision had not been included therein.

ARTICLE XIII - TRANSFER OF ACCOUNTS TO AND FROM OTHER QUALIFIED PLANS

13.01 Transfers from Plan: In the event a Participant shall terminate his employment with the Employer and shall obtain employment with a new employer, the Trustee may transfer all (but not less than all) of the Vested Portion of the account of said Participant to any trust meeting the requirements described in Section 13.03 below. In addition, in the event this Plan is terminated, the Trustee may, if so authorized by the Employer, transfer the account of a Participant to another plan of the Employer meeting such requirements. All accounts transferred from this Plan to another plan shall be treated as having been transferred on the last day of the Plan Year ending coincident with, or immediately prior to, the date of transfer.

13.02 Transfers to Plan: The Trustee may accept for the benefit of a Participant hereunder any or all amounts rolled into it from any other qualified plan described in Code Section 401(a) or 403(a), excluding after-tax employee contributions, any individual retirement account or annuity described in Code Section 408(a) or 408(b) that is eligible to be rolled over and otherwise would be includable in the gross income of the Participant, an annuity contract described in Code Section 403(b), or an eligible plan under Code Section 457(f) which is maintained by a state, a political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state, as well as any or all amounts transferred to it by the trustee of any other qualified trust which meets the requirements of Section 13.03(a), subject to the restrictions described in Section 13.04. All such amounts received by this Plan shall be separately accounted for but shall be commingled with the general Trust Fund; provided, however, that if any amounts are received by this Plan from any plan which provides for a life annuity method of payment which is not available under the terms of this Plan, the Trustee either shall continue to hold such amounts as segregated accounts or shall maintain separate records with respect to such amounts such that they shall be readily identifiable at all times. Except as otherwise restricted by law, any amounts rolled into this Plan by or for the benefit of any Participant from any other plan, individual retirement account or annuity or annuity contract may be withdrawn by that Participant at such time as that Participant shall direct (which shall be deemed to be the Participant's benefit entitlement date as to such amounts for purposes of Section 5.05) and subject to the provisions of Article VII. In no event, however, must any amount rolled into, or transferred to this Plan, in accordance with this Article XIII, or attributable to such rollover or transfer be taken into consideration in determining the value of the Participant's account for purposes of the cash-out distribution provisions of Section 6.05.

13.03 Requirements of Trust: The requirements of trust referred to above are as follows:

(a) The recipient or transferring trust must be tax-exempt under Code Section 501 and part of a profit sharing or pension plan which is a qualified plan under Code Section 401(a), and

(b) The trustee of the recipient trust must be willing and able to accept the said amount pursuant to the terms of the recipient trust.

13.04 Restrictions on Transferred Accounts: All accounts transferred to or from this Plan pursuant to this Article XIII shall continue to be subject to all of the provisions and limitations specifically applicable to such accounts as if such accounts had remained in the transferring plan, including, specifically, provisions for distribution of benefits in the form of a qualified joint and survivor annuity or Qualified Pre-Retirement Survivor Annuity.

ARTICLE XIV - LOANS TO PLAN PARTICIPANTS

14.01 Availability of Loans: Subject to any restrictions imposed by law, loans shall be made available to all Participants on a reasonably equivalent basis, without regard to the purpose of any loan, and shall be made in accordance with any relevant administrative policies adopted by the Committee. Reasonable administrative fees incurred in connection with the extension, maintenance, enforcement and/or satisfaction of a participant loan may be assessed and, unless paid directly by the Participant, may be deducted from the account of the Participant from which the loan is to be taken. No Participant may have more than 2 loans outstanding at any time. Any loan made to a Participant shall be treated as an asset of the individual account of that Participant, and any interest paid on said loan shall be added to the individual account of that Participant.

14.02 Terms and Conditions of Loans:

(a) Amount of Loan: Unless otherwise permitted by administrative policy adopted by the Employer, the minimum amount of any loan is $1,000.00. The maximum amount of any loan, when added to the total outstanding balance of all other loans to the Participant from this Plan and from all other plans of the Employer and of any other employer required to be aggregated with the Employer under Code Section 414(b), 414(c), 414(m) or 414(o), is the lesser of

(i) 1/2 of the Vested Portion of the Participant's account under this Plan and all of his accounts and/or accrued benefits under all such other plans, or

(ii) $50,000.00, reduced by the excess of the Participant's highest outstanding loan balance during the one-year period ending on the day before the new loan is made over the outstanding balance of loans on the date of the new loan.

(b) Term of Loan: Each loan shall be repaid over a period of not more than five years, unless such loan is used to acquire a dwelling unit which, within a reasonable period of time (determined at the time the loan is made), will be used as the principal residence of the Participant, in which case, the loan shall be repaid over a period of not more than ten years. The repayment schedule of each loan (principal and interest) shall provide for level amortization over the term of the loan and for payments to be made not less frequently than quarterly. Notwithstanding the foregoing, the Participant's obligation to repay a loan shall be suspended during a leave of absence for Qualified Military Service. Additionally, the Participant's obligation to repay a loan may be suspended during any other approved leave of absence of not more than six months, provided that the remaining payments shall be adjusted, if and as necessary, as to insure that the loan will be repaid within the original term, if the original term of the loan was five years, or within a renegotiated term that conforms to this Section 14.02(b) and otherwise is permissible under law.

(c) Interest: All loans under this Article XIV shall bear interest at a rate which is not less than one percent (1%) in excess of the prime rate in effect as of the date such loan is initiated. Each loan applicant shall receive a clear statement of the charges involved in his loan transaction, including the dollar amount and annual interest rate.

