
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2017

OR

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

For the transition period from _____ to _____

Commission file number 1-13692

AMERIGAS PARTNERS, L.P.

(Exact name of registrant as specified in its charters)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

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

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

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

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

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

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

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

At July 31, 2017, there were 92,958,586 Common Units of AmeriGas Partners, L.P. outstanding.

TABLE OF CONTENTS

	<u>Page</u>
<u>Part I Financial Information</u>	
<u>Item 1. Financial Statements (unaudited)</u>	
<u>Condensed Consolidated Balance Sheets as of June 30, 2017, September 30, 2016 and June 30, 2016</u>	<u>1</u>
<u>Condensed Consolidated Statements of Operations for the three and nine months ended June 30, 2017 and 2016</u>	<u>2</u>
<u>Condensed Consolidated Statements of Cash Flows for the nine months ended June 30, 2017 and 2016</u>	<u>3</u>
<u>Condensed Consolidated Statements of Partners' Capital for the nine months ended June 30, 2017 and 2016</u>	<u>4</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>5</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>15</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>24</u>
<u>Item 4. Controls and Procedures</u>	<u>24</u>
<u>Part II Other Information</u>	
<u>Item 1A. Risk Factors</u>	<u>25</u>
<u>Item 6. Exhibits</u>	<u>25</u>
<u>Signatures</u>	<u>27</u>

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)
(Thousands of dollars)

	June 30, 2017	September 30, 2016	June 30, 2016
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,710	\$ 15,827	\$ 307,657
Accounts receivable (less allowances for doubtful accounts of \$12,801, \$11,436 and \$11,952, respectively)	205,039	182,665	187,551
Accounts receivable — related parties	3,236	2,643	3,108
Inventories	93,892	78,823	81,571
Derivative instruments	2,080	7,994	8,968
Prepaid expenses and other current assets	52,129	56,496	48,264
Total current assets	361,086	344,448	637,119
Property, plant and equipment (less accumulated depreciation and amortization of \$1,584,416, \$1,499,396 and \$1,468,332, respectively)	1,231,653	1,274,557	1,285,518
Goodwill	2,002,046	1,978,981	1,978,894
Intangible assets, net	399,738	411,319	420,473
Derivative instruments	279	1,166	891
Other assets	43,172	47,299	43,864
Total assets	\$ 4,037,974	\$ 4,057,770	\$ 4,366,759
LIABILITIES AND PARTNERS' CAPITAL			
Current liabilities:			
Current maturities of long-term debt	\$ 11,332	\$ 8,475	\$ 358,605
Short-term borrowings	75,500	153,200	11,400
Accounts payable — trade	89,097	94,007	81,358
Accounts payable — related parties	869	2,759	684
Customer deposits and advances	69,024	119,319	79,174
Derivative instruments	2,457	381	4,562
Other current liabilities	182,198	210,314	178,173
Total current liabilities	430,477	588,455	713,956
Long-term debt	2,567,994	2,325,334	2,329,000
Derivative instruments	14	36	963
Other noncurrent liabilities	136,732	124,736	116,855
Total liabilities	3,135,217	3,038,561	3,160,774
Commitments and contingencies (Note 6)			
Partners' capital:			
AmeriGas Partners, L.P. partners' capital:			
Common unitholders (units issued — 92,958,063, 92,923,410 and 92,922,926, respectively)	850,578	967,073	1,150,641
General partner	15,973	17,148	19,004
Total AmeriGas Partners, L.P. partners' capital	866,551	984,221	1,169,645
Noncontrolling interest	36,206	34,988	36,340
Total partners' capital	902,757	1,019,209	1,205,985
Total liabilities and partners' capital	\$ 4,037,974	\$ 4,057,770	\$ 4,366,759

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Revenues:				
Propane	\$ 403,954	\$ 385,566	\$ 1,803,816	\$ 1,718,748
Other	63,542	61,118	204,506	199,521
	<u>467,496</u>	<u>446,684</u>	<u>2,008,322</u>	<u>1,918,269</u>
Costs and expenses:				
Cost of sales — propane (excluding depreciation shown below)	181,047	121,812	762,531	591,355
Cost of sales — other (excluding depreciation shown below)	22,367	21,145	60,276	59,173
Operating and administrative expenses	227,372	217,154	694,180	686,578
Depreciation	35,482	35,668	103,891	110,807
Amortization	10,659	10,742	31,873	32,228
Other operating income, net	(8,294)	(6,041)	(10,787)	(22,079)
	<u>468,633</u>	<u>400,480</u>	<u>1,641,964</u>	<u>1,458,062</u>
Operating (loss) income	(1,137)	46,204	366,358	460,207
Loss on extinguishments of debt	(4,434)	(37,086)	(59,729)	(37,086)
Interest expense	(40,577)	(40,838)	(120,596)	(122,669)
(Loss) income before income taxes	(46,148)	(31,720)	186,033	300,452
Income tax expense	(646)	(907)	(2,129)	(2,107)
Net (loss) income including noncontrolling interest	(46,794)	(32,627)	183,904	298,345
Add net loss (deduct net income) attributable to noncontrolling interest	42	(442)	(3,614)	(4,533)
Net (loss) income attributable to AmeriGas Partners, L.P.	<u>\$ (46,752)</u>	<u>\$ (33,069)</u>	<u>\$ 180,290</u>	<u>\$ 293,812</u>
General partner's interest in net (loss) income attributable to AmeriGas Partners, L.P.	<u>\$ 10,862</u>	<u>\$ 10,101</u>	<u>\$ 34,000</u>	<u>\$ 30,663</u>
Limited partners' interest in net (loss) income attributable to AmeriGas Partners, L.P.	<u>\$ (57,614)</u>	<u>\$ (43,170)</u>	<u>\$ 146,290</u>	<u>\$ 263,149</u>
(Loss) income per limited partner unit — basic and diluted:				
Basic	<u>\$ (0.62)</u>	<u>\$ (0.46)</u>	<u>\$ 1.56</u>	<u>\$ 2.81</u>
Diluted	<u>\$ (0.62)</u>	<u>\$ (0.46)</u>	<u>\$ 1.56</u>	<u>\$ 2.80</u>
Weighted average limited partner units outstanding (thousands):				
Basic	<u>93,009</u>	<u>92,960</u>	<u>92,993</u>	<u>92,945</u>
Diluted	<u>93,009</u>	<u>92,960</u>	<u>93,045</u>	<u>93,019</u>

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended June 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income including noncontrolling interest	\$ 183,904	\$ 298,345
Adjustments to reconcile net income including noncontrolling interest to net cash provided by operating activities:		
Depreciation and amortization	135,764	143,035
Provision for uncollectible accounts	9,667	9,354
Change in unrealized losses (gains) on derivative instruments	8,853	(61,671)
Loss on extinguishments of debt	59,729	37,086
Other, net	16,534	649
Net change in:		
Accounts receivable	(33,942)	427
Inventories	(14,648)	12,609
Accounts payable	(3,699)	(22,105)
Other current assets	(3,272)	10,610
Other current liabilities	(70,402)	(65,937)
Net cash provided by operating activities	288,488	362,402
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(74,482)	(74,472)
Proceeds from disposals of assets	16,252	11,230
Acquisitions of businesses, net of cash acquired	(36,824)	(36,678)
Net cash used by investing activities	(95,054)	(99,920)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions	(298,232)	(288,891)
Noncontrolling interest activity	(2,396)	(4,350)
Decrease in short-term borrowings	(77,700)	(56,700)
Issuances of long-term debt, net of issuance costs	1,207,727	1,333,407
Repayments of long-term debt, including redemption premiums	(1,035,430)	(954,186)
Proceeds associated with equity-based compensation plans, net of tax withheld	1,465	1,127
Capital contributions from General Partner	15	11
Net cash (used) provided by financing activities	(204,551)	30,418
Cash and cash equivalents (decrease) increase	\$ (11,117)	\$ 292,900
CASH AND CASH EQUIVALENTS		
End of period	\$ 4,710	\$ 307,657
Beginning of period	15,827	14,757
(Decrease) increase	\$ (11,117)	\$ 292,900

