
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-13692

AMERIGAS PARTNERS, L.P.

(Exact name of registrant as specified in its charters)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

23-2787918
(I.R.S. Employer
Identification No.)

460 North Gulph Road, King of Prussia, PA 19406
(Address of Principal Executive Offices) (Zip Code)

(610) 337-7000
(Registrant's Telephone Number, Including Area Code)

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>	Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

At January 31, 2019, there were 92,987,318 Common Units of AmeriGas Partners, L.P. outstanding.

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GLOSSARY OF TERMS AND ABBREVIATIONS

Terms and abbreviations used in this Form 10-Q are defined below:

AmeriGas Partners, L.P. and Related Entities

AmeriGas OLP - AmeriGas Propane, L.P., the principal operating subsidiary of AmeriGas Partners

AmeriGas Partners - AmeriGas Partners, L.P., the publicly-traded master limited partnership

Energy Services - UGI Energy Services, LLC, a wholly owned subsidiary of UGI

General Partner - AmeriGas Propane, Inc., the general partner of AmeriGas Partners and AmeriGas OLP

Partnership - AmeriGas Partners, AmeriGas OLP and all of their subsidiaries collectively

UGI - UGI Corporation

Other Terms and Abbreviations

2017 three-month period - Three-month period ended December 31, 2017

2018 Annual Report - AmeriGas Partners Annual Report on Form 10-K for the fiscal year ended September 30, 2018

2018 three-month period - Three-month period ended December 31, 2018

Adjusted EBITDA - A non-GAAP financial measure comprising the Partnership's EBITDA as adjusted for the effects of gains and losses on commodity derivative instruments not associated with current-period transactions and other gains and losses that competitors do not necessarily have

ASC - Accounting Standards Codification

ASC 605 - ASC 605, "Revenue Recognition"

ASC 606 - ASC 606, "Revenue from Contracts with Customers"

ASU - Accounting Standards Update

Common Units - Limited partnership ownership interests in AmeriGas Partners

Credit Agreement - Revolving Credit Agreement issued by AmeriGas OLP expiring in December 2022

EBITDA - A non-GAAP financial measure comprising the Partnership's earnings before interest expense, income taxes, depreciation and amortization

Exchange Act - Securities Exchange Act of 1934, as amended

FASB - Financial Accounting Standards Board

FDIC - Federal Deposit Insurance Corporation

GAAP - U.S. generally accepted accounting principles

IDR - Incentive distribution right

MGP - Manufactured gas plant

MLP - Master limited partnership

NOAA - National Oceanic and Atmospheric Administration

NPNS - Normal purchase and normal sale

NYDEC - New York State Department of Environmental Conservation

Partnership Agreement - Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners

PRP - Potentially responsible party

ROD - Record of Decision

SEC - U.S. Securities and Exchange Commission

TCJA - Tax Cuts and Jobs Act

Western Missouri District Court - The United States District Court for the Western District of Missouri

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)
(Thousands of dollars)

	December 31, 2018	September 30, 2018	December 31, 2017
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 8,298	\$ 6,878	\$ 7,197
Accounts receivable (less allowances for doubtful accounts of \$14,776, \$12,825 and \$14,953, respectively)	344,124	206,576	334,820
Accounts receivable — related parties	3,049	3,248	3,041
Inventories	128,925	130,527	135,849
Derivative instruments	—	38,661	30,925
Prepaid expenses and other current assets	66,147	66,001	69,409
Total current assets	550,543	451,891	581,241
Property, plant and equipment (less accumulated depreciation of \$1,180,798, \$1,151,726 and \$1,524,282, respectively)	1,141,149	1,148,383	1,189,397
Goodwill	2,003,671	2,003,671	2,002,010
Intangible assets, net	269,467	279,608	380,433
Derivative instruments	—	6,347	1,453
Other assets	40,701	35,918	37,570
Total assets	\$ 4,005,531	\$ 3,925,818	\$ 4,192,104
LIABILITIES AND PARTNERS' CAPITAL			
Current liabilities:			
Current maturities of long-term debt	\$ 8,349	\$ 8,626	\$ 8,447
Short-term borrowings	368,500	232,000	263,500
Accounts payable — trade	171,811	137,050	183,983
Accounts payable — related parties	582	1,482	108
Customer deposits and advances	74,185	91,829	89,544
Derivative instruments	14,015	—	—
Other current liabilities	176,428	207,041	173,592
Total current liabilities	813,870	678,028	719,174
Long-term debt	2,560,696	2,561,007	2,563,441
Other noncurrent liabilities	118,050	117,115	122,641
Total liabilities	3,492,616	3,356,150	3,405,256
Commitments and contingencies (Note 6)			
Partners' capital:			
AmeriGas Partners, L.P. partners' capital:			
Common unitholders (units issued — 92,987,318, 92,977,072 and 92,963,340, respectively)	468,470	523,925	736,966
General partner	12,120	12,682	14,832
Total AmeriGas Partners, L.P. partners' capital	480,590	536,607	751,798
Noncontrolling interest	32,325	33,061	35,050
Total partners' capital	512,915	569,668	786,848
Total liabilities and partners' capital	\$ 4,005,531	\$ 3,925,818	\$ 4,192,104

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(Thousands of dollars, except per unit amounts)

	Three Months Ended December 31,	
	2018	2017
Revenues:		
Propane	\$ 742,900	\$ 711,464
Other	77,313	75,832
	<u>820,213</u>	<u>787,296</u>
Costs and expenses:		
Cost of sales — propane (excluding depreciation and amortization shown below)	435,415	344,351
Cost of sales — other (excluding depreciation and amortization shown below)	21,586	20,994
Operating and administrative expenses	235,138	230,339
Depreciation and amortization	45,709	47,424
Other operating income, net	(5,719)	(4,637)
	<u>732,129</u>	<u>638,471</u>
Operating income	88,084	148,825
Interest expense	(42,354)	(40,577)
Income before income taxes	45,730	108,248
Income tax expense	(409)	(2,378)
Net income including noncontrolling interest	45,321	105,870
Deduct net income attributable to noncontrolling interest	(835)	(1,449)
Net income attributable to AmeriGas Partners, L.P.	<u>\$ 44,486</u>	<u>\$ 104,421</u>
General partner's interest in net income attributable to AmeriGas Partners, L.P.	<u>\$ 11,776</u>	<u>\$ 12,372</u>
Limited partners' interest in net income attributable to AmeriGas Partners, L.P.	<u>\$ 32,710</u>	<u>\$ 92,049</u>
Income per limited partner unit (see Note 2):		
Basic	<u>\$ 0.35</u>	<u>\$ 0.97</u>
Diluted	<u>\$ 0.35</u>	<u>\$ 0.97</u>
Weighted-average limited partner units outstanding (thousands):		
Basic	<u>93,055</u>	<u>93,016</u>
Diluted	<u>93,118</u>	<u>93,080</u>

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(Thousands of dollars)

	Three Months Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income including noncontrolling interest	\$ 45,321	\$ 105,870
Adjustments to reconcile net income including noncontrolling interest to net cash provided by operating activities:		
Depreciation and amortization	45,709	47,424
Provision for uncollectible accounts	4,246	4,878
Change in unrealized gains and losses on derivatives instruments	78,502	(751)
Other, net	(585)	1,841
Net change in:		
Accounts receivable	(141,596)	(141,299)
Inventories	1,602	(19,170)
Accounts payable	33,861	64,101
Derivative instruments collateral deposits (paid) received	(17,270)	185
Other current assets	(4,975)	(11,553)
Other current liabilities	(48,676)	(49,705)
Net cash (used) provided by operating activities	<u>(3,861)</u>	<u>1,821</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(31,011)	(23,586)
Proceeds from disposals of assets	3,562	3,661
Net cash used by investing activities	<u>(27,449)</u>	<u>(19,925)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions	(100,671)	(100,650)
Noncontrolling interest activity	(1,571)	(1,571)
Increase in short-term borrowings	136,500	123,500
Repayment of long-term debt	(1,528)	(1,255)
Other	—	(2,039)
Net cash provided by financing activities	<u>32,730</u>	<u>17,985</u>
Cash and cash equivalents increase (decrease)	<u>\$ 1,420</u>	<u>\$ (119)</u>
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at end of period	\$ 8,298	\$ 7,197
Cash and cash equivalents at beginning of period	6,878	7,316
Cash and cash equivalents increase (decrease)	<u>\$ 1,420</u>	<u>\$ (119)</u>

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL

(unaudited)

(Thousands of dollars, except unit amounts)

	Number of Common Units	Common unitholders	General partner	Total AmeriGas Partners, L.P. partners' capital	Noncontrolling interest	Total partners' capital
For the three months ended December 31, 2018:						
Balance September 30, 2018	92,977,072	\$ 523,925	\$ 12,682	\$ 536,607	\$ 33,061	\$ 569,668
Net income including noncontrolling interest		32,710	11,776	44,486	835	45,321
Distributions		(88,333)	(12,338)	(100,671)	(1,571)	(102,242)
Unit-based compensation expense		168		168		168
Common Units issued in connection with employee and director plans, net of tax withheld	10,246	—	—	—		—
Balance December 31, 2018	92,987,318	\$ 468,470	\$ 12,120	\$ 480,590	\$ 32,325	\$ 512,915
For the three months ended December 31, 2017:						
Balance September 30, 2017	92,958,586	\$ 733,104	\$ 14,795	\$ 747,899	\$ 35,172	\$ 783,071
Net income including noncontrolling interest		92,049	12,372	104,421	1,449	105,870
Distributions		(88,315)	(12,335)	(100,650)	(1,571)	(102,221)
Unit-based compensation expense		190		190		190
Common Units issued in connection with employee and director plans, net of tax withheld	4,754	(62)	—	(62)		(62)
Balance December 31, 2017	92,963,340	\$ 736,966	\$ 14,832	\$ 751,798	\$ 35,050	\$ 786,848

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES**Notes to Condensed Consolidated Financial Statements**

(unaudited)

(Thousands of dollars, except per unit amounts and where indicated otherwise)

Note 1 — Nature of Operations

AmeriGas Partners is a publicly traded limited partnership that conducts a national propane distribution business through its principal operating subsidiary, AmeriGas OLP. AmeriGas Partners and AmeriGas OLP are Delaware limited partnerships. AmeriGas Partners, AmeriGas OLP and all of their subsidiaries are collectively referred to herein as the Partnership.

AmeriGas OLP is engaged in the distribution of propane and related equipment and supplies. AmeriGas OLP comprises the largest retail propane distribution business in the United States serving residential, commercial, industrial, motor fuel and agricultural customers in all 50 states.

At December 31, 2018, the General Partner, an indirect wholly owned subsidiary of UGI, held a 1% general partner interest in AmeriGas Partners and a 1.01% general partner interest in AmeriGas OLP. The General Partner also owns AmeriGas Partners Common Units. The remaining Common Units outstanding represents publicly held Common Units. AmeriGas Partners holds a 98.99% limited partner interest in AmeriGas OLP.

AmeriGas Partners and AmeriGas OLP have no employees. Employees of the General Partner conduct, direct and manage our operations. The General Partner is reimbursed monthly for all direct and indirect expenses it incurs on our behalf (see Note 9).

Note 2 — Summary of Significant Accounting Policies

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with the rules and regulations of the SEC. They include all adjustments which we consider necessary for a fair statement of the results for the interim periods presented. Such adjustments consist only of normal recurring items unless otherwise disclosed. The September 30, 2018, Condensed Consolidated Balance Sheet was derived from audited financial statements but does not include all disclosures required by GAAP.

These financial statements should be read in conjunction with the Partnership's 2018 Annual Report. Weather significantly impacts demand for propane and profitability because many customers use propane for heating purposes. Due to the seasonal nature of the Partnership's propane business, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

Principles of Consolidation. The consolidated financial statements include the accounts of AmeriGas Partners, its majority-owned subsidiary AmeriGas OLP, and its 100%-owned finance subsidiaries AmeriGas Finance Corp., AmeriGas Eagle Finance Corp., AP Eagle Finance Corp., and AmeriGas Finance LLC. AmeriGas Partners and AmeriGas OLP are under the common control of the General Partner. The General Partner of AmeriGas OLP, which is also the General Partner of AmeriGas Partners, makes all decisions for AmeriGas OLP; limited partners of AmeriGas OLP do not have the ability to remove the General Partner or participate in the decision-making for AmeriGas OLP. The accounts of AmeriGas OLP are included based upon the determination that AmeriGas Partners has a controlling financial interest in and is the primary beneficiary of AmeriGas OLP. We eliminate intercompany accounts and transactions when we consolidate.

Revenue Recognition. Effective October 1, 2018, the Partnership adopted ASU No. 2014-09, "Revenue from Contracts with Customers," which, as amended, is included in ASC 606. This new accounting guidance supersedes previous revenue recognition requirements in ASC 605. ASC 606 requires that an entity recognize revenue to depict the transfer of promised 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 Partnership adopted this new accounting guidance using the modified retrospective transition method to those contracts which were not completed as of October 1, 2018. Periods prior to October 1, 2018, have not been restated and continue to be reported in accordance with ASC 605. Upon adoption, there were no cumulative effect adjustments made to the October 1, 2018, partners' capital balances. The adoption of ASC 606 did not, and is not expected to, have a material impact on the amount or timing of our revenue recognition and on our consolidated net income, cash flows or financial position.