(d) Security: Each loan shall be adequately secured and shall be evidenced by a Judgment Note. The Participant shall assign, as security for a loan, all his right, title and interest in and to 50% of his account, provided that the Participant's spouse consents, in writing, to such assignment not more than 180 days prior to the date of the loan, if such consent is required by law. In the event the Participant's spouse does not so consent and spousal consent is required by law, and/or in the event the assignment by the Participant does not secure the loan adequately, the Participant shall provide such other security for the loan as would be required in a commercial loan transaction between unrelated parties on arm's-length terms and which may include, but shall not be limited to, mortgage interest in real estate, a lien interest in an automobile acquired with the proceeds of the loan, a pledge of securities or other collateral, and/or wage attachment or payroll deduction.

(e) Repayment on Termination of Employment: Notwithstanding any other provision herein to the contrary, in the event the employment of a Participant having an outstanding loan obligation hereunder is terminated for any reason, the Committee may declare the balance of the loan to be due and payable as of the date of such termination. The Trustee may deduct the unpaid balance, including unpaid accrued interest, from any payment or distribution from the Trust to which the Participant or his Beneficiary may be entitled, or at the election of the Participant, may transfer the loan, in kind, to another qualified Employer plan, in accordance with the provisions of Article XIII.

(f) Deemed Loan: An assignment or pledge of any portion of the Participant's interest in the Plan and a loan, pledge or assignment by a Participant with respect to any insurance contract held in the Plan, will be treated as a loan under this Article XIV.

(g) Transferred Loan: Notwithstanding anything herein to the contrary, in the event a pre-existing loan is transferred to this Plan for the benefit of a Participant in connection with a merger, acquisition or other transaction, such loan may be administered in accordance with its original terms.

14.03 Procedures: The Committee has established Loan Procedures, which are incorporated herein by reference and which may be amended or modified by the Committee at any time without necessity of amending this Article XIV.

14.04 Default: With respect to any loan made pursuant to this Article XIV, the failure of the borrower to make repayment as agreed or the occurrence of any event constituting a default contained in any agreement or note executed in conjunction with the loan, shall constitute a default on the loan. In the event of such a default, the Committee shall declare the unpaid balance of the loan to be immediately due and payable and, upon the occurrence of a distributable event, may, without demand or notice, enter judgment against the borrower, deduct the unpaid balance, including unpaid accrued interest, from the borrower's account or from any payment or distribution from the Trust to which the borrower-Participant (or his Beneficiary) may be entitled or otherwise foreclose on, sell or dispose of any security interest, and/or exercise any or all of the rights accorded to the Trustee and Committee under the Uniform Commercial Code.

ARTICLE XV -QUALIFIED DOMESTIC RELATIONS ORDERS

15.01 Definitions: For purposes of applying the provisions of this Article:

(a) "Domestic Relations Order" shall mean any judgment, decree or order (including approval of a property settlement agreement) which

(i) relates to the provision of child support, alimony payments, or marital property rights for a spouse, former spouse, child or other dependent of a Participant, and

(ii) is made pursuant to a state domestic relations law, including community property law.

(b) "Qualified Domestic Relations Order" shall mean a Domestic Relations Order which

(i) creates or recognizes the existence of the right of an alternate payee to receive all or a portion of the benefits payable with respect to a Participant under this Plan or assigns such right to an Alternate Payee;

(ii) clearly specifies (A) the name and last known mailing addresses, if any, of the Participant and each Alternate Payee covered by the order, (B) the amount or percentage of the Participant's benefits to be paid by the Plan to each Alternate Payee, or the manner in which such amount or percentage is to be determined, (C) the number of payments or the period to which it applies, and (D) each plan to which it applies;

(iii) does not require the Plan to provide any type or form of benefits or any option for which the Plan does not otherwise provide;

(iv) does not require the Plan to provide increased benefits, determined on the basis of actuarial value, and

(v) does not require the payment to an Alternate Payee of benefits which are required to be paid to another Alternate Payee under another order previously determined to be a Qualified Domestic Relations Order.

(c) "Alternate Payee" shall mean any spouse, former spouse, child or other dependent of a Participant who is recognized by a domestic relations order as having a right to receive all or a portion of the benefits payable under this Plan with respect to such Participant. Any person who is an Alternate Payee under a Qualified Domestic Relations Order shall be considered to be a Beneficiary under the Plan. Unless specifically provided to the contrary by the Qualified Domestic Relations Order, by law or by regulation, the rights of an Alternate Payee hereunder shall terminate upon the death of the Alternate Payee.

15.02 Notice: In the event a Domestic Relations Order is received by the Plan, the Plan Administrator shall promptly notify the Participant and each Alternate Payee of the receipt of such order and of the Plan's procedures for determining the qualified status of the Order.

15.03 Determination of Qualified Status:

(a) Within a reasonable period after receipt of a Domestic Relations Order, the Committee, as Plan Administrator, shall determine whether such order is a Qualified Domestic Relations Order and shall notify the Participant and each Alternate Payee, or the designated representative, if any, of the Alternate Payee, or the designated representative, if any, of the Alternate Payee, of its determination. Such determination shall be made in accordance with reasonable procedures adopted in writing by the Committee.

(b) If the Domestic Relations Order provides for immediate payment to the Alternate Payee, then during such time as the determination of qualified status is pending, the Committee shall separately account for the amounts which would have been payable to the Alternate Payee during that period, if the Order had been determined to be a Qualified Domestic Relations Order.