See accompanying notes to condensed consolidated financial statements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL

(unaudited)

(Thousands of dollars, except unit amounts)

For the nine months ended June 30, 2017:	Number of Common Units	Common unitholders	General partner	Total AmeriGas Partners, L.P. partners' capital	Noncontrolling interest	Total partners' capital
Balance September 30, 2016	92,923,410	\$ 967,073	\$ 17,148	\$ 984,221	\$ 34,988	\$ 1,019,209
Net income including noncontrolling interest		146,290	34,000	180,290	3,614	183,904
Distributions		(263,042)	(35,190)	(298,232)	(3,998)	(302,230)
Unit-based compensation expense		1,013		1,013		1,013
General Partner contribution to AmeriGas Propane, L.P.				—	1,602	1,602
Common Units issued in connection with employee and director plans, net of tax withheld	34,653	(756)	15	(741)		(741)
Balance June 30, 2017	<u>92,958,063</u>	<u>\$ 850,578</u>	<u>\$ 15,973</u>	<u>\$ 866,551</u>	<u>\$ 36,206</u>	<u>\$ 902,757</u>

For the nine months ended June 30, 2016:	Number of Common Units	Common unitholders	General partner	Total AmeriGas Partners, L.P. partners' capital	Noncontrolling interest	Total partners' capital
Balance September 30, 2015	92,889,980	\$ 1,145,291	\$ 18,925	\$ 1,164,216	\$ 36,157	\$ 1,200,373
Net income including noncontrolling interest		263,149	30,663	293,812	4,533	298,345
Distributions		(258,296)	(30,595)	(288,891)	(4,350)	(293,241)
Unit-based compensation expense		1,070		1,070		1,070
Common Units issued in connection with employee and director plans, net of tax withheld	32,946	(573)	11	(562)		(562)
Balance June 30, 2016	<u>92,922,926</u>	<u>\$ 1,150,641</u>	<u>\$ 19,004</u>	<u>\$ 1,169,645</u>	<u>\$ 36,340</u>	<u>\$ 1,205,985</u>

See accompanying notes to condensed consolidated financial statements.

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

(unaudited)

(Thousands of dollars, except per unit amounts)

Note 1 — Nature of Operations

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

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

At June 30, 2017, AmeriGas Propane, Inc. (the “General Partner”), an indirect wholly owned subsidiary of UGI Corporation (“UGI”), held a 1% general partner interest in AmeriGas Partners and a 1.01% general partner interest in AmeriGas OLP. The General Partner and, prior to its merger with and into the General Partner effective October 1, 2016, Petrolane Incorporated (a predecessor company of the Partnership), also owns AmeriGas Partners Common Units (“Common Units”). The remaining Common Units outstanding represents publicly held Common Units. Common Units represent limited partner interests in AmeriGas Partners. AmeriGas Partners holds a 98.99% limited partner interest in AmeriGas OLP.

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

Note 2 — Summary of Significant Accounting Policies

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). They include all adjustments which we consider necessary for a fair statement of the results for the interim periods presented. Such adjustments consist only of normal recurring items unless otherwise disclosed. The September 30, 2016, condensed consolidated balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America (“GAAP”).

These financial statements should be read in conjunction with the financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016 (“the Partnership’s 2016 Annual Report”). Weather significantly impacts demand for propane and profitability because many customers use propane for heating purposes. Due to the seasonal nature of the Partnership’s propane business, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

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

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

Net Income (Loss) Per Unit. Income (loss) per limited partner unit is computed in accordance with GAAP regarding the application of the two-class method for determining income (loss) per unit for master limited partnerships (“MLPs”) when IDRs are present. The two-class method requires that income per limited partner unit be calculated as if all earnings for the period were distributed and requires a separate calculation for each quarter- and year-to-date period. In periods when our net income attributable to

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit amounts)

AmeriGas Partners exceeds our Available Cash, as defined in the Partnership Agreement, and is above certain levels, the calculation according to the two-class method results in an increased allocation of undistributed earnings to the General Partner. Generally, in periods when our Available Cash in respect of the quarter- or year-to-date periods exceeds our net income (loss) attributable to AmeriGas Partners, the calculation according to the two-class method results in an allocation of earnings to the General Partner greater than its relative ownership interest in the Partnership (or in the case of a net loss attributable to AmeriGas Partners, an allocation of such net loss to the Common Unitholders greater than their relative ownership interest in the Partnership).

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

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Net (loss) income attributable to AmeriGas Partners, L.P.	\$ (46,752)	\$ (33,069)	\$ 180,290	\$ 293,812
Adjust for general partner share and theoretical distributions of net income attributable to AmeriGas Partners, L.P. to the general partner in accordance with the two-class method for MLPs	(10,862)	(10,101)	(34,908)	(33,039)
Common Unitholders' interest in net (loss) income attributable to AmeriGas Partners, L.P. under the two-class method for MLPs	\$ (57,614)	\$ (43,170)	\$ 145,382	\$ 260,773
Weighted average Common Units outstanding — basic (thousands)	93,009	92,960	92,993	92,945
Potentially dilutive Common Units (thousands)	—	—	52	74
Weighted average Common Units outstanding — diluted (thousands)	93,009	92,960	93,045	93,019

Theoretical distributions of net income attributable to AmeriGas Partners, L.P. in accordance with the two-class method for the nine months ended June 30, 2017 and 2016, resulted in an increased allocation of net income attributable to AmeriGas Partners, L.P. to the General Partner in the computation of income per limited partner unit which had the effect of decreasing earnings per limited partner unit by \$0.01 and \$0.03, respectively. There was no dilutive effect based on the computation of income (loss) per limited partner unit in accordance with the two-class method for the three months ended June 30, 2017 and 2016.

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

Derivative Instruments. Derivative instruments are reported on the Condensed Consolidated Balance Sheets at their fair values, unless the derivative instruments qualify for the normal purchase and normal sale ("NPNS") exception under GAAP. The accounting for changes in fair value depends upon the purpose of the derivative instrument and whether it is designated and qualifies for hedge accounting. For the nine months ended June 30, 2017 and 2016, none of our derivative instruments were designated as hedges under GAAP.

Changes in the fair values of commodity derivative instruments for all periods presented are reflected in "Cost of sales — propane" on the Condensed Consolidated Statements of Operations. Cash flows from derivative instruments are included in cash flows from operating activities.

For additional information on the accounting for our derivative instruments, see Note 2, "Summary of Significant Accounting Policies," in the Partnership's 2016 Annual Report.

Deferred Debt Issuance Costs. During the fourth quarter of Fiscal 2016, we adopted new accounting guidance regarding the classification of deferred debt issuance costs. Deferred debt issuance costs associated with long-term debt are reflected as a direct deduction from the carrying amount of such debt. Deferred debt issuance costs associated with line of credit facilities continue to be classified as "Other assets" on our Condensed Consolidated Balance Sheets. As a result of the retrospective application of the new accounting guidance, the Partnership has reflected \$30,480 of such costs as a reduction to long-term debt, including current maturities, on the June 30, 2016, Condensed Consolidated Balance Sheet. Previously, these costs were presented within "Prepaid expenses and other current assets" and "Other assets."

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

(unaudited)

(Thousands of dollars, except per unit amounts)

Environmental Matters. We are subject to environmental laws and regulations intended to mitigate or remove the effects of past operations and improve or maintain the quality of the environment. These laws and regulations require the removal or remedy of the effect on the environment of the disposal or release of certain specified hazardous substances at current or former operating sites.

Environmental reserves are accrued when assessments indicate that it is probable that a liability has been incurred and an amount can be reasonably estimated. Amounts recorded as environmental liabilities on the Condensed Consolidated Balance Sheets represent our best estimate of costs expected to be incurred or, if no best estimate can be made, the minimum liability associated with a range of expected environmental investigation and remediation costs. Our estimated liability for environmental contamination is reduced to reflect anticipated participation of other responsible parties but is not reduced for possible recovery from insurance carriers. In those instances for which the amount and timing of cash payments associated with environmental investigation and cleanup are reliably determinable, we discount such liabilities to reflect the time value of money. We intend to pursue recovery of incurred costs through all appropriate means.

