SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 1996

Commission file number 1-13692

AMERIGAS PARTNERS, L.P.
AMERIGAS FINANCE CORP.
(EXACT NAME OF REGISTRANTS AS SPECIFIED IN THEIR CHARTERS)

Delaware	23-2787918
Delaware	23-2800532
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(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
(REGISTRANTS' TELEPHONE NUMBER, INCLUDING AREA CODE)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Units representing limited partner interests	New York Stock Exchange, Inc.

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

INDICATE BY CHECK MARK WHETHER EACH 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 X . NO .

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405 OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS FORM 10-K. [ ]

The aggregate market value of AmeriGas Partners, L.P. Common Units held by nonaffiliates of AmeriGas Partners, L.P. on December 1, 1996 was approximately $408,923,325. At December 1, 1996 there were outstanding 21,949,272 Common Units and 19,782,146 Subordinated Units, each representing limited partner interests.

DOCUMENTS INCORPORATED BY REFERENCE: Portions of the AmeriGas Partners, L.P. Annual Report for the year ended September 30, 1996 are incorporated by reference in Part II of this Form 10-K.

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PART I: BUSINESS

ITEMS 1 AND 2. BUSINESS AND PROPERTIES

GENERAL

AmeriGas Partners, L.P. ("AmeriGas Partners") is a publicly traded Delaware limited partnership formed on November 2, 1994. AmeriGas Partners conducts its business principally through its subsidiary, AmeriGas Propane, L.P. (the "Operating Partnership"), a Delaware limited partnership. AmeriGas Partners and the Operating Partnership are referred to collectively as the "Partnership." On April 19, 1995, the Operating Partnership acquired the propane distribution business and assets of AmeriGas Propane, Inc., a Delaware corporation, AmeriGas Propane-2, Inc. (collectively, "AGP" or "AmeriGas Propane") and Petrolane Incorporated, a California corporation ("Petrolane," and together with AGP, the "Predecessors") (the "Partnership Formation") in connection with a concurrent initial public offering of common units by AmeriGas Partners. Unless the context otherwise requires, references to "AmeriGas Partners" and the "Partnership" include the Operating Partnership, its Predecessors and its subsidiaries.

The Partnership is the largest retail propane distributor in the United States, serving approximately 968,000 residential, commercial, industrial, agricultural and motor fuel customers from over 600 district locations in 44 states, as of September 30, 1996. The Partnership's operations are located primarily in the Northeast, Southeast, Great Lakes and West Coast regions of the United States and are conducted principally under the trade name AmeriGas. The retail propane sales volume of the Partnership was approximately 855 million gallons during the twelve months ended September 30, 1996. Based on the most recent information supplied by the American Petroleum Institute, management believes that the Partnership's sales volume in fiscal 1996 constituted approximately 9% of the domestic retail market for propane (sales for other than chemical uses). The Partnership's executive offices are located at 460 North Gulph Road, King of Prussia, Pennsylvania 19406, and its telephone number is (610) 337-7000.

AmeriGas Propane, Inc. (the "General Partner"), a Pennsylvania corporation and an indirect, wholly owned subsidiary of UGI Corporation ("UGI"), serves as the sole general partner of AmeriGas Partners and the Operating Partnership. In addition to its aggregate 2% general partner interest in the Partnership, the General Partner and its affiliates own an aggregate 56.7% limited partner interest in the Partnership. The General Partner is responsible for managing and operating the Partnership.

AmeriGas Finance Corp. ("AmeriGas Finance"), a Delaware corporation, was formed on March 13, 1995, and is a wholly owned subsidiary of AmeriGas Partners. AmeriGas Finance serves as co-obligor for certain debt securities of the Partnership. It has nominal assets and does not conduct any operations. Accordingly, a discussion of the results of operations, liquidity and capital resources of AmeriGas Finance is not presented. Its executive offices are located at 460 North Gulph Road, King of Prussia, Pennsylvania, and its telephone number is (610) 337-7000.

HISTORY OF THE PARTNERSHIP'S OPERATIONS

AmeriGas, Inc. ("AmeriGas"), the parent of AGP and a wholly owned subsidiary of UGI, began propane distribution operations in 1959. In the ten fiscal years preceding the Partnership's formation, AGP experienced significant growth through the acquisition of over 30 propane companies, including Cal Gas Corporation ("Cal Gas"), which was a major national propane distributor. In July, 1993, AmeriGas purchased a significant equity interest in Petrolane. At the time they were acquired, Cal Gas and Petrolane had annual revenues from propane sales that were approximately three times and one and one-half times, respectively, those of AGP.

BUSINESS STRATEGY

The Partnership's strategy is to continue to expand its operations and increase its market share both through the acquisition of local and regional propane distributors and through internal growth, including the opening of new district locations. These new district locations are known as "scratch-starts." Although less costly than acquisitions of existing businesses, scratch-starts typically do not reach target sales and profitability levels for a number of years. Acquisitions will be a principal element of growth for the Partnership, as the demand for propane is expected to remain relatively constant for the foreseeable future, with year-to-year industry volumes being affected primarily by weather patterns. According to the American Petroleum Institute, the domestic retail market for propane (annual sales for other than chemical uses) in 1995 was approximately 9.3 billion gallons. Based on this market estimate, and information published by LP-Gas Magazine, the General Partner believes there are numerous potential acquisition candidates because the propane industry is highly fragmented, with the ten largest retailers comprising approximately 33% of domestic sales.

In fiscal year 1996, the Partnership acquired a total of nine propane operations with aggregate annual retail sales of approximately 22.6 million gallons. It also opened 20 scratch-starts. The increase in the number of publicly traded master limited partnerships engaged in the propane distribution business has intensified acquisition and expansion activity in the industry. There can be no assurance that the Partnership will find attractive acquisition candidates in the future, or that the Partnership will be able to acquire such candidates on economically acceptable terms. In addition, future acquisitions may be dilutive to earnings and distributions, and additional debt incurred to finance acquisitions may adversely affect the ability of the Partnership to make distributions.

Management of the General Partner believes there are also opportunities for limited growth in the Partnership's existing district locations arising from, among other things, marketing programs designed to increase propane consumption by existing customers, new construction and commercial growth in the territories served by the Partnership and conversions to propane by potential customers currently using electricity or fuel oil.

GENERAL INDUSTRY INFORMATION

Propane is separated from crude oil during the refining process and also extracted from natural gas or oil wellhead gas at processing plants. Propane is normally transported and stored in a liquid state under moderate pressure or refrigeration for economy and ease of handling in shipping and distribution. When the pressure is released or the temperature is increased, it is usable as a flammable gas. Propane is colorless and odorless; an odorant is added to allow its detection. Propane is clean burning, producing negligible amounts of pollutants when properly consumed.

The primary customers for propane are residential, commercial, agricultural, motor fuel and industrial users to whom natural gas is not readily available. Customers use propane primarily for home heating, water heating, cooking, motor fuel and process applications. Propane is typically more expensive than natural gas, competitive with fuel oil when operating efficiencies are taken into account and, in most areas, cheaper than electricity on an equivalent energy basis. Several states have adopted or are considering proposals that would substantially deregulate the electric utility industry and thereby permit retail electric customers to choose their electric supplier. Proponents of electric utility deregulation believe that competition will ultimately reduce the cost of electricity. The General Partner is unable to predict the impact that electric utility deregulation may have on propane's competitive price advantage over electricity.

PRODUCTS, SERVICES AND MARKETING

As of September 30, 1996, the Partnership distributed propane to approximately 955,000 customers from over 600 district locations in 44 states. The Partnership's operations are located primarily in the Northeast, Southeast, Great Lakes and West Coast regions of the United States. From many of its district locations, the Partnership also sells, installs and services equipment related to its propane distribution business, including heating and cooking appliances and, at some locations, propane fuel systems for motor vehicles. Typically, district locations are found in suburban and rural areas where natural gas is not available. Districts generally consist of an office, appliance showroom, warehouse and service facilities, with one or more 18,000 to 30,000 gallon storage tanks on the premises. The Partnership also engages in the business of delivering liquified petroleum gases by truck as a common carrier. The Partnership operates as an interstate carrier in 49 states throughout the United States, and as an intrastate carrier in 46 states. It is also licensed as a carrier in Canada; a license is pending in Mexico. The Partnership's trucking capacity is part of its overall transportation and distribution infrastructure which is utilized in the conduct of its business.

The Partnership sells propane primarily to five markets: residential, commercial/industrial, motor fuel, agricultural and wholesale. Approximately 73% of the Partnership's 1996 fiscal year sales (based on gallons sold) were to retail accounts (31% to residential customers, 27% to industrial/commercial customers, 9% to motor fuel customers and 6% to agricultural customers), and approximately 27% were to wholesale customers. Sales to residential customers in fiscal 1996 represented approximately 42% of retail gallons sold and 54% of the Partnership's total margin. No single customer accounts for 10% or more of the Partnership's consolidated revenues.

In the residential market, which includes both conventional and mobile homes, propane is used primarily for home heating, water heating and cooking purposes. Commercial users, which include motels, hotels, restaurants and retail stores, generally use propane for the same purposes as residential customers. As a motor fuel, propane is burned in internal combustion motors that power over-the-road vehicles, forklifts and stationary motors. Industrial customers use propane to fire furnaces, as a cutting gas and in other process applications. Other industrial customers are large-scale heating accounts and local gas utility customers who use propane as a supplemental fuel to meet peak load deliverability requirements. Agricultural uses include tobacco curing, crop drying and poultry brooding.

Retail deliveries of propane are usually made to customers by means of bobtail and rack trucks. Propane is pumped from the bobtail truck, which generally holds 2,200 gallons of propane, into a stationary storage tank on the customer's premises. The Partnership owns most of these storage tanks and leases them to its customers. The capacity of these tanks ranges from approximately 100 gallons to approximately 1,200 gallons, with a typical tank having a capacity of 300 to 400 gallons. The Partnership also delivers propane to retail customers in portable cylinders, which typically have a capacity of 5 to 25 gallons. When these cylinders are delivered to customers, empty cylinders are picked up for replenishment at district locations or are filled in place. In its wholesale operations, the Partnership principally sells propane to large industrial end-users and other propane distributors.

PROPANE SUPPLY AND STORAGE

Supplies of propane from the Partnership's sources historically have been readily available. In the year ended September 30, 1996, the Amoco companies (Amoco Canada and Amoco USA) and Warren Petroleum Company ("Warren"), a division of Chevron U.S.A., provided approximately 14% and 12%, respectively, of the Partnership's total propane supply. Management believes that if supplies from either source were interrupted, it would be able to secure adequate propane supplies from other sources without a material disruption of its operations; however, the cost of procuring replacement supplies might be materially higher, and at least on a short-term basis, margins could be affected. Aside from Amoco and Warren, no single supplier provided more than 10% of the Partnership's total domestic propane supply in the fiscal year ended September 30, 1996. On a regional basis, however, certain suppliers provide 70 to 80% of the Partnership's requirements. Disruptions in supply in these areas could also have an adverse impact on the Partnership's margins.

The Partnership's propane supply is purchased from over 175 oil companies and natural gas processors in the United States and Canada, and the Partnership also makes purchases on the spot market. The Partnership purchases approximately 80% of its propane supplies from domestic suppliers. Approximately 70% of propane purchases by the Partnership in the 1996 fiscal year were on a contractual basis under one-year agreements subject to annual renewal, but the percentage of contract purchases will vary from year-to-year as determined by the General Partner. The General Partner believes that, as the largest retail propane distributor in the United States, the Partnership generally will be able to obtain propane supplies at competitive prices. Most supply contracts provide for pricing based upon posted prices at the time of delivery or the current prices established at major storage points such as Mont Belvieu, Texas, or Conway, Kansas. In addition, some agreements provide maximum and minimum seasonal purchase guidelines. The Partnership uses a number of interstate pipelines, as well as railroad tank cars, delivery trucks and barges to transport propane from suppliers to storage and distribution facilities. The Partnership stores propane at facilities in Arizona, Rhode Island and several other locations.

Because the Partnership's profitability is sensitive to changes in wholesale propane costs, management generally seeks to pass on increases in the cost of propane to customers. There is no assurance, however, that the Partnership will be able to pass on product cost increases fully, particularly when product costs rise rapidly, as they did in 1996. For example, the average Mont Belvieu price per gallon of propane more than doubled between April 1, 1996 ($.34625) and December 3, 1996 ($.70375) as a result of several unrelated events. Propane inventory levels remained below historic levels during the second half of fiscal year 1996, following an unusually cold winter in the eastern United States. Other factors contributing to the reduced industry inventory levels include a normal 1995-96 winter in Europe, which reduced the amount of propane available for import, and a midsummer explosion affecting gas processing plants in Mexico.

Despite increased product cost, the Partnership expects to be able to secure adequate supplies for its customers during fiscal year 1997, however, periods of severe cold weather, supply interruptions, or other unforeseen events, could result in further increases in product cost. The General Partner is gradually expanding its product price risk management activities to reduce the effect of price volatility on its product costs. Current strategies include the use of contracts to purchase product at fixed prices in the future and, to some extent, options and propane price swaps.

The following table shows the average quarterly prices of propane on the propane spot market during the last five fiscal years at Mont Belvieu, Texas and Conway, Kansas, two major storage areas.

QUARTERLY PRICE AVERAGES

Oct-91	39.588	33.283	Sep 30, 96	50.925	51.588
Jan-92	28.386	23.963	Oct 07,96	49.550	49.488
Apr-92	31.296	25.939	Oct 14, 96	49.925	49.250
Jul-92	35.508	27.181	Oct 21, 96	53.450	52.963
Oct-92	33.095	33.31	Oct 28, 96	54.266	54.875
1st QRT-93	33.812	37.957	Oct 31, 96	53.215	55.5
2nd QRT-93	33.384	33.102			
3rd QRT-93	30.811	33.566			
Oct-93	27.352	30.651			
1st QRT-94	28.143	26.769			
2nd QRT-94	29.076	28.488			
3rd QRT-94	29.806	29.092			
Oct-94	33.545	30.128			
1st QRT-95	32.513	29.496			
2nd QRT-95	32.303	30.922			
3rd QRT-95	31.172	32.344			
Oct-95	32.407	34.564			
1st QRT-96	38.028	36.674			
2nd QRT-96	35.141	34.979			
3rd QRT-96	40.363	40.01			
Sep 30-96	49.5	48.675			

COMPETITION

Propane is sold in competition with other sources of energy, some of which are less costly for equivalent energy value. Propane distributors compete for customers against suppliers of electricity, fuel oil and natural gas, principally on the basis of price, availability and portability. Electricity is a major competitor of propane, but propane generally enjoys a competitive price advantage over electricity for space heating, water heating and cooking. As previously stated, the General Partner is unable to predict the impact that electric utility deregulation may have on propane's current competitive price advantage. In the last two decades, many new homes were built to use electrical heating systems and appliances. Fuel oil is also a major competitor of propane and is generally less expensive than propane. Operating efficiencies and other factors such as air quality and environmental advantages, however, generally make propane competitive with fuel oil as a heating source. Furnaces and appliances that burn propane will not operate on fuel oil, and vice versa, and, therefore, a conversion from one fuel to the other requires the installation of new equipment. Propane serves as an alternative to natural gas in rural and suburban areas where natural gas is unavailable or portability of product is required. Natural gas is generally a less expensive source of energy than propane, although in areas where natural gas is available, propane is used for certain industrial and commercial applications and as a standby fuel during interruptions in natural gas service. The gradual expansion of the nation's natural gas distribution systems has resulted in the availability of natural gas in some areas that previously depended upon propane. However, natural gas pipelines are not present in many regions of the country where propane is sold for heating and cooking purposes.

The domestic propane retail distribution business is highly competitive. The Partnership competes in this business with other large propane marketers, including other full-service marketers, and thousands of small independent operators. Based on the most recent information supplied by the American Petroleum Institute, the 1995 domestic retail market for propane (annual sales for other than chemical uses) was approximately 9.3 billion gallons and, according to LP-GAS magazine, the ten largest propane companies (including AmeriGas Partners) comprise approximately 33% of domestic sales. The Partnership's retail volume of approximately 855 million gallons in fiscal year 1996 represented 9% of 1995 total domestic retail sales. The ability to compete effectively depends on reliability of service, responsiveness to customers and maintaining competitive retail prices.

Competition can intensify in response to a variety of factors, including significantly warmer-than-normal weather, higher prices resulting from extraordinary increases in the cost of propane, and recessionary economic factors. In the past, AmeriGas Propane has experienced greater than normal customer losses in certain years when competitive conditions reflected these factors.

In the motor fuel market, propane competes with gasoline and diesel fuel. When gasoline prices are high relative to propane, propane competes effectively. The wholesale propane business is highly competitive. Propane sales to other retail distributors and large-volume, directshipment industrial end-users are price sensitive and frequently involve a competitive bidding process.

PROPERTIES

As of September 30, 1996, the Partnership owned approximately 60% of its district locations. In addition, the Partnership subleases three one-million barrel underground storage caverns in Arizona to store propane and butane for itself and third parties. The Partnership also leases a 600,000 barrel refrigerated, above-ground storage facility in California, which could be used in connection with waterborne imports or exports of propane. The California facility, which the Partnership operates, is currently subleased to several refiners for the storage of butane. Petrolane, now a wholly owned subsidiary of the General Partner, owns a 50% interest in a joint venture which owns a 480,000 barrel storage facility in Virginia. This facility is currently used by third parties. The Partnership leases a 420,000 barrel storage facility in Rhode Island, which is owned by a third party. Both the Virginia and Rhode Island facilities may be used in connection with waterborne imports of propane and the Virginia facility may be used in connection with exports.

The transportation of propane requires specialized equipment. The trucks and railroad tank cars utilized for this purpose carry specialized steel tanks that maintain the propane in a liquefied state. The Partnership has a fleet of approximately 421 transport trucks, of which 206 are owned by the Partnership, as well as 586 railroad tank cars, of which 21 are owned by the Partnership. In addition, the Partnership utilizes approximately 2,300 bobtail and rack trucks, of which approximately 53% are owned, and approximately 1,980 other delivery and service vehicles, of which approximately 61% are owned. As of September 30, 1996, the Partnership owned more than 800,000 stationary storage tanks with typical capacities of 350 to 500 gallons and approximately 900,000 portable propane cylinders with typical capacities of 5 to 25 gallons. The obligations of the Partnership under its borrowings are secured by liens and mortgages on the Partnership's real and personal property.

TRADE NAMES; TRADE AND SERVICE MARKS

The Partnership markets propane principally under the "AmeriGas" and "America's Propane Company" trade name and related service marks. UGI owns, directly or indirectly, all the right, title and interest in the "AmeriGas" and "Petrolane" trade names and related trade and service marks. The Partnership has an exclusive (except for use by AmeriGas and the General Partner), royalty-free license to use these names and trade and service marks. The General Partner has discontinued widespread use of the "Petrolane" trade name and conducts Partnership operations almost exclusively under the "AmeriGas" and "America's Propane Company" trade names.

UGI, Petrolane and the General Partner each have the option to terminate their respective license agreements on 12 months' prior notice, or immediately in the case of the General Partner, without penalty if the General Partner is removed as general partner of the Partnership other than for cause. If the General Partner ceases to serve as the general partner of the Partnership for cause, UGI, Petrolane and the General Partner will each have the option to terminate the license agreements immediately upon payment of a fee equal to the fair market value of the licensed trade names.

SEASONALITY

The Partnership's retail sales volume is seasonal, with approximately 59% of the Partnership's fiscal year 1996 retail sales volume and approximately 90% of its earnings occurring during the five-month peak heating season from November through March, because many customers use propane for heating purposes. As a result of this seasonality, sales are concentrated in the Partnership's first and second fiscal quarters (October 1 through March 31), and cash receipts are greatest during the second and third fiscal quarters when customers pay for propane purchased during the winter heating season.

Sales volume for the Partnership traditionally fluctuates from year-to-year in response to variations in weather, prices, competition, customer mix and other factors, such as general economic conditions. Long-term, historic weather data from the National Weather Service Climate Analysis Center indicate that average annual temperatures have remained relatively constant over the last 30 years with fluctuations occurring on a year-to-year basis only. Actual weather conditions in the Partnership's various service territories, however, can vary substantially from historical averages. For information concerning average annual variations in weather across the Partnership's service territories, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

GOVERNMENT REGULATION

The Partnership is subject to various federal, state and local environmental, safety and transportation laws and regulations governing the storage, distribution and transportation of propane. These laws include, among others, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Clean Air Act, the Occupational Safety and Health Act, the Emergency Planning and Community Right to Know Act, the Clean Water Act and comparable state statutes. CERCLA, also known as the "Superfund" law, imposes joint and several liability without regard to fault or the legality of the original conduct on certain classes of persons considered to have contributed to the release or threatened release of a "hazardous substance" into the environment. Propane is not a hazardous substance within the meaning of federal and state environmental laws. However, the Partnership owns and operates real property where such hazardous substances may exist. See Note 9 to the Partnership's Consolidated Financial Statements.

All states in which the Partnership operates have adopted fire safety codes that regulate the storage and distribution of propane. In some states these laws are administered by state agencies, and in others they are administered on a municipal level. The Partnership conducts training programs to help ensure that its operations are in compliance with applicable governmental regulations. The Partnership maintains various permits under environmental laws that are necessary to operate some of its facilities, some of which may be material to the operations of the Partnership. Management believes that the procedures currently in effect at all of its facilities for the handling, storage and distribution of propane are consistent with industry standards and are in compliance in all material respects with applicable environmental, health and safety laws.

With respect to the transportation of propane by truck, the Partnership is subject to regulations promulgated under the Federal Motor Carrier Safety Act. These regulations cover the transportation of hazardous materials and are administered by the United States Department of Transportation. With respect to general operations, National Fire Protection Association Pamphlets No. 54 and No. 58, which establish a set of rules and procedures governing the safe handling of propane, or comparable regulations, have been adopted as the industry standard in a majority of the states in which the Partnership operates.

The Natural Gas Safety Act of 1968 required the U.S. Department of Transportation ("DOT") to develop and enforce minimum safety regulations for the transportation of gases by pipeline. The DOT's pipeline safety code applies to, among other things, a propane gas system which supplies 10 or more customers from a single source, and a propane system, any portion of which is located in a public place. The code requires operators of all gas systems to provide training and written instructions for employees, establish written procedures to minimize the hazards resulting from gas pipeline emergencies, and keep records of inspections and testing. Significant expense could be incurred if additional safety requirements are imposed that exceed the current DOT standards.

Future developments, such as stricter safety or environmental laws, regulations and enforcement policies thereunder, could affect the handling, transportation, manufacture, use, emission or disposal of propane or solid or hazardous waste. It is not anticipated that the Partnership's compliance with, or liabilities, if any, under safety and environmental laws and regulations, including CERCLA, will have a material adverse effect on the Partnership. To the extent that there are any environmental liabilities unknown to the Partnership or safety or environmental laws or regulations are made more stringent, there can be no assurance that the Partnership's results of operations will not be materially and adversely affected.

EMPLOYEES

The Partnership does not directly employ any persons responsible for managing or operating the Partnership. The General Partner provides these services and is reimbursed for its direct and indirect costs and expenses, including all compensation and benefit costs. At September 30, 1996, the General Partner had 5,071 employees, including 241 temporary and part-time employees.

Approximately two percent of the General Partner's employees are represented by eleven local labor unions which are affiliated with the International Brotherhood of Teamsters (9), the United Steelworkers of America (1) and the Warehouse, Processing and Distribution Workers Union of the International Longshoremen's and Warehousemen's Union, AFL-CIO (1).

ITEM 3. LEGAL PROCEEDINGS

With the exception of the matters set forth below, no material legal proceedings are pending involving the Partnership, any of its subsidiaries or any of their properties, and no such proceedings are known to be contemplated by governmental authorities.

MATEEL ENVIRONMENTAL JUSTICE FOUNDATION V. AMERIGAS PROPANE, L.P. ET AL. On July 29, 1996, Mateel Environmental Justice Foundation ("Mateel") filed a complaint in the Superior Court of the State of California, County of San Francisco, alleging that the Operating Partnership, and several other major propane gas distributors, are in violation of Proposition 65, "The Safe Drinking Water and Toxic Enforcement Act of 1986" (commonly referred to as "Prop 65"). The Operating Partnership is a 98.99% owned subsidiary of the Partnership. The Complaint alleges that the Operating Partnership and its co-defendants are required to provide warnings that the use of liquid propane would result in exposure to chemicals known to cause cancer and birth defects, and that the burning of liquid propane in heaters and other appliances causes exposure to carbon monoxide, benzene, formaldehyde and acetaldehyde. The maximum penalty under Prop 65 is $2,500 per day, per person exposed. In addition to the maximum penalty, Mateel is seeking attorney's fees and costs, together with an Order mandating compliance with Prop 65. Management believes that the Operating Partnership has substantial defenses to this claim. The Operating Partnership has entered into settlement negotiations with Mateel and the California Attorney General's office. The proposed amount of the settlement is immaterial to the Partnership.

COMMERCIAL ROW CASES, JUDICIAL COUNCIL OF CALIFORNIA, COORDINATION PROCEEDING NO. 3096. Beginning in June 1994, twenty-one complaints were filed against AmeriGas Propane (a predecessor of the Operating Partnership) in the Superior Court of California, arising from an explosion which occurred in Truckee, California on November 30, 1993. The explosion is alleged to have occurred as the result of propane gas which escaped from a fractured fitting in an underground supply line. The complaints sought relief for alleged personal injuries and/or property damage, and named as defendants the manufacturer and distributor of the fitting, in addition to AmeriGas Propane. The cases have been consolidated by the Judicial Council of California as the Commercial Row Cases, Judicial Council Coordination Proceeding No. 3096. All of the complaints requested damages in unspecified amounts; some of the complaints sought punitive damages as well as compensatory damages. A number of complaints were settled during 1996. During pretrial discovery, the remaining claimants have asserted demands which in the aggregate now exceed $18 million. The claims asserted in the complaints are fully insured, subject to a $500,000 self-insured retention, except for awards of punitive damages or that portion of a settlement attributable to punitive damages, which may not be covered by insurance. Trial currently is scheduled to begin on February 24, 1997.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security holders during the last fiscal quarter of the 1996 fiscal year.

PART II: SECURITIES AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR REGISTRANT'S COMMON UNITS AND RELATED SECURITY HOLDER MATTERS

The common units representing limited partner interests ("Common Units") are listed on the New York Stock Exchange, which is the principal trading market for such securities, under the symbol "APU". The following table sets forth, for the periods indicated, the high and low sale prices per Common Unit, as reported on the New York Stock Exchange Composite Transactions tape, and the amount of cash distributions paid per Common Unit.

	PRICE RANGE		CASH
1996 FISCAL YEAR	HIGH	LOW	DISTRIBUTION
Fourth Quarter	$24.875	$22.75	$0.55
Third Quarter	24.625	22.375	0.55
Second Quarter	25.25	22.0	0.55
First Quarter	24.625	22.0	0.55
1995 FISCAL YEAR			
Fourth Quarter	24.250	22.875	0.55
Third Quarter beginning April 12, 1995	23.375	21.250	0.446*

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* Prorated for the period between the closing of the Partnership's initial public offering ("IPO") and June 30, 1995, based on a Minimum Quarterly Distribution of $0.55 per Unit.

As of December 1, 1996, there were 982 record holders of the Partnership's Common Units. There is no established public trading market for the Partnership's subordinated units, representing limited partner interests ("Subordinated Units"). The Partnership makes quarterly distributions to its partners in an aggregate amount equal to its Available Cash (as defined) for such quarter. Available Cash generally means, with respect to any fiscal quarter of the Partnership, all cash on hand at the end of such quarter, plus all additional cash on hand as of the date of determination resulting from borrowings subsequent to the end of such quarter, less the amount of cash reserves established by the General Partner in its reasonable discretion for future cash requirements. Certain reserves are maintained to provide for the payment of principal and interest under the terms of the Partnership's debt agreements and other reserves may be maintained to provide for the proper conduct of the Partnership's business, and to provide funds for distribution during the next four fiscal quarters. The full definition of Available Cash is set forth in the Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., which is filed as an exhibit to this Report. The information concerning restrictions on distributions required by Item 5 is incorporated herein by reference to Note 4 to the Partnership's Consolidated Financial Statements which is incorporated herein by reference. Distributions of Available Cash to the Subordinated Unitholders are subject to the prior rights of the Common Unitholders to receive the Minimum Quarterly Distribution ("MQD") for each quarter during the subordination period, and to receive any arrearages in the distribution of the MQD on the Common Units for prior quarters during the subordination period. The subordination period will not end earlier than April 1, 2000. See "Management's Discussion and Analysis of Results of Operations."

ITEM 6. SELECTED FINANCIAL DATA

The following tables provide selected financial data for AmeriGas Partners and the Predecessors.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES
(Thousands of dollars, except per unit)

	Year Ended September 30, 1996	April 19 to September 30, 1995
FOR THE PERIOD:		
Income statement data:		
Revenues	$1,013,225	$ 269,500
Operating income (loss)	72,866	(20,088)
Income (loss) before income taxes	10,084	(47,400)
Net income (loss)	10,238	(47,107)
Limited partners' interest in net income (loss)	10,136	(46,636)
Income (loss) per limited partner unit	.24	(1.12)
Cash distributions declared	2.20	.446
AT PERIOD END:		
Balance sheet data:		
Current assets	$ 200,380	$ 200,092
Total assets	1,372,223	1,435,309
Current liabilities (excluding debt)	158,110	126,924
Total debt	707,453	657,726
Minority interest	5,497	6,704
Partners' capital	442,236	560,959
OTHER DATA:		
EBITDA (a)	$ 134,497	$ 6,497
Capital expenditures	$ 21,908	$ 11,282
Retail propane gallons sold (millions)	855.4	243.6

(a) EBITDA (earnings before interest expense, income taxes, depreciation and amortization) should not be considered as an alternative to net income (loss) (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations).

ITEM 6. SELECTED FINANCIAL DATA (CONTINUED)
AMERIGAS PROPANE / AGP - 2 (PREDECESSOR)
(Thousands of dollars)

	September 24, 1994 to April 19, 1995	Year Ended September 23, 1994	Twelve Months Ended September 23, 1993	Nine Months Ended September 23, 1993(a)	Year Ended December 23, 1992
INCOME STATEMENT DATA (FOR THE PERIOD):					
Revenues	$ 242,185	$367,120	$376,380	$ 258,271	$358,277
Operating income	32,382	46,433	42,729	24,323	40,259
Income (loss) before extraordinary loss and accounting change	2,922	9,659	5,864	(48)	6,826
Net income (loss)	(10,620)	9,659	5,864	(48)	6,826
BALANCE SHEET DATA (AT PERIOD END):					
Current assets	$ (x)	$103,825	$108,826	$ 108,826	$ 84,987
Total assets	(x)	510,981	526,717	526,717	513,165
Current liabilities (excluding debt)	(x)	63,292	69,696	69,696	45,966
Total debt	(x)	210,272	210,177	210,177	210,741
Common stockholders' equity	(x)	186,599	195,543	195,543	206,418
OTHER DATA:					
EBITDA (b)	$ 45,971	$ 69,521	$ 63,977	$ 39,884	$ 62,765
Capital expenditures (c)	$ 5,605	$ 8,948	$ 6,420	$ 5,052	$ 6,388
Retail propane gallons sold (millions)	225.0	332.4	332.1	231.3	322.5

(a) On April 27, 1993, AmeriGas Propane changed its fiscal year end to September 23. Previously, AmeriGas Propane's fiscal year ended December 23. As a result of the change in fiscal year, the Selected Financial Data include data as of and for the nine-month transition period ended September 23, 1993.