(i) If, within eighteen months, the Order, or any modification thereof, is determined to be a Qualified Domestic Relations Order, the Committee shall direct the Trustee to pay the segregated amounts, together with any interest accrued thereon, to the person or persons entitled thereto.

(ii) If, within eighteen months, it is determined that the order is not a Qualified Domestic Relations Order or the issue of qualified status is not resolved, the Committee shall direct the Trustee to pay or retain the segregated amounts, as the case may be, together with any interest accrued thereon, to or for the benefit of person or persons who would have been entitled to such amounts had there been no order.

(iii) Any determination that an order is a Qualified Domestic Relations Order which is made after the close of the eighteen-month period shall be applied prospectively only.

APPENDIX I

LIMITATIONS-SECTION 415

The limitations recited in this Appendix are intended to comply with the provisions of Code Section 415 and the regulations thereunder which, to the extent permitted by law, are incorporated herein by reference. For each limitation year, the contributions and other additions with respect to a Participant under this Plan and any other defined contribution Plan maintained by the Employer, any affiliate of the Employer, or any business or corporation which the Participant controls, when expressed as an annual addition, within the meaning of Code Section 415(c)(2), shall be limited, for limitation years beginning before January 1, 2002, to the lesser of (a) the defined contribution dollar limit, or (b) 25% of the Participant's compensation, and for limitation years beginning on or after January 1, 2002, except for catch-up contributions described in Code Section 414(v), to the lesser of (a) $40,000, as adjusted under Code Section 415(d), or (b) 100% of the Participant's compensation; provided, however, that the percentage of compensation limit shall not apply to any contribution for medical benefits after separation from service (within the meaning of Code Section 401(h) or 419A(f)(2)) which otherwise is treated as an annual addition.

If a short limitation year is created because of an amendment changing the limitation year to a different consecutive twelve-month period, or because the effective date of the Plan is other than the first day of the limitation year, the maximum limitation on contributions and benefits for that short limitation year shall be adjusted by multiplying the above dollar limitation by a fraction, the numerator of which is the number of months in the short limitation period, and the denominator of which is twelve. The existence of "control" shall be determined in accordance with the provisions of Section 414, as modified by Section 415.

Compensation

For purposes of these limitations, a Participant's compensation shall include his Earned Income and all wages, salaries, fees for professional services and other amounts received for personal services actually rendered in the course of employment with the Employer, to the extent that the amounts are includible in gross income or to the extent amounts would have been received and includible in gross income but for an election under Code Section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b). These amounts include, but are not limited to, commissions paid to salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan. A Participant's compensation shall exclude (a) Employer contributions to a plan of deferred compensation which are not includable in the Participant's gross income for the taxable year in which contributed, Employer contributions under a simplified employee pension plan to the extent such contributions are deductible by the Participant, or any distributions from a plan of deferred compensation; (b) amounts realized from the exercise of a nonstatutory stock option, or when restricted stock (or property) held by the Participant either becomes freely transferable or is no longer subject to a substantial risk of forfeiture; (c) amounts realized from the sale, exchange or other disposition of stock acquired under a statutory stock option; (d) other amounts which received special tax benefits, such as premiums for group-term life insurance but only to the extent such amounts are not includible in the Participant's gross income. For purposes of these limitations, compensation shall include amounts that are includible in the Participant's gross income by reason of Code Section 409A or Code Section 457(f)(1)(A) or because amounts are constructively received by the participant. For limitation years beginning on or after July 1, 2007, and for purposes of these limitation, compensation may not reflect compensation for any year that exceeds the limit under Code Section 401(a)(17) applicable to that year.

Timing of Compensation

Except as otherwise provided herein, in order to be taken into account for a limitation year, compensation must actually be paid or made available to the Participant within the limitation year. For this purpose, compensation is treated as paid on a date, if it actually is paid on that date or would have been paid on that date but for an election under Code Section 125, 132(f), 401(k), 403(b), 408(k), 408(p)(2)(A)(i) or 457(b). Further, except as otherwise provided herein, in order to be taken into account for a limitation year, compensation must be paid or treated as paid to the participant prior to severance of employment with the Employer. Notwithstanding the foregoing, compensation for a limitation year shall include amounts earned but not paid during that limitation year solely because of minor timing differences in pay periods and pay dates, provided that (a) these amounts are paid during the first few weeks of the next limitation year; (b) the amounts are included on a uniform and consistent basis with respect to all similarly situated Employees, and (c) no compensation is included in more than one limitation year.

Compensation Paid After Severance from Employment

In general, amounts paid after severance from employment are excluded from compensation. For purposes of this Appendix and the limitations described herein, "severance amounts" are amounts paid after severance from employment (a) except to the extent that such amounts are regular compensation for services during the Participant's regular working hours or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments and would have been paid to the Participant prior to a severance from employment, if the Participant had continued in employment with the Employer, and (b) provided that such amounts are paid by the later of (1) 2-1/2 months after severance from employment with the Employer, or (2) the end of the limitation year that includes the date of severance from employment with the Employer.

Any post-severance payment not expressly included in compensation, as provided herein, are excluded from compensation, even if paid within 2-1/2 months after the Participant's severance from employment with the Employer or by the end of the Limitation Year that includes the date of the Participant's severance from employment with the Employer.