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

Correction of Prior Period Error. During the first quarter of Fiscal 2017, the Partnership determined that it had not properly recorded gains on sales of fixed assets relating to certain assets acquired in the acquisition of Heritage Propane in Fiscal 2012. The Partnership evaluated the impact of the error on prior periods and determined that the effect was not material to the financial statements for the nine months ended June 30, 2017, or any prior period financial statements, and recorded the cumulative effect of the error in accounting for certain property, plant and equipment disposals as of October 1, 2016. The correction of the error decreased "Other operating income, net" by \$8,847 and decreased "Depreciation" by \$1,162, which is reflected in the Condensed Consolidated Statements of Operations for the nine months ended June 30, 2017.

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

Note 3 — Accounting Changes**Adoption of New Accounting Standards**

Consolidation. Effective October 1, 2016, the Partnership adopted Accounting Standards Update ("ASU") No. 2015-02, "Amendments to Consolidation Analysis" and ASU No. 2016-17, "Interest Held through Related Parties That Are under Common Control." These ASUs provide new accounting guidance regarding whether a reporting entity should consolidate certain types of legal entities including variable interest entities ("VIEs"). Among other things, the new guidance affects the consolidation analysis of reporting entities that are involved with VIEs and requires that, under ASU 2015-02, if a single decision maker and its related parties are under common control, the single decision maker consider indirect interests in the entity held through these related parties to be the equivalent of direct interests, in their entirety. ASU 2016-07 amended the guidance in ASU 2015-02 to provide that such indirect interests be considered the equivalent of direct interests, on a proportionate basis. The adoption of this new guidance did not impact our consolidated financial statements.

Accounting Standards Not Yet Adopted

Goodwill Impairment. In January 2017, the Financial Accounting Standards Board ("FASB") issued ASU 2017-04, "Simplifying the Test for Goodwill Impairment." Under the new accounting guidance, an entity will no longer determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. Instead, an entity will perform its goodwill impairment tests by comparing the fair value of a reporting unit with its carrying amount. An entity will recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value but not to exceed the total amount of the goodwill of the reporting unit. The provisions of the new accounting guidance are required to be applied prospectively. The new accounting guidance is effective for the Partnership for goodwill impairment tests performed in fiscal years beginning after December 15, 2019 (Fiscal 2021). Early adoption is permitted for goodwill impairment tests performed after January 1, 2017. The Partnership expects to adopt the new guidance in the fourth quarter of Fiscal 2017.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit amounts)

Cash Flow Classification. In August 2016, the FASB issued ASU No. 2016-15, “Classification of Certain Cash Receipts and Cash Payments.” This ASU provides guidance on the classification of certain cash receipts and payments in the statement of cash flows. The amendments in this ASU are effective for interim and annual periods beginning after December 15, 2017 (Fiscal 2019). Early adoption is permitted. The amendments in the ASU should generally be adopted on a retrospective basis. The Partnership is in the process of assessing the impact on its financial statements from the adoption of the new guidance and determining the period in which the new guidance will be adopted.

Leases. In February 2016, the FASB issued ASU No. 2016-02, "Leases." This ASU amends existing guidance to require entities that lease assets to recognize the assets and liabilities for the rights and obligations created by those leases on the balance sheet. The new guidance also requires additional disclosures about the amount, timing and uncertainty of cash flows from leases. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2018 (Fiscal 2020). Early adoption is permitted. Lessees must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The Partnership is in the process of assessing the impact on its financial statements from the adoption of the new guidance and determining the period in which the new guidance will be adopted but anticipates an increase in the recognition of right-of-use assets and lease liabilities.

Revenue Recognition. In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers.” The guidance provided under this ASU, as amended, supersedes the revenue recognition requirements in Accounting Standards Codification (“ASC”) No. 605, “Revenue Recognition,” and most industry-specific guidance included in the ASC. The standard requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance is effective for the Partnership for interim and annual periods beginning after December 15, 2017 (Fiscal 2019) and allows for either full retrospective adoption or modified retrospective adoption. The Partnership has not yet selected a transition method and is in the process of assessing the impact on its financial statements from the adoption of the new guidance.

Note 4 — Goodwill and Intangible Assets

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

	June 30, 2017	September 30, 2016	June 30, 2016
Goodwill (not subject to amortization)	\$ 2,002,046	\$ 1,978,981	\$ 1,978,894
Intangible assets:			
Customer relationships and noncompete agreements	\$ 536,894	\$ 520,180	\$ 529,739
Accumulated amortization	(220,100)	(191,805)	(192,210)
Intangible assets, net (definite-lived)	316,794	328,375	337,529
Trademarks and tradenames (indefinite-lived)	82,944	82,944	82,944
Total intangible assets, net	\$ 399,738	\$ 411,319	\$ 420,473

Amortization expense of intangible assets was \$9,466 and \$9,545 for the three months ended June 30, 2017 and 2016, respectively. Amortization expense of intangible assets was \$28,295 and \$28,646 for the nine months ended June 30, 2017 and 2016, respectively. No amortization expense is included in cost of sales on the Condensed Consolidated Statements of Operations. The estimated aggregate amortization expense of intangible assets for the remainder of Fiscal 2017 and the next four fiscal years is as follows: remainder of Fiscal 2017 — \$9,642; Fiscal 2018 — \$38,248; Fiscal 2019 — \$37,024; Fiscal 2020 — \$35,803; Fiscal 2021 — \$33,968.

Note 5 — Debt

In December 2016, AmeriGas Partners and AmeriGas Finance Corp., a 100% wholly owned finance subsidiary of AmeriGas Partners, issued \$700,000 of 5.50% Senior Notes due May 2025 (the “5.50% Senior Notes”). The 5.50% Senior Notes rank equally with AmeriGas Partners’ existing outstanding senior notes. The net proceeds from the issuance of the 5.50% Senior Notes were used in December 2016 for (1) the early repayment, pursuant to a tender offer, of a portion of AmeriGas Partners’ 7.00% Senior

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit amounts)

Notes (the “7.00% Senior Notes”) having an aggregate principal balance of \$499,970 plus accrued and unpaid interest and early redemption premiums; (2) the reduction of short-term borrowings; and (3) general corporate purposes.

In February 2017, AmeriGas Partners and AmeriGas Finance Corp. issued \$525,000 of 5.75% Senior Notes due May 2027 (the “5.75% Senior Notes”). The 5.75% Senior Notes rank equally with AmeriGas Partners’ existing outstanding senior notes. The net proceeds from the issuance of the 5.75% Senior Notes were used in February 2017 for (1) the early repayment, pursuant to a tender offer, of a portion of the 7.00% Senior Notes having an aggregate principal balance of \$378,340 plus accrued and unpaid interest and early redemption premiums; (2) the repayment of short-term borrowings; and (3) general corporate purposes.

In May 2017, AmeriGas Partners repaid the remaining 7.00% Senior Notes not previously tendered, having an aggregate principal balance of \$102,512, plus early redemption premiums and accrued and unpaid interest.