Certain revenues are not within the scope of ASC 606 such as revenue from leases, financial instruments, other revenues that are not from contracts with customers, and other contractual rights or obligations and we account for such revenues in accordance with other GAAP. Revenue-related taxes collected on behalf of customers and remitted to taxing authorities, principally sales and use taxes, are not included in revenues. The Partnership has elected to use the practical expedient to expense the costs to obtain

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit amounts and where indicated otherwise)

contracts when incurred as such amounts are generally not material.

See Note 4 for the additional disclosures regarding the Partnership's revenue from contracts with customers.

Allocation of Net Income (Loss). Net income (loss) attributable to AmeriGas Partners, L.P. for partners' capital and statement of operations presentation purposes is allocated to the General Partner and the limited partners in accordance with their respective ownership percentages after giving effect to amounts distributed to the General Partner in excess of its 1% general partner interest in AmeriGas Partners based on its IDRs under the Partnership Agreement.

Income (Loss) Per Unit. Income (loss) per limited partner unit is computed in accordance with GAAP regarding the application of the two-class method for determining income (loss) per unit for MLPs when IDRs are present. The two-class method requires that income per limited partner unit be calculated as if all earnings for the period were distributed and requires a separate calculation for each quarter and year-to-date period. In periods when our net income attributable to AmeriGas Partners exceeds our Available Cash, as defined in the Partnership Agreement, and is above certain levels, the calculation according to the two-class method results in an increased allocation of undistributed earnings to the General Partner. Generally, in periods when our Available Cash in respect of the quarter or year-to-date periods exceeds our net income (loss) attributable to AmeriGas Partners, the calculation according to the two-class method results in an allocation of earnings to the General Partner greater than its relative ownership interest in the Partnership (or in the case of a net loss attributable to AmeriGas Partners, an allocation of such net loss to the Common Unitholders greater than their relative ownership interest in the Partnership).

The following table sets forth reconciliations of the numerators and denominators of the basic and diluted income per limited partner unit computations:

	Three Months Ended December 31,	
	2018	2017
Net income attributable to AmeriGas Partners, L.P.	\$ 44,486	\$ 104,421
Adjust for general partner share and theoretical distributions of net income attributable to AmeriGas Partners, L.P. to the general partner in accordance with the two-class method for MLPs	(11,776)	(14,202)
Common Unitholders' interest in net income attributable to AmeriGas Partners, L.P. under the two-class method for MLPs	\$ 32,710	\$ 90,219
Weighted average Common Units outstanding — basic (thousands)	93,055	93,016
Potentially dilutive Common Units (thousands)	63	64
Weighted average Common Units outstanding — diluted (thousands)	93,118	93,080

Theoretical distributions of net income attributable to AmeriGas Partners, L.P. in accordance with the two-class method for the three months ended December 31, 2017, resulted in an increased allocation of net income attributable to AmeriGas Partners, L.P. to the General Partner in the computation of income per limited partner unit which had the effect of decreasing earnings per limited partner unit by \$0.02. There was no dilutive effect based upon the computation of income per limited partner unit in accordance with the two-class method for the three months ended December 31, 2018.

Potentially dilutive Common Units included in the diluted limited partner units outstanding computation reflect the effects of restricted Common Unit awards granted under the General Partner's incentive compensation plans.

Derivative Instruments. Derivative instruments are reported on the Condensed Consolidated Balance Sheets at their fair values, unless the NPNS exception is elected. The accounting for changes in fair value depends upon the purpose of the derivative instrument and whether it qualifies and is designated as a hedge for accounting purposes. We do not currently have derivative instruments that are designated and qualify as cash flow hedges. Changes in the fair values of our commodity derivative instruments are reflected in "Cost of sales — propane" on the Condensed Consolidated Statements of Operations. Cash flows from commodity derivative instruments are included in cash flows from operating activities on the Condensed Consolidated Statements of Cash Flows.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit amounts and where indicated otherwise)

For a more detailed description of the derivative instruments we use, our accounting for derivatives, our objectives for using them and other information, see Note 8.

Use of Estimates. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and costs. These estimates are based on management's knowledge of current events, historical experience and various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results may be different from these estimates and assumptions.

Reclassifications. Certain prior-period amounts have been reclassified to conform to the current-period presentation.

Note 3 — Accounting Changes**New Accounting Standards Adopted Effective October 1, 2018**

Revenue Recognition. Effective October 1, 2018, the Partnership adopted new accounting guidance regarding revenue recognition. See Notes 2 and 4 for a detailed description of the impact of the new guidance and related disclosures.

Cloud Computing Implementation Costs. In August 2018, the FASB issued ASU No. 2018-15, "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract." The new guidance requires a customer in a cloud computing arrangement that is a service contract to capitalize certain implementation costs as if the arrangement was an internal-use software project. These deferred implementation costs are expensed over the fixed, noncancelable term of the service arrangement plus any reasonably certain renewal periods. The new guidance also requires the entity to present the expense related to the capitalized implementation costs in the same income statement line as the hosting service fees; to classify payments for capitalized implementation costs in the statement of cash flows in the same manner as payments for hosting service fees; and to present the capitalized implementation costs in the balance sheet in the same line item in which prepaid hosting service fees are presented. The new guidance can be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. We adopted this ASU effective October 1, 2018, and applied the guidance prospectively to all implementation costs associated with cloud computing arrangements that are service contracts incurred beginning October 1, 2018. The adoption of the new guidance did not have a material impact on our results of operations for the three months ended December 31, 2018.

Accounting Standards Not Yet Adopted

Fair Value Measurements Disclosures. In August 2018, the FASB issued ASU No. 2018-13, "Changes to the Disclosure Requirements for Fair Value Measurement." This ASU modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The amendments in this ASU are effective for annual periods beginning October 1, 2020 (Fiscal 2021). The guidance regarding removing and modifying disclosures will be adopted on a retrospective basis and the guidance regarding new disclosures will be adopted on a prospective basis. Early adoption is permitted. The Partnership is in the process of assessing the impact on its financial statement disclosures from the adoption of the new guidance and determining the period in which the new guidance will be adopted.

Derivatives and Hedging. In August 2017, the FASB issued ASU No. 2017-12, "Targeted Improvements to Accounting for Hedging Activities." This ASU amends and simplifies existing guidance to allow companies to more accurately present the economic effects of risk management activities in the financial statements. The amendments in this ASU are effective for the Partnership for interim and annual periods beginning October 1, 2019 (Fiscal 2020). Early adoption is permitted. For cash flow and net investment hedges as of the adoption date, the guidance requires a modified retrospective approach. The amended presentation and disclosure guidance is required prospectively. The Partnership is in the process of assessing the impact on its financial statements from the adoption of the new guidance and determining the period in which the new guidance will be adopted.

Leases. In February 2016, the FASB issued ASU No. 2016-02, "Leases." This ASU, as subsequently updated, amends existing guidance to require entities that lease assets to recognize the assets and liabilities for the rights and obligations created by those leases on the balance sheet. The new guidance also requires additional disclosures about the amount, timing and uncertainty of cash flows from leases. The amendments in this ASU are effective for the Partnership for interim and annual periods beginning October 1, 2019 (Fiscal 2020). Early adoption is permitted. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements unless

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(unaudited)

(Thousands of dollars, except per unit amounts and where indicated otherwise)

an entity chooses the transition option in ASU 2018-11, "Leases: Targeted Improvements" which, among other things, provides entities with a transition option to recognize the cumulative-effect adjustment from the modified retrospective application to the opening balance of retained earnings in the period of adoption. We will adopt ASU No. 2016-02, as updated, effective October 1, 2019 and expect to elect the transition option which would allow the Partnership to maintain historical presentation for periods before October 1, 2019. The Partnership has completed a preliminary assessment for evaluating the impact of the guidance and anticipates that its adoption will result in a significant amount of right-of-use assets and lease liabilities for leases in effect at the adoption date. The Partnership has begun implementation activities including accumulating contracts and lease data in formats compatible with a new lease management system that will assist with the initial adoption of the standard.

Note 4 — Revenue from Contracts with Customers

We recognize revenue when control of the promised goods or services is transferred to our customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. The Partnership generally has the right to consideration from a customer in an amount that corresponds directly with the value to the customer for our performance completed to date. As such, we elected to recognize revenue in the amount to which we have a right to invoice.

We do not have a significant financing component in our contracts because we receive payment shortly before, at, or shortly after the transfer of control of the good or service. Because the period between the time the performance obligation is satisfied and payment received is one year or less, the Partnership has elected to apply the significant financing component practical expedient and no amount of consideration has been allocated as a financing component.

The Partnership records revenue principally from the sale of propane to retail and wholesale customers. The primary performance obligation associated with the sale of propane is the delivery of propane to (1) the customer's point of delivery for retail customers and (2) the customer's specified location where propane is picked up by wholesale customers, at which point control of the propane is transferred to the customer, the performance obligation is satisfied, and the associated revenue is recognized. For contracts with retail customers that consume propane from a metered tank, the Partnership recognizes revenue as the propane is consumed, at which point we have the right to invoice, and generally invoice monthly based on consumption.

Contracts with customers comprise different types of contracts with varying length terms, fixed or variable prices, and fixed or variable quantities. Contracts with our residential customers, which comprise a substantial number of our customer contracts, are generally one year or less. Customer contracts for the sale of propane include fixed-price, fixed-quantity contracts under which propane is provided to a customer at a fixed price and a fixed volume, and contracts that provide for the sale of propane at market prices at date of delivery with no fixed volumes. The Partnership offers contracts that permit the customer to lock in a fixed price for their volumes for a fee and also provide the customer with the option to pre-buy a fixed amount of propane at a fixed price. Amounts received under pre-buy arrangements are recorded as a contract liability when received and recorded as revenue when propane is delivered and control is transferred to the customer. Fees associated with fixed-price contracts are recorded as contract liabilities and recorded ratably over the contract period.

The Partnership also distributes propane to customers in portable cylinders. Under certain contracts, filled cylinders are delivered, and control is transferred, to a reseller. In such instances, the reseller is our customer and we record revenue upon delivery to the reseller. Under other contracts, filled cylinders are delivered to a reseller, but the Partnership retains control of the cylinders. In such instances, we record revenue at the time the reseller transfers control of the cylinder to the customer.

Certain retail propane customers receive credits which we account for as variable consideration. We estimate these credits based upon past practices and historical customer experience and we reduce our revenues recognized for these credits.

Other revenues from contracts with customers are generated primarily from certain fees the Partnership charges associated with the delivery of propane including hazmat safety compliance, inspection, metering, installation, fuel recovery and certain other services. Revenues from fees are typically recorded when the propane is delivered to the customer or the associated service is completed. Other revenues from contracts with customers are also generated from the Partnership's parts and service business. The performance obligations of this business include installation and repair services. The performance obligations under these contracts are satisfied, and revenue is recognized, as control of the product is transferred or the services are rendered.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit amounts and where indicated otherwise)

Contract Balances

The timing of revenue recognition may differ from the timing of invoicing to customers or cash receipts. Contract assets represent the Partnership's right to consideration after the performance obligations have been satisfied when such right is conditioned on something other than the passage of time. Contract assets were not material at December 31, 2018. Substantially all of the Partnership's receivables are unconditional rights to consideration and are included in "Accounts receivable" on the Condensed Consolidated Balance Sheets. Amounts billed are generally due within the following month.

Contract liabilities arise when payment from a customer is received before the performance obligations have been satisfied and represent the Partnership's obligations to transfer goods or services to a customer for which the Partnership has received consideration from the customer. The balance of contract liabilities was \$73,461 and \$93,393 at December 31, 2018 and October 1, 2018, respectively, and are included in "Customer deposits and advances" and "Other current liabilities" on the Condensed Consolidated Balance Sheets. Revenue recognized for the three months ended December 31, 2018, from the amount included in contract liabilities at October 1, 2018 was \$45,136.

Revenue Disaggregation

The following table presents our disaggregated revenues for the three months ended December 31, 2018:

Revenues from contracts with customers:	
Propane:	
Retail	\$ 721,897
Wholesale	21,003
Other	60,558
Total revenues from contracts with customers	803,458
Other revenues (a)	16,755
Total revenues	\$ 820,213

(a) Primarily represents revenues from tank rentals that are not within the scope of ASC 606 and accounted for in accordance with other GAAP.