(b) EBITDA (earnings before interest expense, income taxes, depreciation and amortization) should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations).

(c) Excludes capital lease obligations.

(x) Not applicable.

ITEM 6. SELECTED FINANCIAL DATA (CONTINUED)
PETROLANE (PREDECESSOR)
(Thousands of dollars, except per share)

	September 24, 1994 to April 19, 1995	Year Ended September 23, 1994	July 16 to September 23, 1993(a)
INCOME STATEMENT DATA (FOR THE PERIOD):			
Revenues	$372,088	$ 589,709	$ 88,094
Operating income (loss)	41,469	56,887	(4,694)
Income (loss) before extraordinary item and accounting change	1,390	(2,309)	(10,334)
Net income (loss)	485	(2,309)	(10,334)
Income (loss) per common share (c)	.05	(.22)	(.98)
BALANCE SHEET DATA (AT PERIOD END):			
Current assets	$ (x)	$ 126,436	$ 132,948
Total assets	(x)	914,212	947,669
Current liabilities (excluding debt)	(x)	114,518	96,699
Total debt	(x)	625,883	663,464
Common stockholders' equity	(x)	93,113	95,422
Partners' deficiency	(x)	(x)	(x)
OTHER DATA:			
EBITDA (d)	$ 68,867	$ 102,922	$ 3,479
Capital expenditures (f)	$ 7,291	$ 22,077	$ 1,719
Retail propane gallons sold (millions)	319.4	496.9	72.2

	QFB Partners (b)	
	January 1 to July 15, 1993	Year Ended December 31, 1992
INCOME STATEMENT DATA (FOR THE PERIOD):		
Revenues	$ 354,116	$ 631,867
Operating income (loss)	(22,009)	26,531
Income (loss) before extraordinary item and accounting change	(59,172)	(111,308)
Net income (loss)	328,042	(111,308)
Income (loss) per common share (c)		
BALANCE SHEET DATA (AT PERIOD END):		
Current assets	$ 108,791	$ 173,058
Total assets	929,667	914,268
Current liabilities (excluding debt)	86,904	250,295
Total debt	640,798	987,431
Common stockholders' equity	105,756	(x)
Partners' deficiency	(x)	(328,042)
OTHER DATA:		
EBITDA (d)	$ 11,639(e)	$ 89,573
Capital expenditures (f)	$ 3,480	$ 11,945
Retail propane gallons sold (millions)	274.6	514.2

(a) On July 26, 1993, Petrolane changed its fiscal year end to September 23. Previously, Petrolane's fiscal year ended December 31. As a result of the change in fiscal year and the adoption of "Fresh Start Accounting", the Selected Financial Data include data for the periods January 1 to July 15, 1993 and July 16 to September 23, 1993.

(b) Represents data of QFB Partners prior to its reorganization on July 15, 1993. Due to the application of "Fresh Start Accounting" effective on July 15, 1993, the consolidated financial data of Petrolane are generally not comparable to those of QFB Partners and are separated by a vertical black line.

(c) Per share results for periods prior to July 16, 1993 are not presented because there were no publicly held shares of stock outstanding.

(d) EBITDA (earnings before interest expense, income taxes, depreciation and amortization) should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations).

(e) Includes a charge of $16,600,000 related to environmental matters and a $5,600,000 charge related to an adjustment of taxes other than income taxes associated with prior years.

(f) Excludes capital lease obligations.

(x) Not applicable.

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

ANALYSIS OF RESULTS OF OPERATIONS

The Partnership's accounting periods end on the 30th of the month. The Predecessors' accounting periods ended on the 23rd of the month. The following analysis compares AmeriGas Partners' results of operations for the 52 weeks ended September 30, 1996 ("Fiscal 1996") with pro forma results of operations for the 53 weeks ended September 30, 1995 ("Pro Forma Fiscal 1995") which includes an additional week of results (i.e. the period September 24 to September 30, 1994) due to the difference in the Partnership's and the Predecessors' year ends. The following analysis also compares the Partnership's results for the period April 19, 1995 to September 30, 1995 ("1995 Five-Month Period") with pro forma results for the period April 24, 1994 to September 23, 1994 ("Pro Forma 1994 Five-Month Period"), and each of AmeriGas Propane's and Petrolane's results of operations for the period September 24, 1994 to April 19, 1995 (each the "1995 Seven-Month Period") with AmeriGas Propane's and Petrolane's results of operations for the period September 24, 1993 to April 23, 1994 (each the "1994 Seven-Month Period"). Due to the seasonality of AmeriGas Partners', AmeriGas Propane's and Petrolane's businesses, the results of operations for periods of less than twelve months are not necessarily indicative of the results to be expected for a full year.

The pro forma consolidated statements of operations data of the Partnership, which include periods prior to the Partnership Formation, were derived from the historical statements of operations of the Predecessors for the period September 24, 1994 to April 19, 1995. The pro forma statements of operations were prepared to reflect the effects of the Partnership Formation as if the formation had been completed in its entirety as of the beginning of the periods presented.

The pro forma consolidated statements of operations data do not purport to present the results of operations of the Partnership had the Partnership Formation actually been completed as of the beginning of the periods presented. In addition, the pro forma consolidated statements of operations data are not necessarily indicative of the results of future operations of the Partnership and should be read in conjunction with the consolidated financial statements of the Partnership, the consolidated financial statements of Petrolane, and the combined financial statements of AmeriGas Propane, and the related notes thereto, appearing elsewhere in this Annual Report on Form 10-K. Significant pro forma adjustments reflected in the data include (a) the elimination of income taxes as a result of operating in a partnership structure; (b) an adjustment to interest expense resulting from the retirement of approximately $377 million of Petrolane term loans, the restructuring of Petrolane and AmeriGas Propane senior debt, and the issuance of an aggregate $210 million face value of notes of AmeriGas Partners and the Operating Partnership; (c) the elimination of management fees previously charged to Petrolane by UGI; (d) a net reduction in amortization expense resulting from the longer-term (40-year) amortization of the excess purchase price over fair value of 65% of the net identifiable assets of Petrolane, compared with the amortization of 65% of Petrolane's excess reorganization value over 20 years; and (e) the elimination of intercompany revenues and expenses.

The following tables provide gallon, weather and certain profitability information for the Partnership, AmeriGas Propane and Petrolane.

AMERIGAS PARTNERS, L.P.
(Millions, except per gallon and percentages)

	Year Ended Sept. 30, 1996	Pro Forma 53 Weeks Ended Sept. 30, 1995 (a)	April 19, 1995 to Sept. 30, 1995	Pro Forma April 24, 1994 to Sept. 23, 1994 (a)
Gallons sold:				
Retail	855.4	788.0	243.6	230.1
Wholesale	309.7	198.0	65.6	73.6
	1,165.1	986.0	309.2	303.7
Revenues:				
Retail propane	$ 786.9	$692.7	$205.7	$199.2
Wholesale propane	137.9	86.5	27.9	29.3
Other	88.4	99.4	35.9	38.3
	$1,013.2	$878.6	$269.5	$266.8
Average selling price per gallon:				
Retail	$ .92	$ .88	$ .84	$ .87
Wholesale	$ .45	$ .44	$ .43	$ .40
Total propane margin (b)	$ 398.6	$373.5	$110.2	$109.6
Total margin (b)	$ 443.5	$419.6	$127.8	$126.1
EBITDA (c)	$ 134.5	$126.0	$ 6.5	$ 23.2
Operating income (loss)	$ 72.9	$ 63.7	$(20.1)	$ (1.7)
Degree days - % (warmer) colder than normal (d)	1.4 %	(12.1)%	N.M.	N.M.

(a) Reflects unaudited pro forma information for the Partnership as if the Partnership Formation had occurred as of the beginning of the periods presented.
(b) Revenues less related cost of sales.
(c) EBITDA (earnings before interest, income taxes, depreciation and amortization) should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations).
(d) Based on the weighted average deviation from average degree days during the 30-year period 1961-1990, as contained in the National Weather Service Climate Analysis Center database, for geographic areas in which AmeriGas Partners operates. Due to the seasonality of the propane business favoring the winter heating season, degree days for the period April 19 to September 30, 1995, and the period April 24 to September 23, 1994, are not meaningful (N.M.).

AMERIGAS PROPANE
(Millions, except per gallon and percentages)

	Sept. 24, 1994 to April 19, 1995	Sept. 24, 1993 to April 23, 1994	Year Ended Sept. 23, 1994	Nine Months Ended Sept. 23, 1993 (a)	Twelve Months Ended Sept. 23, 1993 (a)	Year Ended Dec. 23, 1992
Gallons sold:						
Retail	225.0	242.4	332.4	231.3	332.1	322.5
Wholesale	32.5	53.3	74.3	43.6	82.3	80.1
	257.5	295.7	406.7	274.9	414.4	402.6
Revenues:						
Retail propane	$203.3	$222.9	$302.4	$217.7	$310.3	$293.6
Wholesale propane	14.8	20.1	28.1	18.8	33.9	31.6
Other	24.1	23.4	36.6	21.8	32.2	33.1
	$242.2	$266.4	$367.1	$258.3	$376.4	$358.3
Average selling price per gallon:						
Retail	$ .90	$ .92	$ .91	$ .94	$ .93	$ .91
Wholesale	$ .46	$ .38	$ .38	$ .43	$ .41	$ .39
Total propane margin (b)	$111.5	$126.5	$171.7	$118.5	$169.5	$170.8
Total margin (b)	$122.9	$138.3	$190.3	$130.7	$187.3	$189.1
EBITDA (c)	$ 46.0	$ 61.6	$ 69.5	$ 39.9	$ 63.9	$ 62.8
Operating income	$ 32.4	$ 48.2	$ 46.4	$ 24.3	$ 42.7	$ 40.3
Degree days - % (warmer) colder than normal (d)	(12.9)%	(2.9)%	(3.5)%	(6.9)%	(5.3)%	(10.5)%

(a) On April 27, 1993, AmeriGas Propane changed its fiscal year end to September 23. Previously, AmeriGas Propane's fiscal year ended on December 23. As a result of the change in fiscal year, the amounts above include data as of and for the nine month transition period ended September 23, 1993.
(b) Revenues less related cost of sales.
(c) EBITDA (earnings before interest, income taxes, depreciation and amortization) should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations).
(d) Based on the weighted average deviation from average degree days during the 30-year period 1951-1980 for the twelve month period ended December 23, 1992 and the twelve and nine month periods ended September 23, 1993, and the 30-year period 1961-1990 for the twelve month period ended September 23, 1994, the period September 24, 1993 to April 23, 1994 and the period September 24, 1994 to April 19, 1995, as contained in the National Weather Service Climate Analysis Center database, for geographic areas in which AmeriGas Propane operates.

PETROLANE
(Millions, except per gallon and percentages)

	Sept. 24, 1994 to April 19, 1995	Sept. 24, 1993 to April 23, 1994	Year Ended Sept. 23, 1994	Nine Months Ended Sept. 23, 1993 (38 weeks)(a)	Year Ended Sept. 23, 1993 (51 weeks)(b)	Year Ended Dec. 31, 1992
Gallons sold:						
Retail	319.4	356.9	496.9	346.7	506.9	514.2
Wholesale	99.9	132.8	185.5	151.5	228.5	237.0
	419.3	489.7	682.4	498.2	735.4	751.2
Revenues:						
Retail propane	$283.7	$317.2	$437.0	$314.1	$453.9	$448.9
Wholesale propane	43.8	53.9	75.1	66.5	99.4	94.8
Other	44.6	49.8	77.6	61.6	89.4	88.2
	$372.1	$420.9	$589.7	$442.2	$642.7	$631.9
Average selling price per gallon:						
Retail	$ .89	$ .89	$ .88	$ .91	$ .90	$ .87
Wholesale	$ .44	$ .41	$ .40	$ .44	$ .44	$ .40
Total propane margin (c)	$151.8	$178.7	$243.1	$164.3	$237.0	$246.0
Total margin (c)	$168.9	$196.6	$270.7	$183.3	$266.3	$280.0
EBITDA (d)	$ 68.9	$ 89.3	$102.9	$ 15.1(e)	$ 49.9(e)	$ 89.6
Operating income	$ 41.5	$ 62.5	$ 56.9	$(26.7)(e,)(f)	$ (7.5)(e,f)	$ 26.5
Degree days - % (warmer) colder than normal (g)	(12.6)%	(4.2)%	(3.2)%	(3.8)%	(2.9)%	(5.6)%

(a) On July 26, 1993, Petrolane changed its fiscal year end to September 23. Previously, Petrolane's fiscal year ended December 31. As a result of the change in fiscal year, the amounts above include combined amounts for the pre-reorganization accounting period January 1 to July 15, 1993 and the post-reorganization accounting period July 16 to September 23, 1993.
(b) On July 26, 1993, Petrolane changed its fiscal year end to September 23. Previously, Petrolane's fiscal year ended December 31. As a result of the change in fiscal year, the amounts above include combined amounts for the pre-reorganization accounting period October 1, 1992 to July 15, 1993, and the post-reorganization accounting period July 16, 1993 to September 23, 1993.
(c) Revenues less related cost of sales.
(d) EBITDA (earnings before interest, income taxes, depreciation and amortization) should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations).
(e) Includes a charge of $16.6 million related to environmental matters and a charge of $5.6 million related to an adjustment of taxes other than income taxes.
(f) Due to the effects of "Fresh Start Accounting," these amounts are not meaningful for comparative purposes.
(g) Based on the weighted average deviation from average degree days during the 30-year period 1951-1980 for the twelve month period ended December 31, 1992 and the 51 and 38 week periods ended September 23, 1993, and the 30-year period 1961-1990, for the twelve month period ended September 23, 1994, the period September 24, 1993 to April 23, 1994 and the period September 24, 1994 to April 19, 1995, as contained in the National Weather Service Climate Analysis Center database, for geographic areas in which Petrolane operates.

PARTNERSHIP RESULTS OF OPERATIONS

FISCAL 1996 COMPARED WITH PRO FORMA FISCAL 1995

Retail volumes of propane sold increased 67.4 million gallons in Fiscal 1996 reflecting the effects of colder weather, acquisitions and volume growth. Regional temperature differences in Fiscal 1996 were significant with the western U.S. experiencing substantially warmer than normal temperatures and lower retail sales, and the eastern and midwestern U.S. experiencing colder than normal temperatures and higher retail sales. Wholesale volumes of propane sold were significantly higher reflecting an increase in sales of low-margin excess storage inventories.

Total revenues increased during Fiscal 1996 reflecting the increase in propane sales as well as higher average retail propane selling prices. Total cost of sales increased $110.7 million as a result of the higher volumes of propane sold and higher average propane product costs. The Partnership's propane product cost averaged approximately five cents a gallon higher in Fiscal 1996 than in Pro Forma Fiscal 1995. The spot price of propane at Mont Belvieu, Texas, a major storage and distribution hub, increased dramatically in August and September 1996, rising to 50.5 cents per gallon on September 30, 1996 compared to 31.63 cents per gallon a year earlier. The general trend of propane product cost increases has continued through November 1996.

Total propane margin was higher in Fiscal 1996 as a result of the greater volumes of propane sold. Average retail unit margins in Fiscal 1996 were slightly lower than in Pro Forma Fiscal 1995, notwithstanding an increase in average retail selling price, reflecting the impact of higher average propane product costs which were not completely passed through to customers.

The increases in Fiscal 1996 operating income and earnings before interest, income taxes, depreciation and amortization ("EBITDA") reflect principally the increase in total propane margin partially offset by higher operating and administrative expenses. Operating expenses in Fiscal 1996 are net of $4.4 million from a refund of insurance premium deposits made in prior years and $3.3 million from reductions to reserves for environmental matters recorded in the quarter ended March 31. Operating expenses in Pro Forma Fiscal 1995 include $4.3 million in accruals for management reorganization activities. Operating expenses, exclusive of these items, increased $27.8 million reflecting higher payroll and employee compensation expenses associated with the Partnership's new management structure; higher vehicle and distribution expenses due in part to the higher retail volumes and severe eastern U.S. winter weather; higher expenses associated with sales and marketing programs; increased customer equipment repairs and maintenance expenses; and incremental costs associated with acquisitions and new district locations. The Partnership instituted cost reduction programs in mid-1996, which are continuing, in order to reduce the level of operating and administrative costs.

1995 FIVE-MONTH PERIOD COMPARED WITH PRO FORMA 1994 FIVE-MONTH PERIOD

Retail volumes of propane sold increased 13.5 million gallons in the 1995 Five-Month Period. Approximately 11.7 million retail gallons are attributable to five additional workdays included in the 1995 Five-Month Period resulting from the Partnership having a different fiscal year end than the Predecessor Companies. The remainder of the increase in retail gallons is principally attributable to aggressive sales and marketing programs implemented by the Partnership to improve customer retention and to attract new customers, and an increase in gallons due to acquisitions. The sales and marketing programs were in many cases accompanied by lower prices in market segments in which strong competitive conditions exist. This was especially the case in the Partnership's Northern and Pacific regions where average residential prices declined significantly. Principally as a result of the increase in retail gallons sold and notwithstanding a decrease in average retail selling prices, revenues from sales of propane increased $5.1 million.

Total propane margin increased $.6 million reflecting the impact of the increase in retail gallons sold. Absent the effect of additional workdays in the 1995 Five-Month Period, total propane margin decreased $4.3 million as the impact of slightly higher retail sales was more than offset by the effect of lower retail unit margins principally caused by lower average retail prices.

EBITDA was $6.5 million in the 1995 Five-Month Period compared with pro forma EBITDA of $23.2 million in the Pro Forma 1994 Five-Month Period. The decrease in EBITDA, despite the higher total margin, reflects the impact of higher operating expenses resulting from the additional workdays included in the 1995 Five-Month Period and higher expenses including higher employee compensation expenses resulting in part from newly implemented marketing and sales programs. In September 1995, the General Partner announced management organizational changes in response to competitive conditions in markets served by the Partnership. During the 1995 Five-Month Period, the Partnership accrued $4.3 million of costs related to these organizational changes.

Interest expense was $27.3 million in the 1995 Five-Month Period compared with $25.3 million in the Pro Forma 1994 Five-Month Period. The higher interest expense principally reflects the additional week in the 1995 Five-Month Period resulting from the different fiscal year end of the Partnership.

PREDECESSOR COMPANIES' RESULTS OF OPERATIONS

1995 SEVEN-MONTH PERIOD COMPARED WITH 1994 SEVEN-MONTH PERIOD

AMERIGAS PROPANE

The average temperature across AmeriGas Propane's nationwide service territory during the 1995 Seven-Month Period was 12.9% warmer than normal and 10.3% warmer than the prior-year period. Retail volumes of propane sold declined 7.2% due in large part to the warmer weather's effect on sales of propane used for heating. The lower sales volume was the primary reason for a $24.9 million decrease in propane revenues. The lower 1995 Seven-Month Period retail volumes sold, along with lower average unit margins resulting from lower average retail prices and slightly higher unit product costs, resulted in a $15.0 million decrease in total propane margin. The effects of the lower heating sales were most evident in AmeriGas Propane's residential market segment which typically has higher average unit margins than in the commercial/industrial heating markets. This was particularly the case in AmeriGas Propane's Northern and Southern regions where significantly warmer-than-normal 1995 winter weather reduced propane demand.

The lower demand heightened competitive pressures to reduce prices which, together with the slightly higher product costs, resulted in lower 1995 Seven-Month Period average unit margins. These competitive pressures also resulted in a modest loss of customers. Average unit margins in AmeriGas Propane's commercial/industrial and agricultural markets were also slightly lower than during the 1994 Seven-Month Period due in large part to price reductions resulting from competitive pressures and the introduction of aggressive marketing programs late in the 1995 Seven-Month Period. Operating expenses, net of fee income from the Customer Services Agreement with Petrolane, were virtually unchanged in the 1995 Seven-Month Period.

Interest expense decreased $.5 million in the 1995 Seven-Month period reflecting lower average levels of debt outstanding. Income tax expense in the 1995 Seven-Month Period includes the write-off of $5.9 million of deferred tax benefits no longer realizable as a result of the merger of AmeriGas Propane into the Operating Partnership.

PETROLANE

Temperatures across Petrolane's service territory during the 1995 Seven-Month Period averaged 12.6% warmer than normal and 8.8% warmer than during the 1994 Seven-Month Period. The combination of warmer-than-normal weather and to a much lesser extent, modest customer losses, resulted in a 37.5 million gallon (10.5%) decrease in retail volumes of propane sold. Total revenues decreased $48.8 million to $372.1 million during the 1995 Seven-Month Period. Decreases in sales to residential customers accounted for approximately two-thirds of the overall decrease in retail volumes sold. The warmer weather also contributed to lower commercial and industrial sales. Agricultural gallons sold decreased due in part to a poor grain drying season in the Midwest and reduced usage for poultry brooding. Wholesale sales, on which unit margins are significantly lower than on retail sales, decreased 32.9 million gallons. These sales were also affected by the warmer-than-normal weather.

Average unit margins were slightly lower in the 1995 Seven-Month Period compared with the 1994 Seven-Month Period primarily as a result of higher average propane product costs in the 1995 Seven-Month Period and the introduction of aggressive sales and marketing programs late in the period to retain customers and to increase market share. As a result of the lower average unit margins and the decreased sales volumes, total propane margin decreased $26.9 million in the 1995 Seven-Month Period. Partially offsetting the decrease in total margin was a $7.5 million decrease in net operating expenses. The lower operating expenses reflect, in part, lower payroll expense because of lower overtime pay, lower fees for professional services and lower computer expense.

Interest expense increased $3.0 million to $30.0 million reflecting higher 1995 Seven-Month Period interest rates on Petrolane's variable rate debt. The effective income tax rate was 87.9% for the 1995 Seven-Month Period compared with a rate of 92.4% in the prior year. Both rates reflect the impact of nondeductible amortization of excess reorganization value.

FINANCIAL CONDITION AND LIQUIDITY

CAPITALIZATION AND LIQUIDITY

AmeriGas Partners' debt outstanding at September 30, 1996 totaled $707.5 million compared to $657.7 million at September 30, 1995. The increase is principally a result of $52 million in combined borrowings under the Operating Partnership's Bank Credit Facilities. The Bank Credit Facilities consist of a Revolving Credit Facility, an Acquisition Facility and a Special Purpose Facility, each governed by the Bank Credit Agreement. The Operating Partnership's obligations under these facilities are collateralized by substantially all of its assets.

The Operating Partnership's revolving credit facilities which include the Revolving Credit Facility, the General Partner Credit Facility, and a portion of the Special Purpose Facility as described below, provide for borrowings of up to $105 million to fund working capital, capital expenditures, and interest and distribution payments. The Revolving Credit Facility provides for borrowings of up to $70 million including a $35 million sublimit for letters of credit. Borrowings under this facility totaled $15 million at September 30, 1996. The Revolving Credit Facility expires April 12, 1998, but may be extended, upon timely notice, for additional one-year periods with the consent of the participating banks representing at least 80% of the commitments thereunder.

The General Partner Credit Facility, which became effective October 28, 1996, provides for borrowings of up to $20 million. This agreement is coterminous with the Operating Partnership's Revolving Credit Facility. Borrowings under the General Partner Credit Facility will be unsecured and subordinated in right of payment to all of the Partnership's existing senior debt. UGI has agreed to contribute on an as needed basis through its subsidiaries up to $20 million to the General Partner to fund such borrowings.

The Special Purpose Facility is a $30 million nonrevolving line of credit which can be used for the payment of certain liabilities of Petrolane assumed by the Operating Partnership that relate to potential liabilities for tax, insurance and environmental matters. The Special Purpose Facility expires April 12, 2000 at which time all amounts then outstanding will become immediately due and payable. Effective October 28, 1996, the Bank Credit Agreement was amended to include a revolving $15 million sublimit under the Special Purpose Facility which can be used to fund working capital, capital expenditures, and interest and distribution payments. This sublimit is scheduled to expire April 12, 1998. As of September 30, 1996, there were $7 million in special purpose borrowings outstanding under the Special Purpose Facility.

The Acquisition Facility provides the Operating Partnership with the ability to borrow up to $75 million to finance propane business acquisitions. The Acquisition Facility operates as a revolving facility through October 12, 1997 at which time any amounts then outstanding will convert to a quarterly amortizing 4 1/2-year term loan. The Partnership expects to refinance such loans on a long-term basis. As of September 30, 1996, there were $30 million in loans outstanding under the Acquisition Facility.

The ability of the Partnership to issue debt under the above facilities is subject to provisions in the Partnership's loan agreements which require, among other things, minimum debt-to-capital and interest coverage ratios. Based upon such ratios calculated as of September 30, 1996, the Operating Partnership could borrow the maximum amount available under its Revolving Credit, Special Purpose and General Partner revolving credit facilities.

The Partnership has succeeded to certain lease guarantees and scheduled claim obligations relating to certain of Petrolane's former businesses and has also succeeded to Petrolane's agreements with third parties for payment indemnification relating to such obligations. At September 30, 1996, the lease guarantee obligations totaled approximately $91 million and scheduled claims of at least $68 million were pending. To date, the Partnership has not paid any amounts under these lease guarantee and scheduled claim obligations (see Note 9 to Consolidated Financial Statements).

DISTRIBUTIONS

The Partnership makes distributions to its partners approximately 45 days after the end of each fiscal quarter in an aggregate amount equal to its Available Cash for such quarter, subject to limitations under its loan agreements (see Note 4 to Consolidated Financial Statements). Available Cash generally means, with respect to any fiscal quarter of the Partnership, all cash on hand at the end of such quarter plus all additional cash on hand as of the date of determination resulting from borrowings subsequent to the end of such quarter less the amount of cash reserves established by the General Partner in its reasonable discretion for future cash requirements. These reserves are retained to provide for the proper conduct of the Partnership's business, the payment of debt principal and interest and to provide funds for distribution during the next four quarters.

Distributions by the Partnership in an amount equal to 100% of its Available Cash will generally be made 98% to the Common and Subordinated unitholders and 2% to the General Partner, subject to the payment of incentive distributions in the event Available Cash exceeds the MQD of $.55 on all units. To the extent there is sufficient Available Cash, the holders of Common Units have the right to receive the MQD, plus any arrearages, prior to the distribution of Available Cash to holders of Subordinated Units. Common Units will not accrue arrearages for any quarter after the Subordination Period (as defined below) and Subordinated Units will not accrue any arrearage with respect to distributions for any quarter.

The Subordination Period will generally extend until the first day of any quarter beginning on or after April 1, 2000 by which (a) distributions of Available Cash from Operating Surplus (generally defined as $40 million plus $42.9 million of cash on hand as of April 19, 1995 plus all operating cash receipts less all operating cash expenditures and cash reserves) equal or exceed the MQD on each of the outstanding Common and Subordinated units for each of the four consecutive four-quarter periods immediately preceding such date; (b) the Adjusted Operating Surplus (generally defined as Operating Surplus adjusted to exclude working capital borrowings, reductions in cash reserves and $40 million plus $42.9 million of cash on hand as of April 19, 1995 and to include increases in reserves to provide for distributions resulting from Operating Surplus generated during such period) generated during both (i) each of the two immediately preceding four-quarter periods and (ii) the immediately preceding sixteen-quarter period, equals or exceeds the MQD on each of the Common and Subordinated units outstanding during those periods; and (c) there are no arrearages on the Common Units.

Prior to the end of the Subordination Period but not prior to March 31, 1998, 4,945,537 Subordinated Units will convert into Common Units for any quarter ending on or after March 31, 1998, and an additional 4,945,537 Subordinated Units will convert into Common Units for any quarter ending on or after March 31, 1999, if (a) distributions of Available Cash from Operating Surplus on each of the outstanding Common and Subordinated units equal or exceed the MQD for each of the three consecutive four-quarter periods immediately preceding such date; (b) the Adjusted Operating Surplus generated during the immediately preceding twelve-quarter period equals or exceeds the MQD on all of the Common and Subordinated units outstanding during that period; (c) the General Partner makes a good faith determination that the Partnership will, with respect to the four-quarter period commencing with such date, generate Adjusted Operating Surplus in an amount equal to or exceeding the MQD on all of the outstanding Common and Subordinated units; and (d) there are no arrearages on the Common Units.

During Fiscal 1996, the Partnership paid the full MQD on all limited partner units outstanding. The amount of Available Cash needed to distribute the MQD on all such units as well as the 2% general partner interest during 1996 was approximately $93.7 million ($48.3 million for the Common Units; $43.5 million for the Subordinated Units; and $1.9 million for the general partner interests). A reasonable proxy for the amount of distributable cash actually generated by the Partnership during 1996, determined by subtracting maintenance capital expenditures of $9.3 million from the Partnership's earnings before depreciation and amortization, was approximately $63 million. Although distributions in 1996 were in excess of cash generated by the Partnership, the Partnership had cash and short-term investment balances of $48.6 million at the beginning of the year. Due to the seasonality of its operating cash flows and working capital needs, during Fiscal 1996 the Partnership was required on a short-term basis to use the Revolving Credit Facility to fund a portion of such distribution payments.

Although the level of distributable cash generated in Fiscal 1996 is more than sufficient to pay the full MQD on all Common Units, the ability of the Partnership to continue to pay the full MQD on its Subordinated Units will depend upon a number of factors including a significant improvement in the level of Partnership earnings, the cash needs of the Partnership's operations (including cash needed for maintenance and growth capital), and the Partnership's ability to finance externally such cash needs. The Partnership's management expects the Partnership's earnings to improve as a result of a number of factors including a continued focus on reducing operating expenses, volume increases through acquisitions and internal growth, increased monitoring of pricing, improved propane product cost management, and improved customer retention as a result of an emphasis on customer service. Such earnings improvement, however, is subject to a number of factors beyond the control of the Partnership including weather, competitive conditions in the markets served by the Partnership, and the cost of propane, among others.

CASH FLOWS

OPERATING ACTIVITIES. Cash flow from operating activities was $48.4 million in Fiscal 1996. Cash flow from operating activities before changes in operating working capital was $68.4 million. Changes in operating working capital used $20.1 million of operating cash flow in Fiscal 1996 due principally to increases in accounts receivable due to the higher heating-season sales and an increase in propane inventories due to higher late Fiscal 1996 propane product costs and greater propane inventory volumes partially offset by the impact of an increase in accounts payable.

INVESTING ACTIVITIES. Expenditures for property, plant and equipment totaled $21.9 million in Fiscal 1996. The Partnership expects capital expenditures of approximately $25.1 million in Fiscal 1997 and expects to fund these capital expenditures through internally generated cash as well as through external financing sources. During Fiscal 1996, the Partnership made several business acquisitions for $20.9 million in cash.

FINANCING ACTIVITIES. During Fiscal 1996 the Partnership paid the MQD on all limited partner (and general partner) interests totaling $93.7 million. The Partnership had borrowings of $15 million under its Revolving Credit Facility and, during the year, borrowed $30 million under its Acquisition Facility and $7 million under the Partnership's Special Purpose Facility. The Partnership also made long-term debt repayments of $10.9 million in Fiscal 1996 including $8.4 million of debt repayments associated with UGI's contribution of the net assets of Oahu Gas Service, Inc.

PARTNERSHIP FORMATION TRANSACTIONS. Cash paid for Partnership formation transactions during Fiscal 1996 represents the reimbursement by the Partnership of fees and expenses previously paid by AmeriGas relating to the formation of the Partnership.

PROPANE PROCUREMENT

The Partnership, from time to time, holds propane option contracts to manage propane price risk associated with a portion of its anticipated propane procurement during the heating season. The unrealized gain on such contracts at September 30, 1996 and 1995 was not material. In addition to these option contracts, the Partnership fixes costs on a portion of its propane supply requirements by entering into firm commitments with suppliers to provide propane at future dates at fixed prices.