Annual Additions

The annual additions consist of the sum of the following amounts credited to a Participant's account for the Limitation Year: Employer contributions; employee contributions (determined without regard to any rollover contributions, as defined in Code Sections 402(c), 403(a)(4), 403(b)(8) and 408(d)(3), and without regard to employee contributions to a simplified employer pension which are excludable from gross income under Code Section 408(k)(6)); forfeitures; amounts allocated to an individual medical account, as defined in Code Section 415(l)(2), which is part of a pension or annuity plan maintained by the Employer, and amounts derived from contributions paid or accrued which are attributable to post-retirement medical benefits, allocated to the separate account of a key employee, as defined in Code Section 419A(d)(3), under a welfare benefit fund, as defined in Code Section 419(e). If the annual additions exceed the limitations specified herein, the Employer contribution on behalf of the Participant shall be reduced only by the amount sufficient to alleviate the excess.

Restorative payments allocated to a Participant's account, including payments made to restore losses to the Plan resulting from a fiduciary's actions or failure to take action for which there is a reasonable risk of liability under Title I of ERISA or under other applicable federal or state law, when other similarly situated Participants are similarly treated, do not constitute annual additions in any limitation year.

APPENDIX II

IMPLEMENTING SECTION 3.13 - SAFE HARBOR PROVISIONS

RESERVED

Exhibit 10.5

FIRST AMENDMENT
TO
SUBURBAN PROPANE RETIREMENT SAVINGS & INVESTMENT PLAN

Pursuant to Article XI of the Suburban Propane Retirement Savings & Investment Plan effective January 1, 2013, said Plan is amended, effective as of January 1, 2015, as follows:

FIRST: Article VI of the Plan is restated in its entirety, as attached hereto.

SECOND: In all other respects, the Plan is ratified and approved.

IN WITNESS WHEREOF, the duly authorized Members of the Benefits Administration Committee have adopted this amendment this ____ day of _________________, 2015.

______________________________	______________________________
Michael M. Keating	Steven C. Boyd
______________________________	______________________________
A. Davin D'Ambrosio	Sandra N. Zwickel
______________________________	______________________________
Michael Kuglin	Mark Weinberg

ARTICLE VI - COMMENCEMENT OF BENEFITS

6.01 General: Subject to the provisions of Section 6.02, unless the Participant elects otherwise, distribution of each Participant's benefits shall begin not later than the 60th day following the close of the Plan Year in which the latest of the following occurs:

(a) The Participant attains age 65 or his Normal Retirement Age, if earlier,

(b) There occurs the 10th anniversary of the Participant's Date of Participation, or

(c) The Participant terminates his employment with the Employer.

Notwithstanding the foregoing, the failure of a Participant and/or his spouse, if spousal consent is required, to consent to a distribution while a benefit is immediately distributable shall be deemed to be an election to defer commencement of payment of such benefit.

6.02 Required Commencement Date: As to any Participant who is a Five Percent Owner, as defined in Section 1.16, during the Plan Year ending in the calendar year in which the Participant attains age 70-1/2, distribution of benefits shall begin not later than the first day of April following the calendar year in which the Participant attains age 70-1/2, which date shall be the Participant's "required commencement date." Once distribution has begun to a Five Percent Owner pursuant to this Section 6.02, such distribution must continue even if the Participant ceases to be a Five Percent Owner in a subsequent year.

Except with respect to a Participant who is a Five Percent Owner and except as provided in Section 6.03, distribution of benefits shall begin not later the first day of April of the calendar year following the later of the calendar year in which the Participant attains age 70-1/2, or the calendar year in which the Participant retires, which date shall be the Participant's "required commencement date."

6.03 TEFRA Section 242(b)(2) Election: Notwithstanding the foregoing, if the Participant had accrued a benefit under the plan as of December 31, 1983, and executed a distribution designation ("Section 242(b)(2) election") prior to January 1, 1984, the Trustee shall distribute the Participant's benefits in accordance with the commencement date specified in that designation, provided that the distribution designation specifies the time at which distribution will commence, the period over which distributions will be made, and, in the case of a distribution by reason of death, the beneficiaries of the Participant, listed in order of priority, and provided, further, that such designation has not been revoked or modified after December 31, 1983. For purposes of the foregoing and except as otherwise provided by law, such a distribution designation shall not be deemed to have been modified except by affirmative action by the Participant.

If any designation to which Section 6.03 refers is revoked, any subsequent distribution must satisfy the requirements of Code Section 401(a)(9) and the regulations issued thereunder. If such a designation is revoked subsequent to the date which otherwise would have been the Participant's required commencement date, the Trustee must distribute, by the end of the calendar year following the calendar year in which the revocation occurs, the total amount not yet distributed which would have been distributed, but for the Section 242(b) designation, in order to satisfy Code Section 401(a)(9) and the regulations issued thereunder. The mere substitution or addition of a beneficiary under the designation will not be considered to be a revocation of the designation, provided that such substitution or addition does not alter the period over which distributions are to be made under the designation, directly or indirectly, such as by altering the relevant measuring life.

6.04 Required Minimum Distributions:

(a) General Rules: The provisions of this Section 6.04 will apply for purposes of determining required minimum distributions for calendar years beginning after December 31, 2002, and will be applied in accordance with the Treasury regulations under Code Section 401(a)(9); provided, however, that distributions may be made, pursuant to Section 6.03, in accordance with a valid Section 242(b)(2) election. Distribution of the Participant's entire interest will be made or commenced no later than the Participant's required commencement date, as provided in Section 6.02.

(b) Death of Participant Before Distributions Begin: If the Participant dies before distributions begin, distribution of the Participant's entire interest will be made or commenced as follows:

(i) If the Participant's surviving spouse is the Participant's sole designated beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70-1/2, if later.