Remaining Performance Obligations

The Partnership has elected to use practical expedients as allowed in ASC 606 to exclude disclosures related to the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period because these contracts have an initial expected term of one year or less or we have a right to bill the customer in an amount that corresponds directly with the value of services provided to the customer to date.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

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Note 5 — Goodwill and Intangible Assets

The Partnership's goodwill and intangible assets comprise the following:

	December 31, 2018	September 30, 2018	December 31, 2017
Goodwill (not subject to amortization)	\$ 2,003,671	\$ 2,003,671	\$ 2,002,010
Intangible assets:			
Customer relationships and noncompete agreements	\$ 496,901	\$ 497,373	\$ 496,905
Trademarks and tradenames	7,944	7,944	—
Accumulated amortization	(235,378)	(225,709)	(199,416)
Intangible assets, net (definite-lived)	269,467	279,608	297,489
Trademarks and tradenames (indefinite-lived)	—	—	82,944
Total intangible assets, net	\$ 269,467	\$ 279,608	\$ 380,433

Amortization expense of intangible assets was \$10,140 and \$9,607 for the three months ended December 31, 2018 and 2017, respectively. No amortization expense is included in cost of sales on the Condensed Consolidated Statements of Operations. The estimated aggregate amortization expense of intangible assets for the remainder of Fiscal 2019 and the next four fiscal years is as follows: remainder of Fiscal 2019 — \$30,255; Fiscal 2020 — \$39,152; Fiscal 2021 — \$35,914; Fiscal 2022 — \$32,963; Fiscal 2023 — \$31,627.

Note 6 — Commitments and Contingencies**Contingencies**

Saranac Lake Environmental Matter. In 2008, the NYDEC notified AmeriGas OLP that the NYDEC had placed property purportedly owned by AmeriGas OLP in Saranac Lake, New York on the New York State Registry of Inactive Hazardous Waste Disposal Sites. A site characterization study performed by the NYDEC disclosed contamination related to a former MGP. AmeriGas OLP responded to the NYDEC in 2009 to dispute the contention it was a PRP as it did not operate the MGP and appeared to only own a portion of the site. In 2017, the NYDEC communicated to AmeriGas OLP that the NYDEC had previously issued three RODs related to remediation of the site totaling approximately \$27,700 and requested additional information regarding AmeriGas OLP's purported ownership. AmeriGas renewed its challenge to designation as a PRP and identified potential defenses. The NYDEC subsequently identified a third party PRP with respect to the site.

The NYDEC commenced implementation of the remediation plan in the spring of 2018. Based on its evaluation of the available information, the Partnership accrued an undiscounted environmental remediation liability of \$7,545 related to the site during the third quarter of Fiscal 2017. Our share of the actual remediation costs could be significantly more or less than the accrued amount.

Purported Class Action Lawsuits. Between May and October of 2014, purported class action lawsuits were filed in multiple jurisdictions against the Partnership/UGI and a competitor by certain of their direct and indirect customers. The class action lawsuits allege, among other things, that the Partnership and its competitor colluded, beginning in 2008, to reduce the fill level of portable propane cylinders from 17 pounds to 15 pounds and combined to persuade their common customer, Walmart Stores, Inc., to accept that fill reduction, resulting in increased cylinder costs to retailers and end-user customers in violation of federal and certain state antitrust laws. The claims seek treble damages, injunctive relief, attorneys' fees and costs on behalf of the putative classes.

On October 16, 2014, the United States Judicial Panel on Multidistrict Litigation transferred all of these purported class action cases to the Western Missouri District Court. As the result of rulings on a series of procedural filings, including petitions filed with the Eighth Circuit and the U.S. Supreme Court, both the federal and state law claims of the direct customer plaintiffs and the state law claims of the indirect customer plaintiffs were remanded to the Western Missouri District Court. The decision of the Western Missouri District Court to dismiss the federal antitrust claims of the indirect customer plaintiffs was upheld by the Eighth Circuit. Motions are pending before the Western Missouri District Court regarding the indirect purchasers' state law claims.

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We are unable to reasonably estimate the impact, if any, arising from such litigation. We believe we have strong defenses to the claims and intend to vigorously defend against them.

In addition to the matters described above, there are other pending claims and legal actions arising in the normal course of our businesses. Although we cannot predict the final results of these pending claims and legal actions, we believe, after consultation with counsel, that the final outcome of these matters will not have a material effect on our financial statements.

Note 7 — Fair Value Measurements**Recurring Fair Value Measurements - Derivative Instruments**

The following table presents, on a gross basis, our derivative assets and liabilities, including both current and noncurrent portions, that are measured at fair value on a recurring basis within the fair value hierarchy, as of December 31, 2018, September 30, 2018 and December 31, 2017:

	Asset (Liability)			
	Level 1	Level 2	Level 3	Total
December 31, 2018:				
Assets:				
Commodity contracts	\$ —	\$ 958	\$ —	\$ 958
Liabilities:				
Commodity contracts	\$ —	\$ (27,182)	\$ —	\$ (27,182)
September 30, 2018:				
Assets:				
Commodity contracts	\$ —	\$ 52,529	\$ —	\$ 52,529
Liabilities:				
Commodity contracts	\$ —	\$ (251)	\$ —	\$ (251)
December 31, 2017:				
Assets:				
Commodity contracts	\$ —	\$ 41,187	\$ —	\$ 41,187
Liabilities:				
Commodity contracts	\$ —	\$ (633)	\$ —	\$ (633)

The fair values of our non-exchange traded commodity derivative contracts included in Level 2 are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators.

Other Financial Instruments

The carrying amounts of other financial instruments included in current assets and current liabilities (except for current maturities of long-term debt) approximate their fair values because of their short-term nature. We estimate the fair value of long-term debt by using current market rates and by discounting future cash flows using rates available for similar type debt (Level 2). The carrying amount and estimated fair value of our long-term debt (including current maturities but excluding unamortized debt issuance costs) at December 31, 2018, September 30, 2018 and December 31, 2017 were as follows:

	December 31, 2018	September 30, 2018	December 31, 2017
Carrying amount	\$ 2,595,570	\$ 2,597,131	\$ 2,602,304
Estimated fair value	\$ 2,364,251	\$ 2,562,206	\$ 2,660,194

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES**Notes to Condensed Consolidated Financial Statements**

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Financial instruments other than derivative instruments, such as short-term investments and trade accounts receivable, could expose us to concentrations of credit risk. We limit credit risk from short-term investments by investing only in investment-grade commercial paper, money market mutual funds, securities guaranteed by the U.S. Government or its agencies and FDIC insured bank deposits. The credit risk arising from concentrations of trade accounts receivable is limited because we have a large customer base that extends across many different U.S. markets.

Note 8 — Derivative Instruments and Hedging Activities

The Partnership is exposed to certain market risks associated with its ongoing business operations. Management uses derivative financial and commodity instruments, among other things, to manage these risks. The primary risk managed by derivative instruments is commodity price risk. Although we use derivative financial and commodity instruments to reduce market risk associated with forecasted transactions, we do not use derivative financial and commodity instruments for speculative or trading purposes. The use of derivative instruments is controlled by our risk management and credit policies which govern, among other things, the derivative instruments the Partnership can use, counterparty credit limits and contract authorization limits. Although our commodity derivative instruments extend over a number of years, a significant portion of our commodity derivative instruments economically hedge commodity price risk during the next twelve months.

Commodity Price Risk

In order to manage market risk associated with the Partnership's fixed-price programs, the Partnership uses over-the-counter derivative commodity instruments, principally price swap contracts, to reduce propane price volatility associated with a portion of forecasted propane purchases. In addition, the Partnership from time to time enters into price swap agreements to reduce the effects of short term commodity price volatility. At December 31, 2018, September 30, 2018 and December 31, 2017, total volumes associated with propane commodity derivatives totaled 248.7 million gallons, 244.8 million gallons and 180.6 million gallons, respectively. At December 31, 2018, the maximum period over which we are economically hedging propane market price risk is 24 months.

Derivative Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Our counterparties principally comprise major energy companies and major U.S. financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits. Certain of these agreements call for the posting of collateral by the counterparty or by the Partnership in the forms of letters of credit, parental guarantees or cash. Although we have concentrations of credit risk associated with derivative instruments held by certain derivative instrument counterparties, the maximum amount of loss due to credit risk that, based upon the gross fair values of the derivative instruments, we would incur if these counterparties that make up the concentration failed to perform according to the terms of their contracts was not material at December 31, 2018. Certain of our derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade in the Partnership's debt rating. At December 31, 2018, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

Offsetting Derivative Assets and Liabilities

Derivative assets and liabilities are presented net by counterparty on the Consolidated Balance Sheets if the right of offset exists. Our derivative instruments comprise over-the-counter transactions. Over-the-counter contracts are bilateral contracts that are transacted directly with a third party. Certain over-the-counter contracts contain contractual rights of offset through master netting arrangements and contract default provisions. In addition, the contracts are subject to conditional rights of offset through counterparty nonperformance, insolvency, or other conditions.

In general, most of our over-the-counter transactions are subject to collateral requirements. Types of collateral generally include cash or letters of credit. Cash collateral paid by us to our over-the-counter derivative counterparties, if any, is reflected in the table below to offset derivative liabilities. Cash collateral received by us from our over-the-counter derivative counterparties, if any, is reflected in the table below to offset derivative assets. Certain other accounts receivable and accounts payable balances recognized

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(Thousands of dollars, except per unit amounts and where indicated otherwise)

on the Consolidated Balance Sheets with our derivative counterparties are not included in the table below but could reduce our net exposure to such counterparties because such balances are subject to master netting or similar arrangements.

Fair Value of Derivative Instruments

The following table presents our derivative assets and liabilities by type, as well as the effects of offsetting, as of December 31, 2018, September 30, 2018 and December 31, 2017:

	December 31, 2018	September 30, 2018	December 31, 2017
Derivative assets not designated as hedging instruments:			
Commodity contracts	\$ 958	\$ 52,529	\$ 41,187
Total derivative assets — gross	958	52,529	41,187
Gross amounts offset in the balance sheet	(958)	(251)	(633)
Cash collateral received	—	(7,270)	(8,176)
Total derivative assets — net	<u>\$ —</u>	<u>\$ 45,008</u>	<u>\$ 32,378</u>
Derivative liabilities not designated as hedging instruments:			
Commodity contracts	\$ (27,182)	\$ (251)	\$ (633)
Total derivative liabilities — gross	(27,182)	(251)	(633)
Gross amounts offset in the balance sheet	958	251	633
Cash collateral pledged	10,000	—	—
Total derivative liabilities — net (a)	<u>\$ (16,224)</u>	<u>\$ —</u>	<u>\$ —</u>

(a) Derivative liabilities with maturities greater than one year are recorded in “Other noncurrent liabilities” on the Condensed Consolidated Balance Sheets.

Effects of Derivative Instruments

The following table provides information on the effects of derivative instruments on the Condensed Consolidated Statements of Operations for the three months ended December 31, 2018 and 2017:

Three Months Ended December 31,	(Loss) Gain Recognized in Income		Location of (Loss) Gain Recognized in Income
	2018	2017	
Derivatives Not Designated as Hedging Instruments:			
Commodity contracts	<u>\$ (82,762)</u>	<u>\$ 19,614</u>	Cost of sales — propane

We are also a party to a number of contracts that have elements of a derivative instrument. These contracts include, among others, binding purchase orders, contracts that provide for the purchase and delivery of propane and service contracts that require the counterparty to provide commodity storage or transportation service to meet our normal sales commitments. Although certain of these contracts have the requisite elements of a derivative instrument, these contracts qualify for NPNS accounting under GAAP because they provide for the delivery of products or services in quantities that are expected to be used in the normal course of operating our business and the price in the contract is based on an underlying that is directly associated with the price of the product or service being purchased or sold.

Note 9 — Related Party Transactions

Pursuant to the Partnership Agreement and a management services agreement, the General Partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of the Partnership. These costs, which totaled \$152,047 and \$147,287 for the three months ended December 31, 2018 and 2017, respectively, include employee compensation and benefit expenses of employees of the General Partner and general and administrative expenses.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES**Notes to Condensed Consolidated Financial Statements**

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UGI provides certain financial and administrative services to the General Partner. UGI bills the General Partner monthly for all direct and indirect corporate expenses incurred in connection with providing these services and the General Partner is reimbursed by the Partnership for these expenses. The allocation of indirect UGI corporate expenses to the Partnership utilizes a weighted, three-component formula based on the relative percentage of the Partnership's revenues, operating expenses and net assets employed to the total of such items for all UGI operating subsidiaries for which general and administrative services are provided. The General Partner believes that this allocation method is reasonable and equitable to the Partnership. Such corporate expenses totaled \$3,943 and \$3,713 for the three months ended December 31, 2018 and 2017, respectively. In addition, UGI and certain of its subsidiaries provide office space, stop loss medical coverage and automobile liability insurance to the Partnership. The costs incurred related to these items during the three months ended December 31, 2018 and 2017, were not material.

From time to time, AmeriGas OLP purchases propane on an as needed basis from Energy Services. The price of the purchases is generally based on market price at the time of purchase. There were no purchases of propane by AmeriGas OLP from Energy Services during the three months ended December 31, 2018 and 2017.

In addition, the AmeriGas OLP sells propane to affiliates of UGI. Sales of propane to affiliates of UGI during three months ended December 31, 2018 and 2017 were not material.