IMPACT OF INFLATION

Inflation affects the prices the Partnership pays for operating and administrative services and, to some extent, propane gas. Competitive pressures in recent years have limited the Partnership's and the Predecessor Companies' ability to recover fully propane product cost increases. The Partnership attempts to limit the effects of inflation on its results of operations through cost control efforts and productivity improvements.

FORWARD-LOOKING STATEMENTS

Except for the historical information contained herein, certain of the matters discussed in this Annual Report on Form 10-K are forward-looking statements that are subject to risks and uncertainties. The factors that could cause actual results to differ materially include those discussed herein as well as those listed in Exhibit 99 to this Report. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. The General Partner undertakes no obligation to publicly release any revision to these forward-looking statements to reflect events or circumstances after the date of this Annual Report on Form 10-K.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and financial statement schedules referred to in the index contained on pages F-2 through F-3 of this Report are incorporated herein by reference.

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

None.

PART III: MANAGEMENT AND SECURITY HOLDERS

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE GENERAL PARTNER

The Partnership does not directly employ any persons responsible for managing or operating the Partnership. The General Partner provides such services and is reimbursed for its direct and indirect costs and expenses including all compensation and benefit costs.

The Board of Directors of the General Partner established a committee (the "Audit Committee") consisting of two individuals, currently, Messrs. Donovan and Van Dyck, who are neither officers nor employees of the General Partner or any affiliate of the General Partner. The Audit Committee has the authority to review, at the request of the General Partner, specific matters as to which the General Partner believes there may be a conflict of interest, in order to determine if the resolution of such conflict is fair and reasonable to the Partnership. In addition, the Audit Committee has the authority and responsibility for selecting the Partnership's independent public accountants, reviewing the Partnership's annual audit, and resolving accounting policy questions.

DIRECTORS AND EXECUTIVE OFFICERS OF THE GENERAL PARTNER

The following table sets forth certain information with respect to the directors and executive officers of the General Partner. Directors are elected annually by AmeriGas, Inc., a wholly owned subsidiary of UGI, as the sole shareholder of the General Partner. Executive officers are elected for one-year terms. There are no family relationships between any of the directors or any of the executive officers or between any of the executive officers and any of the directors.

NAME	AGE	POSITION WITH THE GENERAL PARTNER
Lon R. Greenberg	46	Chairman, Director, President and Chief Executive Officer
Thomas F. Donovan	63	Director
Robert C. Forney	69	Director
James W. Stratton	60	Director
Stephen A. Van Dyck	53	Director
David I. J. Wang	64	Director
Brendan P. Bovaird	48	Vice President and General Counsel
Eugene V. N. Bissell	42	Vice President-Sales and Operations
Diane L. Carter	48	Vice President-Human Resources
R. Paul Grady	43	Vice President-Sales and Operations
William D. Katz	43	Vice President-Corporate Development
Robert H. Knauss	42	Vice President-Law and Associate General Counsel and Corporate Secretary
Gordon E. Regan, Jr.	44	Vice President-Purchasing and Transportation
David C. Riggan	42	Vice President-Finance and Accounting

Mr. Greenberg is a Director (since October 1994) and Chairman (since August 1996), and President and Chief Executive Officer (since July 1996) of the General Partner. Mr. Greenberg is also Director (since 1994), Chairman (since August 1996), Chief Executive Officer (since August 1995) and President (since July 1994) of UGI, having been Senior Vice President-Legal and Corporate Development of UGI (since July 1989). He also serves as a Director of AmeriGas (since 1993) and Mellon PSFS Advisory Board. Mr. Greenberg previously served as Vice President and General Counsel of AmeriGas (1984 to 1994).

Mr. Donovan was elected a Director of the General Partner on April 25, 1995. He retired from his position as Vice Chairman of Mellon Bank Corporation on December 31, 1995. He continues to serve as a consultant and an advisory board member to Mellon. He also serves as a Director of Private Export Funding, Nuclear Mutual Insurance Co., Nuclear Electric Insurance Co. and Merrill Lynch International Bank, Inc.

Dr. Forney was elected a Director of the General Partner on April 25, 1995. Dr. Forney is retired, having formerly served as Executive Vice President (1981 to 1989) and Director (1979 to 1989) of E. I. duPont de Nemours & Co., Inc. (chemicals and petroleum products). He is a Director of UGI Corporation, UGI Utilities, Inc., Wilmington Trust Corporation, Wilmington Trust Company and Wilmington Trust of Pennsylvania.

Mr. Stratton was elected a Director of the General Partner on April 25, 1995. He is President and Director of Stratton Management Company (investment advisory and financial consulting firm), and Chairman and Chief Executive Officer of FinDaTex (financial services firm). Mr. Stratton is a Director of UGI Corporation, UGI Utilities, Inc., Stratton Growth Fund, Stratton Monthly Dividend Shares, Inc., Stratton Small-Cap Yield Fund, Alco Standard Corporation, and Teleflex, Inc.

Mr. Van Dyck was elected a Director of the General Partner on June 15, 1995. He is Chairman of the Board and Chief Executive Officer of Maritrans Inc. (since 1987), the nations largest independent marine transporter of petroleum. He also serves as Chairman of the Board of West of England Mutual Insurance Association, and as a Director of Mellon PSFS Advisory Board.

Mr. Wang was elected a Director of the General Partner on April 25, 1995. Mr. Wang is retired, having formerly served as Executive Vice President-Timber and Specialty Products and a Director of International Paper Company (1987 to 1991). He is a Director of UGI Corporation, UGI Utilities, Inc., and Weirton Steel Corp.

Mr. Bissell is Vice President-Sales and Operations (since December 1995) of the General Partner. Previously, Mr. Bissell was Vice President-Distributors and Fabrication, BOC Gases (August to December 1995), having been Vice President-National Sales (1993 to 1995) and Regional Vice President Southern Region for Distributor and Cylinder Gases Division, BOC Gases (1989 to 1993).

Mr. Bovaird is Vice President and General Counsel of the General Partner (since April 1995). He is also Vice President and General Counsel of UGI Corporation, UGI Utilities, Inc. and AmeriGas, Inc. (since April 1995). Mr. Bovaird previously served as Division Counsel and Member of the Executive and Operations Committees of Wyeth-Ayerst International Inc. (1992 to 1995) and Senior Vice President, General Counsel and Secretary of Orion Pictures Corporation (1990 to 1991). Mr. Bovaird also engaged in private practice from 1991 to 1992.

Ms. Carter was elected Vice President-Human Resources effective January 15, 1996. Prior to her election, Ms. Carter was Vice President-Human Resources of Sisters of Mercy Health System, St. Louis, Missouri (1994 to 1996). Previously, she was President and founding principal of the Touchstone Partnership, Ltd., an organization and management consulting firm based in Philadelphia (1991 to 1994).

Mr. Grady is Vice President-Sales and Operations (since August 1995) of the General Partner. Mr. Grady was Vice President-Corporate Development of UGI (March 1994 to August 1995), having been Director, Corporate Development (September 1990 to March 1994). Previously, he was Director, Corporate Development Services of Campbell Soup Company (1985 to August 1990).

Mr. Katz was elected Vice President-Corporate Development effective October 1, 1996. Previously, he served as Vice President-Corporate Development of UGI (1995 to 1996). Prior to joining UGI, Mr. Katz was Director of Corporate Development with Campbell Soup Company for over five years. Previously, he practiced law for approximately 10 years, first with the firm of Jones, Day Reavis & Pogue, and later in the Legal Department at Campbell Soup Company.

Mr. Knauss was elected to the additional position of Vice President-Law and Associate General Counsel effective October 1, 1996, having served as Corporate Secretary since 1994. Previously, he served as Group Counsel-Propane (1989 to 1996) of UGI, having joined UGI as Associate Counsel in 1985. Before joining UGI, he was an associate at the firm of Ballard, Spahr, Andrews & Ingersoll in Philadelphia.

Mr. Regan is Vice President-Purchasing and Transportation (since May 1996). Prior to joining the General Partner, Mr. Regan was President of the Chemical Division of DSI Transports, Inc. (1995 to 1996). Previously, he served Conoco, Inc. for over 20 years, most recently as General Manager Business Support, Downstream-North America.

Mr. Riggan is Vice President-Finance and Accounting of the General Partner (since February 1995). Prior to joining AmeriGas, Mr. Riggan was Vice President and Controller of The American Tobacco Company (1994 to February 1995), having previously served as its Controller (1991 to 1994) and Deputy Controller (1986 to 1991).

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

UGI Corporation and AmeriGas, Inc. are each beneficial owners of more than 10% of the Common Units, based solely on the number of Common Units held by their respective direct and indirect subsidiaries. The General Partner is also the beneficial owner of more than 10% of the Common Units. During fiscal year 1996, each of those companies made one late filing of a Form 4 with respect to the issuance of 17,126 Common Units to Diamond Acquisition, Inc., in connection with the acquisition of a propane business by the Partnership.

ITEM 11. EXECUTIVE COMPENSATION

The following table shows information concerning the annual and long-term compensation of the General Partner's Chief Executive Officers, including Mr. Mauch who retired effective September 1, 1996, and each of its five other most highly compensated executive officers, including Mr. Zink, who resigned as Vice President-Marketing on July 1, 1996 (collectively, the "Named Executives").

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long-Term Compensation		
					Awards	Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Other Annual Compensation ($) (2)	Securities Underlying Options/SARs Granted (#) (3)	Long-Term Incentive Payouts ($)	All Other Compensation ($) (4)
Lon R. Greenberg (5) President,	1996	$465,000	$122,760	$ 7,359	0	$0	$ 10,462
Chairman, and Chief	1995	$381,923	$ 0	$ 7,365	14,167	$0	$ 11,439
Executive Officer	1994	$255,402	$126,463	$ 1,281	42,292	$0	$ 2,891
Robert C. Mauch President and	1996	$346,481	$163,350	$62,133	0	$0	$876,131
Chief Executive	1995	$323,462	$ 32,076	$ 8,707	0	$0	$ 56,203
Officer (Retired)	1994	$307,992	$191,608	$ 2,426	0	$0	$ 23,780
R. Paul Grady Vice President-	1996	$158,704	$ 0	$ 7,508	0	$0	$ 14,292
Sales and Operations	1995	$139,174	$ 15,566	$ 5,126	0	$0	$ 5,298
Eugene V.N. Bissell (6) Vice President- Sales and Operations	1996	$123,750	$ 0	$ 0	5,000	$0	$ 0
Brendan P. Bovaird (7)	1996	$149,999	$ 10,927	$ 1,299	0	$0	$ 1,363
Vice President and General Counsel	1995	$ 66,346	$ 8,663	$ 0	10,000	$0	$ 0
David C. Riggan Vice President-	1996	$147,220	$ 0	$ 0	0	$0	$ 5,398
Finance	1995	$ 86,442	$ 11,479	$ 0	5,000	$0	$ 0
Timothy R. Zink (8) Vice President-	1996	$132,300	$ 0	$ 0	0	$0	$ 11,090
Marketing	1995	$130,000	$ 9,750	$ 0	5,000	$0	$ 500

(1) Messrs. Greenberg and Bovaird participate in the UGI Annual Bonus Plan. All other Named Executives participate in the AmeriGas Partners Annual Bonus Plan. Awards under both Plans are for the year reported, regardless of the year paid. Awards under both Plans are based on the achievement of pre-determined business and/or financial performance objectives which support business plans and goals. Bonus opportunities vary by position and currently range from 0% to 119% of base salary for Mr. Greenberg, 0% to 68% of base salary for Mr. Bovaird, and for the other Named Executives, from 0 to an amount limited only by the Partnership's profitability.

(2) Amounts represent tax payment reimbursements for certain benefits, except for Mr. Mauch in 1996. In addition to a tax payment reimbursement of $9,561, in 1996 Mr. Mauch received other perquisites available to executive officers generally, and $38,631 for certain accrued vacation and personal days.

(3) For Messrs. Greenberg and Bovaird, non-qualified stock options granted under the UGI Corporation 1992 Stock Option and Dividend Equivalent Plan. The 1992 Plan consists of non-qualified stock option grants and the opportunity for participants to earn an amount equivalent to the dividends paid on shares covered by options, subject to a comparison of the total return realizable on a share of UGI Common Stock (the "UGI Return") with the total return achieved by each member of a group of comparable peer companies (the "SODEP Peer Group") over a five-year period beginning January 1, 1992 and ending December 31, 1996. Total return encompasses both changes in the per share market price and dividends paid on a share of UGI Common Stock. No credited dividend equivalents will be paid when the performance period ends on December 31, 1996. For Messrs. Bissell, Riggan and Zink, amounts represent non-qualified stock options granted under the UGI Corporation 1992 Non-Qualified Stock Option Plan.

(4) Except for Mr. Mauch in 1996, the amounts represent contributions by the General Partner or UGI in accordance with the provisions of the AmeriGas Propane, Inc. Pension Plan ("APIPP"), the AmeriGas Propane, Inc. Employee Savings Plan (the "AmeriGas Employee Savings Plan"), the UGI Utilities, Inc. Employee Savings Plan (the "UGI Employee Savings Plan"), and/or allocations under the UGI Corporation Senior Executive Retirement Plan (the "Executive Retirement Plan"). Effective January 1, 1994, all plans adopted a plan year ending September 30 to correspond to the fiscal year. As a result, contributions and allocations for 1994 are based on a nine-month plan year. During 1996, 1995 and 1994, the following contributions were made to the Named Executives: (i) under the AmeriGas Employee Savings Plan: Mr. Mauch, $0, $2,250 and $1,688; and Mr. Grady, $0, $458 and $0 and (ii) under the UGI Employee Savings Plan: Mr. Greenberg, $,3,375, $3,375 and $1,688; Mr. Grady, $0 and $2,962 (for 1996 and 1995, respectively); and Mr. Bovaird, $1,363 and $0 (for 1996 and 1995, respectively); (iii) under the APIPP: Mr. Mauch, $11,865, $11,970 and $8,978; Mr. Grady, $11,875 and $1,526 (for 1996 and 1995, respectively); Mr. Riggan, $5,398 and $0 (for 1996 and 1995, respectively); and Mr. Zink, $11,090 and $500 (for 1996 and 1995, respectively); and (iv) under the Executive Retirement Plan: Mr. Greenberg, $7,087, $8,064, and $1,203; Mr. Mauch, $0, $41,983 and $13,114; and Mr. Grady, $2,427 and $352 (for 1996 and 1995, respectively).

Mr. Mauch retired from AmeriGas Propane on September 1, 1996. In addition to the benefits detailed above, the amount shown for Mr. Mauch includes payments under an agreement which recognized Mr. Mauch's substantial contributions to the Partnership. The agreement provided for payments of earned and accrued vacation and personal holidays, including the amount of $57,772 which is included in this column, and a supplemental payment of $806,494.

(5) Compensation reported for Mr. Greenberg is attributable to his employment as Chairman, President and Chief Executive Officer of UGI Corporation. Mr. Greenberg's compensation is also reported in the Proxy Statement for UGI's 1997 Annual Meeting of Shareholders and is not additive. Mr. Greenberg receives no compensation from the General Partner.

(6) Mr. Bissell was elected to the position of Vice President-Sales and Operations of the General Partner effective December 18, 1995.

(7) Compensation reported for Mr. Bovaird is attributable to his employment as Vice President and General Counsel of UGI Corporation and is not additive. Mr. Bovaird receives no compensation from the General Partner.

(8) Mr. Zink resigned from his position as Vice President-Marketing of the General Partner effective July 1, 1996.

OPTION GRANTS IN LAST FISCAL YEAR

	Individual Grants				Grant Date Value
Name	Number of Securities Underlying Options Granted (#)	% of Total Options Granted to Employees in Fiscal Year (2)	Exercise or Base Price ($/Share)	Expiration Date	Grant Date Present Value ($)
Lon R. Greenberg	0	0	-	-	-
Robert C. Mauch	0	0	-	-	-
R. Paul Grady	0	0	-	-	-
Eugene V.N. Bissell	5,000 (1)	33 1/3%	$20.625	12/18/05	$11,107 (3)
Brendan P. Bovaird	0	0	-	-	-
David C. Riggan	0	0	-	-	-
Timothy R. Zink	0	0	-	-	-

(1) Non-qualified stock options granted during fiscal year 1996 under the UGI Corporation 1992 Non-Qualified Stock Option Plan. The option exercise price is the Fair Market Value of UGI's Common Stock determined on the date of the grant. According to Plan provisions, these options vest at 20% per year beginning on the first anniversary of the grant date. Options granted under the Plan are nontransferable and are generally exercisable only while the optionee is employed by the Company or a subsidiary. The vesting schedule can be accelerated subject to action by the Compensation and Management Development Committee, in the event of mergers or certain other corporate transactions. Options are also subject to adjustment in the event of recapitalization, stock splits, mergers, and other similar corporate transactions affecting UGI's Common Stock.

(2) A total of 15,000 stock options were granted to employees and executive officers of the General Partner during fiscal year 1996 under the 1992 Non-Qualified Stock Option Plan.

(3) Based on the Black-Scholes option pricing model. Three years of closing monthly stock price observations were used to calculate the stock volatility and dividend yield assumptions. The other principal assumptions used in calculating the grant date present value are as follows:

- Stock volatility - .1920
- Stock's dividend yield - 6.31%
- Length of option term (in years) - 10
- Annualized risk-free interest rate - 5.71%
- Discount for risk of forfeiture - 3% per year over 5 year vesting schedule.

All options were granted at fair market value. The actual value, if any, the executive may realize will depend on the excess of the stock price on the date the option is exercised over the exercise price. There is no assurance that the value realized by the executive will be at or near the value estimated by the Black-Scholes model.

OPTION EXERCISES IN LAST FISCAL YEAR
AND FISCAL YEAR-END OPTION VALUES

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at Fiscal Year End (#)		Value of Unexercised In-The-Money Options at Fiscal Year End ($)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Lon R. Greenberg	0	$0	105,278 (1)	38,681 (1)	$355,313 (3)	$130,548 (3)
Robert C. Mauch	0	$0	70,000 (1)	17,500 (1)	$236,250 (3)	$ 59,063 (3)
R. Paul Grady	0	$0	11,333 (1) 2,000 (2)	5,667 (1) 0	$ 38,249 (3) $ 6,750 (4)	$ 19,126 (3) $ 0
Eugene V.N. Bissell	0	$0	0	5,000 (2)	$ 0	$ 14,375 (5)
Brendan P. Bovaird	0	$0	5,000 (1)	5,000 (1)	$ 16,875 (3)	$ 16,875 (3)
David C. Riggan	0	$0	1,000 (2)	4,000 (2)	$ 2,375 (6)	$ 9,500 (6)
Timothy R. Zink	0	$0	2,000 (2)	3,000 (2)	$ 9,000 (7)	$ 13,500 (7)

(1) Options granted under the 1992 Stock Option and Dividend Equivalent Plan.

(2) Options granted under the 1992 Non-Qualified Stock Option Plan.

(3) Value based on comparison of price per share at September 30, 1996 (fair market value $23.50) to 1992 Stock Option and Dividend Equivalent Plan option price ($20.125).

(4) Value based on comparison of price per share at September 30, 1996 (fair market value $23.50) to option grant price at January 2, 1992 (fair market value $20.125) under the terms of the 1992 Non-Qualified Stock Option Plan.

(5) Value based on comparison of price per share at September 30, 1996 (fair market value $23.50) to option grant price at December 18, 1995 (fair market value $20.625) under the terms of the 1992 Non-Qualified Stock Option Plan.

(6) Value based on comparison of price per share at September 30, 1996 (fair market value $23.50) to option grant price at February 21, 1995 (fair market value $21.125) under the terms of the 1992 Non-Qualified Stock Option Plan.

(7) Value based on comparison of price per share at September 30, 1996 (fair market value $23.50) to option grant price at September 27, 1994 (fair market value $19.00) under the terms of the 1992 Non-Qualified Stock Option Plan.

RETIREMENT BENEFITS

The following table shows the annual benefits upon retirement at age 65 in 1996 without regard to statutory maximums, for various combinations of final average earnings and lengths of service which may be payable to certain of the Named Executives under the UGI Qualified Retirement Plan (the "UGI Retirement Plan") and the UGI Non-Qualified Senior Executive Retirement Plan.

PENSION PLAN BENEFITS

Final 5-Year Average Annual Earnings (2)	Annual Benefit for Years of Credited Service Shown (1)					
	15 Years	20 Years	25 Years	30 Years	35 Years	40 Years
$100,000	$28,500	$38,000	$47,500	$57,000	$66,500	$68,400(3)
$200,000	$57,000	$76,000	$95,000	$114,000	$133,000	$136,800(3)
$300,000	$85,500	$114,000	$142,500	$171,000	$199,500	$205,200(3)
$400,000	$114,000	$152,000	$190,000	$228,000	$266,000	$273,600(3)
$500,000	$142,500	$190,000	$237,500	$285,000	$332,500	$342,000(3)
$600,000	$171,000	$228,000	$285,000	$342,000	$399,000	$410,400(3)
$700,000	$199,500	$266,000	$332,500	$399,000	$465,500	$478,800(3)
$800,000	$228,000	$304,000	$380,000	$456,000	$532,000	$547,200(3)
$900,000	$256,500	$342,000	$427,500	$513,000	$598,500	$615,600(3)
$1,000,000	$285,000	$380,000	$475,000	$570,000	$665,000	$684,000(3)

(1) Annual benefits are computed on the basis of straight life annuity amounts. These amounts include pension benefits, if any, to which a participant may be entitled as a result of participation in a pension plan of a UGI subsidiary during previous periods of employment. The amounts shown do not take into account exclusion of up to 35% of the estimated primary Social Security benefit. The UGI Retirement Plan provides a minimum benefit equal to 25% of a participant's final 12 months' earnings, reduced proportionately for less than 15 years of credited service at retirement. The minimum UGI Retirement Plan Benefit is not subject to Social Security offset. Mr. Greenberg and Mr. Bovaird had 16

years and 1 year of estimated credited service, respectively, at September 30, 1996. Mr. Mauch participated in the UGI Retirement Plan through December 31, 1992, and had 15 years of estimated credited service as of that date. Mr. Grady previously accumulated more than 4 years of estimated credited service in the UGI Retirement Plan before joining AmeriGas Propane, Inc. in 1995. None of the other Named Executives are covered by the UGI Retirement Plan. Existing funds in the AmeriGas Propane, Inc. Pension Plan, a defined contribution benefit plan ("APIPP"), were merged into the AmeriGas Propane, Inc. Employee Savings Plan effective October 1, 1996. No contributions in respect of service on and after October 1, 1996 will be accepted in the APIPP.

(2) Consists of (i) base salary, commissions and cash payments under the UGI Annual Bonus Plan, and (ii) deferrals thereof permitted under the Internal Revenue Code.

(3) The UGI Retirement Plan formula maximum benefit equal to 60% of a participant's highest consecutive 12 months' earnings during the last 120 months.

SEVERANCE PAY PLAN FOR SENIOR EXECUTIVE EMPLOYEES

The UGI Corporation Severance Pay Plan for Senior Executive Employees (the "Severance Plan") assists certain senior level employees of the General Partner in the event their employment is terminated without fault on their part. Specified benefits are payable to a senior executive covered by the Severance Plan if the senior executive's employment is involuntarily terminated for any reason other than for cause or as a result of the senior executive's death or disability.

Benefits payable include a lump sum cash payment in an amount approximately equal to the sum of (i) three months of compensation (18 months in the case of Mr. Greenberg), (ii) a pro rata portion of the senior executive's annual target bonus under the Annual Bonus Plan for the current year, and (iii) separation pay determined in a manner consistent with that payable to employees generally, not exceeding 15 months of compensation (30 months in the case of Mr. Greenberg). Employee benefits, including a vacation allowance, are continued for a specified period (the "Employee Benefit Period") not exceeding 15 months (30 months in the case of Mr. Greenberg) after termination, or the senior executive may be paid a lump sum equal to the present value of such benefits. The Severance Plan also provides for payment in cash to a senior executive of an amount approximately equal to all dividend equivalents credited (including those that would be credited during the Employee Benefit Period) to the senior executive's account under the 1992 Stock Option and Dividend Equivalent Plan and successor plans. Payment of dividend equivalents which would be credited during the period in which employee benefits are to be continued for such senior executive will also be made. Senior executives may designate a beneficiary for these payments.

In order to receive benefits under the Severance Plan, a senior executive is required to execute a release which discharges UGI and the General Partner from liability for any claims the senior executive may have against either of them, other than claims for amounts or benefits due to the executive under any plan, program or contract provided by or entered into with UGI or the General Partner. The senior executive is also required to cooperate in attending to matters pending at the time of his or her termination of employment.

CHANGE OF CONTROL ARRANGEMENTS

On April 30, 1996, the Board of Directors of UGI ("Board") approved Change of Control Agreements (individually, an "Agreement"), for senior executive officers of UGI and certain of its subsidiaries, including Messrs. Bissell, Bovaird, Grady and Greenberg. The Agreements operate independently of the Severance Plan, continue through June 2001, and are automatically extended in one-year increments thereafter unless, prior to a change of control, UGI terminates an Agreement. In the absence of a change of control, each Agreement will terminate when, for any reason, the executive terminates his employment with UGI or its subsidiaries.

A change of control is generally deemed to occur if: (i) any person (other than the executive, his affiliates and associates, UGI or any of its subsidiaries, any employee benefit plan of UGI or any of its subsidiaries, or any person or entity organized, appointed, or established by UGI or its subsidiaries for or pursuant to the terms of any such employee benefit plan), together with all affiliates and associates of such person, acquires securities representing 20% or more of either (x) the then outstanding shares of common stock of UGI or (y) the combined voting power of UGI's then outstanding voting securities, in either case unless the members of the Executive Committee of the Board of Directors in office immediately prior to such acquisition (the "Executive Committee") determine that the circumstances do not warrant the implementation of the provisions of the Agreement; (ii) individuals who at the beginning of any 24-month period constitute the Board of Directors (the "Incumbent Board") and any new director whose election by the Board, or nomination for election by UGI's shareholders, was approved by a vote of at least a majority of the Incumbent Board, cease for any reason to constitute a majority thereof; (iii) UGI is reorganized, merged or consolidated with or into, or sells all or substantially all of its assets to, another corporation in a transaction in which former shareholders of UGI do not own more than 50% of the outstanding common stock and the combined voting power, respectively, of the then outstanding voting securities of the surviving or acquiring corporation after the transaction, in any such case, unless the Executive Committee determines at the time of such transaction that the circumstances do not warrant the implementation of the provisions of the Agreement; or (iv) UGI is liquidated or dissolved.

Severance benefits are payable under the Agreements if there is a termination of the executive's employment without cause at any time within three years after a change of control. In addition, following a change of control, the executive may elect to terminate his or her employment without loss of severance benefits in certain specified contingencies, including termination of officer status; a significant adverse change in authority, duties, responsibilities or compensation; the failure of UGI to comply with and satisfy any of the terms of the Agreement; or a substantial relocation or excessive travel requirements.

An executive who is terminated with rights to severance compensation under an Agreement will be entitled to receive an amount equal to 1.0 (2.5 in the case of Mr. Greenberg) times his average total cash remuneration for the preceding five calendar years. The net amount payable under the Agreement, taking into account payments due under other plans, as appropriate, may not exceed 2.99 times the executive's "base amount" (as defined in Section 280G of the Internal Revenue Code of 1986, as amended (the "Code")) which, generally, is the average of the executive's taxable annual income received from UGI and its subsidiaries during the five-year period preceding the change of control, to avoid the special federal tax rules applicable to "excess parachute payments."

To protect both parties to the Agreements, if the severance compensation payable under the Agreement, either alone or together with other payments to an executive, would constitute "excess parachute payments," as defined in Section 280G of the Code, such severance compensation payment would be reduced to the largest amount which would result in no portion of such payments being disallowed as deductions to UGI and its subsidiaries under Section 280G of the Code, and no portion of such payments being subject to the excise tax imposed on the recipient by Section 4999 of the Code. The determination of such reductions will be made, in good faith, by UGI's independent accountants and will be conclusively binding.

AGREEMENT WITH ROBERT C. MAUCH

At the time of Mr. Mauch's retirement, the General Partner entered into an agreement which recognized his substantial contributions to the General Partner. As set forth in the Summary Compensation Table, in addition to his retirement benefits, the agreement provided for payment of his earned and accrued vacation and personal holidays, a pro-rated 1996 annual bonus, a supplemental payment of $806,494, continuation of medical, dental, long-term disability and certain other insurance benefits through September 30, 1997, and certain professional services not to exceed $75,000 in value.

BOARD OF DIRECTORS

Officers of the General Partner receive no additional compensation for service on the Board of Directors or on any Committee of the Board. The General Partner pays an annual retainer of $20,000 to all other directors and an attendance fee of $850 for each Board Meeting. For service on Committees, the General Partner pays an annual retainer of $2,000 to each Committee Chairman and an attendance fee of $700 for each Committee meeting attended. The General Partner reimburses directors for expenses incurred by them (such as travel expenses) in serving on the Board and Committees. The General Partner determines all expenses allocable to the Partnership, including expenses allocable to the services of directors.

COMPENSATION/PENSION COMMITTEE

The members of the General Partner's Compensation/Pension Committee are Robert C. Forney (Chairman), Thomas F. Donovan and David I. J. Wang.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

OWNERSHIP OF LIMITED PARTNERSHIP UNITS BY CERTAIN BENEFICIAL OWNERS

The following table sets forth certain information regarding each person known by the Partnership to have been the beneficial owner of more than 5% of the Partnership's voting securities representing limited partner interests as of December 1, 1996. AmeriGas Propane, Inc. is the sole general partner of the Partnership.

TITLE OF CLASS	NAME AND ADDRESS (5) OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
Common Units	UGI Corporation	4,347,272 (1)	19.8%
	AmeriGas, Inc.	4,347,272 (2)	19.8%
	AmeriGas Propane, Inc.	4,347,272 (3)	19.8%
	Petrolane Incorporated	1,425,037 (4)	6.5%
Subordinated Units	UGI Corporation	19,782,146 (1)	100.0%
	AmeriGas, Inc.	19,782,146 (2)	100.0%
	AmeriGas Propane, Inc.	19,782,146 (6)	100.0%
	Petrolane Incorporated	6,532,000 (7)	33.0%

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(1) Based on the number of units held by its indirect wholly owned subsidiaries, Petrolane Incorporated ("Petrolane"), AmeriGas Propane, Inc. and Diamond Acquisition, Inc. ("Diamond").

(2) Based on the number of units held by its direct and indirect wholly owned subsidiaries mentioned in footnote (1).

(3) Includes 2,922,235 Common Units for which AmeriGas Propane, Inc. has sole voting and investment power, and 1,425,037 Common Units held by its subsidiaries, Petrolane and Diamond.

(4) Includes 1,407,911 Common Units for which Petrolane has sole voting and investment power, and 17,126 Common Units held by its subsidiary Diamond.

(5) The address of each of UGI, AmeriGas, Inc., AmeriGas Propane, Inc., Petrolane and Diamond Acquisition, Inc., is 460 North Gulph Road, King of Prussia, PA 19406.

(6) Includes 13,250,146 Subordinated Units for which AmeriGas Propane, Inc. has sole voting and investment power, and 6,532,000 Subordinated Units held by its subsidiaries, Petrolane and Diamond.

(7) Includes 6,432,000 Subordinated Units for which Petrolane has sole voting and investment power, and 100,000 Subordinated Units held by its subsidiary, Diamond.