(ii) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, then distributions to the designated beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, and, the amount payable to each beneficiary will be distributed, at the election of that beneficiary, either (A) by December 31 of the calendar year containing the fifth anniversary of the Participant's death or (B) over the life of such beneficiary or over a period not extending beyond the life expectancy of such beneficiary.

(iii) If there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iv) If the Participant's surviving spouse is the Participant's sole designated beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 6.04(b), other than Section 6.04(b)(i), will apply as if the surviving spouse were the Participant.

For purposes of this Section 6.04(b) and Section 6.04(e), unless Section 6.04(b)(iv) applies, distributions are considered to begin on the Participant's required beginning date. If Section 6.04(b)(iv) applies, distributions are considered to begin on the date on which the Plan is required to begin making distributions to the surviving spouse under Section 6.04(b)(i). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date on which the Plan is required to begin making distributions to the surviving spouse under section 6.04(b)(i)), the date distributions are considered to begin is the date distributions actually commence.

(c) Forms of Distribution: Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year, distributions will be made in accordance with Sections 6.04(d) and 6.04(e). If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and applicable Treasury regulations.

(d) Required Minimum Distributions During Lifetime of Participant: During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(i) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's age as of the Participant's birthday in the distribution calendar year; or

(ii) if the Participant's sole designated beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

The required minimum distributions, as determined in accordance with this Section 6.04(d), shall begin with the first distribution calendar year and continue through the distribution calendar year that includes the Participant's date of death.

(e) Required Minimum Distributions After Death of Participant:

(i) Death On or After Date Distributions Begin:

(A) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated beneficiary, determined as follows:

(1) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year,

(2) If the Participant's surviving spouse is the Participant's sole designated beneficiary, the remaining life expectancy of the surviving spouse is calculated

for each distribution calendar year after the year of the Participant's death, using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(3) If the Participant's surviving spouse is not the Participant's sole designated beneficiary, the designated beneficiary's remaining life expectancy is calculated using the age of the beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(B) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) <u>Death Before Date Distributions Begin:</u>

(A) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a designated beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining life expectancy of the Participant's designated beneficiary, determined as provided in section 6.04(e)(i).

(B) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(C) Death of Surviving Spouse Before Distributions to Surviving Spouse are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated beneficiary, and the surviving spouse dies before the Plan is required to begin making distributions to the surviving spouse under Section 6.04(b), this Section 6.04(e)(ii) will apply as if the surviving spouse were the Participant.

(f) Definitions: For purposes of applying the required minimum distribution provisions of this Section 6.04:

(i) “Designated Beneficiary” shall mean the individual who is designated as the beneficiary under Article VII of the plan and is the designated beneficiary under Section 401(a)(9) of the Internal Revenue Code and Section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.

(ii) “Distribution Calendar Year” shall mean a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required commencement date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are to begin under section 6.04(b). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required commencement date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required commencement date occurs, will be made on or before December 31 of that distribution calendar year.

(iii) “Life Expectancy” shall mean life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury regulations.

(iv) “Participant's Account Balance” shall mean the account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year), increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date, and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the plan either in the valuation calendar year or in the distribution calendar year, if distributed or transferred in the valuation calendar year.

(g) 2009 Required Minimum Distributions: A Participant or Beneficiary to whom a required minimum distribution for 2009 would have been required in accordance with this Section 6.04 but for the enactment of Code Section 401(a)(9)(H) (“2009 Required Minimum Distributions”) and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2009 Required Minimum Distributions or (2) one or more payments in a series of substantially equal distributions (that include the 2009 Required Minimum Distributions) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancies) of the Participant and the Participant’s Designated Beneficiary, or for a period of at least ten years (“Extended 2009 Required Minimum Distributions”) will not receive those 2009 Required Minimum Distributions unless the Participant or Beneficiary affirmatively elects, after having been given an opportunity to do so, to receive such distributions. For purposes of the direct rollover provisions of Section 7.07, 2009 Required Minimum Distributions and Extended 2009 Required Minimum Distributions will be treated as eligible rollover distributions.

6.05 Cash-Out Distribution: Subject to the Direct Rollover provisions of Article VII, the Committee shall make distribution, in advance of the date provided in Section 6.01 and as provided in this Section 6.05, to a Participant whose employment with the Employer has been terminated for reasons other than death, provided that the distribution is made in a lump sum, consists of the Participant's entire account (exclusive of any accumulated deductible employee contributions, within the meaning of Code Section 72(o)(5)(B), for Plan Years beginning prior to January 1, 1989), and satisfies the following terms and conditions:

(a) If the Participant's account is valued at $1,000 or less, the Committee shall direct the immediate distribution of such account.

(b) If the Participant's account is valued in excess of $1,000 but not in excess of $5,000, and unless the Participant elects to have such distribution paid directly to an eligible retirement plan specified by the Participant in a direct rollover or to receive the distribution in a lump sum payment, in accordance with Section 6.05, such cash-out distribution shall be transferred, for the benefit of the Participant, by direct rollover to an individual retirement plan designated by the Committee.

(c) If the Participant's account exceeds $5,000.00, the Participant must consent to the cash-out distribution in writing. In addition, as to any cash-out distribution for which written consent of the Participant is required, as provided in this Section 6.05(c), if a Participant's account is subject to provisions requiring distribution in the form of a qualified joint and survivor annuity or qualified pre-retirement survivor annuity pursuant to Article VII of this Plan, the Participant's spouse, if any, must consent to such a cash-out distribution in writing as provided in Article VII. With respect to cash-out distributions made to a Participant as to whom the qualified joint and survivor annuity provisions of Article VII do not apply, if the value of the Participant's vested account balance derived from Employer and employee contributions either exceeds $5,000.00 or is a remaining payment under a selected optional form of payment that exceeded $5,000.00 at the time the selected payment began, the Participant must consent to the distribution.