In connection with the early repayments of the Partnership’s Senior Notes, during the three and nine months ended June 30, 2017 and 2016, the Partnership recognized losses which are reflected in “Loss on extinguishments of debt” on the Condensed Consolidated Statements of Operations and comprise the following:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Early redemption premiums	\$ 3,588	\$ 30,338	\$ 51,253	\$ 30,338
Write-off of unamortized debt issuance costs	846	6,748	8,476	6,748
Loss on extinguishments of debt	\$ 4,434	\$ 37,086	\$ 59,729	\$ 37,086

Note 6 — Commitments and Contingencies

Contingencies

Saranac Lake Environmental Matter. By letter dated March 6, 2008, the New York State Department of Environmental Conservation (“DEC”) notified AmeriGas OLP that DEC had placed property purportedly owned by AmeriGas OLP in Saranac Lake, New York on its Registry of Inactive Hazardous Waste Disposal Sites. A site characterization study performed by the DEC disclosed contamination related to a former manufactured gas plant (“MGP”). At that time, AmeriGas OLP reviewed the preliminary site characterization prepared by the DEC and researched the history of the site, including the extent of AmeriGas OLP’s ownership of the site. In its written response to the DEC in early 2009, AmeriGas OLP disputed DEC’s contention it was a potentially responsible party (“PRP”) as it did not operate the MGP and appeared to only own a portion of the site. The DEC did not respond to the 2009 communication. In March 2017, the DEC communicated to AmeriGas OLP that the DEC had performed significant testing at the site and had drafted three Records of Decision (“RODs”) related to the site and requested additional information related to AmeriGas OLP’s purported ownership of the site. The DEC has estimated that its selected remediation plan will cost approximately \$27,000. AmeriGas OLP is in the process of responding to the DEC’s request for ownership information and continues to assert defenses based on the nature of its ownership and use of the site. AmeriGas believes it has identified other PRPs and is reviewing the appropriateness of the DEC’s remediation plan, which could affect the amount and allocation of financial responsibility. To AmeriGas OLP’s knowledge, the DEC has not commenced implementation of the remediation plan and has not indicated when such remediation will start. Based upon currently available information, the Partnership is unable to estimate the ultimate outcome and timing with respect to the resolution of this matter. The Partnership is working with outside counsel and its environmental consultants to determine the potential exposure and liability due to AmeriGas OLP’s purported ownership of the site. Based on our preliminary evaluation of the available information, during the third quarter of Fiscal 2017, the Partnership accrued an environmental remediation liability of \$7,545 related to the site, which amount is included in “Operating and administrative expenses” on the Condensed Consolidated Statements of Operations. Our share of the actual remediation costs could be significantly more or less than the accrued amount.

Class Action Judgment. In connection with the Partnership’s 2012 acquisition of the subsidiaries of Energy Transfer Partners, L.P. (“ETP”) that operated ETP’s propane distribution business (“Heritage Propane”), the Partnership became party to a class action lawsuit that was filed against Heritage Operating, L.P. in 2005 by Alfred L. Williams, II, on behalf of himself and all others similarly situated. The class action lawsuit alleged, among other things, wrongful collection of tank rental payments from legacy customers of People’s Gas, which was acquired by Heritage Propane in 2000. In 2010, the Florida District Court certified the

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

(unaudited)

(Thousands of dollars, except per unit amounts)

class and in January 2015, the Florida District Court awarded the class approximately \$18,000. In April 2016, the Partnership appealed the verdict to the Florida Second District Court of Appeals (the “Second DCA”) and, in September 2016, the Second DCA affirmed the verdict without opinion. Prior to the Second DCA’s action in the case, we believed that the likelihood of the Second DCA affirming the Florida District Court’s decision was remote. As a result of the Second DCA’s actions, in September 2016, the Partnership recorded a \$14,950 adjustment to its litigation accrual to reflect the full amount of the judgment plus associated interest. In October 2016, the Partnership filed a Motion for Written Opinion and for Rehearing En Banc with the Second DCA. Following denial of such motion, the Partnership satisfied such judgment.

Purported Class Action Lawsuits. Between May and October of 2014, more than 35 purported class action lawsuits were filed in multiple jurisdictions against the Partnership/UGI and a competitor by certain of their direct and indirect customers. The class action lawsuits allege, among other things, that the Partnership and its competitor colluded, beginning in 2008, to reduce the fill level of portable propane cylinders from 17 pounds to 15 pounds and combined to persuade their common customer, Walmart Stores, Inc., to accept that fill reduction, resulting in increased cylinder costs to retailers and end-user customers in violation of federal and certain state antitrust laws. The claims seek treble damages, injunctive relief, attorneys’ fees and costs on behalf of the putative classes.

On October 16, 2014, the United States Judicial Panel on Multidistrict Litigation transferred all of these purported class action cases to the Western Division of the United States District Court for the Western District of Missouri (“District Court”). In July 2015, the District Court dismissed all claims brought by direct customers. In June 2017, the United States Court of Appeals for the Eighth Circuit (“Eighth Circuit”) ruled en banc to reverse the dismissal by the District Court, which had previously been affirmed by a panel of the Eighth Circuit. We are considering the filing of a Petition for a Writ of Certiorari to the U.S. Supreme Court appealing the decision of the Eighth Circuit.

In July 2015, the District Court also dismissed all claims brought by the indirect customers other than those for injunctive relief. The indirect customers filed an amended complaint with the District Court claiming injunctive relief and state law claims under Wisconsin, Maine and Vermont law. In September 2016, the District Court dismissed the amended complaint in its entirety. The indirect customers appealed this decision to the Eighth Circuit; such appeal was subject to a stay pending the en banc review of the direct purchasers’ claims. In light of the Eighth Circuit decision with respect to the direct purchaser claims, the briefing schedule in respect of the indirect purchaser appeal will now resume. On July 21, 2016, several new indirect customer plaintiffs filed an antitrust class action lawsuit against the Partnership in the Western District of Missouri. The new indirect customer class action lawsuit was dismissed in September 2016 and certain indirect customer plaintiffs appealed the decision, consolidating their appeal with the indirect customer appeal still pending in the Eighth Circuit.

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

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

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit amounts)

Note 7 — Fair Value Measurements

Derivative Instruments

The following table presents on a gross basis our derivative assets and liabilities, including both current and noncurrent portions, that are measured at fair value on a recurring basis within the fair value hierarchy, as of June 30, 2017, September 30, 2016 and June 30, 2016:

	Asset (Liability)			
	Level 1	Level 2	Level 3	Total
June 30, 2017:				
Assets:				
Propane contracts	\$ —	\$ 6,369	\$ —	\$ 6,369
Liabilities:				
Propane contracts	\$ —	\$ (6,481)	\$ —	\$ (6,481)
September 30, 2016:				
Assets:				
Propane contracts	\$ —	\$ 13,522	\$ —	\$ 13,522
Liabilities:				
Propane contracts	\$ —	\$ (4,779)	\$ —	\$ (4,779)
June 30, 2016:				
Assets:				
Propane contracts	\$ —	\$ 14,063	\$ —	\$ 14,063
Liabilities:				
Propane contracts	\$ —	\$ (9,729)	\$ —	\$ (9,729)

The fair values of our non-exchange traded commodity derivative contracts included in Level 2 are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators. For commodity option contracts not traded on an exchange, we use a Black Scholes option pricing model that considers time value and volatility of the underlying commodity.

Other Financial Instruments

The carrying amounts of other financial instruments included in current assets and current liabilities (except for current maturities of long-term debt) approximate their fair values because of their short-term nature. We estimate the fair value of long-term debt by using current market prices and by discounting future cash flows using rates available for similar type debt (Level 2). The carrying amount and estimated fair value of our long-term debt (including current maturities but excluding unamortized debt issuance costs) at June 30, 2017, September 30, 2016 and June 30, 2016 were as follows:

	June 30, 2017	September 30, 2016	June 30, 2016
Carrying amount	\$ 2,611,981	\$ 2,360,434	\$ 2,718,085
Estimated fair value	\$ 2,667,681	\$ 2,483,565	\$ 2,774,520

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

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

(unaudited)

(Thousands of dollars, except per unit amounts)

Note 8 — Derivative Instruments and Hedging Activities

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

Commodity Price Risk

In order to manage market risk associated with the Partnership's fixed-price programs, the Partnership uses over-the-counter derivative commodity instruments, principally price swap contracts. In addition, the Partnership uses over-the-counter price swap and option contracts to reduce propane price volatility associated with a portion of forecasted propane purchases. In addition, the Partnership from time to time enters into price swap and put option agreements to reduce the effects of short-term commodity price volatility. At June 30, 2017, September 30, 2016 and June 30, 2016, total volumes associated with propane commodity derivatives totaled 213.8 million gallons, 245.4 million gallons and 259.4 million gallons, respectively. At June 30, 2017, the maximum period over which we are economically hedging propane market price risk is 27 months.