OWNERSHIP OF PARTNERSHIP COMMON UNITS BY THE DIRECTORS AND EXECUTIVE OFFICERS OF THE GENERAL PARTNER

The table below sets forth as of November 4, 1996 the beneficial ownership of Partnership Common Units by each director and each of the Named Executives currently serving the General Partner, as well as by the directors and all of the executive officers of the General Partner as a group. No director, Named Executive or executive officer beneficially owns (i) any Subordinated Units, or (ii) more than 1% of the Partnership's Common Units. The total number of Common Units beneficially owned by the directors and executive officers of the General Partner as a group represents less than 1% of the Partnership's outstanding Common Units.

NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP(1)
Lon R. Greenberg	1,500 (2)
Thomas F. Donovan	1,000
Robert C. Forney	1,600
James W. Stratton	1,000
Stephen A. Van Dyck	1,000
David I. J. Wang	5,000
Eugene V.N. Bissell	0
Brendan P. Bovaird	0
R. Paul Grady	2,300
David C. Riggan	500
Directors and executive officers as a group (14 persons)	13,900

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(1) Sole voting and investment power unless otherwise specified.
(2) Units are held by Mr. Greenberg as custodian for dependent children.

The General Partner is a wholly owned subsidiary of AmeriGas, which is a wholly owned subsidiary of UGI. The table below sets forth, as of November 4, 1996, the beneficial ownership of UGI Common Stock by each director and each of the Named Executives currently serving the General Partner, as well as by the directors and the executive officers of the General Partner as a group. No director, Named Executive or executive officer beneficially owns more than 1% of UGI's outstanding shares. The total shares beneficially owned by the directors and executive officers as a group (including 163,111 shares subject to options exercisable within the 60 days following November 4, 1996), represents less than 1% of UGI's outstanding shares.

NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP EXCLUDING OPTIONS (1)	STOCK OPTIONS	TOTAL
Lon R. Greenberg	24,899	122,778	147,677
Thomas F. Donovan	0	0	0
Robert C. Forney	4,675	4,000	8,675
James W. Stratton	1,275	5,000	6,275
Stephen A. Van Dyck	0	0	0
David I. J. Wang	14,275	5,000	19,275
Eugene V.N. Bissell	0	1,000	1,000
Brendan P. Bovaird	52	5,000	5,052
R. Paul Grady	903	13,333	14,236
David C. Riggan	25	1,000	1,025
Directors and executive officers as a group (14 persons)	46,147	163,111	209,258

- ----------
(1) Sole voting and dispositive power, except as otherwise specified.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The General Partner employs persons responsible for managing and operating the Partnership. The Partnership reimburses the General Partner for the direct and indirect costs of providing these services, including all compensation and benefit costs. In October 1996, the General Partner provided the Partnership with a revolving line of credit up to a maximum of $20 million. Any loans under this agreement will be unsecured and subordinated to all senior debt of the Partnership. The rates of interest and fees for this line of credit will be determined based on the terms of the Partnership's Revolving Credit Facility, and it will be available until April 12, 1998, the termination date of the Revolving Credit Facility. See Note 4 to the Partnership's Consolidated Financial Statements, filed as an exhibit to this Report.

The Partnership and the General Partner also have extensive ongoing relationships with UGI and its affiliates. UGI performs certain financial and administrative services for the General Partner on behalf of the Partnership. UGI does not receive a fee for such services, but is reimbursed for all direct and indirect expenses incurred in connection therewith, including all compensation and benefit costs. A wholly owned subsidiary of UGI provides the Partnership with general liability, automobile and workers' compensation insurance for up to $500,000 over the Partnership's self-insured retention. Another wholly owned subsidiary of UGI leases office space to the General Partner for its headquarters staff. In addition, a UGI master policy provides accidental death and business travel and accident insurance coverage for employees of the General Partner. The General Partner is billed directly by the insurer for this coverage. As discussed under "Business--Trade Names; Trade and Service Marks," UGI, Petrolane and the General Partner have licensed the trade names "AmeriGas," "America's Propane Company" and "Petrolane" and the related service marks and trademark to the Partnership on a royalty-free basis. Finally, the Partnership obtains management information services from the General Partner, and reimburses the General Partner for its direct and indirect expenses related to those services.

PART IV: ADDITIONAL EXHIBITS, SCHEDULES AND REPORTS

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) DOCUMENTS FILED AS PART OF THIS REPORT:

(1) and (2) FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The financial statements and financial statement schedules incorporated by reference or included in this Report are listed in the accompanying Index to Financial Statements and Financial Statement Schedules set forth on pages F-2 through F-4 of this Report, which is incorporated herein by reference.

(3) LIST OF 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 registration number or last date of the period for which it was filed, and the exhibit number in such filing):

		INCORPORATION BY REFERENCE		
EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
2.1	Merger and Contribution Agreement among AmeriGas Partners, L.P., AmeriGas Propane, L.P., New AmeriGas Propane, Inc., AmeriGas Propane, Inc., AmeriGas Propane-2, Inc., Cal Gas Corporation of America, Propane Transport, Inc. and NORCO Transportation Company	AmeriGas Partners, L.P.	Registration Statement on Form S-4 (No. 33-92734)	10.21
2.2	Conveyance and Contribution Agreement among AmeriGas Partners, L.P., AmeriGas Propane, L.P. and Petrolane Incorporated	AmeriGas Partners, L.P.	Registration Statement on Form S-4 (No. 33-92734)	10.22
3.1	Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. dated as of September 18, 1995	AmeriGas Partners, L.P.	Form 10-K (9/30/95)	3.1

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
3.2	Certificate of Incorporation of AmeriGas Finance Corp.	AmeriGas Partners, L.P.	Registration Statement on Form S-4 (No. 33-92734)	3.3
3.3	Bylaws of AmeriGas Finance Corp.	AmeriGas Partners, L.P.	Registration Statement on Form S-4 (No. 33-92734)	3.4
4.1	Indenture dated as of April 19, 1995 among AmeriGas Partners, L.P., AmeriGas Finance Corp., and First Union National Bank (formerly, First Fidelity Bank, National Association) as Trustee	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	4.1
4.2	Specimen Certificate of Notes	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	4.2
4.3	Registration Rights Agreement dated as of April 19, 1995 among Donaldson, Lufkin & Jenrette Securities Corporation, Smith Barney, Inc., AmeriGas Partners, L.P. and AmeriGas Finance Corp.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	4.3
4.4	First Mortgage Notes Agreement dated as of April 12, 1995 among The Prudential Insurance Company of America, Metropolitan Life Insurance Company, and certain other institutional investors and AmeriGas Propane, L.P., New AmeriGas Propane, Inc. and Petrolane Incorporated	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.8

INCORPORATION BY REFERENCE				
EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.1	Credit Agreement dated as of April 12, 1995 among AmeriGas Propane, L.P., AmeriGas Propane, Inc., Petrolane Incorporated, Bank of America National Trust and Savings Association, as Agent and certain banks	AmeriGas Partners, L.P.	Registration Statement on Form S-4 (No. 33-92734)	10.1
*10.2	First Amendment dated as of July 31, 1995 to Credit Agreement			
*10.3	Second Amendment dated as of October 28, 1996 to Credit Agreement			
10.4	Intercreditor and Agency Agreement dated as of April 19, 1995 among AmeriGas Propane, Inc., Petrolane Incorporated, AmeriGas Propane, L.P., Bank of America National Trust and Savings Association ("Bank of America") as Agent, Mellon Bank, N.A. as Cash Collateral Sub-Agent, Bank of America as Collateral Agent and certain creditors of AmeriGas Propane, L.P.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.2
10.5	General Security Agreement dated as of April 19, 1995 among AmeriGas Propane, L.P., Bank of America National Trust and Savings Association and Mellon Bank, N.A.	AmeriGas Partners L.P.	Form 10-Q (3/31/95)	10.3
10.6	Subsidiary Security Agreement dated as of April 19, 1995 among AmeriGas Propane, L.P., Bank of America National Trust and Savings Association as Collateral Agent and Mellon Bank, N.A. as Cash Collateral Agent	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.4

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.7	Restricted Subsidiary Guarantee dated as of April 19, 1995 by AmeriGas Propane, L.P. for the benefit of Bank of America National Trust and Savings Association, as Collateral Agent	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.5
10.8	Trademark License Agreement dated April 19, 1995 among UGI Corporation, AmeriGas, Inc., AmeriGas Propane, Inc., AmeriGas Partners, L.P. and AmeriGas Propane, L.P.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.6
10.9	Trademark License Agreement dated April 19, 1995 among AmeriGas Propane, Inc., AmeriGas Partners, L.P. and AmeriGas Propane, L.P.	AmeriGas Partners, L.P.	Form 10-Q (3/31/95)	10.7
10.11**	UGI Corporation 1992 Stock Option and Dividend Equivalent Plan, as amended May 19, 1992.	UGI Corporation	Form 10-Q (6/30/92)	10(ee.)
10.12**	UGI Corporation Annual Bonus Plan dated March 8, 1996.	UGI Corporation	Form 10-Q (6/30/96)	10.4
10.13**	AmeriGas Partners, L.P. Annual Bonus Plan dated March 8, 1996.	AmeriGas Partners, L.P.	Form 10-Q (6/30/96)	10.1
10.14**	Amended and Restated Senior Executive Retirement Plan for Certain Employees of UGI Corporation and its Subsidiaries and Affiliates, effective October 27, 1992.	UGI Corporation	Form 10-K (9/30/94)	10.43
10.15**	UGI Corporation Senior Executive Severance Pay Plan dated April 30, 1993.	UGI Corporation	Form 10-K (9/30/94)	10.44

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.16	Stock Purchase Agreement, dated May 27, 1989 as amended and restated July 31, 1989, between Texas Eastern Corporation and QFB Partners	Petrolane Incorporated/ AmeriGas, Inc.	Registration on Form S-1 (No. 33-69450)	10.16(a)
10.17	Amended and Restated Sublease Agreement dated April 1, 1988, between Southwest Salt Co. and AP Propane, Inc. (the "Southwest Salt Co. Agreement")	UGI Corporation	Form 10-K (9/30/94)	10.35
10.18	Letter dated September 26, 1994 pursuant to Article 1, Section 1.2 of the Southwest Salt Co. Agreement re option to renew for period of June 1, 1995 to May 31, 2000.	UGI Corporation	Form 10-K (9/30/94)	10.36
*10.19	Credit Agreement dated October 28, 1996 between AmeriGas Propane, Inc. and AmeriGas Partners, L.P.			
10.20	Agreement by Petrolane Incorporated and certain of its subsidiaries parties thereto ("Subsidiaries") for the Sale of the Subsidiaries' Inventory and Assets to the Goodyear Tire & Rubber Company and D.C.H., Inc., as Purchaser, dated as of December 18, 1985.	Petrolane Incorporated	Form 10-K (9/23/94)	10.13
10.21**	UGI Corporation 1992 Non-Qualified Stock Option Plan	AmeriGas Partners, L.P.	Form 10-K (9/30/95)	10.19
*10.22**	Agreement with Robert C. Mauch dated July 25, 1996.			
10.23**	Change of Control Agreement between UGI Corporation and Lon R. Greenberg	UGI Corporation	Form 10-Q (6/30/96)	10.1

INCORPORATION BY REFERENCE

EXHIBIT NO.	EXHIBIT	REGISTRANT	FILING	EXHIBIT
10.25**	Form of Change of Control Agreement between UGI Corporation and Messrs. Bissell, Bovaird, Grady and Katz.	UGI Corporation	Form 10-Q (6/30/96)	10.3
*13	Pages 10 through 23 of AmeriGas Partners, L.P. Annual Report for the year ended September 30, 1996			
*21	Subsidiaries of AmeriGas Partners, L.P.			
*27	Financial Data Schedule			
*99	Cautionary Statements Affecting Forward-looking Information			

* Filed herewith.

** As required by Item 14(a)(3), this exhibit is identified as a compensatory plan or arrangement.

(b) Reports on Form 8-K.

During the last quarter of the 1996 fiscal year, the Partnership filed no Current Reports on Form 8-K.

SIGNATURES

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

AMERIGAS PARTNERS, L.P.

Date: December 9, 1996

By: AmeriGas Propane, Inc.
its General Partner

By: David C. Riggan

David C. Riggan
Vice President -
Finance and Accounting

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on December 9, 1996 by the following persons on behalf of the Registrant and in the capacities with AmeriGas Propane, Inc., General Partner, indicated.

SIGNATURE	TITLE
Lon R. Greenberg - -------------------------- Lon R. Greenberg	President, Chairman and Chief Executive Officer (Principal Executive Officer) and Director
David C. Riggan - -------------------------- David C. Riggan	Vice President - Finance and Accounting (Principal Financial Officer and Principal Accounting Officer)

SIGNATURE	TITLE
Thomas F. Donovan - ---------------------- Thomas F. Donovan	Director
Stephen A. Van Dyck - ---------------------- Stephen A. Van Dyck	Director
Robert C. Forney - ---------------------- Robert C. Forney	Director
James W. Stratton - ---------------------- James W. Stratton	Director
David I. J. Wang - ---------------------- David I. J. Wang	Director

SIGNATURES

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

AMERIGAS FINANCE CORP.

Date: December 9, 1996

By: David C. Riggan

David C. Riggan
Vice President -
Finance and Accounting

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on December 9, 1996 by the following persons on behalf of the Registrant and in the capacities indicated.

Signature	Title
Lon R. Greenberg - ---------------------- Lon R. Greenberg	President and Chief Executive Officer (Principal Executive Officer) and Director
David C. Riggan - ---------------------- David C. Riggan	Vice President - Finance and Accounting (Principal Financial Officer and Principal Accounting Officer) and Director
Brendan P. Bovaird - ---------------------- Brendan P. Bovaird	Director

AMERIGAS PARTNERS, L.P.
AMERIGAS FINANCE CORP.

FINANCIAL INFORMATION

FOR INCLUSION IN ANNUAL REPORT ON

FORM 10-K FOR THE FISCAL

YEAR ENDED SEPTEMBER 30, 1996

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The consolidated financial statements of AmeriGas Partners, L.P. and subsidiaries, together with the report thereon of Arthur Andersen dated November 22, 1996, listed in the following index, are included in AmeriGas Partners' 1996 Annual Report to Unitholders and are incorporated herein by reference. With the exception of the pages listed in this index and information incorporated in Items 5 and 8, the 1996 Annual Report to Unitholders is not to be deemed filed as part of this Report.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES (continued)

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES (continued)

All other financial statement schedules are omitted because the required information is not present or not present in amounts sufficient to require submission of the schedule or because the information required is included elsewhere in the respective financial statements or notes thereto contained herein.

AMERIGAS FINANCE CORP.

FINANCIAL STATEMENTS
for the year ended September 30, 1996 and the period
March 13, 1995 (date of incorporation)
to September 30, 1995

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To AmeriGas Finance Corp.:

We have audited the accompanying balance sheets of AmeriGas Finance Corp. (a Delaware corporation and a wholly owned subsidiary of AmeriGas Partners, L.P.) as of September 30, 1996 and 1995, and the related statements of stockholder's equity for the year ended September 30, 1996 and the period March 13, 1995 to September 30, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the balance sheets and statements of stockholder's equity referred to above present fairly, in all material respects, the financial position of AmeriGas Finance Corp. as of September 30, 1996 and 1995, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Chicago, Illinois
November 22, 1996

AMERIGAS FINANCE CORP.
(a wholly owned subsidiary of AmeriGas Partners, L.P.)

BALANCE SHEETS

	September 30, 1996	September 30, 1995
ASSETS		
Cash	$ 1,000	$ --
Subscription receivable	--	1,000
Total assets	$ 1,000	$ 1,000
STOCKHOLDER'S EQUITY		
Common stock, $.01 par value; 100 shares authorized; 100 shares issued and outstanding	$ 1	$ 1
Additional paid-in capital	999	999
Total stockholder's equity	$ 1,000	$ 1,000

The accompanying note is an integral part of these financial statements.

AMERIGAS FINANCE CORP.
(a wholly owned subsidiary of AmeriGas Partners, L.P.)

STATEMENTS OF STOCKHOLDER'S EQUITY

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock
Balance March 13, 1995	$--	$ --	$--	$--
Subscription for AmeriGas Finance Corp. Common Stock	1	999		
Balance September 30, 1995	1	999	--	--
Balance September 30, 1996	$ 1	$999	$--	$--

The accompanying note is an integral part of these financial statements.

AMERIGAS FINANCE CORP.
(A WHOLLY OWNED SUBSIDIARY OF AMERIGAS PARTNERS, L.P.)

NOTE TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1996 AND 1995

AmeriGas Finance Corp. (AmeriGas Finance), a Delaware corporation, was formed on March 13, 1995 and is a wholly owned subsidiary of AmeriGas Partners, L.P. (AmeriGas Partners). AmeriGas Partners was formed on November 2, 1994 as a Delaware limited partnership. AmeriGas Partners was formed to acquire and operate the propane businesses and assets of AmeriGas Propane, Inc., a Delaware corporation (AmeriGas Propane), AmeriGas Propane-2, Inc. (AGP-2) and Petrolane Incorporated (Petrolane) through AmeriGas Propane, L.P. (the "Operating Partnership"). AmeriGas Partners holds a 98.99% limited partner interest in the Operating Partnership and AmeriGas Propane, Inc., a Pennsylvania corporation and the general partner of AmeriGas Partners (the "General Partner"), holds a 1.01% general partner interest. On April 19, 1995, (i) pursuant to a Merger and Contribution Agreement dated as of April 19, 1995, AmeriGas Propane and certain of its operating subsidiaries and AGP-2 merged into the Operating Partnership (the "Formation Merger"), and (ii) pursuant to a Conveyance and Contribution Agreement dated as of April 19, 1995, Petrolane conveyed substantially all of its assets and liabilities to the Operating Partnership (the "Petrolane Conveyance"). As a result of the Formation Merger and the Petrolane Conveyance, the General Partner and Petrolane received limited partner interests in the Operating Partnership and the Operating Partnership owns substantially all of the assets and assumed substantially all of the liabilities of AmeriGas Propane, AGP-2 and Petrolane. AmeriGas Propane conveyed its limited partner interest in the Operating Partnership to AmeriGas Partners in exchange for 2,922,235 Common Units and 13,350,146 Subordinated Units of AmeriGas Partners and Petrolane conveyed its limited partner interest in the Operating Partnership to AmeriGas Partners in exchange for 1,407,911 Common Units and 6,432,000 Subordinated Units of AmeriGas Partners. Both Common and Subordinated units represent limited partner interests in AmeriGas Partners.

On April 19, 1995, AmeriGas Partners issued $100,000,000 face value of 10.125% Senior Notes due April 2007. AmeriGas Finance serves as a co-obligor of these notes.

AmeriGas Partners owns all 100 shares of AmeriGas Finance common stock outstanding.

AMERIGAS PROPANE, INC./AMERIGAS PROPANE-2, INC.
(Predecessor of AmeriGas Partners, L.P.)

COMBINED FINANCIAL STATEMENTS
for the period September 24, 1994,
to April 19, 1995 and the
year ended September 23, 1994

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Partners of AmeriGas Partners, L.P.
and The Board of Directors of AmeriGas Propane, Inc. :

We have audited the accompanying consolidated statements of income, stockholder's equity and cash flows of AmeriGas Propane, Inc. and subsidiaries and AmeriGas Propane-2, Inc. (Predecessor) (collectively, the "Company") for the period September 24, 1994 to April 19, 1995. These financial statements and the schedule referred to below are the responsibility of the management of AmeriGas Propane, Inc. Our responsibility is to express an opinion on these combined financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of AmeriGas Propane, Inc. and subsidiaries and AmeriGas Propane-2, Inc. (Predecessor) for the period September 24, 1994 to April 19, 1995, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule for the period September 24, 1994 to April 19, 1995, listed in the Index to Financial Statements and Financial Statement Schedules, is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

As discussed in Note 5 to the combined financial statements, effective September 24, 1994, the Company changed its method of accounting for postemployment benefits. As discussed in Note 3 to the combined financial statements, the Company has given retroactive effect to the change in its method of accounting for propane inventories.

ARTHUR ANDERSEN LLP

Chicago, Illinois
December 4, 1995

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholder
AmeriGas Propane, Inc. and AmeriGas Propane-2, Inc.
Valley Forge, Pennsylvania

We have audited the combined statements of income, common stockholder's equity and cash flows of AmeriGas Propane, Inc. and subsidiaries and AmeriGas Propane-2, Inc. (collectively, "the Company") for the year ended September 23, 1994. We have also audited the related financial statement schedule for the year ended September 23, 1994. These financial statements and related financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined results of operations and cash flows of AmeriGas Propane, Inc. and subsidiaries and AmeriGas Propane-2, Inc. for the year ended September 23, 1994 in conformity with generally accepted accounting principles. Also, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

As discussed in Note 3 to the combined financial statements, the Company changed its method of accounting for propane inventories in March 1995 and restated prior period financial statements to reflect the change.

COOPERS & LYBRAND L.L.P.

2400 Eleven Penn Center
Philadelphia, PA
December 12, 1994, except for Note 3,
as to which the date is March 23, 1995

AMERIGAS PROPANE, INC. / AMERIGAS PROPANE - 2, INC.
COMBINED STATEMENTS OF INCOME
(Thousands of dollars)

	September 24, 1994 to April 19, 1995	Year Ended September 23, 1994 (a)
Revenues (note 1):		
Propane	$218,078	$330,518
Other	24,107	36,602
	242,185	367,120
Costs and expenses:		
Cost of sales - propane	106,596	158,799
Cost of sales - other	12,693	17,972
Operating and administrative expenses	62,706	100,919
Operating and administrative expenses - related parties (note 7)	22,440	33,913
Depreciation and amortization (note 1)	13,589	23,088
Miscellaneous (income) - related parties (note 7)	(6,512)	(9,767)
Miscellaneous (income), net (note 8)	(1,709)	(4,237)
	209,803	320,687
Operating income	32,382	46,433
Interest expense	14,569	25,868
Income before income taxes	17,813	20,565
Income taxes (notes 1 and 4)	14,891	10,906
Income before extraordinary loss and accounting change	2,922	9,659
Extraordinary loss - debt restructuring (note 2)	(11,892)	--
Change in accounting for postemployment benefits (note 5)	(1,650)	--
Net income (loss)	$ 10,620)	$ 9,659

(a) Restated to reflect a change in accounting for propane inventories (see note 3).

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

AMERIGAS PROPANE, INC. / AMERIGAS PROPANE - 2, INC.
COMBINED STATEMENTS OF CASH FLOWS
(Thousands of dollars)

	September 24, 1994 to April 19, 1995	Year Ended September 23, 1994 (a)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$(10,620)	$ 9,659
Adjustments to reconcile net income (loss) to net cash provided by continuing operating activities:		
Depreciation and amortization	13,589	23,088
Deferred income taxes, net	5,538	(1,742)
Provision for uncollectible accounts	1,202	1,785
Extraordinary loss - debt restructuring	11,892	--
Change in accounting for postemployment benefits	1,650	--
Gain on sale of property, plant and equipment	(363)	(1,742)
Other, net	(772)	(37)
	22,116	31,011
Net change in:		
Accounts receivable	(5,998)	(3,717)
Inventories	7,152	(2,675)
Accounts payable	(3,903)	(12,663)
Receivable from / payable to related parties, net	4,641	(7,800)
Other current assets and liabilities	5,963	5,417
Net cash provided by operating activities	29,971	9,573
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for property, plant and equipment	(5,605)	(8,948)
Proceeds from disposals of property, plant and equipment	1,098	4,201
Acquisitions of businesses, net of cash acquired	(156)	(4,608)
Net cash used by investing activities	(4,663)	(9,355)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of dividends	(5,286)	(23,604)
Repayment of long-term debt	(852)	(1,513)
Capital contributions from AmeriGas	--	5,001
Net cash used by financing activities	(6,138)	(20,116)
Cash and cash equivalents increase (decrease)	19,170	(19,898)
CASH AND CASH EQUIVALENTS:		
End of period	37,743	18,573
Beginning of period	18,573	38,471
Increase (decrease)	$ 19,170	$(19,898)

(a) Restated to reflect a change in accounting for propane inventories (see note 3).

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

AMERIGAS PROPANE, INC. / AMERIGAS PROPANE - 2, INC.
COMBINED STATEMENTS OF STOCKHOLDER'S EQUITY
(Thousands of dollars)

	Common Stock	Additional Paid-in Capital	Accumulated Deficit
Balance September 23, 1993	$-	$198,074	$ (2,531)
Net income			9,659
Dividends - cash		(10,281)	(13,323)
Capital contribution from AmeriGas (note 7)		5,001	
Balance September 23, 1994	-	192,794	(6,195)
Net loss			(10,620)
Dividends - cash		(5,286)	
Balance April 19, 1995	$--	$187,508	$(16,815)

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

AMERIGAS PROPANE, INC./AMERIGAS PROPANE-2, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS
(Thousands of dollars)

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

AmeriGas Propane, Inc., a Delaware corporation (AmeriGas Propane), and AmeriGas Propane-2, Inc., a Pennsylvania corporation incorporated on January 5, 1994 ("AGP-2", and together with AmeriGas Propane, "the Company"), are wholly owned subsidiaries of AmeriGas, Inc. (AmeriGas) engaged in the distribution of propane and related equipment and supplies. On April 19, 1995, pursuant to a Merger and Contribution Agreement, AmeriGas Propane and certain of its operating subsidiaries, and AGP-2 were merged into AmeriGas Propane, L.P., (the "Operating Partnership"), a Delaware limited partnership formed to acquire and operate the propane business and assets of the Company and Petrolane Incorporated (Petrolane) (see Note 2).

COMBINATION AND CONSOLIDATION PRINCIPLES

The combined financial statements include the consolidated accounts of AmeriGas Propane and its subsidiaries and the accounts of AGP-2. All significant intercompany accounts and transactions have been eliminated. The combined financial statements include the results of operations and cash flows of the Company through April 19, 1995, the date of the Merger and Contribution Agreement.

COMBINED STATEMENTS OF CASH FLOWS

Cash equivalents include all highly liquid investments with maturities of three months or less when purchased and are recorded at cost plus accrued interest which approximates market value.

Interest paid during the period September 24, 1994 to April 19, 1995 (the 1995 seven-month period) and the year ended September 23, 1994 was $14,525 and $25,406, respectively. Income taxes paid during the 1995 seven-month period and the year ended September 23, 1994 were $5,341 and $9,773, respectively.

The Company incurred capital lease obligations during the year ended September 23, 1994 of $1,559. There were no additions to capital leases during the 1995 seven-month period.

REVENUE RECOGNITION

Revenues from the sale of propane are recognized principally as product is shipped or delivered to customers.

INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined using an average cost method for propane inventories, specific identification for appliances, and the first-in, first-out (FIFO) method for all other inventories.

PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION

Property, plant and equipment is stated at cost. Amounts assigned to property, plant and equipment of acquired businesses are based upon estimated fair value at date of acquisition. When plant and equipment are retired or otherwise disposed of, any gains or losses are recorded in operations.

Depreciation of property, plant and equipment is computed using the straight-line method over estimated service lives ranging from two to 40 years.

GOODWILL AND OTHER INTANGIBLES

Goodwill recognized as a result of business combinations accounted for as purchases is amortized on a straight-line basis over 40 years. Other intangibles consisting principally of covenants not to compete, are amortized over the estimated periods of benefit which do not exceed seven years. Amortization expense during the 1995 seven-month period and the year ended September 23, 1994 was $5,262 and $8,305, respectively.

It is the Company's policy to review goodwill and other intangible assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If such a review should indicate that the carrying amount of goodwill and other intangible assets is not recoverable, it is the Company's policy to reduce the carrying amount of such assets to fair value.

INCOME TAXES

Income taxes are provided based upon the provisions of Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes" (SFAS 109), which requires recognition of deferred income tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income tax liabilities and assets are determined based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

The Company joined with AmeriGas and its parent, UGI Corporation (UGI) in filing a consolidated federal income tax return. The Company was allocated tax assets, liabilities, expense, benefits and credits resulting from the effect of its transactions in the consolidated income tax provision determined in accordance with SFAS 109, including giving effect to all intercompany transactions. The result of this allocation was not materially different from income taxes calculated on a separate return basis.

2. MERGER WITH AMERIGAS PROPANE, L.P.

On April 19, 1995, a subsidiary of AmeriGas acquired by merger (the "Petrolane Merger") the approximately 65% of Petrolane common shares outstanding not already owned by UGI or AmeriGas. Immediately after the Petrolane Merger, AmeriGas Propane and certain of its operating subsidiaries, and AGP-2 merged into the Operating Partnership (the "Formation Merger"), a subsidiary of AmeriGas Partners, a Delaware limited partnership formed to acquire and operate these businesses (collectively, "the Partnership"). Also on April 19, 1995, Petrolane conveyed substantially all of its assets and liabilities to the Operating Partnership. In addition, certain senior indebtedness of AmeriGas Propane assumed by the Operating Partnership with a face value of $208,000 was exchanged for First Mortgage Notes of the Operating Partnership and certain senior indebtedness of Petrolane with a face value of $200,000 was also exchanged for such First Mortgage Notes. Following these transactions, on April 19, 1995, AmeriGas Partners completed its initial public offering of 15,452,000 Common Units.

As a result of the exchange of certain of the Company's indebtedness for First Mortgage Notes of the Operating Partnership, the Company recorded an extraordinary loss of $19,673 pre-tax ($11,892 after-tax). In addition, the Company expensed $5,916 of deferred tax benefits representing the Company's deferred tax benefits no longer realizable as a result of the Formation Merger.

3. CHANGE IN ACCOUNTING FOR PROPANE INVENTORIES

During the three months ended March 23, 1995, the Company changed its method of determining the cost of its propane inventories from the last-in, first-out (LIFO) method to the average cost method. Due to the seasonality of the Company's business and the fluctuating level of inventories during the year, the Company believes that the average cost method will result in a better matching of current revenues and costs on an interim basis.

Also, the average cost method provides a more meaningful presentation of the financial position of the Company by including more recent costs in inventory.

The change in accounting has been applied retroactively to prior periods by restating the financial statements as required by generally accepted accounting principles. The restatement decreased previously reported net income for the year ended September 23, 1994 by $298.

AMERIGAS PROPANE, INC./AMERIGAS PROPANE-2, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(Thousands of dollars)

4. INCOME TAXES

The provisions for income taxes consist of the following:

	September 24, 1994 to April 19, 1995	Year Ended September 23, 1994
Current:		
Federal	$ 8,155	$10,535
State	1,198	2,113
	9,353	12,648
Deferred	5,538	(1,742)
Total income taxes	$14,891	$10,906

A reconciliation from the statutory federal tax rate to the effective tax rate is as follows:

	September 24, 1994 to April 19, 1995	Year Ended September 23, 1994
Statutory federal tax rate	35.0%	35.0%
Difference in tax rate due to:		
State income taxes, net of federal income tax benefit	5.8	5.3
Nondeductible amortization of goodwill	9.6	12.2
Adjustment to deferred taxes as a result of the Formation Merger	33.2	-
Other, net	-	.5
Effective tax rate	83.6%	53.0%

5. PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFITS

Employees of the Company participated in the AmeriGas Propane, Inc. Pension Plan (AmeriGas Propane Plan), a noncontributory defined contribution pension plan. Company

AMERIGAS PROPANE, INC./AMERIGAS PROPANE-2, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(Thousands of dollars)

contributions to the AmeriGas Propane Plan represented a percentage of each covered employee's salary. AmeriGas Propane also sponsored a 401(k) savings plan, the AmeriGas Propane, Inc. Savings Plan (Savings Plan), for its employees. Generally, participants could contribute up to 6% of their compensation on a before-tax basis. The Company could, at its discretion, match a portion of employees' contributions to the Savings Plan. The cost of benefits under the AmeriGas Propane Plan and the Savings Plan for the 1995 seven-month period and the year ended September 23, 1994 totaled $1,105 and $1,366, respectively.

