

## Suburban

General Counsel and Secretary  
One Suburban Plaza • 240 Route 10 West • P.O. Box 206 • Whippany, NJ 07981-0206  
Office 973-503-9967 • Fax 973-515-5982  
pabel@suburbanpropane.com

November 16, 2006

Nancy M. Morris, Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-0609

RE: NYSE Proposal to Amend Rule 452 Related to Discretionary Broker Voting for Director Elections (File No. SR-NYSE-2006-92)

---

The NYSE has proposed to amend its Rule 452 to eliminate discretionary broker voting for the election of directors. As the General Counsel of Suburban Propane Partners, L.P. (“SPH”), a NYSE-traded master limited partnership (“MLP”) that just went through a grueling shareholder vote process, I am submitting this comment in order to bring to the attention of the NYSE and the SEC the potential disparate impact of this proposed amendment on MLPs, an impact that may not have previously been considered.

As a preliminary matter, two salient characteristics of SPH (and, I believe, of most, if not all, MLPs), that largely result from the tax and other regulations pertaining to MLPs, must be understood:

- SPH has a very small percentage of its shares (which we call units) held by institutional investors; instead SPH has a large number of individual unitholders, each holding modest numbers of units; and
- The primary reason for unitholders to own SPH units is our quarterly cash distribution, which provides a relatively high annual yield on their investment.

On September 1, 2006, SPH mailed its 200 page proxy statement to its unitholders, relating to SPH’s 2006 Tri-Annual meeting scheduled for October 17. At the meeting, in addition to election of directors, unitholders were being asked to approve 6 non-routine matters, including the conversion of our general partner interests into common units, several amendments to our limited partnership agreement, and approval of an amended restricted unit plan.

During the 6 week proxy solicitation period, using the NOBO list obtained from ADP, the proxy solicitation firm retained by SPH diligently contacted SPH unitholders and requested their proxies. As the meeting date drew closer, and voting levels remained low, unitholders whose proxies had not yet been received were contacted multiple times by the proxy solicitation firm. Some of these unitholders called the company to complain and I answered a number of these calls. While perhaps not constituting a scientifically valid sample, I did gain valuable insights from these calls (and from later comments made by unitholders at the Tri-Annual meeting itself). Many, if not most, of our unitholders are people who have worked hard all their life and have

invested in our units for the extra money our regular quarterly distribution brings in. Their overriding and sole concern regarding their investment in SPH is that this quarterly distribution continue uninterrupted and unreduced (of course, increases in this distribution will always be welcomed). The only communications these unitholders want from SPH is their quarterly check; please do not bother them with anything else.

On October 17, the day of the Tri-Annual meeting itself, SPH finally managed to barely scrape together enough votes to approve 5 of the 6 non-routine matters. On that day, the last matter was only 25,000 votes short of approval (out of a potential 30 million votes), so, on the advice of outside counsel and our proxy solicitor, the meeting was adjourned for two days to see if the votes received on the last day were enough to approve the last matter. They were.

After 6 weeks of extraordinary efforts by our proxy solicitation firm, each of the 6 matters were approved by a “For” vote that fell between 50% and 51% of all outstanding units eligible to vote at the meeting. But it is important to note that, for each of these proposals, “For” votes were approximately 90% of all votes cast on these matters. Thus, it was not the case that our unitholders were opposed to the proposals; to the contrary, unitholders bothering to vote approved these matters 9:1. Rather, I am convinced that what SPH experienced was overwhelming unitholder APATHY.<sup>1</sup> And I think a grave injustice would have occurred had this apathy been allowed to prevent implementation of proposals that had been overwhelmingly approved by those unitholders concerned enough to vote.

You can imagine the consternation at SPH when, a week after this experience, we learned that the NYSE wanted to put us through this very same wringer each time we attempt to elect directors at our tri-annual meetings.

This experience, and its underlying factors, leads us to believe that the proposed amendment to Rule 452 would greatly increase the expenses to be incurred by SPH (and, ultimately, its unitholders) each time we ask our unitholders to elect directors. Unlike our past practice, we would be required to retain a proxy solicitor even in the absence of a “contest” (however that term is defined), just to attempt to achieve a quorum.<sup>2</sup> And our ability to achieve such quorum, even with the best efforts of our solicitor, would be seriously in doubt, jeopardizing our continuity of governance, because of our dearth of institutional investors and our unitholders’ single-minded focus on cash distributions. Although the PWG talks about “educating” shareholders as a means to increase the percentage of beneficial owners voting their shares, I

---

<sup>1</sup> In its current proposal to amend Rule 452, the NYSE is adopting the recommendations and reasoning of its Proxy Working Group (“PWG”), as set forth in the PWG’s report of June 5, 2006 (“Report”). In the Report, the PWG notes that discretionary voting for routine matters has been part of Rule 452 for the past almost 70 years (Report, Section III.A). The PWG notes “that given the lengthy history of Rule 452 it is entirely possible that the beneficial holder assumes (and even expects) that their decision not to vote on a ‘routine’ matter will result in a vote in accordance with the board’s recommendations” (Report, Section III.D.1). This seems to me to be as good a reason as any for the apathy that we encountered, especially when I am not convinced that most of our unitholders were aware of the difference between “routine” and “non-routine” matters when it comes to broker discretionary voting.

<sup>2</sup> In a private conversation I had with Stephen Walsh of the NYSE, Mr. Walsh informed me that under the amended Rule 452, if election of directors was the only item to be voted on at a shareholder meeting, broker non-votes could not be included in determining whether a quorum was present at the meeting.

remain unconvinced that any amount of education can convince the majority of SPH unitholders to take affirmative action in order to vote on the election of directors, so long as those quarterly distribution checks keep rolling in.

Accordingly, we hereby request that, if the SEC approves the proposed amendment to Rule 452, an exception to this amendment be made for MLPs (thus preserving existing Rule 452 for MLPs), in recognition of the disparate impact that such amendment would have on MLPs. Precedent already exists for exempting MLPs from NYSE rules otherwise applicable to corporate issuers. NYSE Company Manual Section 303A.00 states “[d]ue to their unique attributes, limited partnerships and companies in bankruptcy proceedings need not comply with the requirements of Sections 303A.01, 303A.04 or 303A.05.”<sup>3,4</sup>

In the alternative, we urge the SEC and NYSE to give further consideration to the alternatives of redefining a “contest” and/or proportional voting discussed by the PWG in its Report, or to expressly allowing broker non-votes to be counted for quorum determination purposes. We believe that implementation of one or more of these alternatives would serve to accomplish the same goals as the proposed amendment to Rule 452, but would enable MLPs such as SPH to ensure their continuity of governance.

Very truly yours.

Paul Abel, Esq.

cc: Stephen Walsh  
Vice President Operations  
NYSE Group, Inc.  
11 Wall Street  
New York, NY 10005

---

<sup>3</sup> It is my understanding that MLPs are also exempt from the requirement to hold annual meetings to elect directors. SPH holds unitholder meetings for the election of directors once every 3 years, and SPH believes that it may be the only, or one of the few, MLPs that grants to its limited partners the right to elect directors. Application of amended Rule 452 to MLPs would only serve to further discourage future efforts by other MLPs to give their limited partners the right to elect directors.

<sup>4</sup> During the course of the proxy solicitation described in this comment letter, we learned that, as a matter of general policy, ISS does not analyze, nor take a position on, shareholder proposals at MLPs.