(d) The value of the Participant's account shall be determined in accordance with the provisions of Section 5.05.

(e) A cash-out distribution or transfer in accordance with this Section 6.05 shall be made as soon as administratively feasible, subject to the customary procedures of the Committee, following the date on which the Participant's employment terminates, which date shall be deemed to be the Participant's benefit entitlement date for purposes of Section 5.05.

6.06 Distribution Pursuant to a Qualified Domestic Relations Order: Notwithstanding any other provision of this Plan, the Trustee may make a distribution at any time as directed pursuant to a domestic relations order, which has been determined to be a Qualified Domestic Relations Order under Article XV of this Plan, to an alternate payee without regard to whether the Participant has separated from service with the Employer or has attained the earliest retirement age under the Plan.

Exhibit 10.6

SECOND AMENDMENT
TO
SUBURBAN PROPANE RETIREMENT SAVINGS & INVESTMENT PLAN

Pursuant to Article XI of the Suburban Propane Retirement Savings & Investment Plan effective January 1, 2013, said Plan is amended, effective as of January 1, 2016, as follows:

FIRST: Article II of the Plan is restated in its entirety, as attached hereto.

SECOND: In all other respects, the Plan is ratified and approved.

IN WITNESS WHEREOF, the duly authorized Members of the Benefits Administration Committee have adopted this amendment this 1st day of February, 2016.

______________________________	______________________________
Michael Kuglin	Steven C. Boyd
______________________________	______________________________
A. Davin D’Ambrosio	Sandra N. Zwickel
______________________________	
Mark Wienberg	

ARTICLE II - PARTICIPATION

2.01 Date of Participation: Each Eligible Employee shall become a Participant in the Plan as of his Employment Commencement Date. On, or as soon as administratively feasible after, his Date of Participation, the Participant shall complete a salary deferral agreement (unless deemed to have made an election pursuant to Section 3.14), make an investment election as provided in Section 4.04, and designate a Beneficiary. Each current Participant in the Plan shall remain a Participant.

Each Eligible Employee who was employed by Inergy Propane, LLC or Inergy Sales & Service, Inc. immediately prior to the closing of the transaction contemplated by the Contribution Agreement by and among Inergy, L.P., Inergy GP, LLC, Inergy Sales & Service, Inc. and Suburban Propane Partners, L.P. dated April 25, 2012, shall become a Participant as of such closing date; each Eligible Employee who was employed by Inergy Propane, LLC or Inergy Sales & Service, Inc. but was on an approved leave of absence as of such closing date shall become a Participant as of the date on which he or she returns from such leave, provided that the return occurs within six months after the leave of absence commenced.

2.02 Leaves of Absence:

(a) Temporary Absence: A temporary break in the continuity of employment for approved leave of absence, temporary lay-off or service on jury duty shall not be considered to be a termination of employment or result in a One-Year Break in Service, provided that the absence does not exceed 12 months and provided that the Participant returns to his employment with the Employer after such absence. If the Participant does not return to active employment with the Employer after such absence, the Participant shall be deemed to have terminated his employment as of the date the approved absence ends.

(b) Qualified Military Service: A leave of absence for Qualified Military Service shall not be deemed to be a termination of employment and shall not result in a One Year Break in Service, provided that (i) the Participant returns to his employment with the Employer within 14 days of completion of the Qualified Military Service, if the leave of absence was less than 181 days in duration, within 90 days of completion of the Qualified Military Service, if the leave of absence was more than 180 days in duration, or within such other time period as may be provided by law, (ii) as to any such leave of absence which was more than 30 days in duration, the Participant furnishes proof of his Qualified Military Service upon request by the Employer, and (iii) the cumulative length of the leave of absence and all prior absences from employment with the Employer because of uniformed service obligations does not exceed 5 years, unless otherwise required by law. If the Participant does not return to active employment with the Employer within the required period, he shall be deemed to have terminated employment at the time his leave of absence commenced. If the Participant returns to active employment with the Employer within the required period, the Employer shall allocate to the Participant's account the amount of any missed Employer contributions, but no forfeitures or earnings, to which the Participant is entitled based upon the Participant's Compensation, as defined in Section 1.04, during that period of absence. For purposes of the limitations imposed by Code Section 415, as referenced in Appendix I, any contribution which is allocated to the account of the Participant, as provided herein, shall be counted only for the Limitation Year to which such contribution relates.

2.03 Participation After One Year Break in Service:

(a) In the event an Eligible Employee incurs a One Year Break in Service prior to becoming a Participant, he shall be treated thereafter as a new Employee for purposes of participation under Section 2.01.

(b) In the event a Participant incurs a One Year Break in Service, he shall resume participation in this Plan as of his Employment Commencement Date following the One Year Break in Service.

2.04 Employees Ineligible for Participation: Notwithstanding any provision in this Article to the contrary, and unless expressly agreed otherwise, no Employee who is a member of a unit of Employees covered by a collective bargaining agreement between employee representatives and one or more employers shall be eligible for participation in this Plan, provided that there is evidence that retirement benefits were the subject of good faith bargaining between employee representatives and such employer or employers. In addition, Leased Employees shall be ineligible for participation in the Plan.

Individuals who become Employees as a result of an asset or stock acquisition, merger, or similar transaction involving a change in the employer of the employees of a trade or business shall not be eligible for participation in the Plan until the first day of the Plan Year beginning after the effective date of the transaction unless otherwise provided in the transactional documents and/or confirmed by resolution of the Benefits Administration Committee as Plan Administrator.