UGI Standby Commitment to Purchase AmeriGas Partners Class B Common Units

On November 7, 2017, AmeriGas Partners entered into a Standby Equity Commitment Agreement with the General Partner and UGI. Under the terms of the Standby Equity Commitment Agreement, UGI has committed to make up to \$225,000 of capital contributions to the Partnership through July 1, 2019. UGI's capital contributions may be made from time to time through July 1, 2019. There have been no capital contributions made to the Partnership under the Commitment Agreement.

In consideration for any capital contributions pursuant to the Commitment Agreement, the Partnership will issue to UGI or a wholly owned subsidiary new Class B Common Units representing limited partner interests in the Partnership. The Class B Common Units will be issued at a price per unit equal to the 20-day volume-weighted average price of the Partnership's Common Units prior to the date of the Partnership's related capital call. The Class B Common Units will be entitled to cumulative quarterly distributions at a rate equal to the annualized Common Units yield at the time of the applicable capital call, plus 130 basis points. The Partnership may choose to make the distributions in cash or in kind in the form of additional Class B Common Units. While outstanding, the Class B Common Units will not be subject to any incentive distributions from the Partnership.

Generally, at any time after five years from the initial issuance of the Class B Common Units, holders may elect to convert all or any portion of the Class B Common Units they own into Common Units on a one-for-one basis and at any time after six years from the initial issuance of the Class B Common Units, subject to certain conditions, the Partnership may elect to convert all or any portion of the Class B Common Units into Common Units.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Information contained in this Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," or other similar words. These statements discuss plans, strategies, events or developments that we expect or anticipate will or may occur in the future.

A forward-looking statement may include a statement of the assumptions or bases underlying the forward-looking statement. We believe that we have chosen these assumptions or bases in good faith and that they are reasonable. However, we caution you that actual results almost always vary from assumed facts or bases, and the differences between actual results and assumed facts or bases can be material, depending on the circumstances. When considering forward-looking statements, you should keep in mind the following important factors that could affect our future results and could cause those results to differ materially from those expressed in our forward-looking statements: (1) adverse weather conditions resulting in reduced demand; (2) cost volatility and availability of propane, and the capacity to transport propane to our customers; (3) the availability of, and our ability to consummate, acquisition or combination opportunities; (4) successful integration and future performance of acquired assets or businesses and achievement of anticipated synergies; (5) changes in laws and regulations, including safety, tax, consumer protection, environmental, and accounting matters; (6) competitive pressures from the same and alternative energy sources; (7) failure to acquire new customers and retain current customers thereby reducing or limiting any increase in revenues; (8) liability for environmental claims; (9) increased customer conservation measures due to high energy prices and improvements in energy efficiency and technology resulting in reduced demand; (10) adverse labor relations; (11) customer, counterparty, supplier, or vendor defaults; (12) liability for uninsured claims and for claims in excess of insurance coverage, including those for personal injury and property damage arising from explosions, terrorism, and other catastrophic events that may result from operating hazards and risks incidental to transporting, storing and distributing propane, butane and ammonia; (13) political, regulatory and economic conditions in the United States and foreign countries; (14) capital market conditions, including reduced access to capital markets and interest rate fluctuations; (15) changes in commodity market prices resulting in significantly higher cash collateral requirements; (16) the impact of pending and future legal proceedings; (17) the availability, timing, and success of our acquisitions and investments to grow our business; and (18) the interruption, disruption, failure, malfunction, or breach of our information technology systems, including due to cyber attack.

These factors, and those factors set forth in Item 1A. Risk Factors in the Partnership's 2018 Annual Report, are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. We undertake no obligation to update publicly any forward-looking statement whether as a result of new information or future events except as required by the federal securities laws.

ANALYSIS OF RESULTS OF OPERATIONS

The following analysis compares the Partnership's results of operations for the 2018 three-month period with the 2017 three-month period.

Our results are significantly influenced by temperatures in our service territories particularly during the heating season months of October through March. As a result, our operating results, after adjusting for the effects of gains and losses on commodity derivative instruments not associated with current-period transactions as further discussed below, are significantly higher in our first and second fiscal quarters.

AmeriGas Partners does not designate its propane commodity derivative instruments as hedges under GAAP. As a result, volatility in net income attributable to AmeriGas Partners as determined in accordance with GAAP can occur as gains and losses on commodity derivative instruments not associated with current-period transactions, principally comprising non-cash changes in unrealized gains and losses, are reflected in cost of sales.

AmeriGas Partners' management presents the non-GAAP measures "Adjusted EBITDA," "adjusted net income attributable to AmeriGas Partners," "adjusted total margin," and "adjusted operating income" (in addition to "net income attributable to AmeriGas Partners" determined in accordance with GAAP) in order to assist in the evaluation of the Partnership's overall performance. Management believes that these non-GAAP measures provide meaningful information to investors about AmeriGas Partners' performance because they eliminate the impact of (1) changes in unrealized gains and losses, and certain realized gains and losses, on commodity derivative instruments not associated with current-period transactions and (2) certain other gains and losses that

competitors do not necessarily have, to provide additional insight into the comparison of year-over-year profitability to that of other master limited partnerships. For additional information on these non-GAAP measures as well as the non-GAAP measure, “EBITDA,” including reconciliations of these non-GAAP measures to the most closely associated GAAP measures, see “Non-GAAP Financial Measures” below.

Executive Overview

Three Months Ended December 31, 2018

We recorded GAAP net income attributable to AmeriGas Partners for the 2018 three-month period of \$44.5 million compared to GAAP net income attributable to AmeriGas Partners for the 2017 three-month period of \$104.4 million. GAAP net income in the 2018 and 2017 three-month periods reflect the effects of net unrealized (losses) gains of \$(78.5) million and \$0.8 million, respectively, on commodity derivative instruments not associated with current-period transactions.

Adjusted net income attributable to AmeriGas Partners for the 2018 three-month period was \$122.2 million compared with adjusted net income attributable to AmeriGas Partners for the 2017 three-month period of \$103.7 million. The \$18.5 million increase in adjusted net income attributable to AmeriGas Partners reflects a \$20.5 million increase in adjusted total margin on higher average retail propane unit margins and higher retail volumes sold. These increases in adjusted net income were partially offset by, among other things, slightly higher operating and administrative expenses. Average temperatures based upon heating degree days in our service territories were 4.9% colder than normal during the 2018 three-month period compared with average temperatures during the prior-year period that were 1.4% warmer than normal. Average temperatures in the 2017 three-month period reflect the impact of significantly colder than normal weather that occurred in late December.

Non-GAAP Financial Measures

The Partnership’s management uses certain non-GAAP financial measures, including adjusted total margin, EBITDA, Adjusted EBITDA, adjusted operating income, and adjusted net income attributable to AmeriGas Partners, when evaluating the Partnership’s overall performance. These financial measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute for, the comparable GAAP measures.

Management believes EBITDA as adjusted for the effects of gains and losses on commodity derivative instruments not associated with current-period transactions and other gains and losses that competitors do not necessarily have (Adjusted EBITDA), is a meaningful non-GAAP financial measure used by investors to (1) compare the Partnership’s operating performance with that of other companies within the propane industry and (2) assess the Partnership’s ability to meet loan covenants. The Partnership’s definition of Adjusted EBITDA may be different from those used by other companies. Management uses Adjusted EBITDA to compare year-over-year profitability of the business without regard to capital structure as well as to compare the relative performance of the Partnership to that of other master limited partnerships without regard to their financing methods, capital structure, income taxes, the effects of gains and losses on commodity derivative instruments not associated with current-period transactions or historical cost basis. In view of the omission of interest, income taxes, depreciation and amortization, gains and losses on commodity derivative instruments not associated with current-period transactions and other gains and losses that competitors do not necessarily have from Adjusted EBITDA, management also assesses the profitability of the business by comparing net income attributable to AmeriGas Partners for the relevant periods. Management also uses Adjusted EBITDA to assess the Partnership’s profitability because its parent, UGI, uses the Partnership’s Adjusted EBITDA to assess the profitability of the Partnership which is one of UGI’s reportable segments. UGI discloses the Partnership’s Adjusted EBITDA in its disclosure about reportable segments as the profitability measure for its domestic propane segment.

Our other non-GAAP financial measures comprise adjusted total margin, adjusted operating income and adjusted net income attributable to AmeriGas Partners. Management believes the presentations of these non-GAAP financial measures provide useful information to investors to more effectively evaluate the period-over-period results of operations of the Partnership. Management uses these non-GAAP financial measures because they eliminate the impact of (1) gains and losses on commodity derivative instruments not associated with current-period transactions and (2) other gains and losses that competitors do not necessarily have to provide insight into the comparison of period-over-period profitability to that of other master limited partnerships.

The following table includes reconciliations of adjusted total margin, adjusted operating income, adjusted net income attributable to AmeriGas Partners, EBITDA and Adjusted EBITDA to the most directly comparable financial measures calculated and presented in accordance with GAAP for the periods presented:

(Dollars in millions)	Three Months Ended December 31,	
	2018	2017
Adjusted total margin:		
Total revenues	\$ 820.2	\$ 787.3
Cost of sales — propane	(435.4)	(344.4)
Cost of sales — other	(21.6)	(20.9)
Total margin	363.2	422.0
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions	78.5	(0.8)
Adjusted total margin	\$ 441.7	\$ 421.2
Adjusted operating income:		
Operating income	\$ 88.1	\$ 148.8
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions	78.5	(0.8)
Adjusted operating income	\$ 166.6	\$ 148.0
Adjusted net income attributable to AmeriGas Partners:		
Net income attributable to AmeriGas Partners	\$ 44.5	\$ 104.4
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions (a)	78.5	(0.7)
Noncontrolling interest in net gains and losses on commodity derivative instruments	(0.8)	—
Adjusted net income attributable to AmeriGas Partners	\$ 122.2	\$ 103.7
EBITDA and Adjusted EBITDA:		
Net income attributable to AmeriGas Partners	\$ 44.5	\$ 104.4
Income tax expense	0.4	2.4
Interest expense	42.4	40.6
Depreciation and amortization	45.7	47.4
EBITDA	133.0	194.8
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions (a)	78.5	(0.7)
Noncontrolling interest in net gains and losses on commodity derivative instruments (a)	(0.8)	—
Adjusted EBITDA	\$ 210.7	\$ 194.1

(a) Includes the impact of rounding.

RESULTS OF OPERATIONS

2018 three-month period compared with the 2017 three-month period

Three Months Ended December 31,	2018	2017	Increase (Decrease)	
(Dollars and gallons in millions)				
Gallons sold:				
Retail	310.3	305.0	5.3	1.7 %
Wholesale	21.9	17.0	4.9	28.8 %
	<u>332.2</u>	<u>322.0</u>	<u>10.2</u>	<u>3.2 %</u>
Revenues:				
Retail propane	\$ 721.9	\$ 692.8	\$ 29.1	4.2 %
Wholesale propane	21.0	18.7	2.3	12.3 %
Other	77.3	75.8	1.5	2.0 %
	<u>\$ 820.2</u>	<u>\$ 787.3</u>	<u>\$ 32.9</u>	<u>4.2 %</u>
Total margin (a)	\$ 363.2	\$ 422.0	\$ (58.8)	(13.9)%
Operating and administrative expenses	\$ 235.1	\$ 230.3	\$ 4.8	2.1 %
Operating income	\$ 88.1	\$ 148.8	\$ (60.7)	(40.8)%
Net income attributable to AmeriGas Partners	\$ 44.5	\$ 104.4	\$ (59.9)	(57.4)%
Non-GAAP financial measures (b):				
Adjusted total margin	\$ 441.7	\$ 421.2	\$ 20.5	4.9 %
EBITDA	\$ 133.0	\$ 194.8	\$ (61.8)	(31.7)%
Adjusted EBITDA	\$ 210.7	\$ 194.1	\$ 16.6	8.6 %
Adjusted operating income	\$ 166.6	\$ 148.0	\$ 18.6	12.6 %
Adjusted net income attributable to AmeriGas Partners	\$ 122.2	\$ 103.7	\$ 18.5	17.8 %
Heating degree days — % colder (warmer) than normal (c)	4.9%	(1.4)%	—	—

(a) Total margin represents total revenues less “Cost of sales — propane” and “Cost of sales — other.” Total margin for the 2018 and 2017 three-month periods include the impact of net unrealized (losses) gains of \$(78.5) million and \$0.8 million, respectively, on commodity derivative instruments not associated with current-period transactions.

(b) These financial measures are non-GAAP financial measures and are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not a substitute for, the comparable GAAP measures. See section “Non-GAAP Financial Measures” above.

(c) Deviation from average heating degree days for the 15-year period 2002-2016 based upon national weather statistics provided by NOAA for 344 Geo Regions in the United States, excluding Alaska and Hawaii.

The Partnership’s retail gallons sold during the 2018 three-month period were 1.7% higher than the prior-year period. Average temperatures based upon heating degree days during the 2018 three-month period were 4.9% colder than normal and 6.3% colder than the prior-year period. Average temperatures in the 2017 three-month period were impacted by significantly colder than normal weather that occurred in late December.