The Company provided health care benefits to certain retirees and a limited number of active employees meeting certain age and service requirements as of January 1, 1989. The Company also provided limited life insurance benefits to substantially all active and retired employees.

The components of net periodic postretirement benefit cost are as follows:

	September 24, 1994 to April 19, 1995	Year Ended September 23, 1994
Service cost-benefits earned during the period	$ 6	$ 14
Interest cost on accumulated postretirement benefit obligation	153	278
Amortization of transition obligation	118	235
Net periodic postretirement benefit cost	$277	$527

AMERIGAS PROPANE, INC./AMERIGAS PROPANE-2, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(Thousands of dollars)

The major actuarial assumptions used in determining the net periodic postretirement benefit cost for the periods covered by the financial statements are as follows:

	September 24, 1994 to April 19, 1995	Year Ended September 23, 1994
Discount rate	8.7%	7.0%
Health care cost trend rate	10.0-5.5	12.0-5.5

Increasing the health care cost trend rate one percent increases the net periodic postretirement benefit cost for the 1995 seven-month period and the year ended September 23, 1994 by approximately $11 and $45, respectively.

Effective September 24, 1994, the Company adopted the provisions of Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS 112). SFAS 112 requires, among other things, the accrual of benefits provided to former or inactive employees (who are not retirees) and to their beneficiaries and covered dependents. Prior to the adoption of SFAS 112, the Company accounted for these postemployment benefits on a pay-as-you-go basis. The cumulative effect of SFAS 112 on the Company's results of operations for periods prior to September 24, 1994 of $2,730 pre-tax ($1,650 after-tax) has been reflected in the Combined Statement of Income for the 1995 seven-month period as "Change in accounting for postemployment benefits". The effect of the change in accounting for postemployment benefits on results of operations for the 1995 seven-month period was not material.

6. COMMITMENTS AND CONTINGENCIES

The Company leased various buildings and transportation, data processing and office equipment under operating leases. Certain of the leases contained renewal and purchase options and also contained escalation clauses. The aggregate rental expense for such leases was approximately $7,310 and $12,841 for the 1995 seven-month period and the year ended September 23, 1994, respectively.

Prior to April 19, 1995, the Company was defending various claims and legal actions arising out of the ordinary course of business the final results of which could not be predicted with certainty. However, it is reasonably possible that some of them could be resolved unfavorably to the Company. Management believes, after consultation with counsel, that damages or settlements, if any, recovered by the plaintiffs in such claims or actions will not have a material adverse effect on the Company's financial position but could be material to operating results in future periods depending on the nature and timing of future developments with respect to these matters and the amounts of future operating results. As a result of the merger of the Company with the Operating Partnership on April 19, 1995 pursuant to the Merger and Contribution Agreement, these contingent liabilities were assumed by the Operating Partnership.

7. RELATED PARTY TRANSACTIONS

During the period July 16, 1993 through April 19, 1995, AmeriGas Management Company (AMC) and AmeriGas Transportation Management Company (ATMC), first-tier subsidiaries of UGI, provided general management, supervisory, administrative and transportation services to the Company and Petrolane pursuant to management services agreements. As consideration for the services provided to the Company under the AMC Management Services Agreement (AMC Agreement) and the ATMC Management Services Agreement (ATMC Agreement), the Company was charged a monthly fee determined by multiplying the overhead expenses of AMC and ATMC by a percentage which represented the Company's share of AMC's and ATMC's total overhead expenses. The percentage was 55% during the 1995 seven-month period and the year ended September 23, 1994. For the 1995 seven-month period and the year ended September 23, 1994, the Company recorded combined management fee expense of $10,368 and $17,313 pursuant to the AMC and ATMC Agreements which amounts are included in operating and administrative expenses - related parties.

Pursuant to the AMC Agreement, AMC arranged for AmeriGas Propane to purchase substantially all of Petrolane's propane supply needs for which Petrolane was charged AmeriGas Propane's costs. Such costs totaled $171,609 and $292,565 during the 1995 seven-month period and the year ended September 23, 1994, respectively.

Effective July 1993 through April 19, 1995, the Company leased and subleased certain furniture and equipment to AMC. Income resulting from these leases and subleases totaled $1,205 and $2,065 for the 1995 seven-month period and the year ended September 23, 1994, respectively, and is classified as miscellaneous income - related parties.

In order to achieve cost reductions and operational efficiencies in overlapping geographical markets, during the year ended September 23, 1994 AmeriGas Propane and Petrolane closed certain district locations and entered into a customer services agreement (Customer Services Agreement). Pursuant to the Customer Services Agreement, AmeriGas Propane served customers of closed Petrolane districts, and Petrolane served customers of closed AmeriGas Propane districts. Fees under the Customer Services

Agreement generally represented a percentage, based upon retail gallon sales, of district operating expenses. Fees billed by Petrolane to AmeriGas Propane under the Customer Services Agreement totaled $6,879 and $9,130 for the 1995 seven-month period and the year ended September 23, 1994, respectively, and are reflected in operating and administrative expenses - related parties. Fees billed to Petrolane under the Customer Services Agreement totaled $5,307 and $7,702 for the 1995 seven-month period and the year ended September 23, 1994, respectively, and are reflected in miscellaneous income - related parties.

Prior to April 19, 1995, UGI provided certain management services to the Company for a fee under a management services agreement. The fee was based upon a specified rate per retail gallon of propane sold. Under this agreement, management fee expense was $5,193 and $7,470 for the 1995 seven-month period and the year ended September 23, 1994, respectively, and is included in operating and administrative expenses - related parties. The Company also reimbursed AmeriGas and UGI for certain costs incurred on its behalf for third party services, primarily legal and insurance.

During the year ended September 23, 1994, AGP-2 received a cash capital contribution from AmeriGas of $5,001. The contribution was used for the acquisition of propane businesses and for related working capital needs. During the period September 24, 1994 to April 19, 1995, no capital contributions were made to the Company.

AMERIGAS PROPANE, INC./AMERIGAS PROPANE-2, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(Thousands of dollars)

8. MISCELLANEOUS INCOME

Miscellaneous income comprises the following:

	September 24, 1994 to April 19, 1995	Year Ended September 23, 1994
Interest income	$ 509	$1,077
Gain on sale of fixed assets	363	1,742
Finance charges	564	852
Rental income	97	168
Other miscellaneous	176	398
	$1,709	$4,237

AMERIGAS PROPANE, INC./AMERIGAS PROPANE-2, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(Thousands of dollars)

9. SUPPLEMENTAL FINANCIAL INFORMATION (UNAUDITED)

In order to provide comparative financial information, the following table includes unaudited results of operations and cash flows for the period September 24, 1993 to April 23, 1994:

	September 24, 1993 to April 23, 1994 (Unaudited)
STATEMENT OF INCOME	
Revenues:	
Propane	$ 242,973
Other	23,443
	266,416
Costs and expenses:	
Cost of sales-propane	116,491
Cost of sales-other	11,639
Operating and administrative expenses	83,992
Depreciation and amortization	13,491
Miscellaneous (income)	(7,348)
	218,265
Operating income	48,151
Interest expense	15,067
Income taxes	16,363
Net income	$ 16,721

AMERIGAS PROPANE, INC./AMERIGAS PROPANE-2, INC.
NOTES TO COMBINED FINANCIAL STATEMENTS (CONTINUED)
(Thousands of dollars)

	September 24, 1993 to April 23, 1994 (Unaudited)
STATEMENT OF CASH FLOWS	
Cash Flows From Operating Activities:	
Net income	$ 16,721
Adjustments to reconcile to cash provided by operating activities:	
Depreciation and amortization	13,491
Deferred income taxes	(2,216)
Other	313
Change in operating working capital	2,006
Net cash provided by operating activities	30,315
Cash Flows From Investing Activities:	
Expenditures for property, plant and equipment	(4,336)
Acquisitions of businesses	(4,300)
Other	1,214
Net cash used by investing activities	(7,422)
Cash Flows From Financing Activities:	
Payment of dividends	(12,987)
Repayment of long-term debt	(574)
Capital contribution from AmeriGas	5,001
Net cash used by financing activities	(8,560)
Cash and cash equivalents increase	$ 14,333

PETROLANE INCORPORATED AND SUBSIDIARIES
(Predecessor of AmeriGas Partners, L.P.)

CONSOLIDATED FINANCIAL STATEMENTS
for the period September 24, 1994
to April 19, 1995 and the
year ended September 23, 1994

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Partners of AmeriGas Partners, L.P.
and The Board of Directors of AmeriGas Propane, Inc. :

We have audited the accompanying consolidated statements of operations, stockholders' equity and cash flows of Petrolane Incorporated (Predecessor) and subsidiaries for the year ended September 23, 1994 and for the period September 24, 1994 to April 19, 1995. These financial statements and the schedule referred to below are the responsibility of the management of AmeriGas Propane, Inc. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Petrolane Incorporated (Predecessor) and subsidiaries for the year ended September 23, 1994 and for the period September 24, 1994 to April 19, 1995, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule for the year ended September 23, 1994 and for the period September 24, 1994 to April 19, 1995, listed in the Index to Financial Statements and Financial Statement Schedules, is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

As discussed in Note 4 to the consolidated financial statements, effective September 24, 1994, the Company changed its method of accounting for postemployment benefits.

ARTHUR ANDERSEN LLP

Chicago, Illinois
December 4, 1995

PETROLANE INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Thousands of dollars, except per share)

	September 24, 1994 to April 19, 1995	Year Ended September 23, 1994
Revenues (note 2):		
Propane	$ 327,479	$ 512,069
Other	44,609	77,640
	372,088	589,709
Costs and expenses:		
Cost of sales-propane (note 6)	175,690	268,983
Cost of sales-other	27,463	50,010
Selling, general and administrative expenses	79,838	134,005
Selling, general and administrative expenses - related parties (note 6)	20,469	33,316
Depreciation and amortization (note 2)	27,398	46,035
Taxes - other than income taxes	8,491	13,069
Miscellaneous (income) - related parties (note 6)	(6,879)	(9,130)
Miscellaneous (income) expense, net	(1,851)	(3,466)
	330,619	532,822
Operating income	41,469	56,887
Interest expense	29,966	45,826
Income before income taxes and change in accounting	11,503	11,061
Income tax expense (note 3)	10,113	13,370
Income (loss) before change in accounting	1,390	(2,309)
Change in accounting for postemployment benefits (note 4)	(905)	--
Net income (loss)	$ 485	$ (2,309)
Earnings (loss) per common share (note 2):		
Earnings (loss) before accounting change	$ .13	$ (.22)
Change in accounting for postemployment benefits	(.08)	--
Net income (loss) per share	$ .05	$ (.22)
Average shares outstanding (thousands)	10,501	10,501

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

PETROLANE INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of dollars)

	September 24, 1994 to April 19, 1995	Year Ended September 23, 1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 485	$ (2,309)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	27,398	46,035
Deferred income taxes	6,610	10,860
Amortization of debt premium and interest rate swap premiums	(3,035)	(6,565)
Provision for uncollectible accounts	1,876	1,565
Other, net	(1,942)	(2,413)
	31,392	47,173
Net change in:		
Accounts receivable	431	5,423
Inventories	6,851	(3,578)
Prepayments and other current assets	2,878	9,242
Accounts payable and other current liabilities	(19,597)	244
Net cash provided by operating activities	21,955	58,504
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for property, plant and equipment	(7,291)	(22,077)
Proceeds from disposals of property, plant and equipment	2,881	3,493
Acquisitions of businesses, net of cash acquired	(2,840)	--
Other, net	--	312
Net cash used by investing activities	(7,250)	(18,272)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(12,507)	(21,146)
Increase (decrease) in working capital loans	7,000	(19,000)
Other	(1,304)	--
Net cash used by financing activities	(6,811)	(40,146)
Cash and cash equivalents increase	$ 7,894	$ 86
CASH AND CASH EQUIVALENTS:		
End of period	$ 18,671	$ 10,777
Beginning of period	10,777	10,691
Increase	$ 7,894	$ 86

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

PETROLANE INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Thousands of dollars)

	Common Stock					
	Class A		Class B		Additional	
	Shares	Amount	Shares	Amount	paid-in capital	Accumulated deficit
Balance - September 23, 1993	1,050,000	$ 11	9,450,000	$ 95	$ 105,650	$ (10,334)
Net loss						(2,309)
Conversion of Class B Common Stock pursuant to the plan of reorganization (note 1)	2,099,438	21	(2,099,438)	(21)		
Issuance of Class A Common Stock pursuant to the plan of reorganization (note 1)	802					
Balance - September 23, 1994	3,150,240	32	7,350,562	74	105,650	(12,643)
Net income						485
Balance - April 19, 1995	3,150,240	$ 32	7,350,562	$ 74	$ 105,650	$ (12,158)

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

PETROLANE INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BASIS OF PRESENTATION

REORGANIZATION AND EMERGENCE FROM CHAPTER 11 BANKRUPTCY

On May 21, 1993 (Petition Date), QFB Partners (QFB), Petrolane Gas Service Limited Partnership (Pet Gas), Petrolane Incorporated (Petrolane), Petrolane Finance Corp. (Pet Finance) and certain affiliated and related entities (collectively, the "Debtors") commenced cases seeking reorganization under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). On the Petition Date, the Debtors also filed a joint plan of reorganization (Plan) for which the Debtors had solicited and received prepetition acceptances. The Plan was confirmed by the Bankruptcy Court on June 25, 1993 and substantially completed (the "Closing") on July 15, 1993 (Closing Date). Prior to the substantial completion of the Plan, QFB was owned by QJV Corp. (QJV) and FB Pet, L.P. (FB Pet), affiliates of Quantum Chemical Corporation (Quantum) and The First Boston Corporation, respectively.

Pursuant to the Plan, on the Closing Date, AmeriGas, Inc. (AmeriGas), a Pennsylvania corporation and a wholly owned subsidiary of UGI Corporation (UGI), received 1,050,000 shares of Petrolane Class A Common Stock (Class A Stock) representing 10% of the outstanding common stock of Petrolane and $19.4 million in cash. The holders of Pet Gas's $375 million principal amount of 13-1/4 Senior Subordinated Debentures due 2001 (Old Subordinated Debentures) received, through a series of transactions, 9,450,000 shares of Petrolane Class B Common Stock (Class B Stock), representing 90% of the common stock of Petrolane, and 1,250,000 warrants to purchase, in certain circumstances from June 30, 1996 to March 31, 1998, UGI Common Stock at an exercise price of $24 per share (UGI Warrants), subject to adjustment. On the Closing Date, all of the Old Subordinated Debentures were cancelled. As of December 23, 1993, AmeriGas had acquired 2,023,530 shares of Class B Stock at a price of $24.45 per share pursuant to the exercise of Put Rights issued under the Put Rights Agreement (Put Rights Agreement) entered into by AmeriGas, Petrolane and Continental Bank (as Put Rights Agent) pursuant to the Plan. As provided in Petrolane's Amended and Restated Articles of Incorporation, the shares of Class B Stock so acquired by AmeriGas were automatically converted into 2,023,530 shares of Class A Stock. In addition, pursuant to the exercise of Put Rights, on December 27, 1993, AmeriGas acquired an additional 75,908 shares of Class B Stock at a price of $24.45 per share (which shares were automatically converted into a like number of shares of Class A Stock). Because 562 of the 2,100,000 Put Rights issued under the Put Rights Agreement were not exercised, on January 24, 1994, Petrolane's Board of Directors, acting in accordance with the Plan, authorized the issuance and sale of 802 shares of Class A Stock to AmeriGas.

Holders of Class B Stock were given the right, from January 1, 1997 (or earlier in certain circumstances) to December 31, 2001, to exchange all or a portion of their Class B Stock for AmeriGas Common Stock constituting up to an aggregate of 26% of the shares of AmeriGas Common Stock outstanding on the Closing Date, and AmeriGas was given the right, from January 1, 1998 to December 31, 2002, to require such exchange. Prior to the time the holders of Class B Stock could exchange their Class B Stock for AmeriGas Common Stock, they were entitled to receive certain payments equal to the difference between (i) the result obtained by dividing (x) the amount of the dividend paid by AmeriGas on 18,690,000 shares of AmeriGas Common Stock (the number of shares presently owned by UGI Corporation) by (y) .89, and (ii) the amount of the dividends paid by AmeriGas on 18,690,000 shares of AmeriGas Common Stock. AmeriGas agreed to finance these payments through subordinated loans to Petrolane or, in certain circumstances, to make such payments directly.

Also pursuant to the Plan, the senior secured debt of the Debtors was restructured which, among other things, resulted in amendments to the amortization schedules and covenants contained in the agreements governing such senior debt, and a new revolving credit facility (Revolving Credit Agreement) in an initial amount of $73 million was made available to Petrolane by certain of its senior secured lenders. AmeriGas guaranteed up to $45 million of such senior debt which guarantee was, subject to certain conditions, to decrease to $20 million over time. In addition, on the Closing Date affiliates of AmeriGas began providing Petrolane with management and administrative services. Petrolane entered into management services agreements with UGI and its subsidiaries AmeriGas Management Company (AMC) and AmeriGas Transportation Management Company (ATMC).

ACQUISITION OF 100% OF PETROLANE BY AMERIGAS AND TRANSFER OF ASSETS TO MASTER LIMITED PARTNERSHIP

On April 19, 1995, a subsidiary of AmeriGas acquired by merger (the "Petrolane Merger") the approximately 65% of Petrolane common shares outstanding not already owned by UGI or AmeriGas and combined the propane business and assets of Petrolane, AmeriGas Propane, Inc., a Delaware Corporation (AmeriGas Propane), and AmeriGas Propane-2, Inc. (the "Partnership Formation"). Under the terms of the Petrolane Merger approved by the Company's Class B shareholders (other than UGI) on April 12, 1995, 6,850,562 shares of the Company's Class B Common Stock not held by UGI were converted into the right to receive $16.00 per share in cash and all other rights associated with such shares expired. The Petrolane Merger consideration of approximately $109,600 was financed with the proceeds of a private placement of $110,000 of First Mortgage Notes of the Operating Partnership. Immediately after the Petrolane Merger, Petrolane, pursuant to a Conveyance and Contribution Agreement, conveyed (the "Petrolane Conveyance") substantially all of its assets and liabilities to AmeriGas Propane, L.P. (the "Operating Partnership"), a Delaware limited partnership and subsidiary of AmeriGas Partners, L.P. (AmeriGas Partners), a Delaware limited partnership and AmeriGas Propane and

AmeriGas Propane-2, Inc. (AGP-2) merged into the Operating Partnership (the "Formation Merger"). As a result of the Formation Merger and the Petrolane Conveyance, AmeriGas Propane, Inc., a Pennsylvania corporation and the general partner of AmeriGas Partners (the "General Partner"), and Petrolane each received a limited partner interest in the Operating Partnership, and the Operating Partnership received substantially all of the assets and assumed substantially all of the liabilities of AmeriGas Propane, AmeriGas Propane-2, Inc., Petrolane and their respective operating subsidiaries. The net book value of the assets contributed by Petrolane to the Operating Partnership exceeded the liabilities assumed by $77,375. Immediately after the Petrolane Conveyance, Petrolane conveyed its limited partner interest in the Operating Partnership to AmeriGas Partners in exchange for 1,407,911 Common Units and 6,432,000 Subordinated Units of AmeriGas Partners. Both Common and Subordinated Units represent limited partner interests in AmeriGas Partners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION PRINCIPLES

The accompanying consolidated financial statements include the results of operations and cash flows of the Company for periods prior to the Petrolane Conveyance. The consolidated financial statements include results of operations and cash flows for the periods September 24, 1994 to April 19, 1995 (the 1995 seven-month period) and the year ended September 23, 1994. All significant intercompany accounts and transactions have been eliminated in consolidation.

FRESH START ACCOUNTING

Effective with the Closing on July 15, 1993, the Company adopted the provisions of the American Institute of Certified Public Accountants' Statement of Position 90-7 "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" (Fresh Start Accounting). Pursuant to such principles, the Company's assets were stated at reorganization value which is generally described as the value of the Company before considering liabilities on a going-concern basis following the completion of the Plan. The reorganization value of the Company was determined by reference to the remaining liabilities plus the value of the common shareholders' equity indicated by the consideration paid by AmeriGas for 30% of the outstanding shares of the Company's common stock. The reorganization value was allocated to the assets of the Company in conformity with the procedures specified by Accounting Principles Board Opinion No. 16, "Business Combinations", for transactions reported on the basis of the purchase method of accounting. In this allocation, identifiable assets were valued at estimated fair value and the reorganization value in excess of identifiable assets was recorded as "reorganization value in excess of amounts allocable to identifiable assets" (excess reorganization value). Deferred taxes were provided as of the Closing Date in accordance with Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes" (SFAS

109). The effects of the adjustments to the historical amounts of individual assets and liabilities resulting from the adoption of Fresh Start Accounting and the effects of the extinguishment of debt resulting from the substantial completion of the Plan are reflected in the Predecessor's final statement of operations for the period ended July 15, 1993.

Fresh Start Accounting is applicable because pre-reorganization shareholders received less than 50% of the Company's common stock and the reorganization value of the Company was less than the total postpetition liabilities and allowed claims.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Cash equivalents include all highly liquid investments with maturities of three months or less when purchased and are recorded at cost plus accrued interest which approximates market value.

Interest paid for the 1995 seven-month period and the year ended September 23, 1994 was $33.9 million and $51.0 million, respectively. Income taxes paid for the 1995 seven-month period and the year ended September 23, 1994 were $3.6 million and $1.8 million, respectively.

REVENUE RECOGNITION

Revenues from the sale of propane are recognized principally when product is shipped or delivered to customers.

INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined using an average cost method for propane, specific cost for appliances and the first-in, first-out (FIFO) method for parts and fittings.

PROPERTY, PLANT AND EQUIPMENT AND RELATED DEPRECIATION

Property, plant and equipment is stated at cost. When plant and equipment are retired or otherwise disposed of, any gains or losses are reflected in operations.

Depreciation of property, plant and equipment acquired by the Company subsequent to the Closing is computed using the straight-line method over estimated service lives ranging from two to 40 years.

REORGANIZATION VALUE IN EXCESS OF AMOUNTS ALLOCABLE TO IDENTIFIABLE ASSETS

Reorganization value in excess of amounts allocable to identifiable assets resulting from the application of Fresh Start Accounting is amortized on a straight-line basis over 20 years. Amortization expense during the 1995 seven-month period and the year ended September 23, 1994 was $14.2 million and $24.7 million, respectively.

It is the Company's policy to review intangible assets, including excess reorganization value, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. If such a review should indicate that the carrying amount of intangible assets, including excess reorganization value, is not recoverable, it is the Company's policy to reduce the carrying amount of such assets to fair value.

INCOME TAXES

Income taxes for the 1995 seven-month period and the year ended September 23, 1994, were provided based upon the provisions of SFAS 109. SFAS 109 requires recognition of deferred income tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income tax liabilities and assets are determined based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

NET EARNINGS (LOSS) PER SHARE

Net earnings (loss) per share for the 1995 seven-month period and the year ended September 23, 1994 is based on the weighted average number of shares of Class A and Class B common stock outstanding during those periods.

PETROLANE INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. INCOME TAXES

The Company's provisions for income taxes for the 1995 seven-month period and the year ended September 23, 1994 consist of the following:

	September 24, 1994 to April 19, 1995	Year Ended September 23, 1994
	(Thousands)	
Current:		
Federal	$ 2,936	$ 2,406
State	567	104
	3,503	2,510
Deferred	6,610	10,860
Total income tax expense	$10,113	$13,370

A reconciliation from the statutory federal tax rate to the effective tax rate is as follows:

	September 24, 1994 to April 19, 1995	Year Ended September 23, 1994
Statutory federal tax rate	35.0%	35.0%
Difference in tax rate due to:		
State income taxes, net of federal income tax benefit	9.3	12.1
Nondeductible amortization of excess reorganization value	43.4	78.1
Other nondeductible expenses	.5	3.7
Adjustments related to prior years	-	(3.4)
Adjustments of deferred tax balances established at Closing Date	-	(6.4)
Other	(.3)	1.8
Effective tax rate	87.9%	120.9%

4. PENSION PLAN AND POSTEMPLOYMENT BENEFITS

Concurrent with the Partnership Formation, employees of the Company became employees of the General Partner and the Partnership assumed the Company's employee-related liabilities including liabilities related to employee benefit plans. Prior to the Partnership Formation, employees of the Company participated in the Petrolane Incorporated Pension Plan (Pension Plan), a noncontributory defined contribution pension plan established on the Closing Date. Company contributions to the Pension Plan represented a percentage of each covered employee's salary. The Company also sponsored a 401(k) savings plan, the Petrolane Savings and Stock Ownership Plan (Savings Plan), for eligible employees. Under the Savings Plan, participants could contribute a percentage of their compensation on a before-tax basis. The Savings Plan also provided for discretionary employer matching contributions. The combined cost of benefits under the Pension Plan and the Savings Plan was $1.7 million for the 1995 seven-month period and $2.8 million for the year ended September 23, 1994.

Effective September 24, 1994, the Company adopted the provisions of SFAS No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS 112). SFAS 112 requires, among other things, the accrual of benefits provided to former or inactive employees (who are not retirees) and to their beneficiaries and covered dependents. Prior to the adoption of SFAS 112, the Company accounted for these postemployment benefits on a pay-as-you-go basis. The cumulative effect of SFAS 112 on the results of operations for periods prior to September 24, 1994 of $1.5 million pre-tax ($905,000 after-tax) has been reflected in the Consolidated Statement of Operations for the 1995 seven-month period as "Change in accounting for postemployment benefits." The effect of the change in accounting for postemployment benefits on the results of operations for the 1995 seven-month period was not material.

5. COMMITMENTS AND CONTINGENCIES

The Company utilized leased assets under both capital and operating leases. The aggregate operating lease rental expense charged to operations for the 1995 seven-month period and the year ended September 23, 1994 was $3.2 million and $8.8 million, respectively.

Petrolane, in connection with its divestiture of nonpropane operations prior to its acquisition by QFB, guaranteed certain lease obligations for retail and distribution facilities, which at April 19, 1995 were estimated to aggregate approximately $109 million (subject to reduction in certain circumstances). Under certain circumstances, such obligations may be reduced by earnings of divested operations. In addition, Petrolane has guaranteed other obligations. Petrolane has been indemnified by Texas Eastern against any liabilities arising out of the conduct of businesses that do not relate to, and are not a part of the propane business, including these lease guarantees. In a June 15, 1993 Stipulation and Order entered in Petrolane's bankruptcy, Texas Eastern confirmed its obligation to indemnify and hold harmless Petrolane from and against certain liabilities and losses of discontinued businesses including lease obligations. To date, Texas Eastern has directly satisfied its obligations without the Company's having to honor its guarantee.

In addition, in connection with its sale of the international operations of Tropigas de Puerto Rico (Tropigas) to Shell Petroleum N.V. in 1989, Petrolane agreed to indemnify Shell for various scheduled claims that were pending against Tropigas. In turn, Petrolane has a right to seek indemnity on these claims first from International Controls Corp. (ICC), which sold Tropigas to Petrolane, and then from Texas Eastern. To date, Petrolane has not paid any sums under this indemnity, but several claims by Shell, including claims related to certain antitrust actions aggregating at least $68 million, remain pending. In the above referenced Stipulation and Order, Texas Eastern confirmed its obligation to indemnify and hold harmless Petrolane from and against the liabilities discussed in this paragraph, but only to the extent that Petrolane, despite the exercise of its best efforts, is not indemnified by a third party, including ICC.

The Company has identified environmental contamination at several properties it owned or operated. The Company's policy is to accrue environmental investigation and cleanup costs when it is probable that a liability exists and the amount is reasonably estimable. However, in many circumstances future expenditures cannot be reasonably quantified because of a number of factors, including various costs associated with potential remedial alternatives, the unknown number of other potentially responsible parties involved and their ability to contribute to the costs of investigation and remediation, and changing environmental laws and regulations. The Company intends to pursue recovery of any incurred costs through all appropriate means.

In addition to these environmental matters, there are various other pending claims and legal actions arising out of the normal conduct of the Company's business. The final results of environmental and other matters cannot be predicted with certainty. However, it is reasonably possible that some of them could be resolved unfavorably to the Company. Management believes, after consultation with counsel, that damages or settlements, if any, recovered by the plaintiffs in such claims or actions will not have a material adverse effect on the Company's financial position but could be material to operating results in future periods depending on the nature and timing of future developments with respect to these matters and the amounts of future operating results.

The commitments and contingencies discussed herein were transferred on April 19, 1995, to AmeriGas Propane, L.P. pursuant to the Conveyance and Contribution Agreement.

6. RELATED PARTY TRANSACTIONS

Pursuant to its management agreement with UGI (UGI Management Agreement), UGI provided to the Company certain financial, accounting, human resources, risk management, insurance, legal, corporate communications, investor relations, treasury and corporate development services. For such services, UGI received a quarterly fee from Petrolane which was adjusted annually for inflation. The quarterly fee under the UGI Management Agreement, which was $2.9 million through June 1994, increased to $3.0 million in July 1994. During the 1995 seven-month period and the year ended September 23, 1994, the Company recorded management fee expense under the UGI Management Agreement of $6.8 million and $11.7 million, respectively, which is included in selling, general and administrative expenses - related parties.

The Company also entered into a management services agreement with AMC (AMC Agreement) and a transportation services agreement with ATMC (ATMC Agreement). AMC and ATMC provided general management, supervisory, administrative and transportation services to Petrolane and AmeriGas's wholly owned subsidiaries, AmeriGas Propane and AGP-2. In consideration for such services provided to the Company, the Company paid AMC and ATMC monthly fees based upon a percentage of AMC's and ATMC's monthly overhead expenses. This percentage generally represented the proportion of incremental costs incurred by AMC and ATMC to provide such services to the Company and was subject to adjustment under certain circumstances. For the 1995 seven-month period and the year ended September 23, 1994, the Company recorded total management fee expense under the AMC and ATMC agreements of $8.3 million and $13.9 million, respectively, which is included in selling, general and administrative expenses - related parties.

Pursuant to the AMC Agreement, AMC was required to arrange the supply and delivery of the Company's propane requirements on terms that were at least as favorable as the arrangements made for AmeriGas Propane in the same geographical areas. Subsequent to the Closing, AMC arranged for AmeriGas Propane to purchase substantially all of the Company's propane requirements from various suppliers and AmeriGas Propane has charged the Company for such propane at AmeriGas Propane's cost. Such purchases from AmeriGas Propane totaled approximately $171.6 million for the 1995 seven-month period and $293 million for the year ended September 23, 1994.

In order to achieve cost reductions and operational efficiencies in overlapping geographical markets served by the Company and AmeriGas Propane, the Company and AmeriGas Propane closed certain district locations and entered into a customer services agreement (Customer Services Agreement). Pursuant to the Customer Services Agreement, the Company served customers of closed AmeriGas Propane districts, and AmeriGas Propane served customers of closed Company districts. Fees incurred by the Company under the Customer Services Agreement totaled $5.3 million for the 1995 seven-month period and $7.7 million for the year ended September 23, 1994, and are included in selling, general and administrative expenses - related parties. Fees billed to AmeriGas Propane under the Customer Services Agreement totaled $6.9 million for the 1995 seven-month period and $9.1 million for the year ended September 23, 1994 and are included in miscellaneous income - related parties.