Derivative Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Our counterparties principally comprise major energy companies and major U.S. financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits. Certain of these agreements call for the posting of collateral by the counterparty or by the Partnership in the forms of letters of credit, parental guarantees or cash. Although we have concentrations of credit risk associated with derivative instruments held by certain derivative instrument counterparties, the maximum amount of loss due to credit risk that we would incur if these counterparties failed to perform according to the terms of their contracts, based upon the gross fair values of the derivative instruments, was not material at June 30, 2017. Certain of our derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade in the Partnership's debt rating. At June 30, 2017, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

Offsetting Derivative Assets and Liabilities

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

In general, most of our over-the-counter transactions are subject to collateral requirements. Types of collateral generally include cash or letters of credit. Cash collateral paid by us to our over-the-counter derivative counterparties, if any, is reflected in the table below to offset derivative liabilities. Cash collateral received by us from our over-the-counter derivative counterparties, if any, is reflected in the table below to offset derivative assets. Certain other accounts receivable and accounts payable balances recognized on the Condensed Consolidated Balance Sheets with our derivative counterparties are not included in the table below but could reduce our net exposure to such counterparties because such balances are subject to master netting or similar arrangements.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(unaudited)

(Thousands of dollars, except per unit amounts)

Fair Value of Derivative Instruments

The following table presents our derivative assets and liabilities by type, as well as the effects of offsetting, as of June 30, 2017, September 30, 2016 and June 30, 2016:

	June 30, 2017	September 30, 2016	June 30, 2016
Derivative assets not designated as hedging instruments:			
Propane contracts	\$ 6,369	\$ 13,522	\$ 14,063
Total derivative assets — gross	6,369	13,522	14,063
Gross amounts offset in the balance sheet	(4,010)	(4,362)	(4,204)
Total derivative assets — net	<u>\$ 2,359</u>	<u>\$ 9,160</u>	<u>\$ 9,859</u>
Derivative liabilities not designated as hedging instruments:			
Propane contracts	\$ (6,481)	\$ (4,779)	\$ (9,729)
Total derivative liabilities — gross	(6,481)	(4,779)	(9,729)
Gross amounts offset in the balance sheet	4,010	4,362	4,204
Total derivative liabilities — net	<u>\$ (2,471)</u>	<u>\$ (417)</u>	<u>\$ (5,525)</u>

Effect of Derivative Instruments

The following tables provide information on the effects of derivative instruments on the Condensed Consolidated Statements of Operations for the three and nine months ended June 30, 2017 and 2016:

	Gain (Loss) Recognized in Income		
Three Months Ended June 30,	2017	2016	Location of Gain (Loss) Recognized in Income
Derivatives Not Designated as Hedging Instruments:			
Propane contracts	\$ (2,744)	\$ 20,409	Cost of sales — propane
	Gain Recognized in Income		
Nine Months Ended June 30,	2017	2016	Location of Gain Recognized in Income
Derivatives Not Designated as Hedging Instruments:			
Propane contracts	\$ 18,650	\$ 4,579	Cost of sales — propane

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

Note 9 — Related Party Transactions

Pursuant to the Partnership Agreement and a management services agreement, the General Partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of the Partnership. These costs, which totaled \$131,501 and \$129,773 for the three months ended June 30, 2017 and 2016, respectively, and \$428,919 and \$431,314 for the nine months ended June 30, 2017 and 2016, respectively, include employee compensation and benefit expenses of employees of the General Partner and general and administrative expenses.

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

(unaudited)

(Thousands of dollars, except per unit amounts)

UGI provides certain financial and administrative services to the General Partner. UGI bills the General Partner monthly for all direct and indirect corporate expenses incurred in connection with providing these services and the General Partner is reimbursed by the Partnership for these expenses. The allocation of indirect UGI corporate expenses to the Partnership utilizes a weighted, three-component formula based on the relative percentage of the Partnership's revenues, operating expenses and net assets employed to the total of such items for all UGI operating subsidiaries for which general and administrative services are provided. The General Partner believes that this allocation method is reasonable and equitable to the Partnership. Such corporate expenses totaled \$4,173 and \$4,392 for the three months ended June 30, 2017 and 2016, respectively, and \$13,554 and \$13,784 for the nine months ended June 30, 2017 and 2016, respectively. In addition, UGI and certain of its subsidiaries provide office space, stop loss medical coverage and automobile liability insurance to the Partnership. The costs incurred related to these items during the three and nine months ended June 30, 2017 and 2016, were not material.

From time to time, AmeriGas OLP purchases propane on an as needed basis from UGI Energy Services, LLC ("Energy Services"). The price of the purchases is generally based on the market price at the time of purchase. There were no purchases of propane by AmeriGas OLP from Energy Services during the three and nine months ended June 30, 2017 and 2016.

In addition, the Partnership sells propane to affiliates of UGI. Sales of propane to affiliates of UGI during the three and nine months ended June 30, 2017 and 2016 were not material.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**Forward-Looking Statements**

Information contained in this Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such statements use forward-looking words such as “believe,” “plan,” “anticipate,” “continue,” “estimate,” “expect,” “may,” or other similar words. These statements discuss plans, strategies, events or developments that we expect or anticipate will or may occur in the future.

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

These factors, and those factors set forth in Item 1A. Risk Factors in the Partnership’s 2016 Annual Report, are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results. We undertake no obligation to update publicly any forward-looking statement whether as a result of new information or future events except as required by the federal securities laws.

ANALYSIS OF RESULTS OF OPERATIONS

The following analyses compare the Partnership’s results of operations for the three months ended June 30, 2017 (“2017 three-month period”) with the three months ended June 30, 2016 (“2016 three-month period”) and the nine months ended June 30, 2017 (“2017 nine-month period”) with the nine months ended June 30, 2016 (“2016 nine-month period”).

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

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

AmeriGas Partners’ management presents the non-GAAP measures “Adjusted EBITDA,” “adjusted net income attributable to AmeriGas Partners,” “adjusted total margin,” and “adjusted operating income” (in addition to “net income attributable to AmeriGas Partners” determined in accordance with GAAP) in order to assist in the evaluation of the Partnership’s overall performance. Management believes that these non-GAAP measures provide meaningful information to investors about AmeriGas Partners’

performance because they eliminate the impact of (1) changes in unrealized gains and losses, and certain realized gains and losses, on commodity derivative instruments not associated with current-period transactions and (2) certain other gains and losses that competitors do not necessarily have, to provide additional insight into the comparison of year-over-year profitability to that of other master limited partnerships. For additional information on these non-GAAP measures as well as the non-GAAP measure, “EBITDA,” including reconciliations of these non-GAAP measures to the most closely associated GAAP measures, see “Non-GAAP Financial Measures” below.

Executive Overview

Three Months Ended June 30, 2017

We recorded GAAP net loss attributable to AmeriGas Partners for the 2017 three-month period of \$46.8 million compared to GAAP net loss attributable to AmeriGas Partners for the 2016 three-month period of \$33.1 million. GAAP net loss in the 2017 three-month period reflects the effects of (1) \$6.0 million of unrealized losses on commodity derivative instruments not associated with current-period transactions; (2) a \$4.4 million loss on early extinguishments of debt and (3) a \$7.5 million environmental accrual associated with the site of a former manufactured gas plant (“MGP”). GAAP net income in the 2016 three-month period reflects the effects of (1) \$27.8 million of gains on commodity derivative instruments not associated with current-period transactions and (2) a \$37.1 million loss on early extinguishments of debt.

Adjusted net loss attributable to AmeriGas Partners for the 2017 three-month period was \$28.9 million compared with adjusted net loss attributable to AmeriGas Partners for the 2016 three-month period of \$23.6 million. The \$5.3 million increase in adjusted net loss principally reflects a \$5.9 million decrease in adjusted total margin reflecting 3.8% lower retail volumes sold due to temperatures based upon heating degree days that were 11.7% warmer than normal and 4.6% warmer than in the prior-year three-month period.