Retail propane revenues increased \$29.1 million during the 2018 three-month period reflecting the effects of higher average retail selling prices (\$17.1 million) and higher retail volumes sold (\$12.0 million). Wholesale propane revenues increased \$2.3 million reflecting the effects of higher wholesale volumes sold (\$5.4 million) partially offset by lower average wholesale selling prices (\$3.1 million). Average daily wholesale propane commodity prices during the 2018 three-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were slightly lower than such prices during the 2017 three-month period reflecting lower year-over-year wholesale propane commodity prices later in the 2018 three-month period. Other revenues in the 2018 three-month period were slightly higher than in the prior-year period principally reflecting higher service and ancillary revenues.

Total cost of sales during the 2018 three-month period increased \$91.7 million from the prior-year period. Cost of sales in the 2018 and 2017 three-month periods include \$(78.5) million and \$0.8 million of net (losses) gains on commodity derivative instruments not associated with current-period transactions, respectively. Excluding the effects on cost of sales of these net gains and (losses) on derivative commodity instruments, total cost of sales increased \$12.4 million principally reflecting the effects of the higher retail and wholesale propane volumes sold (\$10.9 million).

Total margin (which includes \$(78.5) million and \$0.8 million of net (losses) gains on commodity derivative instruments not associated with current-period transactions in the 2018 and 2017 three-month periods, respectively) decreased \$58.8 million during the 2018 three-month period. Adjusted total margin increased \$20.5 million principally reflecting higher retail propane total margin (\$19.5 million) and slightly higher non-propane total margin (\$0.9 million). The increase in retail propane total margin principally reflects higher average retail propane unit margins due, in part, to the effects of declining wholesale propane prices later during the 2018 three-month period and, to a lesser extent, the higher retail volumes sold.

EBITDA and operating income (both of which include the effects of the previously mentioned unrealized gains and losses on commodity derivative instruments) decreased \$61.8 million and \$60.7 million, respectively. Adjusted EBITDA increased \$16.6 million in the 2018 three-month period principally reflecting the effects of the higher adjusted total margin (\$20.5 million) and slightly higher other operating income (\$1.1 million), partially offset by a \$4.8 million increase in operating and administrative expenses. The slight increase in operating and administrative expenses includes higher total compensation and benefits cost (\$3.1 million), principally higher labor and overtime costs associated with the increased activity, and higher vehicle expenses (\$2.2 million). Adjusted operating income increased \$18.6 million in the 2018 three-month period reflecting the \$16.6 million increase in Adjusted EBITDA and, to a much lesser extent, lower depreciation and amortization expense (\$1.7 million).

The \$18.5 million increase in adjusted net income attributable to AmeriGas Partners principally reflects the \$18.6 million increase in adjusted operating income and a \$2.0 million decrease in income tax expense, partially offset by slightly higher interest expense (\$1.8 million) on higher short-term borrowings. Income tax expense in the prior-year three-month period included adjustments to deferred income taxes of our corporate subsidiary resulting from the TCJA signed into law on December 22, 2017.

FINANCIAL CONDITION AND LIQUIDITY

The Partnership's cash and cash equivalents at December 31, 2018, were \$8.3 million compared to cash and cash equivalents at September 30, 2018, of \$6.9 million. The Partnership's debt outstanding at December 31, 2018, totaled \$2,937.5 million (including current maturities of long-term debt of \$8.3 million and short-term borrowings of \$368.5 million under the Credit Agreement). The Partnership's debt outstanding at September 30, 2018, totaled \$2,801.6 million (including current maturities of long-term debt of \$8.6 million and short-term borrowings of \$232.0 million under the Credit Agreement). Total long-term debt outstanding at December 31, 2018, including current maturities, comprises \$2,575.0 million of AmeriGas Partners' Senior Notes, \$7.5 million of Heritage Operating, L.P. Senior Notes and \$13.0 million of other long-term debt, and is net of \$26.5 million of unamortized debt issuance costs.

At December 31, 2018, there were \$368.5 million borrowings outstanding under the Credit Agreement. Issued and outstanding letters of credit under the Credit Agreement, which reduce the amounts available for borrowings, totaled \$63.5 million at December 31, 2018. At December 31, 2018, the Partnership's available borrowing capacity under the Credit Agreement was \$168.0 million. The average daily and peak short-term borrowings outstanding under the Credit Agreement during the 2018 three-month period were \$306.3 million and \$401.0 million, respectively. The average daily and peak short-term borrowings outstanding under the Credit Agreement during the 2017 three-month period were \$199.0 million and \$286.0 million, respectively.

AmeriGas Partners also has a Standby Equity Commitment Agreement with the General Partner and UGI under which UGI has committed to make up to \$225 million of capital contributions to the Partnership through July 1, 2019. UGI's capital contributions may be made from time to time through July 1, 2019, upon request of the Partnership. In consideration for any capital contributions pursuant to the Commitment Agreement, the Partnership will issue to UGI or a wholly owned subsidiary new Class B Common Units representing limited partner interests in the Partnership. There have been no capital contributions made to the Partnership under the Commitment Agreement.

The Partnership's management believes that the Partnership has sufficient liquidity in the forms of cash and cash equivalents on hand, cash expected to be generated from operations, and short-term borrowings available under the Credit Agreement to meet its anticipated contractual and projected cash commitments.

Partnership Distributions

During the three months ended December 31, 2018, the General Partner's Board of Directors declared and the Partnership paid a quarterly distribution on all limited partner units at a rate of \$0.95 per Common Unit for the quarter ended September 30, 2018. On January 29, 2019, the General Partner's Board of Directors approved a quarterly distribution of \$0.95 per limited partner unit for the quarter ended December 31, 2018. The distribution will be paid on February 19, 2019, to unitholders of record on February 11, 2019.

The ability of the Partnership to declare and pay the quarterly distribution on its Common Units in the future depends upon a number of factors. These factors include (1) the level of Partnership earnings; (2) the cash needs of the Partnership's operations (including cash needed for maintaining and increasing operating capacity); (3) changes in operating working capital; and (4) the Partnership's ability to borrow under its Credit Agreement, refinance maturing debt, and increase its long-term debt. Some of these factors are affected by conditions beyond the Partnership's control including weather, competition in markets we serve, the cost of propane and changes in capital market conditions.

Cash Flows

Operating activities. Due to the seasonal nature of the Partnership's business, cash flows from operating activities are generally greatest during the second and third fiscal quarters when customers pay for propane consumed during the heating-season months. Conversely, operating cash flows are generally at their lowest levels during the first and fourth fiscal quarters when the Partnership's investment in working capital, principally accounts receivable and inventories, is generally greatest. The Partnership may use its Credit Agreement to satisfy its seasonal operating cash flow needs.

Cash flow (used) provided by operating activities was \$(3.9) million in the 2018 three-month period compared to \$1.8 million in the 2017 three-month period. Cash flow from operating activities before changes in operating working capital was \$173.2 million in the 2018 three-month period compared with \$159.3 million in the prior-year period. The higher cash flow from operating activities before changes in operating working capital in the current-year period reflects, in large part, the higher operating results (after adjusting for the noncash effects of the unrealized gains and losses on derivative instruments). Cash used to fund changes in operating working capital was \$177.1 million in the 2018 three-month period compared to \$157.4 million of cash flow used to fund changes in working capital in the 2017 three-month period. The higher cash used to fund changes in working capital reflects \$17.3 million of collateral paid associated with commodity derivative contracts compared to collateral received of \$0.2 million in the prior-year period, and greater cash received from changes in inventory and lower cash received from changes in accounts payable both due to the effects of lower and declining propane product costs during the 2018 three-month period, compared to the effects of higher and more stable propane product costs during the prior-year period.

Investing activities. Investing activity cash flow principally comprises expenditures for property, plant and equipment, cash paid for acquisitions of businesses and proceeds from disposals of assets. Cash flow used in investing activities was \$27.4 million in the 2018 three-month period compared with \$19.9 million in the prior-year period. The Partnership spent \$31.0 million for property, plant and equipment (comprising \$16.2 million of maintenance capital expenditures and \$14.8 million of growth capital expenditures) in the 2018 three-month period compared with \$23.6 million (comprising \$10.1 million of maintenance capital expenditures and \$13.5 million of growth capital expenditures) in the 2017 three-month period. Capital expenditures in the 2018 three-month period include IT capital expenditures associated with an Enterprise Resource Planning system.

Financing activities. Financing activity cash flow principally comprises distributions on AmeriGas Partners Common Units, issuances and repayments of long-term debt, short-term borrowings, and issuances of AmeriGas Partners Common Units. Cash provided by financing activities was \$32.7 million in the 2018 three-month period compared with \$18.0 million in the prior-year period. Distributions in each of the 2018 and 2017 three-month periods totaled \$100.7 million. Cash provided by Credit Agreement borrowings in the 2018 three-month period and the 2017 three-month period totaled \$136.5 million and \$123.5 million, respectively. The higher Credit Agreement borrowings in the 2018 three-month period reflects, in part, higher cash required to fund the increased capital expenditures

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary financial market risks include commodity prices for propane and interest rates on borrowings. Although we use derivative financial and commodity instruments to reduce market price risk associated with forecasted transactions, we do not use derivative financial and commodity instruments for speculative or trading purposes.

Commodity Price Risk

The risk associated with fluctuations in the prices the Partnership pays for propane is principally a result of market forces reflecting changes in supply and demand for propane and other energy commodities. The Partnership's profitability is sensitive to changes in propane supply costs and the Partnership generally passes on increases in such costs to customers. The Partnership may not, however, always be able to pass through product cost increases fully, or keep pace with such increases, particularly when product costs rise rapidly. In order to reduce the volatility of the Partnership's propane market price risk, we use contracts for the forward purchase or sale of propane, propane fixed-price supply agreements, and over-the-counter derivative commodity instruments including price swap contracts. Over-the-counter derivative commodity instruments utilized by the Partnership to hedge forecasted purchases of propane are generally settled at expiration of the contract. These derivative financial instruments contain collateral provisions. The fair value of unsettled commodity price risk sensitive instruments at December 31, 2018, was a net loss of \$26.2 million. A hypothetical 10% adverse change in the market price of propane would result in a decrease in such fair value of approximately \$15.5 million.

Derivative Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Our counterparties principally comprise major energy companies and major U.S. financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits. Certain of these agreements call for the posting of collateral by the counterparty or by the Partnership in the forms of letters of credit, parental guarantees or cash. Although we have concentrations of credit risk associated with derivative instruments held by certain derivative instrument counterparties, the maximum amount of loss due to credit risk that, based upon the gross fair values of the derivative instruments, we would incur if these counterparties that make up the concentration failed to perform according to the terms of their contracts was not material at December 31, 2018. Certain of our derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade in the Partnership's debt rating. At December 31, 2018, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The General Partner's disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by the Partnership in reports filed or submitted under the Securities Exchange Act of 1934, as amended, is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to our management, including the Chief Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure. The General Partner's management, with the participation of the General Partner's Chief Executive Officer and Principal Financial Officer, evaluated the effectiveness of the Partnership's disclosure controls and procedures as of the end of the period covered by this Report. Based on that evaluation, the Chief Executive Officer and Principal Financial Officer concluded that the Partnership's disclosure controls and procedures, as of the end of the period covered by this Report, were effective at the reasonable assurance level.

(b) Change in Internal Control over Financial Reporting

No change in the Partnership's internal control over financial reporting occurred during the Partnership's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Partnership's internal control over financial reporting.

PART II OTHER INFORMATION**ITEM 1A. RISK FACTORS**

In addition to the information presented in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our 2018 Annual Report, which could materially affect our business, financial condition or future results. The risks described in our 2018 Annual Report are not the only risks facing the Partnership. Other unknown or unpredictable factors could also have material adverse effects on future results.

ITEM 6. EXHIBITS

The exhibits filed as part of this report are as follows (exhibits incorporated by reference are set forth with the name of the registrant, the type of report and last date of the period for which it was filed, and the exhibit number in such filing):

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.1	Form of Confidentiality, Non-Competition and Non-Solicitation Agreement between AmeriGas Propane, Inc. and Mr. Hugh J. Gallagher.			
10.2	Form of Change in Control Agreement, Amended and Restated, between AmeriGas Propane, Inc. and Mr. Hugh J. Gallagher.			
10.3	Description of oral employment at-will arrangement between AmeriGas Propane, Inc. and Ms. Ann P. Kelly.	AmeriGas Partners, L.P.	Form 8-K (1/17/19)	10.1
31.1	Certification by the Chief Executive Officer relating to the Registrant’s Report on Form 10-Q for the quarter ended December 31, 2018, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
31.2	Certification by the Principal Financial Officer relating to the Registrant’s Report on Form 10-Q for the quarter ended December 31, 2018, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
32	Certification by the Chief Executive Officer and the Principal Financial Officer relating to the Registrant’s Report on Form 10-Q for the quarter ended December 31, 2018, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
101.INS	XBRL Instance			
101.SCH	XBRL Taxonomy Extension Schema			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase			
101.DEF	XBRL Taxonomy Extension Definition Linkbase			
101.LAB	XBRL Taxonomy Extension Labels Linkbase			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase			

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101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Labels Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

SIGNATURES

Pursuant to the requirements 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.