Prior to the Closing Date, Quantum, AmeriGas and the Company entered into a transition services agreement (Transition Agreement) pursuant to which Quantum provided, prior to the Closing, certain services to AmeriGas to facilitate the management of the Company after the Closing. In addition, Quantum agreed to provide to AMC and the Company, for a reasonable time after the Closing, any general and administrative services which AmeriGas and Petrolane might reasonably request. Expenses incurred by the Company under the Transition Agreement totaled $1.1 million for the year ended September 23, 1994, which amount is included in selling, general and administrative expenses. There were no such expenses incurred by the Company for the 1995 seven-month period.

PETROLANE INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. SUPPLEMENTAL FINANCIAL INFORMATION (UNAUDITED)

In order to provide comparative financial information, the following table includes unaudited results of operations and cash flows for the period September 24, 1993 to April 23, 1994:

	September 24, 1993 to April 23, 1994
	(Thousands)
STATEMENT OF INCOME	
Revenues:	$371,133
Propane	49,816
Other	420,949
Costs and expenses:	
Cost of sales-propane	192,440
Cost of sales-other	31,862
Selling, general and administrative expenses	105,713
Depreciation and amortization	26,814
Taxes-other than income taxes	8,349
Miscellaneous (income)	(6,683)
	358,495
Operating income	62,454
Interest expense	26,918
Income tax expense	32,843
Net income	$ 2,693

	September 24, 1993 to April 23, 1994
	(Thousands)
STATEMENT OF CASH FLOWS	
Cash Flows From Operating Activities:	
Net income	$ 2,693
Adjustments to reconcile to cash provided by operating activities:	
Depreciation and amortization	26,814
Deferred income taxes	26,222
Other	(3,958)
Change in operating working capital	1,870
Net cash provided by operating activities	53,641
Cash Flows From Investing Activities:	
Expenditures for property, plant and equipment	(6,887)
Other	439
Net cash used by investing activities	(6,448)
Cash Flows From Financing Activities:	
Repayment of long-term debt	(7,355)
Change in working capital loans	(35,000)
Net cash used by financing activities	(42,355)
Cash and cash equivalents increase	$ 4,838

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES
SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)

BALANCE SHEETS
(Thousands of dollars)

	September 30, 1996	September 30, 1995
ASSETS		
Accounts receivable	$ 5,063	$ 4,950
Investment in AmeriGas Propane, L.P.	538,664	657,075
Deferred charges	3,217	3,521
Total assets	$546,944	$665,546
LIABILITIES AND PARTNERS' CAPITAL		
Accounts payable	$ 67	$ 32
Accrued interest	4,641	4,555
Total current liabilities	4,708	4,587
Long-term debt	100,000	100,000
Partners' capital:		
Common unitholders	230,376	291,988
Subordinated unitholders	207,439	263,362
General partner	4,421	5,609
Total partners' capital	442,236	560,959
Total liabilities and partners' capital	$546,944	$665,546

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES
SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)

STATEMENTS OF OPERATIONS
(Thousands of dollars)

	Year Ended September 30, 1996	April 19 to September 30, 1995
Equity in income (loss) of AmeriGas Propane, L.P.	$ 20,676	$(42,414)
Interest expense	(10,438)	(4,693)
Net income (loss)	$ 10,238	$(47,107)

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES
SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)

STATEMENTS OF CASH FLOWS
(Thousands of dollars)

	Year Ended September 30, 1996	April 19 to September 30, 1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 10,238	$ (47,107)
Reconciliation of net income (loss) to net cash from operating activities:		
Equity in (income) loss of AmeriGas Propane, L.P.	(20,676)	42,414
Increase in accounts receivable	(113)	--
Increase in accounts payable	35	--
Increase in accrued interest	85	4,556
Amortization of deferred debt issuance costs	305	137
Net cash used by operating activities	(10,126)	--
CASH FLOWS FROM INVESTING ACTIVITIES:		
Contribution to AmeriGas Propane, L.P.	--	(447,433)
Distribution from AmeriGas Propane, L.P.	102,853	18,797
Net cash provided (used) by investing activities	102,853	(428,636)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distributions	(92,727)	(18,797)
Net cash used by financing activities	(92,727)	(18,797)
PARTNERSHIP FORMATION TRANSACTIONS:		
Net proceeds from issuance of common units	--	349,751
Capital contribution from General Partner	--	432
Issuance of long-term debt	--	97,250
Net cash provided by partnership formation transactions	--	447,433
Cash and cash equivalents increase	$ --	$ --
CASH AND CASH EQUIVALENTS:		
End of period	$ --	$ --
Beginning of period	--	--
Increase	$ --	$ --

Supplemental disclosure of non-cash investing activities:

Effective April 19, 1995, substantially all of the assets and liabilities of AmeriGas Propane, Inc., AmeriGas Propane-2, Inc. and Petrolane Incorporated and their respective operating subsidiaries were contributed at historical cost to AmeriGas Propane, L.P., a subsidiary of AmeriGas Partners, L.P. The net assets contributed of $286,956 are net of the following liabilities: accounts payable - $40,304; long-term debt - $929,828; other liabilities - $171,667.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
(Thousands of dollars)

	Balance at beginning of period	Charged (credited) to costs and expenses	Other	Balance at end of period
YEAR ENDED SEPTEMBER 30, 1996				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	$ 4,647	$ 5,568	$ (3,636)(1)	$ 6,579
Allowance for amortization of other deferred costs	$ 74	$ 170	$ --	$ 244
Allowance for amortization of deferred financing costs	$ 690	$ 1,548	$ --	$ 2,238
Other reserves:				
Self-insured property and casualty liability	$43,908	$12,401	$ (13,977)(2)	$42,332
Insured property and casualty liability	$12,246	$ 6,778	$ --	$19,024
Environmental	$17,906	$(5,932)	$ (580)(2)	$11,394
Other	$ 7,685	$(1,195)	$ (2,065)(2)	$ 4,235
			(190)(4)	
APRIL 19, 1995 TO SEPTEMBER 30, 1995				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	$ 7,257	$ 778	$ (3,388)(1)	$ 4,647
Allowance for amortization of other deferred costs	$ 417	$ 191	$ (534)(4)	$ 74
Allowance for amortization of deferred financing costs	$ --	$ 690	$ --	$ 690
Other reserves:				
Self-insured property and casualty liability	$43,849	$ 5,901	$ (6,081)(2)	$43,908
			239 (4)	
Insured property and casualty liability	$ 7,800	$ 6,546	$ (2,100)(2)	$12,246
Environmental	$21,425	$ -	$ (157)(2)	$17,906
			(3,362)(4)	
Other	$10,857	$ 242	$ (490)(4)	$ 7,685
			(2,924)(2)	

(1) Uncollectible accounts written off, net of recoveries.

(2) Payments.

(3) Represents amounts for Petrolane Incorporated (Petrolane) as a result of the purchase on April 19, 1995 of the 65% of the common stock of Petrolane not already owned by UGI or its subsidiary AmeriGas, Inc.

(4) Other adjustments.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Partners of AmeriGas Partners, L.P. and
the Board of Directors of AmeriGas Propane, Inc.:

We have audited the accompanying consolidated balance sheets of AmeriGas Partners, L.P. and subsidiaries as of September 30, 1996 and 1995, and the related consolidated statements of operations, partners' capital and cash flows for the year ended September 30, 1996 and for the period April 19, 1995 to September 30, 1995. These financial statements and the schedules referred to below are the responsibility of the management of AmeriGas Propane, Inc. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of AmeriGas Partners, L.P. and subsidiaries as of September 30, 1996 and 1995 and the results of their operations and their cash flows for the year ended September 30, 1996 and for the period April 19, 1995 to September 30, 1995, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules for the year ended September 30, 1996 and for the period April 19, 1995 to September 30, 1995, listed in the Index to Financial Statements and Financial Statement Schedules, are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Chicago, Illinois
November 22, 1996

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
10.2	First Amendment dated as of July 31, 1995 to Credit Agreement
10.3	Second Amendment dated as of October 28, 1996 to Credit Agreement.
10.19	Financing Agreement dated October 28, 1996 between AmeriGas Propane, Inc. and AmeriGas Partners, L.P.
10.22	Agreement with Robert C. Mauch dated July 25, 1996.
13	Pages 10 through 23 of AmeriGas Partners, L.P. Annual Report for the year ended September 30, 1996.
21	Subsidiaries of AmeriGas Partners, L.P.
27	Financial Data Schedule
99	Cautionary Statements Affecting Forward-looking Information

EXHIBIT 10.2

FIRST AMENDMENT TO CREDIT AGREEMENT

This Agreement, dated as of July 31, 1995 (this "Amendment") is entered into by and among AmeriGas Propane, L.P., a Delaware limited partnership (the "Company"), AmeriGas Propane, Inc., a Pennsylvania corporation (the "General Partner"), Petrolane Incorporated, a California corporation ("Petrolane"; the Company, the General Partner and Petrolane being hereinafter referred to collectively as the "Borrowers" and sometimes individually as a "Borrower"), the several financial institutions parties to this Amendment (collectively, the "Banks"; individually, a "Bank"), and Bank of America National Trust and Savings Association, as Agent.

RECITALS

The Borrowers, the Banks, the Issuing Bank and the Agent are parties to a Credit Agreement dated as of April 12, 1995 (the "Credit Agreement"). Capitalized terms used and not otherwise defined or amended in this Amendment shall have the meanings respectively assigned to them in the Credit Agreement.

The Borrowers have requested that the Banks and the Issuing Bank amend the Credit Agreement to reduce the minimum face amount of Letters of Credit to $500,000. The Banks and the Issuing Bank have agreed to so amend the Credit Agreement, all upon the terms and provisions and subject to the conditions hereinafter set forth.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements hereinafter set forth, the parties hereto mutually agree as follows:

A. AMENDMENT

1. Amendment of Section 3.1 (The Letter of Credit Subfacility). Section 3.1 of the Credit Agreement is hereby amended by deleting the amount "$1,000,000" appearing in paragraph (b) (v) thereof and substituting therefor the amount "$500,000".

B. REPRESENTATIONS AND WARRANTIES

Each Borrower hereby represents and warrants to the Banks and the Issuing Bank that:

1. No Event of Default specified in the Credit Agreement and no Default has occurred and is continuing;

2. The representations and warranties of such Borrower pursuant to the Credit Agreement are true on and as of the date hereof as if made on and as of said date;

3. The execution, delivery and performance by such Borrower of this Amendment have been duly authorized by all corporate or partnership action; and

4. No consent, approval, authorization, permit or license from any federal or state regulatory authority is required in connection with the execution, delivery or performance of the Credit Agreement as amended hereby.

C. CONDITIONS PRECEDENT

This Amendment will become effective as of the date first written above upon receipt by the Agent of counterparts hereof duly executed by each Borrower, the Required Banks and the Issuing Bank, and duly acknowledged by the Agent.

D. MISCELLANEOUS

1. This Amendment may be signed in any number of counterparts, each of which shall be an original, with same effect as if the signature thereto and hereto were upon the same instrument.

2. Except as herein specifically amended, all terms, covenants and provisions of the Credit Agreement shall remain in full force and effect and shall be performed by the parties thereto in accordance therewith. All references to the Credit Agreement contained in the Credit Agreement or the other Loan Documents shall henceforth be deemed to refer to the Credit Agreement as amended by this Amendment.

3. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first written above.

AMERIGAS PROPANE, L.P.
By: AMERIGAS PROPANE, INC.,
as General Partner

By: /s/M. J. Cuzzolina
Name: M. J. Cuzzolina
Title: Treasurer

AMERIGAS PROPANE, INC.

By: /s/M. J. Cuzzolina
Name: M. J. Cuzzolina
Title: Treasurer

PETROLANE INCORPORATED

By: /s/M. J. Cuzzolina
Name: M. J. Cuzzolina
Title: Treasurer

BANK OF AMERICA ILLINOIS,
as a Bank and as Issuing Bank

By: /s/Steve A. Aronowitz
Name: Steve A. Aronowitz
Title: Vice President

THE FIRST NATIONAL BANK OF BOSTON

By: /s/Frank T. Smith

Name: Frank T. Smith

Title: Director

THE BANK OF NEW YORK

By: /s/Peter H. Abdill

Name: Peter H. Abdill

Title:

CORESTATES BANK, N.A.

By: /s/Anthony D. Braxton

Name: Anthony D. Braxton

Title: Vice President

FIRST FIDELITY BANK,
NATIONAL ASSOCIATION

By: /s/Wynelle Farlow

Name: Wynelle Farlow

Title: Vice President

THE FIRST NATIONAL BANK OF MARYLAND

By: /s/George A. Hennessy

Name: George A. Hennessy

Title: Assistant Vice President

MELLON BANK, N.A.

By: /s/Maria D. Kalilec

Name: Maria D. Kalilec

Title: Assistant Vice President

THE MISUBISHI BANK, LIMITED,
New York Branch

By: /s/Frank H. Madden

Name: Frank H. Madden

Title: Joint General Manager

PNC BANK, NATIONAL ASSOCIATION

By: /s/H. Todd Dissinger

Name: H. Todd Dissinger

Title: Vice President

UNION BANK

By: /s/Walter M. Roth

Name: Walter M. Roth

Title: Vice President

UNION BANK OF SWITZERLAND,
New York Branch

By: /s/Peter B. Yearly

Name: Peter B. Yearly

Title: Vice President

By: /s/James P. Kelleher
Name: James P. Kelleher
Title: Assistant Vice President

Acknowledged:

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as Agent

By: /s/Doris V. G. Bergum
Name: Doris V. G. Bergum
Title: Vice President

EXHIBIT 10.3

SECOND AMENDMENT TO CREDIT AGREEMENT

This Agreement, dated as of October 28, 1996 (this "Amendment") is entered into by and among AmeriGas Propane, L.P., a Delaware limited partnership (the "Company"), AmeriGas Propane, Inc., a Pennsylvania corporation (the "General Partner"), Petrolane Incorporated, a California corporation ("Petrolane"; the Company, the General Partner and Petrolane being hereinafter referred to collectively as the "Borrowers" and sometimes individually as a "Borrower"), the several financial institutions parties to this Amendment (collectively, the "Banks"; individually, a "Bank"), and Bank of America National Trust and Savings Association, as Agent.

RECITALS

The Borrowers, the Agent, the Issuing Bank and the Banks are parties to a Credit Agreement dated as of April 12, 1995 as amended by an Amendment dated as of July 31, 1995 (the "Credit Agreement"). Capitalized terms used and not otherwise defined or amended in this Amendment shall have the meanings respectively assigned to them in the Credit Agreement.

The Borrowers have requested that the Banks and the Issuing Bank amend the Credit Agreement to temporarily expand the uses of proceeds under the Special Purpose Commitment to also include working capital purposes. The Banks and the Issuing Bank have agreed to do so, all upon the terms and provisions and subject to the conditions hereinafter set forth.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements hereinafter set forth, the parties hereto mutually agree as follows:

A. AMENDMENTS.

1. Amendment of Section 2.1(c).

Section 2.1(c) is hereby amended by deleting the last sentence thereof and replacing with the following:

> Within the limits of each Bank's Special Purpose Commitment, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.1(c), prepay under Section 2.6, and, with respect to the Special

Purpose Loans for working capital purposes only, reborrow under this Section 2.1(c).

2. Amendment of Section 8.9(e).

Section 8.9(e) is hereby amended by adding the following after the words "Schedule 8.9(e)":

"from October 28, 1996 to the Revolving Termination Date, up to $15,000,000 of Special Purpose Loans may also be used for working capital purposes of the Company."

B. REPRESENTATIONS AND WARRANTIES.

Each Borrower hereby represents and warrants to the Agent, the Banks and the Issuing Bank that:

1. No Event of Default specified in the Credit Agreement and no Default has occurred and is continuing;

2. The representations and warranties of such Borrower pursuant to the Credit Agreement are true on and as of the date hereof as if made on and as of said date;

3. The making and performance by such Borrower of this Amendment have been duly authorized by all corporate or partnership action; and

4. No consent, approval, authorization, permit or license from any federal or state regulatory authority is required in connection with the making or performance of the Credit Agreement as amended hereby.

C. CONDITIONS PRECEDENT.

This Amendment will become effective as of the date first written above upon execution by the Required Banks, provided that the Agent shall have received in form and substance satisfactory to the Agent and the Required Banks all of the following:

1. A copy of the resolution passed by the Board of Directors of each Borrower, certified by the Secretary or an Assistant Secretary of such Borrower as being in full force and effect on the date hereof, authorizing the execution, delivery and performance of the Credit Agreement as hereby amended.

2. A certificate of incumbency certifying the names of the officers of the Borrower authorized to sign this Amendment, together with the true signatures of such officers.

3. Executed counterparts of this Amendment.

D. MISCELLANEOUS.

1. This Amendment may be signed in any number of counterparts, each of which shall be an original, with same effect as if the signatures thereto and hereto were upon the same instrument.

2. Except as herein specifically amended, all terms, covenants and provisions of the Credit Agreement shall remain in full force and effect and shall be performed by the parties thereto according to its terms and provisions, and all references therein or in the Exhibits to the Credit Agreement shall henceforth refer to the Credit Agreement as amended by this Amendment.

3. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment as of the date first written above.

AMERIGAS PROPANE, L.P.
By: AMERIGAS PROPANE, INC.,
as General Partner

By: -------------------------------------

Name: -----------------------------------

Title: ----------------------------------

AMERIGAS PROPANE, INC.

By: -------------------------------------

Name: -----------------------------------

Title: ----------------------------------

PETROLANE INCORPORATED

By:

Name:

Title:

BANK OF AMERICA ILLINOIS,
as a Bank and as Issuing Bank

By:

Name:

Title:

THE BANK OF NEW YORK

By:

Name:

Title:

THE BANK OF TOKYO - MITSUBISHI, LTD.

By:

Name:

Title:

CORESTATES BANK, N.A.

By:

Name:

Title:

THE FIRST NATIONAL BANK OF BOSTON

By:

Name:

Title:

THE FIRST NATIONAL BANK OF MARYLAND

By:

Name:

Title:

FIRST UNION NATIONAL BANK

By:

Name:

Title:

MELLON BANK, N.A.

By:

Name:

Title:

PNC BANK, NATIONAL ASSOCIATION

By:

Name:

Title:

UNION BANK OF CALIFORNIA, N.A.

By:

Name:

Title:

UNION BANK OF SWITZERLAND,
New York Branch

By:

Name:

Title:

ACKNOWLEDGED:

BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION, as Agent

By:

Name:

Title:

ACKNOWLEDGED AND CONSENTED:

NORTHWEST LPG SUPPLY., LTD.,
as Guarantor

By

Title:

AMERIGAS PROPANE PARTS &
SERVICE, INC.,
as Guarantor

By

Title:

EXHIBIT 10.19

FINANCING AGREEMENT

This FINANCING AGREEMENT, dated as of October 28, 1996 (the "Agreement"), is between AmeriGas Propane, Inc., a Pennsylvania corporation ("AGP"), and AmeriGas Propane, L.P., a Delaware limited partnership ("APLP").

BACKGROUND

A. AGP is the sole general partner of APLP.

B. AGP has agreed to make available to APLP a revolving credit facility, upon the terms and conditions set forth in this Agreement, to finance APLP's working capital, capital expenditures and interest and distribution expenses.

C. Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in that certain Credit Agreement dated as of April 12, 1995 among AGP, APLP, Petrolane Incorporated, Bank of America National Trust and Savings Association, as Agent, and the other financial institutions party thereto (the "Credit Agreement").

NOW, THEREFORE, in consideration of the premises and covenants contained herein, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Credit Line Terms.

(a) Credit Limit. AGP agrees, on the terms and conditions set forth herein, to make loans ("Loans") to APLP from time to time on any Business Day during the period from the date hereof to the Revolving Termination Date, in an aggregate principal amount not to exceed at anytime outstanding of $20,000,000 (the "Commitment"). Subject to the other terms and conditions hereof, APLP may borrow under this Section 1(a), prepay under Section 1(d) and reborrow under this Section 1(a). The Commitment shall automatically be terminated (i) upon the occurrence of an Event of Default (as defined in Section 4 below) unless waived in writing by AGP or (ii) if AGP is no longer the sole general partner of APLP. Upon the termination of the Commitment, subject to the provisions of Section 15 below, APLP shall pay to AGP all amounts owing or payable under this Agreement, without presentment, demand, protest or any other notice of any kind, all of which are expressly waived by APLP.

(b) Procedure for Borrowing. Each borrowing by APLP pursuant to Section 1(a) shall be made upon APLP's written notice delivered to AGP one Business Day prior to the requested borrowing date specifying the requested borrowing amount and date. All advances by AGP hereunder shall be noted on the Master Promissory Note provided for in Section 3 hereof.

(c) Voluntary Termination or Reduction of Commitment. APLP may, upon prior written notice to AGP, terminate the Commitment or permanently reduce the Commitment by an aggregate minimum amount of $1,000,000 or any multiple of $1,000,000 in excess thereof. At no time shall the amount of outstanding Loans exceed the amount of the Commitment.

(d) Optional Prepayment. APLP may at anytime, upon prior notice to AGP, prepay Loans, together with all accrued and unpaid interest thereon, in whole or in part.

(e) Repayment. APLP shall repay to AGP on the Revolving Termination Date the aggregate principal amount of Loans outstanding on such date, together with all accrued and unpaid interest thereon.

(f) Interest. Each Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date to the one month anniversary of the borrowing date at a rate per annum equal to the Offshore Rate, with an Interest Period of one month, on such borrowing date, plus the Applicable Margin for Offshore Rate Loans - Revolving Loans (the "Interest Rate"). On each one month anniversary of any Loan (the "Reset Date"), such Loan shall bear interest on the outstanding principal amount thereof until the next one month anniversary date at a rate per annum equal to the Interest Rate on the Reset Date. The Interest Rate shall change during any Interest Period as a result of changes in the Applicable Margin. Interest on each Loan shall be paid in arrears on the last day of each month and on the Revolving Termination Date.

(g) Default Interest. During the existence of any Event of Default, interest shall be paid upon demand by AGP. The foregoing notwithstanding, if any amount of principal of or interest on any Loan, or any other amount payable hereunder, is not paid in full when due, APLP agrees to pay interest on such unpaid amount, from the date such amount becomes due to the date such amount is paid in full, and after as well as before any entry of judgment thereon to the extent permitted by law, payable on demand (but not more frequently than once per week), at a fluctuating rate per annum equal to the Base Rate plus 2%.

(h) Facility Fees. APLP shall pay to AGP on the last day of each calendar quarter a facility fee from the date hereof through the Revolving Termination Date, on the daily average amount of the Commitment (whether or not used), at the rate per annum set forth below for each pricing tier as such pricing tier is applicable.

Pricing Tier	Funded Debt/EBITDA	Facility Fee Rate
I	Less than 1.75 x	0.1400%
II	Greater than or equal to 1.75 x but Less than 2.75 x	0.1600%
III	Greater than or equal to 2.75 x but Less than 3.25 x	0.2000%
IV	Greater than or equal to 3.25 x but Less than 3.75 x	0.2750%
V	Greater than or equal to 3.75 x but Less than 4.25 x	0.3500%
VI	Greater than or equal to 4.25	0.3750%

For the purpose of determining the applicable pricing tier, EBITDA shall be determined as at the end of each fiscal quarter for the four fiscal quarters then ending and Funded Debt shall be determined as at the end of each fiscal quarter. Pricing changes shall be effective forty-five (45) days after the end of each of the first three fiscal quarters of the fiscal year and ninety (90) days after each fiscal year end.

(i) Payments by APLP. All payments by APLP shall be made without set-off, recoupment or counterclaim. Any payment due on a day other than a Business Day shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(j) Waivers of Notices, Etc. APLP hereby waives presentment, demand, protest, notice of default, and any and all other notices or demands in connection with the delivery, acceptance, performance or enforcement of this Agreement.

(k) Computation of Fees and Interest. All computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed. Interest and fees shall accrue during each period during which interest on such fees are computed from the first day thereof to the last day thereof.

2. Lending Authority. The President, any Vice President, the Treasurer and any other officer of AGP shall have the authority hereunder on behalf of AGP to receive requests for advances from, to lend funds to, and to give notices to, APLP, and to take such other steps on behalf of AGP as are reasonable and necessary to carry out the terms of this Agreement. The President, any Vice President, the Treasurer and any other officer of AGP shall have the authority hereunder on behalf of APLP to request advances and to borrow funds from, and to give notices and confirmations to, AGP, to make repayments of any amounts due hereunder, and to take such other steps on behalf of APLP as are reasonable and necessary to carry out the terms of this Agreement.

3. Master Promissory Note. Concurrent with the signing of this Agreement, APLP shall deliver to AGP a properly completed and duly executed Master Promissory Note, substantially in the form attached hereto as Exhibit A; provided, however, that notwithstanding the face amount of the Master Promissory Note, APLP's liability thereunder shall be limited at all times to APLP's actual indebtedness (principal and interest) then outstanding to AGP hereunder.

4. Events of Default. It shall be an "Event of Default" under this Agreement if (a) APLP shall fail to pay to AGP any amount of principal of any Loan or, within ten (10) days after the same becomes due, any interest, fee or other amount payable to AGP hereunder, or (b) an Event of Default as described in Section 9.1 of the Credit Agreement shall occur and be continuing.

If an Event of Default occurs and is continuing, APLP may, subject to the provisions of Section 15 hereof:

(a) declare all amounts owing or payable under this Agreement due and payable, without presentment, demand, protest or other notice of any kind, all of which are expressly waived by APLP; and/or

(b) exercise all rights and remedies available under this Agreement or applicable law;

provided, however, that upon the occurrence of any event specified in subsection (f) or (g) of Section 9.1 of the Credit Agreement (in the case of clause (i) of subsection (g) upon the expiration of the sixty (60) day period mentioned therein), the unpaid principal amount of all Loans and all interest and other amounts shall automatically become due and payable without further act of AGP.

The rights provided in this Agreement are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or Agreement now existing or hereafter arising.

5. Payment of Expenses. APLP shall bear all expenses incurred by either party hereto in connection with the preparation of this Agreement and the consummation of the transactions contemplated hereby.

6. Further Assurances. Each party shall from time to time at the request of the other execute, acknowledge and deliver any and all such further papers, documents, powers of attorney, notices or other instruments that may reasonably be required to give full force and effect to the provisions and intent of this Agreement.

7. Assignment. None of the rights or obligations of APLP under this Agreement shall be assignable by APLP. AGP shall not sell, pledge, assign or otherwise transfer any of its rights hereunder without giving APLP written notice thereof.

8. Notices. Except where oral notice is specifically permitted by this Agreement and other than as set forth below, any notice to AGP or APLP hereunder shall be in writing and sent to the following addresses, unless and until either party notifies the other in writing to the contrary:

If to AmeriGas Propane, Inc., to Box 965, Valley Forge, PA 19482, Attention: Treasurer.

If to AmeriGas Propane, L. P., to Box 965, Valley Forge, PA 19482, Attention: Treasurer.

9. Governing Law. This Agreement, and all documents issued or delivered pursuant hereto, shall be deemed to have been signed, accepted, completed and issued at the office of AGP at Valley Forge, Pennsylvania, and shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania.

10. Binding Effect. This Agreement shall inure to the benefit of, and be binding upon and enforceable by, the parties hereto and their respective successors and assigns.

11. Entire Agreement; Amendments. This Agreement, together with the Exhibit referred to herein, sets forth the entire agreement of the parties hereto with respect to the subject matter hereof. Any prior agreements or understandings between the parties

hereto regarding the subject matter hereof, whether written or oral, are superseded by this Agreement. This Agreement may not be amended or modified except by a written instrument duly executed by each of the parties hereto.

12. Waiver. Any term or provision of this Agreement may be waived at any time by the party entitled to the benefit thereof by a written instrument duly executed by such party, and such waiver shall not constitute a waiver of any other provision of this Agreement or a further waiver of the provision waived.

13. Section Headings; Gender; Number. All section headings, and the use of a particular gender or number (plural or singular), are for convenience only and shall in no way modify or restrict any of the terms or provisions hereof.

14. Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original, and both of which taken together shall constitute but one and the same instrument. This Agreement shall become binding only when each party hereto has executed and delivered to the other party one or more counterparts.

15. Subordination. (a) The indebtedness ("Subordinated Debt") evidenced by this Agreement is subordinate and junior in right of payment to all Senior Debt (as defined in subdivision (b) hereof) of APLP to the extent provided herein.

(b) For all purposes of these subordination provisions the term "Senior Debt" shall mean all principal of and Make Whole Amount, if any, and interest on (i) APLP's First Mortgage Notes, Series A through C, originally issued in the aggregate principal amount of $518,000,000, pursuant to separate Note Agreements, dated as of April 12, 1995, between APLP, AmeriGas Propane, Inc., a Pennsylvania corporation and Petrolane Incorporated, a California corporation and the institutional investors listed on Schedule I thereto (and any notes issued in substitution therefor), (ii) those obligations outstanding under the Credit Agreement, and (iii) all other indebtedness of APLP for borrowed money unless, under the instrument evidencing the same or under which the same is outstanding, it is expressly provided that such other indebtedness is junior and subordinate to other indebtedness and obligations of APLP. The Senior Debt shall continue to be Senior Debt and entitled to the benefits of these subordination provisions irrespective of any amendment, modification or waiver of any term of or extension or renewal of the Senior Debt.

(c) Upon the happening of an event of default with respect to any Senior Debt, as defined therein or in the instrument under which the same is outstanding, which occurs at the maturity thereof or which automatically accelerates or permits the holders thereof to accelerate the maturity thereof, then, unless and until such event of default shall have been remedied or waived or shall have ceased to exist, no direct or indirect payment (in cash, property or securities or by set-off or otherwise) other than Permitted Payments shall be made on account of the principal of, or premium, if any, or interest on any Subordinated Debt, or as a sinking fund for the Subordinated Debt, or in respect of any redemption, retirement, purchase or other acquisition of any of the Subordinated Debt. For purposes of these subordination provisions, "Permitted Payments" shall mean (i) payments of in-kind interest and (ii) payments of Permitted Securities (as defined below) pursuant to paragraph (d) below.

(d) In the event of

(i) any insolvency, bankruptcy, receivership, liquidation, reorganization, readjustment, composition or other similar proceeding relating to APLP, its creditors as such or its property,

(ii) any proceeding for the liquidation, dissolution or other winding-up of APLP, voluntary or involuntary, whether or not involving insolvency or bankruptcy proceedings,

(iii) any assignment by APLP for the benefit of creditors, or

(iv) any other marshalling of the assets of APLP,

all Senior Debt (including any interest thereon accruing at the legal rate after the commencement of any such proceedings and any additional interest that would have accrued thereon but for the commencement of such proceedings) shall first be paid in full before any payment or distribution, whether in cash, securities or other property (other than Permitted Payments), shall be made to any holder of any Subordinated Debt on account of any Subordinated Debt. Any payment or distribution, whether in cash, securities or other property (other than securities ("Permitted Securities") of APLP or any other entity provided for by a plan of reorganization or readjustment the payment of which is subordinate, at least to the extent provided in these subordination provisions with respect to Subordinated Debt, to the payment of all Senior Debt at the time outstanding and to any securities issued in respect thereof under any such plan of reorganization or readjustment), which would otherwise (but for these subordination provisions) be payable or deliverable in respect of this Subordinated Debt shall be paid or delivered directly to the holders of Senior Debt in accordance with the priorities then existing among such holders until all Senior Debt (including any interest thereon accruing at the legal rate after the commencement of any such proceedings and any additional interest that would have accrued thereon but for the commencement of such proceedings) shall have been paid in full.