2.05 Change in Eligibility Status:

(a) In the event that an Employee who has been ineligible for participation under Section 2.04 subsequently becomes eligible by reason of a change in status to a category of employment eligible for participation, he shall commence participation as of the date of the change in his status, provided that he has satisfied the conditions of Section 2.01. If, as of the date of the change in his status, he has not satisfied the conditions of Section 2.01, his participation shall commence as of his Date of Participation, as defined in Sections 1.05 and 2.01.

(b) In the event a Participant becomes ineligible for continued participation by reason of a change in status to a category of employment ineligible for participation, except as provided in Section 2.05(c) below, he shall cease to be an Eligible Employee as of the date immediately preceding his change in status and shall remain a Participant in this Plan only to the extent that, and for so long as, an account balance is maintained in the Plan for his benefit.

(c) Under this Section, it is contemplated that an Employee's status may change in the course of a particular Plan Year. To the extent that the Employee remains a Participant eligible to share in any Employer contribution for such year, in accordance with provisions of Section 4.01, all Hours of Service shall be aggregated, and all wages and other compensation shall be apportioned, such that the individual neither shall be deprived of any benefit nor receive a duplication of benefits.

(d) Upon a change to ineligible status by any Participant hereunder, that Employee's accounts shall remain within the Trust. The Employee's accounts shall be credited or charged, as the case may be, with gains and losses, as provided in Section 4.03, until such time as the Employee becomes entitled to benefits in accordance with the provisions of Article V.

2.06 Reclassification of Independent Contractor: In the event an individual, who has been ineligible for participation in this Plan by virtue of having been classified by the Employer as an independent contractor, shall be reclassified, by the Employer or otherwise, as an Employee, such individual shall become a Participant in the Plan, following such reclassification, in accordance with the provisions of Section 2.01, unless such Employee shall be ineligible for participation, in accordance with the provisions of Section 2.04. In no event, however, shall such an Employee become a Participant in the Plan prior to the date on which he is reclassified as an Employee, notwithstanding any retroactive effect of such reclassification.

Exhibit 21.1

SUBSIDIARIES OF SUBURBAN PROPANE PARTNERS, L.P.
(as of November 21, 2016)

SUBURBAN LP HOLDING, INC. (Delaware)
SUBURBAN LP HOLDING, LLC (Delaware)
SUBURBAN PROPANE, L. P. (Delaware)
SUBURBAN SALES & SERVICE, INC. (Delaware)
GAS CONNECTION, LLC (Oregon)
SUBURBAN FRANCHISING, LLC (Nevada)
SUBURBAN ENERGY FINANCE CORP. (Delaware)
SUBURBAN HEATING OIL PARTNERS, LLC (Delaware) (d/b/a Suburban Propane)
AGWAY ENERGY SERVICES, LLC (Delaware)
SUBURBAN PROPERTY HOLDINGS, LLC (Delaware)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-195864) and Form S-8 (Nos. 333-204559 and 333-160768) of Suburban Propane Partners, L.P. of our report dated November 23, 2016 relating to the financial statements, financial statement schedule, and the effectiveness of internal control over financial reporting, which appears in this Form 10 K.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Florham Park, New Jersey
November 23, 2016

Exhibit 31.1

Certification of the President and Chief Executive Officer
Pursuant to Section 302
of the Sarbanes-Oxley Act of 2002

I, Michael A. Stivala, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) 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

    d) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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.

November 23, 2016

By: /s/ MICHAELA. STIVALA
Michael A. Stivala
President and Chief Executive Officer

Exhibit 31.2

Certification of the Chief Financial Officer
Pursuant to Section 302
of the Sarbanes-Oxley Act of 2002

I, Michael A. Kuglin, 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) 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

   d) 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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.

November 23, 2016

By: /s/ MICHAEL A. KUGLIN
Michael A. Kuglin
Chief Financial Officer and Chief Accounting Officer

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 24, 2016 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael A. Stivala, President and Chief Executive Officer of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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.

By: /s/ MICHAEL A. STIVALA
Michael A. Stivala
President and Chief Executive Officer
November 23, 2016

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.

Exhibit 32.2

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Suburban Propane Partners, L.P. (the "Partnership") on Form 10-K for the period ended September 24, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael A. Kuglin, Chief Financial Officer and Chief Accounting Officer of the Partnership, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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.

By: /s/ MICHAEL A. KUGLIN
Michael A. Kuglin
Chief Financial Officer and Chief Accounting Officer
November 23, 2016