AMERIGAS PARTNERS, L.P.

(Registrant)

By: AmeriGas Propane, Inc.
as General Partner

Date: February 7, 2019

By: /s/ Ted J. Jastrzebski
Ted J. Jastrzebski
Principal Financial Officer

Date: February 7, 2019

By: /s/ Laurie A. Bergman
Laurie A. Bergman
Controller and Chief Accounting Officer

FORM OF CONFIDENTIALITY, NON-COMPETITION AND NON-SOLICITATION AGREEMENT

A. I, _____, the undersigned employee, have been offered a promotion to the position of _____ of AmeriGas Propane, Inc., a Pennsylvania corporation, which is the general partner of AmeriGas Propane, L.P. and AmeriGas Partners, L.P. I am responsible for, _____. I understand that AmeriGas has and will put me in a position of trust and confidence and disclose to me, as well as have me develop, Confidential Information about its business and customers. In addition, AmeriGas will entrust me with information relating to certain of its customer relationships and expect me to promote those relationships and assist with the development of prospective customer relationships, as well as the goodwill that is associated with those customer relationships and with all of its AmeriGas trade names and trademarks. I acknowledge that AmeriGas is in a highly competitive industry and that it has legitimate interests in maintaining and preserving its Confidential Information and customer relationships.

B. I am also a member of AmeriGas's leadership team. The team is made up of a select group of officers and non-officers of AmeriGas who are responsible for the development and implementation of strategic plans for AmeriGas. As such, key business information, strategic plans and other highly Confidential Information about AmeriGas's current and future business has been and will be disclosed to me, and I will participate in numerous discussions and decision-making on these issues. As a member of the team, I will participate in important strategic reporting and planning meetings where highly Confidential Information and plans are disclosed, discussed and developed by the officers, directors and managers of AmeriGas.

C. Accordingly, in consideration for my promotion as well as an Amended and Restated Change in Control Agreement, which I acknowledge is adequate and sufficient consideration, I agree to the terms of this Confidentiality, Non-Competition and Non-Solicitation Agreement ("Agreement") as follows:

1. Recitals.

The recitals contained in the lettered paragraphs above are hereby incorporated and made a part of this Agreement.

2. Definitions.

a. The term "Confidential Information" includes all confidential and proprietary information that AmeriGas has developed, acquired, created, compiled, discovered or owns, that has value to AmeriGas' business and which is not generally known or otherwise available to the public and which AmeriGas wishes to maintain as confidential, including, without limitation, information, whether in tangible form or otherwise, concerning actual or anticipated business, products, sales and marketing plans; technical data and trade secrets; past, present and prospective

customer identities, lists, preferences, credit information and gas usage patterns; pricing and marketing policies and practices; financial and forecast information; passwords, log-in information and other details relating to system access, databases and computer programs; contractual and other dealings with customers, vendors and suppliers; acquisition and strategic plans; and other operating policies and practices.

b. The term "Territory" refers to each of the 50 States of the United States and such U.S. territories and foreign nations in which AmeriGas distributes propane or otherwise sells goods or services.

c. The term "AmeriGas Customer" refers to any business or person who: (i) purchased propane or any other goods or services during the one-year period prior to the termination of my employment; or (ii) solicited or was solicited by, or received a proposal from, AmeriGas to supply it with propane or any other goods or services, where I had involvement in the preparation or presentation of such solicitation or proposal, during the six-month period prior to the termination of my employment.

3. Confidential Information and AmeriGas Property.

a. I will protect the Confidential Information of AmeriGas and its predecessors and affiliates, as well as Confidential Information of any other party to whom AmeriGas owes an obligation of non-disclosure, from disclosure and will not divulge it during or after my employment to any other person or entity not associated with AmeriGas, except as necessary to fulfill my obligations, duties and responsibilities associated with my work on behalf of AmeriGas. To the extent that I am required to disclose Confidential Information in accordance with judicial proceedings or administrative orders, I shall give AmeriGas reasonable notice prior to such disclosure and shall comply with any applicable protective order

b. All reports, manuals, memoranda, electronic information and data and other materials made available to me by AmeriGas during the performance of my duties are the property of AmeriGas, and I will use all such property exclusively for AmeriGas's benefit and will return it, including copies, to AmeriGas upon request of AmeriGas, and in any event, without the requirement of a request, upon the termination of my employment. I shall take reasonable security precautions and measures to maintain and protect the confidentiality of Confidential Information, and shall follow all policies and procedures of AmeriGas regarding the handling, use, access, distribution, maintenance, and disclosure of same. Nothing in this Agreement is intended to prevent any disclosure made in confidence to a government official or attorney, either directly or indirectly, solely for the purpose of reporting or investigating a suspected violation of law or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

4. Intellectual Property Ownership

a. As used in this Agreement, "Company Innovations" means all inventions, creations, ideas (whether written or suggested), compositions, products, reports, outlines, improvements, modifications, processes, formulas, models, prototypes, sketches, drawings, plans or other works or material(s) for which I, alone or with one or more others, may make, devise or

discover during my employment with AmeriGas, including all ideas, inventions, creations, or plans written, suggested, created, produced, constructed, and/or contemplated including, but not limited to, items that pertain or are actually or potentially useful to any of the commercial or industrial activities, or processes and/or equipment for supporting same, of AmeriGas. Company Innovations do not include, however, any invention that I developed entirely on my own time without using AmeriGas' equipment, supplies, facilities or trade secret information, except for those inventions that either: (1) relate at the time of conception or reduction to practice of the invention to the design, manufacturing, marketing or sale of propane products or services; or (2) result from any work performed by me for AmeriGas

b. All Company Innovations shall be the sole and exclusive property of AmeriGas and shall constitute "works made for hire" as that term is defined in the copyright laws of the United States.

c. I agree to execute and deliver to AmeriGas such assignments or other instruments as AmeriGas may require from time to time to evidence AmeriGas' ownership of Company Innovations.

d. I agree to waive any and all rights to Company Innovations.

e. I shall, irrespective of the termination of my employment with AmeriGas, give all information and data in my possession as to the exact working, producing, and using any inventions and will also at the expense of AmeriGas give all such explanations, demonstrations, and instructions to AmeriGas as AmeriGas may deem appropriate to enable the full and effectual working production or use of the same. At AmeriGas' expense, I shall, irrespective of the termination of my employment with AmeriGas, promptly execute all acts, matters, documents, and perform all other acts necessary to enable AmeriGas or its designated representative to apply for and obtain any and all applicable intellectual property rights in any and all countries relating to any Company Innovations.

5. Non-competition and Non-solicitation.

During my employment and for a period of two years after the termination of my employment with AmeriGas for any reason, voluntary or involuntary:

a. I will not, for the benefit of myself or any other person or entity other than AmeriGas, directly or indirectly, for the purpose or effect of competing or interfering with any part of AmeriGas' business, solicit or service the business of any AmeriGas Customer within the Territory.

b. I will not, directly or indirectly: (i) own or operate; (ii) acquire an equity or partnership interest or a controlling interest of any other kind in; (iii) accept employment from; or (iv) serve as a principal, director, officer, partner, consultant, agent, representative or advisor of or to, any business that now or in the future distributes propane in the Territory or that sells goods or provides services that compete with goods sold or services provided by AmeriGas in the Territory without first obtaining the written consent of the _____ of AmeriGas Propane, Inc.

Notwithstanding anything to the contrary herein, in the event that my employment is involuntarily terminated by AmeriGas based upon my failure to meet the performance or financial objectives established for my position and AmeriGas, in its sole discretion, determines that such failure on my part was not deliberate, AmeriGas may, in its sole discretion, on a case by case basis, determine that a reduction in the two-year post-employment term is appropriate. Nothing in this paragraph 5.b. shall prohibit me from passively investing in a publicly held business that competes with AmeriGas provided my investment is less than 1% of the outstanding stock or market value of the business and I do not otherwise violate paragraph 3, 4, or 5 of this Agreement.

c. I will not, directly or indirectly, nor will I induce any other person or entity to, solicit, recruit, offer employment or engagement to, hire, employ or engage (or participate in any of the foregoing), in a competing business, any employee or consultant of AmeriGas over whom I had direct or indirect supervisory responsibility or with whom I worked, or who was employed or engaged by AmeriGas during the two-year period prior to the termination of my employment. Furthermore, I shall not induce or attempt to induce any employee or consultant to terminate his or her employment or engagement with AmeriGas.

6. Remedies and Reformation.

a. I understand that if I violate this Agreement, AmeriGas will suffer irreparable harm; therefore, in addition to any other remedies available to it, AmeriGas will be entitled to seek and obtain injunctive or equitable relief, including orders prohibiting violations of this Agreement, without the necessity of posting a bond. The limitations in this Agreement which apply for a period of two years after termination of employment shall be enforced by a court from the date of the last breach or violation of the applicable restriction(s) up to four years after termination of employment. If any provision of this Agreement shall be determined to be invalid or unenforceable to any extent, the parties to this Agreement authorize the court to modify it to the extent necessary to make the provision enforceable. If any provision of this Agreement shall be determined to be invalid or unenforceable to any extent, such invalidity shall not impair the operation of or affect the remaining provisions hereof.

b. In any legal proceeding in which AmeriGas obtains injunctive or equitable relief or damages against me arising out of my violation of this Agreement, AmeriGas shall be entitled to recover from me its reasonable attorneys' fees and costs.

c. The failure by AmeriGas to insist on my compliance with this Agreement or to enforce it in any particular circumstance will not constitute a waiver by AmeriGas of its rights to seek relief for any other or subsequent breach of this Agreement. Any breach by AmeriGas of this Agreement or any other agreement between AmeriGas and me, whether or not material, shall not constitute a defense to AmeriGas' enforcement of this Agreement against me.

7. Additional Provisions.

a. This Agreement shall continue to be in full force and effect without re-execution in the event that: (i) I am employed by AmeriGas in another position or transferred to

another territory; (ii) I take a leave of absence; or (iii) there are periods between active employment during which I do not perform services for AmeriGas.

b. This Agreement was, and shall be deemed to have been, made in the Commonwealth of Pennsylvania. This Agreement and all disputes or claims arising under or relating to this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania without regard to its choice of law provisions.

c. The Court of Common Pleas of Montgomery County and the United States District Court for the Eastern District of Pennsylvania (hereafter, the "Designated Courts") shall have exclusive jurisdiction over disputes arising out of or relating to this Agreement. Accordingly, both AmeriGas and I agree to submit to the exclusive jurisdiction and venue of the Designated Courts, and each of us agrees to waive any right to contest personal jurisdiction and venue before such courts or to seek to transfer or otherwise object to or challenge the forums designated herein.

d. I will disclose the existence of this Agreement to all of my prospective and actual employers. I authorize AmeriGas to disclose the existence of this Agreement and to provide a copy of this Agreement to any prospective and actual employer.

e. I have read and understood this Agreement, believe it to be reasonable, and am signing it voluntarily. I acknowledge that my obligations under this Agreement will not impose an unreasonable economic hardship on me and are reasonable and necessary to protect AmeriGas' legitimate business interests. I further recognize that this Agreement may be enforced against me by a court of law or equity. I also understand that the execution of this Agreement is a requirement of my employment with AmeriGas and that AmeriGas will expect me to adhere strictly to the terms of this Agreement both during and following my employment with AmeriGas.

f. I acknowledge that I am not bound by any agreement or understanding with any third party that would inhibit me in any way from working in my role for AmeriGas. To the extent that I have any confidentiality obligations or other restrictions under any applicable agreements with third parties, I agree not to violate the terms of any such agreements or use any such confidential information of third parties in my employment with AmeriGas.

g. The provisions of this Agreement together with any confidentiality/post-employment agreement signed in connection with my hire constitute the entire agreement between AmeriGas and me regarding AmeriGas's Confidential Information and my non-competition and non-solicitation obligations, which cannot be varied except by a writing signed by me and the _____ of AmeriGas Propane, Inc. Notwithstanding the foregoing, the provisions of this Agreement are in addition to, and not a limitation or substitution of, nor do they supersede the provisions of AmeriGas's Code of Business Ethics and Conduct, its Employee Handbook or Human Resources Policies.

h. I hereby consent to AmeriGas's assignment of this Agreement to any direct or indirect parent, affiliate, subsidiary, division, related company or entity of AmeriGas and to any entity that acquires through purchase, merger or otherwise, the assets or stock of, or any interest in, AmeriGas Propane, Inc., AmeriGas Propane, L.P. or AmeriGas Partners, L.P., or their respective

subsidiaries, partnerships and affiliates. Any assignee shall have the same rights as AmeriGas under this Agreement.

i. I acknowledge that this Agreement is intended to benefit AmeriGas, its partners, and its and their parents, affiliates, subsidiaries, successors, assigns, divisions, and related companies or entities, now existing or hereafter created. I further acknowledge that the intended beneficiaries of the Agreement are entitled to enforce the provisions of this Agreement to the same extent as AmeriGas.