Nine Months Ended June 30, 2017

We recorded GAAP net income attributable to AmeriGas Partners for the 2017 nine-month period of \$180.3 million compared to GAAP net income attributable to AmeriGas Partners for the 2016 nine-month period of \$293.8 million. GAAP net income in the 2017 nine-month period reflects the effects of (1) \$8.9 million of unrealized losses on commodity derivative instruments not associated with current-period transactions; (2) a \$59.7 million loss on early extinguishments of debt; and (3) the previously mentioned \$7.5 million environmental accrual. Net income attributable to AmeriGas Propane for the 2017 nine-month period was also reduced by the impact of net adjustments of \$7.7 million to correct previously recorded gains on sales of fixed assets (\$8.8 million) and to decrease associated depreciation expense (\$1.1 million) relating to certain assets acquired with the Heritage acquisition in 2012 (see Note 2 to condensed consolidated financial statements). GAAP net income in the 2016 nine-month period reflects the effects of (1) \$61.7 million of unrealized gains on commodity derivative instruments not associated with current-period transactions and (2) a \$37.1 million loss on early extinguishments of debt.

Adjusted net income attributable to AmeriGas Partners for the 2017 nine-month period was \$256.3 million compared with adjusted net income attributable to AmeriGas Partners for the 2016 nine-month period of \$269.8 million. The \$13.5 million decrease includes an \$11.6 million decrease in adjusted total margin, and the impact of \$7.7 million of net adjustments to correct previously recorded gains on sales of fixed assets and depreciation relating to certain fixed assets acquired with the Heritage acquisition in 2012 (see Note 2 to condensed consolidated financial statements) partially offset by lower depreciation and interest expense. The decrease in adjusted total margin in the 2017 nine-month period reflects slightly lower retail volumes sold. Average temperatures across the United States based upon heating degree days were 13.4% warmer than normal but approximately equal to the prior year. Although average temperatures during the 2017 nine-month period were approximately equal to the prior year, the critical heating season months of January and February were more than 9% warmer than the same period in the prior year.

Non-GAAP Financial Measures

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

Management believes earnings before interest, income taxes, depreciation and amortization (“EBITDA”), as adjusted for the effects of gains and losses on commodity derivative instruments not associated with current-period transactions and other gains and losses that competitors do not necessarily have (“Adjusted EBITDA”), is a meaningful non-GAAP financial measure used by investors to (1) compare the Partnership’s operating performance with that of other companies within the propane industry and

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

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

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

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

(Dollars in millions)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2017	2016	2017	2016
Adjusted total margin:				
Total revenues	\$ 467.5	\$ 446.7	\$ 2,008.3	\$ 1,918.3
Cost of sales — propane	(181.0)	(121.8)	(762.5)	(591.4)
Cost of sales — other (a)	(22.4)	(21.2)	(60.3)	(59.2)
Total margin	264.1	303.7	1,185.5	1,267.7
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions (a)	5.9	(27.8)	8.9	(61.7)
Adjusted total margin	<u>\$ 270.0</u>	<u>\$ 275.9</u>	<u>\$ 1,194.4</u>	<u>\$ 1,206.0</u>
Adjusted operating income:				
Operating (loss) income	\$ (1.1)	\$ 46.2	\$ 366.4	\$ 460.2
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions	6.0	(27.8)	8.9	(61.7)
MGP environmental accrual	7.5	—	7.5	—
Adjusted operating income	<u>\$ 12.4</u>	<u>\$ 18.4</u>	<u>\$ 382.8</u>	<u>\$ 398.5</u>
Adjusted net income (loss) attributable to AmeriGas Partners:				
Net (loss) income attributable to AmeriGas Partners	\$ (46.8)	\$ (33.1)	\$ 180.3	\$ 293.8
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions	6.0	(27.8)	8.9	(61.7)
Loss on extinguishments of debt	4.4	37.1	59.7	37.1
MGP environmental accrual	7.5	—	7.5	—
Noncontrolling interest in net (losses) gains on commodity derivative instruments not associated with current-period transactions and MGP environmental accrual (a)	—	0.2	(0.1)	0.6
Adjusted net (loss) income attributable to AmeriGas Partners	<u>\$ (28.9)</u>	<u>\$ (23.6)</u>	<u>\$ 256.3</u>	<u>\$ 269.8</u>
EBITDA and Adjusted EBITDA:				
Net (loss) income attributable to AmeriGas Partners	\$ (46.8)	\$ (33.1)	\$ 180.3	\$ 293.8
Income tax expense (a)	0.6	1.0	2.1	2.1
Interest expense	40.6	40.8	120.6	122.7
Depreciation	35.5	35.7	103.9	110.8
Amortization	10.7	10.7	31.9	32.2
EBITDA	40.6	55.1	438.8	561.6
Add net losses (subtract net gains) on commodity derivative instruments not associated with current-period transactions	6.0	(27.8)	8.9	(61.7)
Loss on extinguishments of debt	4.4	37.1	59.7	37.1
MGP environmental accrual	7.5	—	7.5	—
Noncontrolling interest in net (losses) gains on commodity derivative instruments not associated with current-period transactions and MGP environmental accrual	(0.1)	0.2	(0.2)	0.7
Adjusted EBITDA	<u>\$ 58.4</u>	<u>\$ 64.6</u>	<u>\$ 514.7</u>	<u>\$ 537.7</u>

(a) Includes the impact of rounding.

RESULTS OF OPERATIONS
2017 three-month period compared with 2016 three-month period

Three Months Ended June 30,	2017	2016	Increase (Decrease)	
(Dollars and gallons in millions)				
Gallons sold:				
Retail	195.0	202.8	(7.8)	(3.8)%
Wholesale	9.0	8.7	0.3	3.4 %
	204.0	211.5	(7.5)	(3.5)%
Revenues:				
Retail propane	\$ 396.9	\$ 380.2	\$ 16.7	4.4 %
Wholesale propane	7.0	5.4	1.6	29.6 %
Other	63.6	61.1	2.5	4.1 %
	\$ 467.5	\$ 446.7	\$ 20.8	4.7 %
Total margin (a)(b)	\$ 264.1	\$ 303.7	\$ (39.6)	(13.0)%
Operating and administrative expenses (c)	\$ 227.4	\$ 217.2	\$ 10.2	4.7 %
Operating (loss) income (b)	\$ (1.1)	\$ 46.2	\$ (47.3)	(102.4)%
Net loss attributable to AmeriGas Partners (b)(e)	\$ (46.8)	\$ (33.1)	\$ (13.7)	41.4 %
Non-GAAP financial measures (d):				
Adjusted total margin	\$ 270.0	\$ 275.9	\$ (5.9)	(2.1)%
EBITDA (b)	\$ 40.6	\$ 55.1	\$ (14.5)	(26.3)%
Adjusted EBITDA	\$ 58.4	\$ 64.6	\$ (6.2)	(9.6)%
Adjusted operating income	\$ 12.4	\$ 18.4	\$ (6.0)	(32.6)%
Adjusted net loss attributable to AmeriGas Partners	\$ (28.9)	\$ (23.6)	\$ (5.3)	22.5 %
Heating degree days — % (warmer) than normal (f)	(11.7)%	(7.5)%	—	—

(a) Total margin represents “total revenues” less “Cost of sales — propane” and “Cost of sales — other.”

(b) Total margin, EBITDA, operating income (loss) and net loss attributable to AmeriGas Partners for the 2017 and 2016 three-month periods include the impact of net unrealized (losses) gains of \$(6.0) million and \$27.8 million, respectively, on commodity derivative instruments not associated with current-period transactions.

(c) Operating and administrative expenses in the 2017 three-month period includes a \$7.5 million environmental accrual associated with the site of a former MGP acquired in an acquisition (see Note 6 to condensed consolidated financial statements).

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

(e) The three months ended June 30, 2017 and 2016 include losses on extinguishments of debt of \$4.4 million and \$37.1 million, respectively (see Note 5 to condensed consolidated financial statements).

(f) Deviation from average heating degree days for the 30-year period 1981-2010 based upon national weather statistics provided by the National Oceanic and Atmospheric Administration (“NOAA”) for 344 Geo Regions in the United States, excluding Alaska and Hawaii.

The Partnership’s retail gallons sold during the 2017 three-month period decreased 3.8% compared with the prior-year period. The decrease in retail gallons sold reflects average temperatures based upon heating degree days that were 11.7% warmer than normal and 4.6% warmer than the prior-year period. In particular, temperatures during the month of April 2017 were 17.1% warmer than normal and 10.6% warmer than the prior-year period.