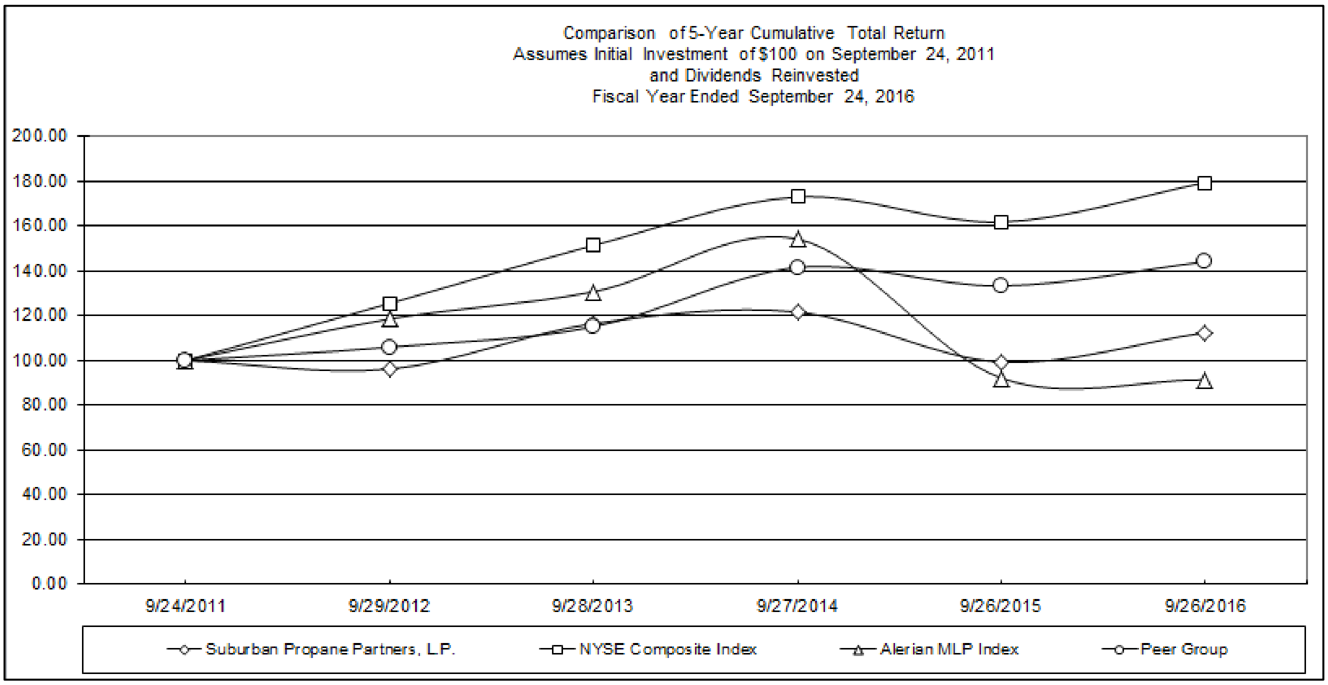
This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Exhibit 99.2

FIVE-YEAR PERFORMANCE GRAPH [1]

The following graph compares the performance of our Common Units with the performance of the S&P 500 Index, the Alerian MLP Index and a peer group index for the period of the five fiscal years commencing September 24, 2011. The graph assumes that at the beginning of the period, $100 was invested in each of (1) our Common Units, (2) the S&P 500 Index, (3) the Alerian MLP Index, and (4) the peer group, and that all distributions or dividends were reinvested.

We do not believe that any published industry or line-of-business index accurately reflects our business. Accordingly, we have created a special peer group index consisting of other propane-marketing companies whose common units are publicly traded on the New York Stock Exchange. The peer group is composed of the following companies: AmeriGas Partners, L.P. and Ferrellgas Partners, L.P.



[1] The performance graph shall not be deemed incorporated by reference by any general statement incorporating by reference this Annual Report on Form 10-K into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Suburban specifically incorporates this information by reference in such filing, and shall not otherwise be deemed filed under such Acts.

SUBURBAN BOARD & EXECUTIVE MANAGEMENT

Executive Management

Michael A. Stivala
President and Chief Executive Officer

Michael A. Kuglin
Chief Financial Officer and Chief Accounting Officer

Paul Abel
Senior Vice President, General Counsel and Secretary

Steven C. Boyd
Senior Vice President, Operations

Douglas T. Brinkworth
Senior Vice President, Product Supply, Purchasing and Logistics

Neil E. Scanlon
Senior Vice President, Information Services

A. Davin D'Ambrosio
Vice President and Treasurer

Keith P. Onderdonk
Vice President, Operational Support

Sandra N. Zwickel
Vice President, Human Resources

Daniel S. Bloomstein
Controller

Board of Supervisors

Harold Logan, Jr. (Chairman)**
Lawrence C. Caldwell*
Matthew J. Chanin**
John D. Collins*
Terence J. Connors***
William M. Landuyt***
John Hoyt Stookey**
Jane Swift*
Michael A. Stivala

* *Member of Nominating/Governance Committee and Audit Committee*

** *Member of Nominating/Governance Committee and Compensation Committee*

*** *Effective January 1, 2017*

Investor Information

Copies of Annual Reports, Interim Reports and other publications are available without charge from Suburban Propane. Refer to our website for:

• Company news, including scheduling of analyst calls
• Earnings releases
• K-1's

Suburban Propane Partners, L.P.
Investor Relations
P.O. Box 206
Whippany, New Jersey 07981-0206
Telephone: 973-503-9252
www.suburbanpropane.com

Telephone number for K-1 inquiries: 1-888-878-0708

It is anticipated that K-1's will be available on our website and mailed to each Unitholder in late February 2017.

Unitholder Information

Exchange Listing
Suburban Propane Partners, L.P. common units are listed on the New York Stock Exchange under the ticker symbol SPH.

SPH LISTED NYSE

Transfer Agent/Unitholder Records

Computershare Investor Services

BY MAIL:
Computershare Investor Services
P.O. Box 30170
College Station, TX 77842-3170
United States of America

BY OVERNIGHT DELIVERY:
Computershare Investor Services
211 Quality Circle, Suite 210
College Station, TX 77845
United States of America

Telephone: +1 781-575-2724
Web Address: www.computershare.com

Suburban Propane Partners, L.P.
One Suburban Plaza, 240 Route 10 West
P.O. Box 206
Whippany, NJ 07981-0206
www.suburbanpropane.com