(e) In the event that any holder of Subordinated Debt shall have the right to declare any Subordinated Debt due and payable as a result of the occurrence of any one or more defaults in respect thereof, under circumstances when the terms of subdivision (d) above are not applicable, such holder shall not declare such Subordinated Debt due and payable or otherwise to be in default and, solely in its capacity as a holder of such Subordinated Debt, shall take no action at law or in equity in respect of any such default unless and until all Senior Debt shall have been paid in full.

(f) If any payment or distribution of any character or any security, whether in cash, securities or other property (other than Permitted Payments), shall be received by a holder of Subordinated Debt in contravention of any of the terms hereof before all the Senior Debt shall have been paid in full, such payment or distribution or security shall be received in trust for the benefit of, and shall be paid over or delivered and transferred to, the holders of the Senior Debt at the time outstanding in accordance with the priorities then existing among such holders for application to the payment of all Senior Debt remaining unpaid, to the extent necessary to pay all such Senior Debt in full. In the event of the failure of any holder of any Subordinated Debt to endorse or assign any such payment, distribution or security, each holder of Senior Debt is hereby irrevocably authorized to endorse or assign the same.

(g) No present or future holder of any Senior Debt shall be prejudiced in the right to enforce subordination of Subordinated Debt by any act or failure to act on the part of APLP. Nothing contained herein shall impair, as between APLP and the holder of this Subordinated Debt, the obligation of APLP to pay to the holder hereof the principal hereof and interest hereon as and when the same shall become due and payable in accordance with the terms hereof, or prevent the holder of any Subordinated Debt from exercising all rights, powers and remedies otherwise permitted by applicable law or hereunder upon a default or event of default hereunder, all subject to the rights of the holders of the Senior Debt to receive cash, securities or other property (other than Permitted Payments) otherwise payable or deliverable to the holders of Subordinated Debt.

(h) Upon the payment in full of all Senior Debt, the holders of Subordinated Debt shall be subrogated to all rights of any holders of Senior Debt to receive any further payments or distributions applicable to the Senior Debt until the Subordinated Debt shall have been paid in full, and, for purposes of such subrogation, no payment or distribution received by the holders of Senior Debt of cash, securities or other property to which the holders of the Subordinated Debt would have been entitled except for these subordination provisions shall, as between APLP and its creditors other than the holders of Subordinated Debt, on the one hand, and the holders of Subordinated Debt, on the other, be deemed to be a payment or distribution by APLP to or on account of Senior Debt.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

AMERIGAS PROPANE, INC.

By:

Name:
Title:

AMERIGAS PROPANE, L.P.

BY: AMERIGAS PROPANE, INC.
AS GENERAL PARTNER

By:

Name:
Title:

FORM OF
MASTER PROMISSORY NOTE

Maximum Principal Amount: $20,000,000 Date: October __, 1996

FOR VALUE RECEIVED, AmeriGas Propane, L.P., a Delaware limited partnership (the "Borrower"), hereby promises to pay to AmeriGas Propane, Inc., a Pennsylvania corporation (the "Lender"), the principal amount of each advance made to the Borrower under the Financing Agreement referred to below on such dates as may be determined in accordance with such Agreement. The aggregate principal amount of such advances outstanding at any one time shall not exceed the amount set forth above.

This Master Promissory Note is issued under, and subject to the terms and conditions of, the Financing Agreement, dated as of October __, 1996 (the "Agreement"), between the Borrower and the Lender.

Interest on the outstanding principal amount of each advance evidenced by this Master Promissory Note shall accrue and be payable in accordance with the terms of the Agreement.

The Agreement provides for optional prepayment by the Borrower of the advances evidenced by this Master Promissory Note. The Agreement also provides that this Master Promissory Note is subject to subordination terms as provided in paragraph 15 thereof.

This Master Promissory Note is being made and delivered in the Commonwealth of Pennsylvania and shall be governed by, and construed and enforced in accordance with, the laws of such Commonwealth.

IN WITNESS WHEREOF, the Borrower has caused this Master Promissory Note to be duly executed and delivered as of the date first above written

AMERIGAS PROPANE, L.P.

BY: AMERIGAS PROPANE, INC.
AS GENERAL PARTNER

By:

Name:
Title:

Master Promissory Note (cont'd)

LOANS AND PAYMENTS OF PRINCIPAL

Date	Quoted Rate	Amount of Loan	Amount of Principal Repaid	Unpaid Principal Balance	Notation Made By

EXHIBIT 10.22

AGREEMENT AND GENERAL RELEASE

WHEREAS, Robert C. Mauch ("Employee") has been employed by AmeriGas Propane, Inc. ("Company") as President and Chief Executive Officer; and

WHEREAS, the Employee and the Company mutually desire to terminate amicably the Employee's employment and/or affiliation with the Company and to settle and terminate any and all disputes between them;

NOW, THEREFORE, IT IS HEREBY AGREED by and between the Employee and the Company, as follows:

1. a. For and in consideration of the undertakings of the Company set forth herein, and intending to be legally bound, the Employee does hereby REMISE, RELEASE AND FOREVER DISCHARGE the Company and its parents, subsidiaries and affiliates and its and their predecessors, successors and assigns, and its and their directors, officers, employees, partners and agents, (collectively referred to as the "Company and Affiliates") of and from any and all manner of actions and causes of actions, suits, debts, claims and demands whatsoever in law or in equity, which the Employee ever had, now has, or hereafter may have, or which the heirs, executors or administrators of the Employee hereafter may have, by reason of any matter, cause or thing whatsoever, from the beginning of the

Employee's employment with the Company to the date of this Agreement and General Release, and particularly, but without limitation of the foregoing general terms, any claims arising from or relating in any way to the Employee's employment relationship and/or the termination of the Employee's employment relationship and/or affiliation with the Company, including but not limited to, any claims which have been asserted or could have been asserted or could be asserted now or in the future under the Age Discrimination in Employment Act, 29 U.S.C. Section 621 et seq., the Americans With Disabilities Act, 42 U.S.C. Section 12102 et seq., Title VII of the Civil Rights Act of 1964, 42 U.S.C. Section 2000e et seq., and the Pennsylvania Human Relations Act, 43 P.C.S.A. Section 951 et seq., and any and all other federal, state or local laws and any common law claims now or hereafter recognized. Notwithstanding the foregoing provision, the Employee does not hereby release (i) any claims against employees, partners and agents of the Company that do not relate to or arise from Employee's employment relationship and/or termination of the Employee's employment relationship with the Company and (ii) the rights, obligations and benefits referred to in paragraph 9 below.

b. For and in consideration of the undertakings of the Employee set forth herein, and intending to be legally bound, the Company does hereby REMISE, RELEASE AND FOREVER DISCHARGE the Employee, his heirs, executors and administrators of and from any and all manner of actions and causes of actions, suits, debts, claims and demands whatsoever in law or in equity, which the Company ever had, now has, or hereafter may have, or which the Company hereafter may have, by reason of any matter, cause or thing whatsoever, from the beginning of the Employee's employment with the Company to the date of this Agreement and General Release, and particularly, but without limitation of the foregoing general terms, any claims arising from or relating in any way to the Employee's employment relationship and/or the termination of the Employee's employment relationship and/or affiliation with the Company, including but not limited to, any claims which have been asserted or could have been asserted or could be asserted now or in the future under any and all federal, state or local laws and any common law claims now or hereafter recognized.

2. a. The Employee acknowledges that the Employee has read the terms of this Agreement and General Release and that Employee understands its terms and effects. Employee has been, and hereby is, advised to consult with an attorney prior to executing this agreement. The Employee further acknowledges executing this Agreement and General Release of Employee's own volition, with full understanding of its terms and effects, and with the intention of releasing all claims recited herein in exchange for the consideration described herein, which the Employee acknowledges is adequate and satisfactory.

b. The Employee acknowledges that Employee has been informed, and is informed herein by the Company that Employee has the right to consider this Agreement and General Release for a period of at least twenty-one (21) days from the date on which it is presented to Employee. Employee also understands and is advised herein that Employee has the right to revoke this Agreement and General Release at any time within seven (7) days after the execution of the Agreement and General Release by delivering written notice to UGI Corporation, Attention: Director-Executive Compensation & Benefits. If Employee exercises his or her right to revoke this Agreement and General Release on a timely basis, the Agreement shall be ineffective, and all obligations hereunder, including but not limited to those obligations specified in paragraphs 4 and 5 below, shall be void.

3. The Employee understands that various state and federal laws prohibit employment discrimination based on age, sex, race, color, national origin, religion, handicap or veteran status. These laws are enforced through the Equal Employment Opportunity Commission (EEOC), Department of Labor and State Human Rights Agencies. If Employee feels that his or her treatment by the Company and Affiliates is or has been discriminatory, Employee may want to consult with a lawyer before executing the Agreement and General Release.

4. In full consideration of the Employee's submission of a resignation effective September 1, 1996, execution of this Agreement and General Release, and an agreement to be legally bound by its terms, the Company will make payment as appropriate to the Employee (less, where applicable in each case, all payroll deductions required by law or authorized by the Employee) in the next regularly scheduled paycheck after Employee has signed this Agreement and General Release and the expiration of the time periods specified in paragraph 2 (b) above:

a. "paid notice period" pay in the amount of $125,550.00;

b. separation pay in the amount of $419,144.00;

c. pay in lieu of all earned and accrued vacation time and personal holidays in the amount of $131,345.00;

d. prorated 1996 annual bonus in the amount of $163,350.00;

e. outplacement services to be provided by Manchester Associates through its Leaders in Transition Program;

f. the sum of $687,827.00 representing all Supplemental Executive Retirement Plan payments;

g. tax preparation services for 1996 and 1997 under the terms of the Company's policy;

h. additional separation pay in the amount of $250,000.00;

i. continued use of the Company-owned vehicle, which has been made available to the Employee, including payment by the Company of related expenses in accordance with the Company's policy through September 1, 1996;

j. continued use of Company-issued credit cards in accordance with the Company's policy through September 1, 1996;

k. use of two airline tickets purchased for a visit to Oahu Gas;

l. continued use of Employee's club membership in accordance with the Company's policy through September 1, 1996;

m. receipt of business publications (Wall Street Journal, LP Gas Magazine, etc.) not needed by L. R. Greenberg until such subscriptions expire;

n. eligibility for contributions to the AmeriGas pension and savings plan for the period October 1, 1995 through August 31, 1996 in accordance with the terms of such plans;

o. title to the Company-owned vehicle that has been made available to the Employee;

p. secretarial and office services not provided by the outplacement firm through November 30, 1996; and

q. reimbursement for expense accounts to cover business-related expenses through September 1, 1996 in accordance with the Company's policy.

5. In addition to the foregoing payments, the Company will keep in effect the Employee's participation in the following company benefit programs (contingent upon the Employee making the required participant contributions) until the earlier of the date indicated opposite the applicable benefit program or the date the Employee obtains other employment and becomes eligible to participate in a similar type of benefit program, at which time the Employee's participation in such benefit program shall terminate:

Benefit Program	Termination Date
Basic Life Insurance	September 30, 1997
Supplemental Life Insurance	September 30, 1997
Medical	September 30, 1997
Dental	September 30, 1997
Accidental Death	September 30, 1997
Long Term Disability	September 30, 1997

6. The Company will provide a reference to prospective employers specifying only the Employee's position held, dates of employment, rate of pay, and that the Employee voluntarily resigned, and containing further statements substantially in the form set forth in Exhibit A.

7. The Employee further agrees and covenants that neither the Employee, nor any person, organization or other entity on behalf of the Employee, will file or permit to be filed any

charge, claim or action for legal or equitable relief (including damages, injunctive, declaratory, monetary or other relief) involving any matter occurring at any time in the past up to the date of this Agreement and General Release or involving any continuing effects or any acts or practices which may have arisen or occurred prior to the date of this Agreement and General Release.

8. It is also agreed and understood that the Employee will make himself or herself available and cooperate in any reasonable manner even after leaving employment in providing assistance to the Company and Affiliates in concluding any matters which are presently pending. It is agreed that the Employee shall not be required to provide such cooperation if it would conflict or interfere with any subsequent employment obtained by the Employee or business activity of the Employee.

9. The Employee hereby agrees and recognizes that the Employee's employment relationship with the Company has been permanently and irrevocably severed and that the Company and Affiliates do not have any obligation, contractual or otherwise, to hire, rehire, or re-employ the Employee in the future. It is expressly agreed and understood that the Company and Affiliates do not have and will not have any obligation to provide the Employee at any time in the future with any payments, benefits or considerations other than those recited above, except for (i) the

continuation of Employee's medical and dental benefits under COBRA at Employee's own expense to the extent required by federal law; (ii) any interest in or entitlement to benefits under the terms of any applicable qualified retirement plan; (iii) any dividend equivalent payment due to the Employee under the terms of the UGI Corporation 1992 Stock Option and Dividend Equivalent Plan ("SODEP Plan"), assuming the Employee had continued to participate in the SODEP Plan until the end of the Performance Period (as defined in the Plan) ending December 31, 1996; and (iv) any Options (as defined in the SODEP Plan) that are exercisable or become exercisable under the terms of the SODEP Plan. It is further agreed that if the Employee becomes entitled to a dividend equivalent payment under the terms of the SODEP Plan, the additional separation pay of $250,000.00 set forth in paragraph 4 (h) of this Agreement and General Release shall be credited toward such dividend equivalent payment due under the terms of the SODEP Plan.

10. The Employee agrees and acknowledges that the agreement by the Company described herein and the settlement and termination of any claims against the Company and Affiliates as set forth herein are not and shall not be construed to be an admission of any violation of any federal, state or local statute or regulation, or of any duty owed by the Company and Affiliates to the Employee and that the Employee's resignation and the execution

of this Agreement and General Release are made voluntarily to provide an amicable conclusion of the Employee's employment relationship with the Company.

11. a. The Employee acknowledges that the Employee has received An Agreement and Understanding and that Employee has certain continuing obligations under the policies contained therein, including without limitation an obligation to return to the Company any Company records and to refrain from using or disclosing confidential information about the Company and Affiliates. The Employee represents that he will return to the Company all Company records and confidential information.

b. The Employee acknowledges that the Employee signed and has been given a copy of his or her Confidentiality and Post-Employment Activities Agreement. The Company and Employee agree that this Agreement and General Release is not consideration for, and has no effect on the Confidentiality and Post Employment Activities Agreement.

12. Neither the Company and Affiliates nor their agents, representatives, or attorneys have made any representations to the Employee concerning the terms or effects of this Agreement and General Release other than those contained herein. The Company shall be entitled to make a brief announcement regarding the Employee's resignation. The Employee agrees, covenants and promises not to communicate or disclose the terms of this Agreement

and General Release or the settlement of all potential claims against the Company and Affiliates as described herein to any one other than the Employee's attorney, accountant, or members of the Employee's immediate family. Except to the extent required by law or stock exchange rules, the Company will keep confidential the terms of this Agreement. It is expressly understood that any violation of this confidentiality obligation shall constitute a material breach of this Agreement and General Release.

13. The parties agree that any liability in an action or other proceeding accruing from a breach of this Agreement and General Release shall include not only the monetary amount of any judgment which may be awarded, but also all other damages, costs and expenses sustained by the prevailing party on account of such action, including reasonable attorneys' fees and all other litigation costs and expenses incurred in preparing the defense of and defending such action or proceeding, in establishing or maintaining the applicability or validity of this Agreement and General Release or provisions thereof, and in prosecuting any claim, counterclaim or cross-claim therein.

14. This Agreement and General Release and the obligations of the parties shall be construed, interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania, without regard to its choice of law provisions.

15. The Employee agrees to the exclusive jurisdiction of the Court of Common Pleas of Pennsylvania and the United States District Court for the Eastern District of Pennsylvania in all disputes which may arise between the Employee and the Company and Affiliates.

16. Except for the agreements referred to in this Agreement and General Release and the Employee's indemnification rights under the bylaws of the Company and Affiliates (as such bylaws may be amended from time to time), which are incorporated herein and made a part of this Agreement and General Release, this Agreement is the only agreement, commitment or understanding between the parties and takes the place of any and all prior agreements, commitments or understandings between the parties regarding the subjects covered in it. This Agreement may not be changed, except by means of a written modification signed by both parties.

Intending to be legally bound hereby, the Employee and the Company execute the foregoing Agreement and General Release this 25th day of July, 1996.

WITNESS AmeriGas Propane, Inc.

By:

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Brendan P. Bovaird
Vice President & General Counsel

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Robert C. Mauch

Consolidated Balance Sheets (Thousands of dollars)

	September 30, 1996	September 30, 1995
ASSETS		
Current assets:		
Cash and cash equivalents (note 2)	$ 2,122	$ 39,567
Short-term investments, at cost which approximates market value	-	9,000
Accounts receivable (less allowances for doubtful accounts of $6,579 and $4,647, respectively)	85,926	62,206
Insurance indemnification receivable	19,024	-
Inventories (notes 2 and 6)	82,957	78,996
Prepaid expenses and other current assets	10,351	10,323
Total current assets	200,380	200,092
Property, plant and equipment (less accumulated depreciation and amortization of $138,850 and $105,051, respectively) (notes 2 and 7)	454,112	453,100
Intangible assets (less accumulated amortization of $94,785 and $74,230, respectively) (note 2)	691,688	740,683
Insurance indemnification receivable	-	12,246
Other assets (note 2)	26,043	29,188
Total assets	$1,372,223	$1,435,309
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Current maturities of long-term debt (note 4)	$ 5,150	$ 4,675
Bank loans (note 4)	15,000	-
Accounts payable--trade	46,891	35,965
Accounts payable--related parties (note 10)	2,552	5,165
Employee compensation and benefits accrued	22,983	20,797
Interest accrued	28,037	27,372
Refunds and deposits	13,545	11,254
Other current liabilities (note 11)	44,102	26,371
Total current liabilities	178,260	131,599
Long-term debt (note 4)	687,303	653,051
Other noncurrent liabilities	58,927	82,996
Commitments and contingencies (note 9)		
Minority interest (note 2)	5,497	6,704
Partners' capital (note 8):		
Common unitholders (units issued--21,949,272 and 21,932,146, respectively)	230,376	291,988
Subordinated unitholders (units issued--19,782,146)	207,439	263,362
General partner	4,421	5,609
Total partners' capital	442,236	560,959
Total liabilities and partners' capital	$1,372,223	$1,435,309

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

Consolidated Statements of Operations (Thousands of dollars, except per unit)

	YEAR ENDED SEPTEMBER 30, 1996	APRIL 19 TO SEPTEMBER 30, 1995
Revenues (note 2):		
Propane	$ 924,810	$ 233,610
Other	88,415	35,890
	1,013,225	269,500
Costs and expenses:		
Cost of sales--propane	526,255	123,414
Cost of sales--other	43,472	18,319
Operating and administrative expenses (note 10)	317,396	124,473
Depreciation and amortization (note 2)	61,631	26,585
Miscellaneous income, net (note 14)	(8,395)	(3,203)
	940,359	289,588
Operating income (loss)	72,866	(20,088)
Interest expense	(62,782)	(27,312)
Income (loss) before income taxes	10,084	(47,400)
Income tax (expense) benefit (note 2)	365	(140)
Minority interest (note 2)	(211)	433
Net income (loss)	$ 10,238	$ (47,107)
General partner's interest in net income (loss)	$ 102	$ (471)
Limited partners' interest in net income (loss)	$ 10,136	$ (46,636)
Income (loss) per limited partner unit	$ .24	$ (1.12)
Average limited partner units outstanding (thousands)	41,729	41,714

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

Consolidated Statements of Cash Flows (Thousands of dollars)

	YEAR ENDED SEPTEMBER 30, 1996	APRIL 19 TO SEPTEMBER 30, 1995
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 10,238	$ (47,107)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	61,631	26,585
Other, net	(3,438)	(938)
	68,431	(21,460)
Net change in:		
Accounts receivable	(27,802)	13,712
Inventories	(3,192)	(24,153)
Accounts payable	12,708	2,761
Other current assets and liabilities	(1,767)	36,271
Net cash provided by operating activities	48,378	7,131
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(21,908)	(11,282)
Proceeds from disposals of property, plant and equipment	5,423	1,210
(Increase) decrease in short-term investments	9,000	(9,000)
Acquisitions of businesses, net of cash acquired	(20,909)	(3,978)
Net cash used by investing activities	(28,394)	(23,050)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions	(92,727)	(18,797)
Minority interest activity	(1,042)	(242)
Increase in bank loans	15,000	-
Issuance of long-term debt	37,009	-
Repayment of long-term debt	(10,911)	(1,294)
Net cash used by financing activities	(52,671)	(20,333)
PARTNERSHIP FORMATION TRANSACTIONS		
Net proceeds from issuance of Common Units	-	349,751
Capital contribution from General Partner	-	872
Issuance of long-term debt	-	208,454
Payment to General Partner for purchase of Petrolane Class B shares	-	(109,609)
Cash transfers from predecessor companies	-	56,414
Repayment of long-term debt and related interest	-	(417,057)
Other fees and expenses	(4,758)	(13,006)
Net cash provided (used) by partnership formation transactions	(4,758)	75,819
Cash and cash equivalents increase (decrease)	$(37,445)	$ 39,567
CASH AND CASH EQUIVALENTS		
End of period	$ 2,122	$ 39,567
Beginning of period	39,567	-
Increase (decrease)	$(37,445)	$ 39,567

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

Consolidated Statements of Partners' Capital (Thousands of dollars, except unit data)

	NUMBER OF UNITS					
	COMMON	SUBORDINATED	COMMON	SUBORDINATED	GENERAL PARTNER	TOTAL PARTNERS' CAPITAL
Balance April 19, 1995	-	-	$ -	$ -	$ -	$ -
Contributions of net assets of predecessor companies (notes 1 and 2)	4,330,146	19,782,146	147,857	133,361	2,840	284,058
Issuance of units to public (note 1)	17,602,000		178,492	160,994	3,429	342,915
Cash contribution by General Partner			449	405	9	863
Effect of contribution of net proceeds of Senior Notes to AmeriGas Propane, L.P.			(506)	(457)	(10)	(973)
Net loss			(24,520)	(22,116)	(471)	(47,107)
Distributions (note 3)			(9,784)	(8,825)	(188)	(18,797)
Balance September 30, 1995	21,932,146	19,782,146	291,988	263,362	5,609	560,959
Net income			5,332	4,804	102	10,238
Distributions (note 3)			(48,279)	(43,521)	(927)	(92,727)
Issuance of Common Units in connection with acquisition (note 10)	17,126		413		4	417
Adjustments to net assets contributed (note 2)			(19,078)	(17,206)	(367)	(36,651)
Balance September 30, 1996	21,949,272	19,782,146	$230,376	$207,439	$4,421	$442,236

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

Notes to Consolidated Financial Statements

(Thousands of dollars, except per unit)

1. PARTNERSHIP ORGANIZATION AND FORMATION

AmeriGas Partners, L.P. (AmeriGas Partners) was formed on November 2, 1994 as a Delaware limited partnership. AmeriGas Partners and its subsidiary AmeriGas Propane, L.P., a Delaware limited partnership (the "Operating Partnership"), were formed to acquire and operate the propane businesses and assets of AmeriGas Propane, Inc., a Delaware corporation, and AmeriGas Propane-2, Inc. (collectively, "AmeriGas Propane"), wholly owned subsidiaries of AmeriGas, Inc. (AmeriGas), and Petrolane Incorporated (Petrolane). AmeriGas Propane and Petrolane are collectively referred to herein as the Predecessor Companies. The Operating Partnership is, and the Predecessor Companies were, engaged in the distribution of propane and related equipment and supplies. The Operating Partnership is the largest retail propane distributor in the United States serving residential, commercial, industrial, motor fuel and agricultural customers from locations in 44 states, including Alaska and Hawaii.

On April 19, 1995 (a) pursuant to a Merger and Contribution Agreement dated as of April 19, 1995, AmeriGas Propane and certain of its operating subsidiaries merged into the Operating Partnership (the "Formation Merger"), and (b) pursuant to a Conveyance and Contribution Agreement dated as of April 19, 1995, Petrolane conveyed substantially all of its assets and liabilities to the Operating Partnership (the "Petrolane Conveyance"). As a result of the Formation Merger and the Petrolane Conveyance, AmeriGas Propane, Inc., a Pennsylvania corporation and the general partner of AmeriGas Partners (the "General Partner"), and Petrolane each received a limited partner interest in the Operating Partnership, and the Operating Partnership received substantially all of the assets and assumed substantially all of the liabilities of AmeriGas Propane, Petrolane and their respective operating subsidiaries.

Immediately after the Formation Merger, and in accordance with the Amended and Restated Agreement of Limited Partnership of AmeriGas Partners (the "Partnership Agreement"), (a) the General Partner conveyed its limited partner interest in the Operating Partnership to AmeriGas Partners in exchange for 2,922,235 Common Units and 13,350,146 Subordinated Units of AmeriGas Partners, and (b) immediately after the Petrolane Conveyance, Petrolane conveyed its limited partner interest in the Operating Partnership to AmeriGas Partners in exchange for 1,407,911 Common Units and 6,432,000 Subordinated Units of AmeriGas Partners. Both Common and Subordinated units represent limited partner interests in AmeriGas Partners. The General Partner has a 1% general partner interest in AmeriGas Partners and a 1.01% general partner interest in the Operating Partnership, or an effective 2% general partner interest in the Operating Partnership.

Following these transactions, on April 19, 1995, AmeriGas Partners completed its initial public offering through underwriters of 15,452,000 Common Units (the "IPO") at a price to the public of $21.25 a unit. The net proceeds of approximately $307,000 from the IPO and the net proceeds from the issuance of $100,000 face value of AmeriGas Partners' 10.125% Senior Notes, along with existing cash balances of the Predecessor Companies, were used on April 19, 1995 to repay Petrolane's revolving credit loan, term loans and related accrued interest and fees which were assumed by the Operating Partnership. In addition, certain senior indebtedness of Petrolane and AmeriGas Propane with a combined face value of $408,000 was assumed by the Operating Partnership and immediately exchanged for First Mortgage Notes of the Operating Partnership. The Operating Partnership also issued $110,000 face value of First Mortgage Notes, the proceeds of which were used by an AmeriGas subsidiary to acquire all of the outstanding common stock of Petrolane not already owned by AmeriGas's parent company, UGI Corporation (UGI), or its subsidiaries. On May 11, 1995, the underwriters exercised their overallotment option in the amount of 2,150,000 Common Units. These Common Units were issued on May 17, 1995 at a price of $21.25 a unit.

AmeriGas Partners and the Operating Partnership have no employees. The General Partner conducts, directs and manages all activities of AmeriGas Partners and the Operating Partnership and is reimbursed on a monthly basis for all direct and indirect expenses it incurs on their behalf.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation Principles. The consolidated financial statements include the accounts of AmeriGas Partners, the Operating Partnership and their subsidiaries, collectively referred to herein as the Partnership. All significant intercompany accounts and transactions have been eliminated in consolidation. The General Partner's 1.01% interest in the Operating Partnership is accounted for in the consolidated financial statements as a minority interest.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

Fiscal Year. The Partnership's fiscal year ends on September 30. Accordingly, the accompanying consolidated results of operations of the Partnership are for the fiscal year ended September 30, 1996 and the period April 19, 1995 (date of inception) to September 30, 1995. Previously, the Predecessor Companies' fiscal periods ended on the 23rd of the month. For comparative purposes, Note 12 to the Consolidated

Financial Statements includes unaudited pro forma results of operations data for the period September 24, 1994 to September 30, 1995 (53 weeks) and the period April 24, 1994 to September 23, 1994, as well as a description of the significant pro forma adjustments. Combined revenues of the Predecessor Companies for the period September 24 to September 30, 1994 were approximately $12,700.

Revenue Recognition. Revenues from the sale of propane are recognized principally as product is shipped or delivered to customers.

Inventories. Inventories are stated at the lower of cost or market. Cost is determined using an average cost method for propane, specific identification for appliances, and the first-in, first-out (FIFO) method for all other inventories.

Property, Plant and Equipment and Related Depreciation. Property, plant and equipment is stated at cost. Amounts assigned to property, plant and equipment of acquired businesses are based upon estimated fair value at date of acquisition. When plant and equipment are retired or otherwise disposed of, any gains or losses are reflected in results of operations.

Depreciation of property, plant and equipment is computed using the straight-line method over estimated service lives ranging from two to 40 years. Depreciation expense during the year ended September 30, 1996 and the period April 19, 1995 to September 30, 1995 was $36,910 and $15,500, respectively.

Intangible Assets. Intangible assets comprise the following at September 30:

	1996	1995
Goodwill (less accumulated amortization of $64,007 and $48,596, respectively).	$545,353	$586,201
Excess reorganization value (less accumulated amortization of $27,398 and $18,857, respectively)	143,426	151,967
Other, principally noncompete agreements (less accumulated amortization of $3,380 and $6,777, respectively).	2,909	2,515
Total intangible assets.	$691,688	$740,683

Goodwill recognized as a result of business combinations accounted for as purchases (including goodwill resulting from an AmeriGas subsidiary's April 19, 1995 acquisition by merger of the 65% of Petrolane common shares not already owned by UGI and its subsidiaries) is being amortized on a straight-line basis over 40 years. Excess reorganization value (which represents reorganization value in excess of amounts allocable to identifiable assets of Petrolane resulting from Petrolane's July 15, 1993 reorganization under Chapter 11 of the United States Bankruptcy Code) is being amortized on a straight-line basis over the 20-year period commencing July 15, 1993. Other intangible assets, consisting principally of covenants not to compete, are being amortized over the estimated periods of benefit which do not exceed ten years. Amortization expense of intangible assets during the year ended September 30, 1996 and the period April 19, 1995 through September 30, 1995 was $24,551 and $10,492, respectively.

Recoverability of Long-Lived Assets. The Partnership adopted Statement of Financial Accounting Standards (SFAS) No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" (SFAS 121) in 1996. SFAS 121 establishes accounting standards for the impairment of long-lived assets, certain identifiable intangibles, and goodwill related to those assets to be held and used and for long-lived assets and certain identifiable intangibles to be disposed of.

The Partnership evaluates the impairment of long-lived assets to be held and used, including associated intangibles, whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Under SFAS 121, such assets are grouped and evaluated for impairment at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Under the Partnership's prior policy for determining the impairment of long-lived assets, the aggregation of cash flows and the related test for impairment were performed on an acquisition-level basis. If an asset is determined to be impaired, the loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. The test for impairment is performed by comparing estimated net future cash flows expected to result from the use of such assets and their eventual disposition to their carrying amount. The adoption of SFAS 121 did not impact the Partnership's 1996 results of operations or financial condition.

Other Assets. Included in other assets at September 30, 1996 and 1995 are net deferred financing costs of $13,698 and $15,246, respectively. These costs are being amortized, using the interest method, over the term of the related debt.

Income Taxes. AmeriGas Partners and the Operating Partnership are not directly subject to federal and state income taxes. Instead, their taxable income or loss is allocated to the individual partners. The Operating Partnership does, however, have certain subsidiaries which operate in corporate form and are subject to federal and state income taxes.

Net Income (Loss) per Unit. Net income (loss) per unit is computed by dividing net income (loss), after deducting the General Partner's 1% interest, by the weighted average number of outstanding Common and Subordinated units. Common Units issued on May 17, 1995 pursuant to the exercise of the underwriters' overallotment option are considered to have been issued, for purposes of the calculation of net income (loss) per unit, as of April 19, 1995.

Consolidated Statements of Cash Flows. Cash equivalents include all highly liquid investments with maturities of three months or less when purchased and are recorded at cost plus accrued interest which approximates market value. Interest paid during the year ended September 30, 1996 and the period April 19, 1995 to September 30, 1995 totaled $62,846 and $404, respectively.