Retail propane revenues increased \$16.7 million during the 2017 three-month period reflecting the effects of higher average retail selling prices (\$31.4 million) partially offset by the lower retail volumes sold (\$14.7 million). Wholesale propane revenues increased \$1.6 million during the 2017 three-month period reflecting the effects of higher average wholesale selling prices (\$1.4 million) and slightly higher wholesale volumes sold (\$0.2 million). Average daily wholesale propane commodity prices during the 2017 three-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 28% higher than such prices in the 2016 three-month period during which prior-year period propane prices were at recent historic lows. Other revenues in the 2017 three-month period were slightly higher than the prior-year period.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

Total cost of sales during the 2017 three-month period increased \$60.4 million from the prior-year period. Cost of sales in the 2017 and 2016 three-month periods includes \$(6.0) million and \$27.8 million of (losses) gains on commodity derivative instruments not associated with current-period transactions, respectively. Excluding the effects on cost of sales of the net gains and (losses) on derivative commodity instruments, total cost of sales increased \$26.6 million principally reflecting the effects of higher Partnership average propane product costs (\$30.8 million) partially offset by the effects of the lower propane volumes sold (\$5.4 million).

Total margin (which includes \$(6.0) million and \$27.8 million of (losses) gains on commodity derivative instruments not associated with current-period transactions in the 2017 and 2016 three-month periods, respectively) decreased \$39.6 million. Adjusted total margin decreased \$5.9 million in the 2017 three-month period principally reflecting lower retail propane total margin (\$7.3 million). The decrease in retail propane total margin principally reflects the lower retail volumes sold partially offset by slightly higher average unit margin.

EBITDA and operating income during the 2017 three-month period (which include the effects of the previously mentioned unrealized (losses) and gains on commodity derivative instruments not associated with current-period transactions, a \$7.5 million environmental accrual associated with the site of a former MGP and, with respect to EBITDA, losses on extinguishments of debt), decreased \$14.5 million and \$47.3 million, respectively. Adjusted EBITDA decreased \$6.2 million in the 2017 three-month period principally reflecting the effects of the lower adjusted total margin (\$5.9 million). Operating and administrative expenses were \$10.2 million higher than the prior year reflecting, among other things, the \$7.5 million environmental accrual and higher self-insured casualty and liability expense (\$5.5 million), principally resulting from a settlement with an insurance carrier, offset in part by lower employee group insurance expense (\$2.2 million). The \$7.5 million environmental accrual is excluded from the calculation of Adjusted EBITDA. Adjusted operating income decreased \$6.0 million in the 2017 three-month period principally reflecting the \$6.2 million decrease in Adjusted EBITDA. The \$5.3 million decrease in adjusted net income attributable to AmeriGas Partners principally reflects the \$6.0 million decrease in adjusted operating income partially offset by slightly lower interest and income taxes.

2017 nine-month period compared with the 2016 nine-month period

Nine Months Ended June 30,	2017	2016	Increase (Decrease)	
(Dollars and gallons in millions)				
Gallons sold:				
Retail	863.4	883.7	(20.3)	(2.3)%
Wholesale	38.5	40.0	(1.5)	(3.8)%
	901.9	923.7	(21.8)	(2.4)%
Revenues:				
Retail propane	\$ 1,772.3	\$ 1,695.3	\$ 77.0	4.5 %
Wholesale propane	31.5	23.5	8.0	34.0 %
Other	204.5	199.5	5.0	2.5 %
	\$ 2,008.3	\$ 1,918.3	\$ 90.0	4.7 %
Total margin (a)(b)	\$ 1,185.5	\$ 1,267.7	\$ (82.2)	(6.5)%
Operating and administrative expenses (c)	\$ 694.2	\$ 686.6	\$ 7.6	1.1 %
Operating income (b)(e)	\$ 366.4	\$ 460.2	\$ (93.8)	(20.4)%
Net income attributable to AmeriGas Partners (b)(e)(f)	\$ 180.3	\$ 293.8	\$ (113.5)	(38.6)%
Non-GAAP financial measures (d):				
Adjusted total margin	\$ 1,194.4	\$ 1,206.0	\$ (11.6)	(1.0)%
EBITDA (b)(e)	\$ 438.8	\$ 561.6	\$ (122.8)	(21.9)%
Adjusted EBITDA (e)	\$ 514.7	\$ 537.7	\$ (23.0)	(4.3)%
Adjusted operating income (e)	\$ 382.8	\$ 398.5	\$ (15.7)	(3.9)%
Adjusted net income attributable to AmeriGas Partners (e)	\$ 256.3	\$ 269.8	\$ (13.5)	(5.0)%
Heating degree days — % (warmer) than normal (g)	(13.4)%	(14.3)%	—	—

(a) Total margin represents “total revenues” less “Cost of sales — propane” and “Cost of sales — other.”

- (b) Total margin, EBITDA, operating income and net income attributable to AmeriGas Partners for the 2017 and 2016 nine-month periods include the impact of net unrealized (losses) gains of \$(8.9) million and \$61.7 million, respectively, on commodity derivative instruments not associated with current-period transactions.
- (c) Operating and administrative expenses in the 2017 nine-month period includes a \$7.5 million environmental accrual associated with the site of a former MGP acquired in an acquisition (see Note 6 to condensed consolidated financial statements).
- (d) These financial measures are non-GAAP financial measures and are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not a substitute for, the comparable GAAP measures. See section “Non-GAAP Financial Measures” above.
- (e) Amounts for the nine months ended June 30, 2017, reflect adjustments to correct previously recorded gains on sales of fixed assets (\$8.8 million) and decreased depreciation expense (\$1.1 million) relating to certain assets acquired with the Heritage acquisition in 2012, which reduced operating income, adjusted operating income, net income attributable to AmeriGas Partners and adjusted net income attributable to AmeriGas Partners by \$7.7 million; and reduced EBITDA and Adjusted EBITDA by \$8.8 million. See Note 2 to condensed consolidated financial statements.
- (f) The nine month periods ended June 30, 2017 and 2016, include losses on extinguishments of debt of \$59.7 million and \$37.1 million, respectively (see Note 5 to condensed consolidated financial statements).
- (g) Deviation from average heating degree days for the 30-year period 1981-2010 based upon national weather statistics provided by NOAA for 344 Geo Regions in the United States, excluding Alaska and Hawaii.

The Partnership’s retail gallons sold during the 2017 nine-month period decreased 2.3% compared with the prior-year period. The Average temperatures based upon heating degree days during the 2017 nine-month period were approximately equal to the prior-year period but significantly warmer than normal. Although average temperatures during the 2017 nine-month period were approximately equal to the prior year, the critical heating-season months of January and February averaged more than 9% warmer than during the same period of the prior year.

Retail propane revenues increased \$77.0 million during the 2017 nine-month period reflecting the effects of higher average retail selling prices (\$116.0 million) partially offset by the lower retail volumes sold (\$39.0 million). Wholesale propane revenues increased \$8.0 million during the 2017 nine-month period reflecting the effects of higher average wholesale selling prices (\$8.9 million) partially offset by lower wholesale volumes sold (\$0.9 million). Average daily wholesale propane commodity prices during the 2017 nine-month period at Mont Belvieu, Texas, one of the major supply points in the U.S., were approximately 48% higher than such prices during the 2016 nine-month period during which commodity propane prices were at recent historic lows. Other revenues in the 2017 nine-month period were slightly higher than in the prior-year period.

Total cost of sales during the 2017 nine-month period increased \$172.2 million from the prior-year period. Cost of sales in the 2017 and 2016 nine-month periods includes \$(8.9) million and \$61.7 million of (losses) gains on commodity derivative instruments not associated with current-period transactions, respectively. Excluding the effects on cost of sales of the net (losses) and gains on derivative commodity instruments, total cost of sales increased \$101.6 million principally reflecting the effects of higher Partnership average propane product costs (\$116.0 million) reduced by the effects of the lower propane volumes sold (\$15.3 million).