Dated this ____ day of _____ 201__

Witness

AmeriGas Propane, Inc., in its
own right and as general partner of AmeriGas Partners, L.P., AmeriGas
Propane, L.P. and their respective subsidiaries, partnerships and affiliates

Witness

By: _____

FORM OF CHANGE IN CONTROL AGREEMENT

This CHANGE IN CONTROL AGREEMENT ("Agreement") is made as of _____, between AmeriGas Propane, Inc. (the "Company"), and _____ (the "Employee").

WHEREAS, the Company and the Employee previously entered into a Change in Control Agreement, as amended and restated as of ____ (the "Existing Agreement");

WHEREAS, the Company and Employee wish to enter into this Agreement, which is an amendment and restatement of the Existing Agreement;

WHEREAS, the Company has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of key members of the Company's management to their assigned duties without distraction arising from the possibility of a Change in Control (as defined below), although no such change is now contemplated;

WHEREAS, in order to induce the Employee to remain in the employ of the Company, the Company agrees that the Employee shall receive the compensation set forth in this Agreement in the event the Employee's employment with the Company is terminated in connection with a Change in Control as a cushion against the financial and career impact on the Employee of any such Change in Control.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements hereinafter set forth and intending to be legally bound hereby, the parties hereby agree that the Existing Agreement is amended and restated as follows:

1. Definitions. For all purposes of this Agreement, the following terms shall have the meanings specified in this Section unless the context clearly otherwise requires:

(a) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of Regulation 12B under the Exchange Act and shall include, without limitation, UGI Corporation and its subsidiaries.

(b) A Person shall be deemed the "Beneficial Owner" of any securities: (i) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the "Beneficial Owner" of securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for payment, purchase or exchange; (ii) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of Regulation 13D-G under the Exchange Act), including without

limitation pursuant to any agreement, arrangement or understanding, whether or not in writing; provided, however, that a Person shall not be deemed the “Beneficial Owner” of any security under this clause (ii) as a result of an oral or written agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding (A) arises solely from a revocable proxy given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the Proxy Rules under the Exchange Act, and (B) is not then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report); or (iii) that are beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person (or any of such Person’s Affiliates or Associates) has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in the proviso to clause (ii) above) or disposing of any voting securities of the Company; provided, however, that nothing in this Section 1(b) shall cause a Person engaged in business as an underwriter of securities to be the “Beneficial Owner” of any securities acquired through such Person’s participation in good faith in a firm commitment underwriting until the expiration of 40 days after the date of such acquisition.

(c) “Board” shall mean the Board of Directors of the Company.

(d) “Cause” shall mean (i) misappropriation of funds, (ii) habitual insobriety or substance abuse, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties, which gross negligence has had a material adverse effect on the business, operations, assets, properties or financial condition of the Company. The determination of Cause shall be made by an affirmative vote of at least two-thirds of the members of the Board at a duly called meeting of the Board.

(e) “Change in Control” shall have the meaning set forth in the attached Exhibit A to this Agreement.

(f) “COBRA Cost” shall mean 100% of the “applicable premium” under section 4980B(f)(4) of the Code for continued medical and dental COBRA Coverage under the Company’s benefit plans.

(g) “COBRA Coverage” shall mean continued medical and dental coverage under the Company’s benefit plans, as determined under section 4980B of the Code.

(h) “Code” shall mean the Internal Revenue Code of 1986, as amended.

(i) “Compensation Committee” shall mean the Compensation/Pension Committee of the Board.

(j) “Continuation Period” shall mean the ____-year period beginning on the Employee’s Termination Date.

(k) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

(l) “Executive Severance Plan” shall mean the Company’s Executive Employee Severance Pay Plan, as in effect from time to time.

(m) “Good Reason Termination” shall mean a Termination of Employment initiated by the Employee upon one or more of the following occurrences:

(i) a material breach by the Company of any terms of this Agreement, including without limitation a material breach of Section 2 or 13 of this Agreement;

(ii) a material diminution in the authority, duties or responsibilities held by the Employee immediately prior to the Change in Control;

(iii) a material diminution in the Employee’s base compensation as in effect immediately prior to the Change in Control; or

(iv) a material change in the geographic location at which the Employee must perform services (which, for purposes of this Agreement, means the Employee is required to report, other than on a temporary basis (less than 12 months), to a location which is more than 50 miles from the Employee’s principal place of business immediately preceding the Change in Control, without the Employee’s express written consent).

Notwithstanding the foregoing, the Employee shall be considered to have a Good Reason Termination only if the Employee provides written notice to the Company, pursuant to Section 3, specifying in reasonable detail the events or conditions upon which the Employee is basing such Good Reason Termination and the Employee provides such notice within 90 days after the event that gives rise to the Good Reason Termination. Within 30 days after notice has been provided, the Company shall have the opportunity, but shall have no obligation, to cure such events or conditions that give rise to the Good Reason Termination. If the Company does not cure such events or conditions within the 30-day period, the Employee may terminate employment with the Company based on Good Reason Termination within 30 days after the expiration of the cure period.

(n) “Key Employee” shall mean an employee who, at any time during the 12-month period ending on the identification date, is a “specified employee” under section 409A of the Code, as determined by the Compensation Committee or its delegate. The determination of Key Employees, including the number and identity of persons considered specified employees and the identification date, shall be made by the Compensation Committee or its delegate in accordance with the provisions of section 409A of the Code and the regulations issued thereunder.

(o) “Postponement Period” shall mean, for a Key Employee, the period of six months after separation from service (or such other period as may be required by section 409A of the Code), during which severance payments may not be paid to the Key Employee under section 409A of the Code.

(p) “Release” shall mean a release of any and all claims against the Company, its Affiliates, its Subsidiaries and all related parties with respect to all matters arising out of the Employee’s employment by the Company and its Affiliates and Subsidiaries, or the termination thereof (other than claims relating to amounts payable under this Agreement or benefits accrued under any plan, program or arrangement of the Company or any of its Subsidiaries or Affiliates) and shall be in the form required by the Company of its terminating executives immediately prior to the Change in Control.

(q) “Subsidiary” shall mean any corporation in which the Company, directly or indirectly, owns at least a 50% interest or an unincorporated entity of which the Company, directly or indirectly, owns at least 50% of the profits or capital interests.

(r) “Termination Date” shall mean the effective date of the Employee’s Termination of Employment, as specified in the Notice of Termination.

(s) “Termination of Employment” shall mean the termination of the Employee’s actual employment relationship with the Company and its Subsidiaries and Affiliates.

2. Employment. After a Change in Control, during the term of the Agreement, Employee shall continue to serve in the same or a comparable executive position with the Company as in effect immediately before the Change in Control, and with the same or a greater target level of annual and long-term compensation as in effect immediately before the Change in Control.

3. Notice of Termination. Any Termination of Employment upon or following a Change in Control shall be communicated by a Notice of Termination to the other party hereto given in accordance with Section 14 hereof. For purposes of this Agreement, a “Notice of Termination” means a written notice which (i) indicates the specific provision in this Agreement relied upon, (ii) briefly summarizes the facts and circumstances deemed to provide a basis for the Employee’s Termination of Employment under the provision so indicated, and (iii) if the Termination Date is other than the date of receipt of such notice, specifies the Termination Date (which date shall not be more than 15 days after the giving of such notice) except as provided in Section 1(m) above.

4. Severance Compensation upon Termination of Employment.

(a) In the event of the Employee’s involuntary Termination of Employment by the Company or a Subsidiary or Affiliate for any reason other than Cause or in the event of a Good Reason Termination, in either event upon or within two years after a Change in Control, the Employee will receive the following amounts in lieu of any severance compensation and benefits under the Executive Severance Plan or any other severance plan of the Company or a Subsidiary or Affiliate:

(i) The Company shall pay to the Employee a lump sum cash payment equal to the greater of (A) or (B) as set forth below:

(A) The Separation Pay and Paid Notice as calculated under the terms of the Executive Severance Plan based on the Employee's compensation and service as of the Termination Date, or

(B) _____ multiplied by the sum of (1) the Employee's annual base salary plus (2) the Employee's annual bonus. The annual base salary for this purpose shall be the Employee's annual base salary in effect as of the Employee's Termination Date. The annual bonus shall be calculated for this purpose as the greater of (x) the average annual cash bonus paid to the Employee for the three full fiscal years of the Company preceding the fiscal year in which the Termination Date occurs or (y) the Employee's target annual cash bonus for the fiscal year in which the Termination Date occurs. For purposes of the preceding sentence, if the Employee has not received an annual cash bonus for three full fiscal years, the Employee's average annual cash bonus shall be determined by dividing the total annual cash bonuses received by the Employee during the preceding three full fiscal years by the number of full and fractional years for which the Employee received an annual cash bonus during such three-year period.

(ii) The Company shall pay to the Employee a single lump sum payment equal to the COBRA Cost that the Employee would incur if the Employee continued medical and dental coverage under the Company's benefit plans during the Continuation Period, based on the benefits in effect for the Employee (and, if applicable, his or her spouse and dependents) at the Termination Date, less the amount that the Employee would be required to contribute for medical and dental coverage if the Employee were an active employee. The cash payment shall include a tax gross up payment equal to 75% of the lump sum amount described in the preceding sentence. The Employee may elect continuation coverage under the Company's applicable medical and dental plans during the Continuation Period by paying the COBRA Cost of such coverage. COBRA Coverage shall run concurrently with the Continuation Period, and nothing in this Section shall limit the Employee's right to elect COBRA Coverage for the full period permitted by law.

(iii) The Employee's benefit under the Company's executive retirement plan in which the Employee participates shall be calculated as if the Employee had continued in employment during the Continuation Period, earning base salary and bonus at the annual rate calculated under subsection (i)(B) above.

(iv) The Company shall pay to the Employee an amount equal to the Employee's target annual cash bonus amount for the Company's fiscal year in which the Termination Date occurs, multiplied by the number of months (with a partial month counting as a full month) elapsed in the fiscal year to the Termination Date and divided by 12, as well as any amounts due but not yet paid from the prior year under such plan.

(b) Notwithstanding the foregoing, no payments shall be made to the Employee under this Section 4 unless the Employee signs and does not revoke a Release. The amounts described in subsections (a) (i), (ii) and (iv) above shall be paid on the 30th day after the Termination Date, subject to the Company's receipt of a Release and expiration of the revocation period for the

Release. Payments under this Agreement shall be made by mail to the last address provided for notices to the Employee pursuant to Section 14 of this Agreement.

5. Other Payments.

Upon any Termination of Employment entitling the Employee to payments under this Agreement, the Employee shall receive all accrued but unpaid salary and all benefits accrued and payable under any plans, policies and programs of the Company and its Subsidiaries or Affiliates, provided that the Employee shall not receive severance benefits under the Executive Severance Plan or any other severance plan of the Company or a Subsidiary or Affiliate.

6. Interest; Enforcement.

(a) If the Company shall fail or refuse to pay any amounts due the Employee under Section 4 on the applicable due date, the Company shall pay interest at the rate described below on the unpaid payments from the applicable due date to the date on which such amounts are paid. Interest shall be credited at an annual rate equal to the rate listed in the *Wall Street Journal* as the "prime rate" as of the Employee's Termination Date, plus 1%, compounded annually.

(b) It is the intent of the parties that the Employee not be required to incur any expenses associated with the enforcement of the Employee's rights under this Agreement by arbitration, litigation or other legal action, because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Employee hereunder. Accordingly, the Company shall pay the Employee on demand the amount necessary to reimburse the Employee in full for all reasonable expenses (including all attorneys' fees and legal expenses) incurred by the Employee in enforcing any of the obligations of the Company under this Agreement. The Employee shall notify the Company of the expenses for which the Employee demands reimbursement within 60 days after the Employee receives an invoice for such expenses, and the Company shall pay the reimbursement amount within 15 days after receipt of such notice.

7. No Mitigation. The Employee shall not be required to mitigate the amount of any payment or benefit provided for in this Agreement by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for herein be reduced by any compensation earned by other employment or otherwise.

8. Non-Exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Employee's continuing or future participation in or rights under any benefit, bonus, incentive or other plan or program provided by the Company, or any of its Subsidiaries or Affiliates, and for which the Employee may qualify.

9. No Set-Off. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Employee or others.

10. Taxation. All payments under this Agreement shall be subject to all requirements of the law with regard to tax withholding and reporting and filing requirements, and the Company shall use its best efforts to satisfy promptly all such requirements.