Effective April 19, 1995, in conjunction with the Formation Merger and the Petrolane Conveyance, substantially all of the assets and liabilities of the Predecessor Companies and their operating subsidiaries were contributed at historical cost to the Operating Partnership.

(Thousands of dollars, except per unit)

The combined net assets contributed to the Operating Partnership, adjusted for the effects of the tax basis reallocation described below, are as follows:

	APRIL 19, 1995
Cash and cash equivalents	$ 56,414
Accounts receivable	76,493
Inventories	54,761
Prepaid expenses and other current assets	5,237
Property, plant and equipment, net	456,128
Goodwill and other intangibles, net	556,782
Excess reorganization value, net	155,687
Other assets	30,228
Total assets contributed	1,391,730
Accounts payable	40,304
Other current liabilities	92,923
Long-term debt	929,828
Other noncurrent liabilities	78,744
Total liabilities assumed	1,141,799
Net assets contributed to the Operating Partnership	$ 249,931

In February 1996, the General Partner completed AmeriGas Partners' and the Operating Partnership's federal income tax returns for the Partnership's initial period of operation. As a part of this process, a final determination was made as to how to allocate the tax basis of certain of the assets contributed to the Partnership by the Predecessor Companies. The completion of the allocation process resulted in reductions in the deferred income tax liabilities of the General Partner and Petrolane existing at April 19, 1995 which had been recorded in connection with AmeriGas's acquisition by merger of the 65% of Petrolane common shares outstanding not already owned by AmeriGas or UGI, and the formation of the Partnership. It also resulted in a reduction to the net assets contributed by the General Partner and Petrolane to the Operating Partnership in conjunction with the Partnership Formation which adjustment was recorded by the Partnership during the year ended September 30, 1996 as a $37,025 reduction in goodwill, a $36,651 reduction in partners' capital, and a $374 reduction in minority interest.

3. QUARTERLY DISTRIBUTIONS OF AVAILABLE CASH

The Partnership makes distributions to its partners with respect to each fiscal quarter of the Partnership in an aggregate amount equal to its Available Cash for such quarter. Available Cash generally means, with respect to any fiscal quarter of the Partnership, all cash on hand at the end of such quarter plus all additional cash on hand as of the date of determination resulting from borrowings subsequent to the end of such quarter less the amount of cash reserves established by the General Partner in its reasonable discretion for future cash requirements. These reserves may be retained for the proper conduct of the Partnership's business and for distributions during the next four quarters. In addition, reserves for the payment of debt principal and interest are required under the provisions of certain of the Partnership's debt agreements.

Distributions by the Partnership in an amount equal to 100% of its Available Cash will generally be made 98% to the Common and Subordinated unitholders and 2% to the General Partner, subject to the payment of incentive distributions in the event Available Cash exceeds the Minimum Quarterly Distribution (MQD) of $.55 on all units. To the extent there is sufficient Available Cash, the holders of Common Units have the right to receive the MQD, plus any arrearages, prior to the distribution of Available Cash to holders of Subordinated Units. Common Units will not accrue arrearages for any quarter after the Subordination Period (as defined below) and Subordinated Units will not accrue any arrearages with respect to distributions for any quarter.

The Subordination Period will generally extend until the first day of any quarter beginning on or after April 1, 2000 in respect of which (a) distributions of Available Cash from Operating Surplus (generally defined as $40,000 plus $42,879 of cash on hand as of April 19, 1995 plus all operating cash receipts less all operating cash expenditures and cash reserves) equal or exceed the MQD on each of the outstanding Common and Subordinated units for each of the four consecutive four-quarter periods immediately preceding such date; (b) the Adjusted Operating Surplus (generally defined as Operating Surplus adjusted to exclude working capital borrowings, reductions in cash reserves and $40,000 plus $42,879 of cash on hand as of April 19, 1995 and to include increases in reserves to provide for distributions resulting from Operating Surplus generated during such period) generated during both (i) each of the two immediately preceding four-quarter periods and (ii) the immediately preceding sixteen-quarter period, equals or exceeds the MQD on each of the Common and Subordinated units outstanding during those periods; and (c) there are no arrearages on the Common Units.

Prior to the end of the Subordination Period but not prior to March 31, 1998, 4,945,537 Subordinated Units will convert into Common Units for any quarter ending on or after March 31, 1998, and an additional 4,945,537 Subordinated Units will convert into Common Units for any quarter ending on or after March 31, 1999, if (a) distributions of Available Cash from Operating Surplus on each of the outstanding Common and Subordinated units equal or exceed the MQD for each of the three consecutive four-quarter periods immediately preceding such date; (b) the Adjusted Operating Surplus generated during the immediately preceding twelve-quarter period equals or exceeds the MQD on all of the Common and Subordinated units outstanding during that period; (c) the General Partner makes a good faith determination that the Partnership will, with respect to the four-quarter period commencing with such date, generate Adjusted Operating Surplus in an amount equal to or exceeding the MQD on all of the outstanding Common and Subordinated units; and (d) there are no arrearages on the Common Units.

The Partnership makes distributions of its Available Cash approximately 45 days after the end of each fiscal quarter ending December, March, June and September to holders of record on the applicable record dates.

4. DEBT

Long-term debt comprises the following at September 30:

	1996	1995
First Mortgage Notes:		
Series A, 9.34%-11.71%, due April 2000 through April 2009 (including unamortized premium of $15,952 and $17,025, respectively, calculated at an 8.91% effective rate)	$223,952	$225,025
Series B, 10.07%, due April 2001 through April 2005 (including unamortized premium of $13,130 and $14,574, respectively, calculated at an 8.74% effective rate)	213,130	214,574
Series C, 8.83%, due April 2003 through April 2010	110,000	110,000
AmeriGas Partners Senior Notes, 10.125%, due April 2007	100,000	100,000
Acquisition Facility	30,000	-
Special Purpose Facility	7,000	-
Other (including capital lease obligations of $2,349 and $4,067, respectively)	8,371	8,127
Total long-term debt	692,453	657,726
Less current maturities included in current liabilities	(5,150)	(4,675)
Total long-term debt due after one year	$687,303	$653,051

Annual scheduled repayments of long-term debt for each of the next five fiscal years ended September 30 are as follows: 1997 - $5,150; 1998 - $11,771; 1999 - $11,267; 2000 - $27,554; 2001 - $68,228.

The Operating Partnership's obligations under the First Mortgage Notes are collateralized by substantially all of the assets of the Operating Partnership. The General Partner and Petrolane are co-obligors of the First Mortgage Notes. The Operating Partnership may, at its option, and under certain circumstances following the disposition of assets be required to, offer to prepay the First Mortgage Notes, in whole or in part. Certain of these prepayments will be at a premium. The First Mortgage Note Agreement contains restrictive covenants applicable to the Operating Partnership, including (a) restrictions on the incurrence of additional indebtedness; (b) restrictions on the ratio of each of the Operating Partnership's and the General Partner's total debt to consolidated gross worth, as defined; and (c) restrictions on certain liens, guarantees, loans and advances, payments, mergers, consolidations, sales of assets and other transactions. Generally, as long as no default exists or would result, the Operating Partnership is permitted to make cash distributions not more frequently than quarterly in an amount not to exceed available cash, as defined, for the immediately preceding calendar quarter.

The 10.125% Senior Notes of AmeriGas Partners contain covenants which restrict the ability of the Partnership to, among other things, incur additional indebtedness, incur liens, issue preferred interests, and effect mergers, consolidations and sales of assets. The Senior Notes are not redeemable prior to April 15, 2000. Thereafter, AmeriGas Partners has the option to redeem the Senior Notes, in whole or in part, at a premium. In addition, AmeriGas Partners may, under certain circumstances following the disposition of assets, be required to prepay the Senior Notes. Pursuant to the Indenture under which the Senior Notes were issued, AmeriGas Partners is generally permitted to make cash distributions in an amount equal to available cash, as defined, as of the end of the immediately preceding quarter, as long as no event of default exists or would exist upon making such distributions and if the Partnership's consolidated fixed charge coverage ratio, as defined, is at least 1.75-to-1. If such ratio is not met, cash distributions may be made in an aggregate amount not to exceed $24,000 less the aggregate of all distributions made during the immediately preceding 16 fiscal quarters. At September 30, 1996, such ratio was 2.19-to-1.

The Operating Partnership has Bank Credit Facilities with a group of commercial banks. The Bank Credit Facilities consist of a Revolving Credit Facility, an Acquisition Facility and a Special Purpose Facility, each governed by the Bank Credit Agreement. The Operating Partnership's obligations under the Bank Credit Facilities are collateralized by substantially all of its assets. The General Partner and Petrolane are co-obligors of the Bank Credit Facilities.

The Revolving Credit Facility provides for borrowings of up to $70,000 (including a $35,000 sublimit for letters of credit). The Revolving Credit Facility expires April 12, 1998, but may be extended, upon timely notice, for additional one-year periods with the consent of the participating banks representing at least 80% of the commitments thereunder. The Revolving Credit Facility permits the Operating Partnership to borrow at the Base Rate, defined as the higher of the Federal Funds Rate plus .50% per annum or the agent bank's reference rate (6.59% and 8.25%, respectively, at September 30, 1996), or at prevailing one-, two-, three-, or six-month offshore interbank borrowing rates, plus a margin (.525% per annum as of September 30, 1996). The applicable margin on such offshore interbank borrowing rates, and the Revolving Credit Facility commitment fee rate (.275% per annum as of September 30, 1996), are dependent upon the Operating Partnership's ratio of funded debt to earnings before interest, income taxes, depreciation and amortization (EBITDA), each as defined in the Bank Credit Agreement. The Operating Partnership is also required to pay letter of credit fees on the undrawn amount of outstanding letters of credit equal to the applicable margin on offshore interbank borrowings under the Revolving Credit Facility and on the face amount of outstanding letters of credit equal to .2% per annum. At September 30, 1996, borrowings under the Revolving Credit Facility totaled $15,000 and are classified as bank loans. There were no borrowings under the Revolving Credit Facility at September 30, 1995. The weighted-average interest rate on the Operating

Partnership's bank loans outstanding as of September 30, 1996 was 6.00%. Issued outstanding letters of credit under the Revolving Credit Facility totaled $2,305 and $16,271 at September 30, 1996 and 1995, respectively.

The Acquisition Facility provides the Operating Partnership with the ability to borrow up to $75,000 to finance propane business acquisitions. The Acquisition Facility operates as a revolving facility through October 12, 1997 at which time any amount then outstanding will convert to a quarterly amortizing 41/2-year term loan. The Special Purpose Facility is a $30,000 nonrevolving line of credit which can be used for the payment of certain liabilities of Petrolane assumed by the Operating Partnership as a result of the Partnership Formation that relate to potential liabilities for tax, insurance and environmental matters. The Special Purpose Facility expires April 12, 2000 at which time all amounts then outstanding will become immediately due and payable. Effective October 28, 1996, the Bank Credit Agreement was amended to include a revolving $15,000 sublimit under the Special Purpose Facility which can be used to fund working capital, capital expenditures, and interest and distribution payments. This sublimit is scheduled to expire April 12, 1998.

The Acquisition Facility and the Special Purpose Facility permit the Operating Partnership to borrow at the Base Rate or prevailing one-, two-, three-, or six-month offshore interbank borrowing rates, plus a margin (.65% as of September 30, 1996). The applicable margin on such offshore interbank borrowing rates, and the Acquisition Facility and Special Purpose Facility commitment fee rate (.35% per annum at September 30, 1996), are dependent upon the Operating Partnership's ratio of funded debt to EBITDA, as defined. The weighted-average interest rate on the Operating Partnership's Acquisition and Special Purpose loans outstanding as of September 30, 1996 was 6.34%.

The Bank Credit Facilities contain restrictive covenants which include (a) restrictions on the incurrence of additional indebtedness; (b) restrictions on the ratio of each of the Operating Partnership's and the General Partner's total debt to consolidated gross worth, as defined; and (c) restrictions on certain liens, guarantees, loans and advances, payments, mergers, consolidations, sales of assets and other transactions. They also require that the Operating Partnership maintain a ratio of EBITDA to interest expense, as defined, of at least 2.25-to-1 on a rolling four-quarter basis. At September 30, 1996, such ratio was 2.57-to-1. Generally, as long as no default exists or would result, the Operating Partnership is permitted to make cash distributions not more frequently than quarterly in an amount not to exceed available cash, as defined, for the immediately preceding calendar quarter.

Effective October 28, 1996, the Operating Partnership also has a revolving credit agreement with the General Partner under which it may borrow up to $20,000 to fund working capital, capital expenditures, and interest and distribution payments. This agreement is coterminous with the Operating Partnership's Revolving Credit Facility. Borrowings under the General Partner Facility will be unsecured and subordinated to all senior debt of the Partnership. Interest rates on borrowings and facility fees will be determined generally on the same basis as the Revolving Credit Facility's interest rates and fees. UGI has agreed to contribute on an as needed basis through its subsidiaries up to $20,000 to the General Partner to fund such borrowings.

5. PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

The Partnership has no employees and is managed and controlled by the General Partner. The Partnership assumed substantially all of the liabilities of Petrolane and AmeriGas Propane including employee and postemployment benefit obligations for officers and employees of the General Partner.

During the year ended September 30, 1996 and the period April 19, 1995 to September 30, 1995, substantially all eligible employees of the General Partner were covered by noncontributory defined contribution pension plans and 401(k) savings plans. Contributions to the pension plans made by the General Partner represented a percentage of each covered employee's salary. Participants in the savings plans could contribute up to 6% of their compensation on a before-tax basis. The General Partner could, in its sole discretion, match a portion of employees' contributions to these savings plans. The cost of benefits under the pension plans and savings plans for the year ended September 30, 1996 and the period April 19, 1995 to September 30, 1995 was $4,943 and $2,614, respectively.

Effective October 1, 1996, the pension plan was frozen and the plan's assets were merged into the savings plan. In addition, effective October 1, 1996, the provisions of the savings plan were changed to provide for, among other things, a dollar-for-dollar match on participants' contributions up to 5% of eligible compensation.

The General Partner provides postretirement health care benefits to a closed group of retired employees of the Predecessor Companies and also provides limited life insurance benefits to substantially all active employees of the General Partner and certain retired employees of the General Partner and the Predecessor Companies. The cost of postretirement medical and life insurance benefits for the year ended September 30, 1996 and the period April 19, 1995 to September 30, 1995, and the accumulated benefit obligations as of the end of such periods, were not material.

6. INVENTORIES

Inventories comprise the following at September 30:

	1996	1995
Propane gas	$61,130	$54,384
Materials, supplies and other	15,539	18,399
Appliances for sale	6,288	6,213
	$82,957	$78,996

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise the following at September 30:

	1996	1995
Land	$ 51,672	$ 49,301
Buildings and improvements	48,079	49,302
Transportation equipment	53,612	48,603
Storage facilities	55,432	52,548
Equipment, primarily cylinders and tanks	372,805	344,361
Capital leases	8,457	8,457
Other	2,905	5,579
	592,962	558,151
Less accumulated depreciation and amortization	(138,850)	(105,051)
Net property, plant and equipment	$454,112	$453,100

8. PARTNERS' CAPITAL

Partners' capital consists of 21,949,272 Common Units representing a 52.1% limited partner interest, 19,782,146 Subordinated Units representing a 46.9% limited partner interest, and a 1% general partner interest.

During the Subordination Period, the Partnership may issue up to 9,400,000 additional Common Units (excluding Common Units issued in connection with (i) employee benefit plans and (ii) the conversion of Subordinated Units into Common Units) or an equivalent number of securities ranking on a parity with the Common Units without the approval of a majority of the Common Unitholders. The Partnership may issue an unlimited number of additional Common Units or parity securities without Common Unitholder approval if such issuance occurs in connection with acquisitions, including, in certain circumstances, the repayment of debt incurred in connection with an acquisition. In addition, under certain conditions the Partnership may issue without Common Unitholder approval an unlimited number of Common Units or parity securities for the repayment of up to $150,000 of long-term indebtedness of the Partnership. After the Subordination Period, the General Partner may cause the Partnership to issue an unlimited number of additional limited partner interests and other equity securities of the Partnership for such consideration and on such terms and conditions as shall be established by the General Partner in its sole discretion.

9. COMMITMENTS AND CONTINGENCIES

The Partnership leases various buildings and transportation, data processing and office equipment under operating leases. Certain of the leases contain renewal and purchase options and also contain escalation clauses. The aggregate rental expense for such leases for the year ended September 30, 1996 and the period April 19, 1995 through September 30, 1995 was $23,090 and $8,866, respectively.

Minimum future payments under noncancelable capital and operating leases are as follows:

	CAPITAL LEASES	OPERATING LEASES
Year ending September 30,		
1997	$1,171	$20,502
1998	809	16,909
1999	702	14,125
2000	-	10,840
2001	-	8,244
Thereafter	-	17,128
	2,682	$87,748
Less imputed interest	(333)	
Present value of capital lease obligations	$2,349	

At September 30, 1996, the Partnership had entered into fixed price propane supply contracts totaling approximately $26,000 which expire at various dates through March 1997.

(Thousands of dollars, except per unit)

The Partnership has succeeded to the lease guarantee obligations of Petrolane relating to Petrolane's divestiture of nonpropane operations prior to its 1989 acquisition by QFB Partners. These leases are currently estimated to aggregate approximately $91,000 (subject to reduction in certain circumstances). The leases expire through 2010 and some of them are currently in default, as discussed below. Under certain circumstances such lease obligations may be reduced by the earnings of such divested operations. The Partnership has succeeded to the indemnity agreement of Petrolane by which Texas Eastern Corporation (Texas Eastern), a prior owner of Petrolane, agreed to indemnify Petrolane against any liabilities arising out of the conduct of businesses that do not relate to, and are not a part of, the propane business, including lease guarantees. The Consolidated Balance Sheets at September 30, 1996 and 1995 include current and noncurrent liabilities of $928 and $11,003; and $654 and $11,040, respectively, related to leases guaranteed by the Partnership and currently in default and equal corresponding current and noncurrent assets related to Texas Eastern's indemnification agreement with respect thereto. To date, Texas Eastern has directly satisfied its obligations without the Partnership's having to honor its guarantee.

In addition, the Partnership has succeeded to Petrolane's agreement to indemnify Shell Petroleum N.V. (Shell) for various scheduled claims that were pending against Tropigas de Puerto Rico (Tropigas). This indemnification agreement had been entered into by Petrolane in conjunction with Petrolane's sale of the international operations of Tropigas to Shell in 1989. The Partnership also succeeded to Petrolane's right to seek indemnity on these claims first from International Controls Corp., which sold Tropigas to Petrolane, and then from Texas Eastern. To date, neither the Partnership nor Petrolane has paid any sums under this indemnity, but several claims by Shell, including claims related to certain antitrust actions aggregating at least $68,000, remain pending.

The Partnership has identified environmental contamination at several of its properties. The Partnership's policy is to accrue environmental investigation and cleanup costs when it is probable that a liability exists and the amount or range of amounts is reasonably estimable. However, in many circumstances future expenditures cannot be reasonably quantified because of a number of factors, including various costs associated with potential remedial alternatives, the unknown number of other potentially responsible parties involved and their ability to contribute to the costs of investigation and remediation, and changing environmental laws and regulations. The Partnership intends to pursue recovery of any incurred costs through all appropriate means, although such recovery cannot be assured.

In addition to these environmental matters, there are various other pending claims and legal actions arising out of the normal conduct of the Partnership's business. The final results of environmental and other matters cannot be predicted with certainty. However, it is reasonably possible that some of them could be resolved unfavorably to the Partnership. Management believes, after consultation with counsel, that damages or settlements, if any, recovered by the plaintiffs in such claims or actions will not have a material adverse effect on the Partnership's financial position but could be material to operating results and cash flows in future periods depending on the nature and timing of future developments with respect to these matters and the amounts of future operating results and cash flows.

10. RELATED PARTY TRANSACTIONS

Pursuant to the Partnership Agreement, the General Partner is entitled to reimbursement of all direct and indirect expenses incurred or payments it makes on behalf of the Partnership, and all other necessary or appropriate expenses allocable to the Partnership or otherwise reasonably incurred by the General Partner in connection with the Partnership's business. These costs, which totaled $176,425 and $72,648 for the year ended September 30, 1996 and the period April 19, 1995 to September 30, 1995, respectively, include employee compensation and benefit expenses of employees of the General Partner and general and administrative expenses. In addition, UGI provides certain financial and administrative services to the General Partner. UGI bills the General Partner for these direct and indirect corporate expenses and the General Partner is reimbursed by the Partnership for these expenses. For the year ended September 30, 1996 and the period April 19, 1995 to September 30, 1995, such corporate expenses totaled $7,786 and $4,116, respectively.

On November 16, 1995, a wholly owned subsidiary of the General Partner, Diamond Acquisition, Inc. (Diamond), contributed to the Partnership the net assets (including acquisition debt payable to UGI relating thereto) of Oahu Gas Service, Inc. (Oahu), a Hawaii corporation acquired by Diamond on October 31, 1995. In consideration of the retention of certain income tax liabilities relating to Oahu, AmeriGas Partners issued 17,126 Common Units to Diamond having a fair value of $413.

11. OTHER CURRENT LIABILITIES

Other current liabilities comprise the following at September 30:

	1996	1995
Self-insured property and casualty liability	$12,429	$ 9,593
Insured property and casualty liability	19,024	-
Taxes other than income taxes.	2,764	7,144

Accrual for management organizational changes	1,195	4,339
Other	8,690	5,295
	$44,102	$26,371

12. UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma consolidated statement of operations for the 53 weeks ended September 30, 1995 was derived from the historical statements of operations of the Predecessor Companies for the period September 24, 1994 to April 19, 1995 and the statement of operations of the Partnership from April 19, 1995 to September 30, 1995. The following pro forma statement of operations for the period April 24, 1994 to September 23, 1994 was derived from the historical statements of operations of the Predecessor Companies for the period April 24, 1994 to September 23, 1994. The pro forma statements of operations were prepared to reflect the effects of the Partnership Formation as if the formation had been completed in its entirety as of the beginning of the periods presented.

The pro forma consolidated statements of operations do not purport to present the results of operations of the Partnership had the Partnership Formation actually been completed as of the beginning of the periods presented. In addition, the pro forma consolidated statements of operations are not necessarily indicative of the results of future operations of the Partnership and should be read in conjunction with the consolidated financial statements of the Partnership and the Predecessor Companies appearing in the Partnership's Annual Report on Form 10-K.

	53 WEEKS ENDED SEPTEMBER 30, 1995	PERIOD APRIL 24 TO SEPTEMBER 23, 1994
	(Unaudited)	
Revenues:		
Propane	$779,167	$228,481
Other	99,421	38,347
	878,588	266,828
Costs and expenses:		
Cost of sales	458,990	140,696
Depreciation and amortization	62,259	24,884
Operating expenses	301,570	107,715
Miscellaneous income, net	(7,968)	(4,758)
	814,851	268,537
Operating income (loss)	63,737	(1,709)
Interest expense	(62,823)	(25,276)
Income taxes	(140)	-
Minority interest	(115)	230
Net income (loss)	$ 659	$(26,755)
Net income (loss) per limited partner unit	$ .02	$ (.63)

Significant pro forma adjustments reflected in the data above include (a) the elimination of income taxes as a result of operating in a partnership structure; (b) an adjustment to interest expense resulting from the retirement of approximately $377,000 of Petrolane term loans, the restructuring of Petrolane and AmeriGas Propane senior debt, and the issuance of an aggregate $210,000 face value of notes of AmeriGas Partners and the Operating Partnership; (c) the elimination of management fees previously charged to Petrolane by UGI; (d) a net reduction in amortization expense resulting from the longer-term (40-year) amortization of the excess purchase price over fair value of 65% of the net identifiable assets of Petrolane, compared with the amortization of 65% of Petrolane's excess reorganization value over 20 years; and (e) the elimination of intercompany revenues and expenses.

13. FINANCIAL INSTRUMENTS

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, short-term investments, accounts receivable, accounts payable and bank loans approximate fair value because of the immediate or short-term maturity of these financial instruments. Based upon current market prices and discounted present value methods calculated using borrowing rates currently available for debt with similar credit ratings, terms and maturities, the fair values of total long-term debt outstanding at September 30, 1996 and 1995 are estimated to be approximately $720,000 and $701,000, respectively.

Financial instruments which potentially subject the Partnership to concentrations of credit risk consist principally of short-term investments and trade accounts receivable. The Partnership invests available cash in investment-grade commercial paper of industrial and other companies and in obligations of the U.S. Government. The risk associated with trade accounts receivable is limited due to the Partnership's large customer base and its dispersion across many different U.S. markets. At September 30, 1996 and 1995, the Partnership had no significant concentrations of credit risk.

The Partnership from time to time holds certain option contracts to manage price risk associated with a portion of its anticipated propane procurement during the heating season. The unrealized gains on such contracts at September 30, 1996 and 1995 were not material.

(Thousands of dollars, except per unit)

14. MISCELLANEOUS INCOME

Miscellaneous income comprises the following:

	YEAR ENDED SEPTEMBER 30, 1996	APRIL 19 TO SEPTEMBER 30, 1995
Interest income	$1,278	$1,795
Gain on sale of fixed assets	1,855	366
Finance charges	2,175	504
Rental income	487	176
Other	2,600	362
	$8,395	$3,203

15. QUARTERLY DATA (UNAUDITED)

The following quarterly data includes all adjustments (consisting only of normal recurring adjustments with the exception of those listed below) which the Partnership considers necessary for a fair presentation of such information. Quarterly results fluctuate because of the seasonal nature of the Partnership's propane business.

YEAR ENDED SEPTEMBER 30, 1996	DECEMBER 31, 1995	MARCH 31, 1996(a)	JUNE 30, 1996	SEPTEMBER 30, 1996
Revenues	$285,796	$374,768	$175,552	$177,109
Operating income (loss)	33,528	67,144	(6,929)	(20,877)
Net income (loss)	17,427	51,298	(22,146)	(36,341)
Net income (loss) per limited partner unit	.41	1.22	(.53)	(.86)

APRIL 19, 1995 TO SEPTEMBER 30, 1995	APRIL 19 TO JUNE 30, 1995 (10 WEEKS)	JULY 1 TO SEPTEMBER 30, 1995(b)
Revenues	$113,589	$155,911
Operating loss	(8,451)	(11,637)
Net loss	(20,617)	(26,490)
Net loss per limited partner unit	(.49)	(.63)

(a) Includes reduction in operating expenses of $4,356 from the refund of insurance premium deposits and $3,312 from a reduction in accrued environmental costs which increased operating income by $7,668 and net income by $7,590 or $.18 per limited partner unit.

(b) Reflects accrual for management organizational costs which increased operating loss by $4,339 and net loss by $4,295 or $.10 per limited partner unit.

General Partner's Report

The Partnership's consolidated financial statements and other financial information contained in this Annual Report are prepared by management of the General Partner, AmeriGas Propane, Inc., which is responsible for their fairness, integrity and objectivity. The consolidated financial statements and related information were prepared in accordance with generally accepted accounting principles and include amounts that are based on management's best judgments and estimates.

The General Partner has established a system of internal controls. Management of the General Partner believes the system provides reasonable assurance that assets are safeguarded and that transactions are executed in accordance with management's authorization and are properly recorded to permit the preparation of reliable financial information. There are limits in all systems of internal control, based on the recognition that the cost of the system should not exceed the benefits to be derived. We believe that the internal control system is cost effective and provides reasonable assurance that material errors or irregularities will be prevented or detected within a timely period. The internal control system and compliance therewith are monitored by UGI Corporation's internal audit staff.

The Audit Committee of the Board of Directors of the General Partner is composed of two members, neither of whom is an employee of the Company. This Committee is responsible, among other things, for reviewing the adequacy of corporate financial reporting and accounting systems and controls, for overseeing the external and internal auditing functions and for recommending to the Board of Directors the independent public accountants to conduct the annual audit of the Partnership's consolidated financial statements. The Committee maintains direct channels of communication between the Board of Directors and both the independent public accountants and internal auditors.

The independent public accountants, who are appointed by the Board of Directors of the General Partner, perform certain procedures, including an evaluation of internal controls to the extent required by generally accepted auditing standards, in order to express an opinion on the consolidated financial statements and to obtain reasonable assurance that such financial statements are free of material misstatement.

/s/ LON R. GREENBERG	/s/ DAVID C. RIGGAN
Lon R. Greenberg Chairman and Chief Executive Officer	David C. Riggan Chief Financial Officer

Report of Independent Public Accountants

To the Partners of AmeriGas Partners, L.P. and
the Board of Directors of AmeriGas Propane, Inc.:

We have audited the accompanying consolidated balance sheets of AmeriGas Partners, L.P. and subsidiaries as of September 30, 1996 and 1995 and the related consolidated statements of operations, partners' capital and cash flows for the year ended September 30, 1996 and for the period April 19, 1995 to September 30, 1995. These financial statements are the responsibility of the management of AmeriGas Propane, Inc. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of AmeriGas Partners, L.P. and subsidiaries as of September 30, 1996 and 1995 and the results of their operations and their cash flows for the year ended September 30, 1996 and for the period April 19, 1995 to September 30, 1995, in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

Arthur Andersen LLP
Chicago, Illinois
November 22, 1996

EXHIBIT 21

AMERIGAS PARTNERS, L.P. SUBSIDIARIES

SUBSIDIARY	STATE OF ORGANIZATION/ INCORPORATION	OWNERSHIP
AMERIGAS PARTNERS, L.P.	DE	
AmeriGas Finance Corp.	DE	100%
AmeriGas Propane, L.P.	DE	*
AmeriGas Propane Parts & Service, Inc.	PA	100%
Northwest LPG Supply Ltd.	Canada	100%
Petrolane Offshore Limited	Bermuda	100%

* AmeriGas Partners, L.P. owns 98.9899% of the limited partnership interest in AmeriGas Propane, L.P.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
CONSOLIDATED BALANCE SHEET AND STATEMENT OF OPERATIONS OF AMERIGAS PARTNERS,
L.P. AND SUBSIDIARIES AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 1996 AND IS
QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS INCLUDED IN
AMERIGAS PARTNERS' ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED 9/30/96.

1,000

YEAR
SEP-30-1996
OCT-01-1995
SEP-30-1996
2,122
0
92,505
6,579
82,957
200,380
592,962
138,850
1,372,223
178,260
687,303
0
0
0
442,236
1,372,223
1,013,225
1,013,225
569,727
569,727
0
0
62,782
10,084
(365)
10,238
0
0
0
10,238
.24
.24

EXHIBIT 99

Forward-Looking Statements

In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, AmeriGas Partners, L.P. ("AmeriGas Partners") is hereby filing cautionary statements identifying important factors that could cause AmeriGas Partners' actual results to differ materially from those projected in forward-looking statements of AmeriGas Partners made by or on behalf of AmeriGas Partners.

Risk Factors

The financial and operating performance of AmeriGas Partners is subject to risks and uncertainties, all of which are difficult to predict, and many of which are beyond the control of management. Forward-looking statements concerning AmeriGas Partners' performance may differ materially from actual results because of these risks and uncertainties. They include, but are not limited to:

1. Weather conditions;
2. price and availability of propane, and the capacity to transport to market areas;
3. governmental legislation and regulations;
4. local economic conditions;
5. labor relations;
6. environmental claims;
7. competition from the same and alternative energy sources;
8. operating hazards and other risks incidental to transporting, storing, and distributing propane;
9. energy efficiency and technology trends;
10. interest rates; and
11. large customer defaults.