11. Effect of Section 280G on Payments.

(a) Notwithstanding any other provisions of this Agreement to the contrary, in the event that it shall be determined that any payment or distribution in the nature of compensation (within the meaning of section 280G(b)(2) of the Code) to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the “Payments”), would constitute an “excess parachute payment” within the meaning of section 280G of the Code, the Company shall reduce (but not below zero) the aggregate present value of the Payments under the Agreement to the Reduced Amount (as defined below), if reducing the Payments under this Agreement will provide the Employee with a greater net after-tax amount than would be the case if no reduction was made. The Payments shall be reduced as described in the preceding sentence only if (A) the net amount of the Payments, as so reduced (and after subtracting the net amount of federal, state and local and payroll income taxes on the reduced Payments), is greater than or equal to (B) the net amount of the Payments without such reduction (but after subtracting the net amount of federal, state and local and payroll income taxes on the Payments and the amount of Excise Tax (as defined below) to which the Employee would be subject with respect to the unreduced Payments). Only amounts payable under this Agreement shall be reduced pursuant to this subsection (a). The “Reduced Amount” shall be an amount expressed in present value that maximizes the aggregate present value of Payments under this Agreement without causing any Payment under this Agreement to be subject to the Excise Tax, determined in accordance with section 280G(d)(4) of the Code. The term “Excise Tax” means the excise tax imposed under section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(b) All determinations to be made under this Section 11 shall be made by an independent registered public accounting firm or consulting firm selected by the Company immediately prior to the Change in Control, which shall provide its determinations and any supporting calculations both to the Company and the Employee within 10 days of the Change in Control. Any such determination by such firm shall be binding upon the Company and the Employee.

(c) All of the fees and expenses of the firm in performing the determinations referred to in this Section shall be borne solely by the Company.

12. Term of Agreement. The term of this Agreement shall be for three years from the date hereof and shall be automatically renewed for successive one-year periods unless the Company notifies the Employee in writing that this Agreement will not be renewed at least 60 days prior to the end of the then current term; provided, however, that (i) if a Change in Control occurs during the term of this Agreement, this Agreement shall remain in effect for two years following such Change in Control or until all of the obligations of the parties hereunder are satisfied or have expired, if later, and (ii) this Agreement shall terminate if the Employee’s

employment with the Company terminates for any reason before a Change in Control (regardless of whether the Employee is thereafter employed by a Subsidiary or Affiliate of the Company).

13. Successor Company. The Company shall require any successor or successors (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance satisfactory to the Employee, to acknowledge expressly that this Agreement is binding upon and enforceable against the Company in accordance with the terms hereof, and to become jointly and severally obligated with the Company to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession or successions had taken place. Failure of the Company to notify the Employee in writing as to such successorship, to provide the Employee the opportunity to review and agree to the successor's assumption of this Agreement or to obtain such agreement prior to the effectiveness of any such succession shall be a breach of this Agreement. As used in this Agreement, the Company shall mean the Company as defined above and any such successor or successors to its business or assets, jointly and severally.

14. Notice. All notices and other communications required or permitted hereunder or necessary or convenient in connection herewith shall be in writing and shall be delivered personally or mailed by registered or certified mail, return receipt requested, or by overnight express courier service, as follows:

If to the Company, to:

460 North Gulph Road
King of Prussia, PA 19406
Attention: Corporate Secretary

If to the Employee, to the most recent address provided by the Employee to the Company or a Subsidiary or Affiliate for payroll purposes,

or to such other address as the Company or the Employee, as the case may be, shall designate by notice to the other party hereto in the manner specified in this Section; provided, however, that if no such notice is given by the Company following a Change in Control, notice at the last address of the Company or any successor pursuant to Section 13 shall be deemed sufficient for the purposes hereof. Any such notice shall be deemed delivered and effective when received in the case of personal delivery, five days after deposit, postage prepaid, with the U.S. Postal Service in the case of registered or certified mail, or on the next business day in the case of overnight express courier service.

15. Section 409A of the Code.

(a) This Agreement is intended to meet the requirements of the “short-term deferral exception,” “separation pay exception” and other exceptions under section 409A of the Code, as applicable. However, if the Employee is a Key Employee and if required by section 409A of the Code, no payments or benefits under this Agreement shall be paid to the Employee during the Postponement Period. If payment is required to be delayed for the Postponement Period pursuant to section 409A, the accumulated amounts withheld on account of section 409A, with interest as described in Section 6 above, shall be paid in a lump sum payment within 15 days after the end of the Postponement Period. If the Employee dies during the Postponement Period prior to the payment of benefits, the amounts withheld on account of section 409A, with interest as described above, shall be paid to the Employee’s estate within 60 days after the Employee’s death.

(b) Notwithstanding anything in this Agreement to the contrary, if required by section 409A, payments may only be made under this Agreement upon an event and in a manner permitted by section 409A, to the extent applicable. As used in the Agreement, the term “termination of employment” shall mean the Employee’s separation from service with the Company and its Subsidiaries and Affiliates within the meaning of section 409A and the regulations promulgated thereunder. For purposes of section 409A, each payment under the Agreement shall be treated as a separate payment. In no event may the Employee designate the year of payment for any amounts payable under the Agreement. All reimbursements and in-kind benefits provided under the Agreement shall be made or provided in accordance with the requirements of section 409A of the Code.

16. Governing Law. This Agreement shall be governed by and interpreted under the laws of the Commonwealth of Pennsylvania without giving effect to any conflict of laws provisions.

17. Contents of Agreement; Amendment. This Agreement supersedes all prior agreements with respect to the subject matter hereof (including without limitation the Existing Agreement and any other change in control agreement in effect between the Company or a Subsidiary or Affiliate and the Employee) and sets forth the entire understanding between the parties hereto with respect to the subject matter hereof. This Agreement cannot be amended except pursuant to approval by the Board and a written amendment executed by the Employee and the Chair of the Compensation Committee. The provisions of this Agreement may require a variance from the terms and conditions of certain compensation or bonus plans under circumstances where such plans would not provide for payment thereof in order to obtain the maximum benefits for the Employee. It is the specific intention of the parties that the provisions of this Agreement shall supersede any provisions to the contrary in such plans, and such plans shall be deemed to have been amended to correspond with this Agreement without further action by the Company or the Board.

18. No Right to Continued Employment. Nothing in this Agreement shall be construed as giving the Employee any right to be retained in the employ of the Company or a Subsidiary or Affiliate.

19. Successors and Assigns. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of the Employee and the Company hereunder shall not be assignable in whole or in part.

20. Severability. If any provision of this Agreement or application thereof to anyone or under any circumstances shall be determined to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions or applications of this Agreement which can be given effect without the invalid or unenforceable provision or application.

21. Remedies Cumulative; No Waiver. No right conferred upon the Employee by this Agreement is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission by the Employee in exercising any right, remedy or power hereunder or existing at law or in equity shall be construed as a waiver thereof.

22. Miscellaneous. All section headings are for convenience only. This Agreement may be executed in several counterparts, each of which is an original. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

23. Arbitration. In the event of any dispute under the provisions of this Agreement other than a dispute in which the sole relief sought is an equitable remedy such as an injunction, the parties shall be required to have the dispute, controversy or claim settled by arbitration in Montgomery County, Pennsylvania, in accordance with the commercial arbitration rules then in effect of the American Arbitration Association, before one arbitrator who shall be an executive officer or former executive officer of a publicly traded corporation, selected by the parties. Any award entered by the arbitrator shall be final, binding and nonappealable and judgment may be entered thereon by either party in accordance with applicable law in any court of competent jurisdiction. This arbitration provision shall be specifically enforceable. The arbitrator shall have no authority to modify any provision of this Agreement or to award a remedy for a dispute involving this Agreement other than a benefit specifically provided under or by virtue of the Agreement. The Company shall be responsible for all of the fees of the American Arbitration Association and the arbitrator and any expenses relating to the conduct of the arbitration (including reasonable attorneys' fees and expenses).

24.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Agreement as of the date first written above. By executing this Agreement, the undersigned acknowledge that this Agreement replaces and supersedes the Existing Agreement and any other understanding regarding the matters described herein.

AmeriGas Propane, Inc.

By: _____

Title: _____

EXHIBIT A

AMERIGAS PROPANE, INC. CHANGE IN CONTROL

For purposes of this Agreement, "Change in Control" shall mean:

(i) Any Person (except the Employee, his Affiliates and Associates, UGI Corporation ("UGI"), any Subsidiary of UGI, any employee benefit plan of UGI or of any Subsidiary of UGI, or any Person or entity organized, appointed or established by UGI or any Subsidiary of UGI for or pursuant to the terms of any such employee benefit plan), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner in the aggregate of 20% or more of either (i) the then outstanding shares of common stock of UGI (the "Outstanding UGI Common Stock") or (ii) the combined voting power of the then outstanding voting securities of UGI entitled to vote generally in the election of directors (the "UGI Voting Securities"); or

(ii) Individuals who, as of the beginning of any 24-month period, constitute the UGI Board of Directors (the "Incumbent UGI Board") cease for any reason to constitute at least a majority of the Incumbent UGI Board, provided that any individual becoming a director of UGI subsequent to the beginning of such period whose election or nomination for election by the UGI

stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent UGI Board shall be considered as though such individual were a member of the Incumbent UGI Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of UGI; or

(iii) Consummation by UGI of a reorganization, merger or consolidation (a “Business Combination”), in each case, with respect to which all or substantially all of the individuals and entities who were the respective Beneficial Owners of the Outstanding UGI Common Stock and UGI Voting Securities immediately prior to such Business Combination do not, following such Business Combination, Beneficially Own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination in substantially the same proportion as their ownership immediately prior to such Business Combination of the Outstanding UGI Common Stock and UGI Voting Securities, as the case may be; or

(iv) (A) Consummation of a complete liquidation or dissolution of UGI or (B) sale or other disposition of all or substantially all of the assets of UGI other than to a corporation with respect to which, following such sale or disposition, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding UGI Common Stock and UGI Voting Securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Outstanding UGI Common Stock and UGI Voting Securities, as the case may be, immediately prior to such sale or disposition; or

(v) Consummation by the Company, AmeriGas Partners, L.P. (the “Public Partnership”) or AmeriGas Propane, L.P. (the “Operating Partnership”) of a reorganization, merger or consolidation (a “Propane Business Combination”), in each case, with respect to which all or substantially all of the individuals and entities who were the respective Beneficial Owners of the Company’s voting securities or of the outstanding units of the Public Partnership (“Outstanding Units”) immediately prior to such Propane Business Combination do not, following such Propane Business Combination, Beneficially Own, directly or indirectly, (a) if the entity resulting from such Propane Business Combination is a corporation, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of such corporation in substantially the same proportion as their ownership immediately prior to such Combination of the Company’s voting securities or the Outstanding Units, as the case may be, or, (b) if the entity resulting from such Propane Business Combination is a partnership, more than fifty percent (50%) of the then outstanding common units of such partnership in substantially the same proportion as their ownership immediately prior to such Propane Business Combination of the Company’s voting securities or the Outstanding Units, as the case may be; or

(vi) (A) Consummation of a complete liquidation or dissolution of the Company, the Public Partnership or the Operating Partnership or (B) sale or other disposition of all or substantially all of the assets of the Company, the Public Partnership or the Operating Partnership other than to an entity with respect to which, following such sale or disposition (I) if such entity is a corporation, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Company’s voting securities or of the Outstanding Units, as the case may be, immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Company’s voting securities or of the Outstanding Units, as the case may be, immediately prior to such sale or disposition, or (II) if such entity is a partnership, more than 50% of the then outstanding common units is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Company’s voting securities or of the Outstanding Units, as the case may be, immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Company’s voting securities or of the Outstanding Units immediately prior to such sale or disposition; or

(vii) UGI and its Subsidiaries fail to own more than 50% of the then outstanding general partnership interests of the Public Partnership or the Operating Partnership; or

(viii) UGI and its Subsidiaries fail to own more than 50% of the then outstanding shares of common stock of the Company or more than 50% of the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors; or

(ix) The Company is removed as the general partner of the Public Partnership by vote of the limited partners of the Public Partnership, or is removed as the general partner of the Public Partnership or the Operating Partnership as a result of judicial or administrative proceedings involving the Company, the Public Partnership or the Operating Partnership.

CERTIFICATION

I, Hugh J. Gallagher, certify that:

1. I have reviewed this periodic report on Form 10-Q of AmeriGas 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(s) 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(s) 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 directors (or persons performing the equivalent functions):
 - (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.

Date: February 7, 2019

/s/ Hugh J. Gallagher

Hugh J. Gallagher
President and Chief Executive Officer of
AmeriGas Propane, Inc.

CERTIFICATION

I, Ted J. Jastrzebski, certify that:

1. I have reviewed this periodic report on Form 10-Q of AmeriGas 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(s) 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(s) 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 directors (or persons performing the equivalent functions):
 - (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.

Date: February 7, 2019

/s/ Ted J. Jastrzebski

Ted J. Jastrzebski

Principal Financial Officer

**Certification by the Chief Executive Officer and Principal Financial Officer
Relating to a Periodic Report Containing Financial Statements**

I, Hugh J. Gallagher, Chief Executive Officer, and I, Ted J. Jastrzebski, Principal Financial Officer, of AmeriGas Propane, Inc., a Pennsylvania corporation, the General Partner of AmeriGas Partners, L.P. (the "Company"), hereby certify that to our knowledge:

- (1) The Company's periodic report on Form 10-Q for the period ended December 31, 2018 (the "Form 10-Q") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

CHIEF EXECUTIVE OFFICER

PRINCIPAL FINANCIAL OFFICER

/s/ Hugh J. Gallagher

/s/ Ted J. Jastrzebski

Hugh J. Gallagher

Ted J. Jastrzebski

Date: February 7, 2019

Date: February 7, 2019