Total margin (which includes \$(8.9) million and \$61.7 million of (losses) gains on commodity derivative instruments not associated with current-period transactions in the 2017 and 2016 nine-month periods, respectively) decreased \$82.2 million. Adjusted total margin decreased \$11.6 million in the 2017 nine-month period principally reflecting lower retail propane total margin (\$15.5 million) partially offset by higher non-propane total margin. The decrease in retail propane total margin principally reflects the decrease in retail volumes sold partially offset by slightly higher average retail unit margin.

EBITDA and operating income during the 2017 nine-month period (which include the effects of the previously mentioned unrealized (losses) and gains on commodity derivative instruments not associated with current-period transactions, the \$7.5 million environmental accrual, and, with respect to EBITDA, the losses on extinguishments of debt), decreased \$122.8 million and \$93.8 million, respectively. Adjusted EBITDA decreased \$23.0 million in the 2017 nine-month period principally reflecting the effects of the lower adjusted total margin (\$11.6 million) and the impact of lower other operating income (\$11.3 million) principally lower gains on assets sales primarily resulting from the effects of an \$8.8 million adjustment recorded during the first quarter of Fiscal 2017 to correct previously recorded gains on sales of fixed assets acquired with the Heritage acquisition in 2012 (see Note 2 to condensed consolidated financial statements). Partnership operating and administrative expenses were \$7.6 million higher than the prior year principally reflecting the previously mentioned \$7.5 million environmental accrual. The \$7.5 million environmental accrual is excluded from the calculation of Adjusted EBITDA. Excluding the environmental accrual in the current-year period, operating and administrative expenses in the 2017 nine-month period were about equal to the prior year as higher general insurance and self-insured casualty and liability expense (\$7.9 million), principally as a result of a settlement with an insurance carrier, and to a lesser extent higher vehicle lease expenses were largely offset by lower employee group insurance expense (\$10.7 million). Adjusted operating income decreased \$15.7 million in the 2017 nine-month period reflecting the \$23.0 million decrease in adjusted

EBITDA partially offset by a decrease in depreciation and amortization expense (\$7.2 million). The \$13.5 million decrease in adjusted net income attributable to AmeriGas Partners principally reflects the \$15.7 million decrease in adjusted operating income and a \$2.1 million decrease in interest expense. The lower interest expense principally reflects lower average interest rates on long-term debt as a result of debt refinancings that occurred during Fiscal 2016 and Fiscal 2017.

FINANCIAL CONDITION AND LIQUIDITY

The Partnership's cash and cash equivalents at June 30, 2017, were \$4.7 million compared to cash and cash equivalents at September 30, 2016, of \$15.8 million and \$307.7 million at June 30, 2016. The significantly higher Partnership cash and cash equivalents at June 30, 2016 reflects the issuance of \$1.35 billion of AmeriGas Partners Senior Notes on June 27, 2016 and the subsequent timing of the use of the net proceeds to repay certain other AmeriGas Partners Senior Notes pursuant to tender offers. The Partnership's debt outstanding at June 30, 2017, totaled \$2,654.8 million (including current maturities of long-term debt of \$11.3 million and short-term borrowings of \$75.5 million under AmeriGas OLP's Amended and Restated Credit Agreement ("Credit Agreement")). The Partnership's debt outstanding at September 30, 2016, totaled \$2,487.0 million (including current maturities of long-term debt of \$8.5 million and short-term borrowings of \$153.2 million under the Credit Agreement). Total long-term debt outstanding at June 30, 2017, including current maturities, comprises \$2,575.0 million of AmeriGas Partners' Senior Notes, \$15.0 million of HOLP Senior Notes and \$22.0 million of other long-term debt, and is net of \$32.7 million of unamortized debt issuance costs.

In December 2016, AmeriGas Partners and AmeriGas Finance Corp., a 100% wholly owned finance subsidiary of AmeriGas Partners, issued \$700.0 million of 5.50% Senior Notes due May 2025 (the "5.50% Senior Notes"). The net proceeds from the issuance of the 5.50% Senior Notes were used in December 2016 for (1) the early repayment, pursuant to a tender offer, of a portion of AmeriGas Partners' 7.00% Senior Notes (the "7.00% Senior Notes") having an aggregate principal balance of \$500.0 million plus accrued and unpaid interest and early redemption premiums; (2) reduction of short-term borrowings; and (3) general corporate purposes.

In February 2017, AmeriGas Partners and AmeriGas Finance Corp. issued \$525.0 million of 5.75% Senior Notes due May 2027 (the "5.75% Senior Notes"). The net proceeds from the issuance of the 5.75% Senior Notes were used in February 2017 for (1) the early repayment, pursuant to a tender offer, of a portion of the 7.00% Senior Notes having an aggregate principal balance of \$378.3 million plus accrued and unpaid interest and early redemption premiums; (2) repayment of short-term borrowings; and (3) general corporate purposes.

In May 2017, AmeriGas Partners repaid the remaining 7.00% Senior Notes not previously tendered, having an aggregate principal balance of \$102.5 million, plus early redemption premiums and accrued and unpaid interest.

At June 30, 2017, there were \$75.5 million borrowings outstanding under the Credit Agreement. The Credit Agreement provides for borrowings up to \$525 million (including a \$125 million sublimit for letters of credit) and expires in June 2019. Issued and outstanding letters of credit under the Credit Agreement, which reduce the amounts available for borrowings, totaled \$67.2 million at June 30, 2017. The average daily and peak short-term borrowings outstanding under the Credit Agreement during the 2017 nine-month period were \$83.0 million and \$292.5 million, respectively. The average daily and peak short-term borrowings outstanding under the Credit Agreement during the 2016 nine-month period were \$110.0 million and \$249.0 million, respectively. At June 30, 2017, the Partnership's available borrowing capacity under the Credit Agreement was \$382.3 million.

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

On July 24, 2017, the General Partner's Board of Directors approved a quarterly distribution of \$0.95 per Common Unit payable on August 18, 2017, to unitholders of record on August 10, 2017. During the nine months ended June 30, 2017, the Partnership declared and paid quarterly distributions on all limited partner units at a rate of \$0.95 per Common Unit for the quarter ended March 31, 2017, and \$0.94 per Common Unit for each of the quarters ended December 31, 2016, and September 30, 2016.

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

Cash Flows

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

Cash flow provided by operating activities was \$288.5 million in the 2017 nine-month period compared to \$362.4 million in the 2016 nine-month period. Cash flow from operating activities before changes in operating working capital was \$414.5 million in the 2017 nine-month period compared with \$426.8 million in the prior-year period. The slightly lower cash flow from operating activities before changes in operating working capital in the current-year period reflects, in large part, the effects on cash flow of the lower net income (after adjusting net income for the noncash effects on net income of unrealized gains and losses on derivative instruments and the loss on extinguishments of debt, which is reflected in cash flow from financing activities) and the impact of lower noncash charges for depreciation and amortization partially offset by higher noncash charges for the previously mentioned environmental accrual. Cash used to fund changes in operating working capital was \$126.0 million in the 2017 nine-month period compared to \$64.4 million in the 2016 nine-month period. The higher cash required to fund changes in accounts receivable and inventory reflects, in large part, the impact of higher and rising LPG costs during the current-year period.

Investing activities. Investing activity cash flow principally comprises expenditures for property, plant and equipment, cash paid for acquisitions of businesses and proceeds from disposals of assets. Cash flow used in investing activities was \$95.1 million in the 2017 nine-month period compared with \$99.9 million in the prior-year period. The Partnership spent \$74.5 million for property, plant and equipment (comprising \$39.9 million of maintenance capital expenditures and \$34.6 million of growth capital expenditures) in the 2017 nine-month period compared with \$74.5 million (comprising \$36.3 million of maintenance capital expenditures and \$38.2 million of growth capital expenditures) in the 2016 nine-month period. Cash flow used in investing activities in the 2017 nine-month period includes \$36.8 million of net cash used for acquisitions compared to \$36.7 million in the prior-year period.

Financing activities. Financing activity cash flow principally comprises distributions on AmeriGas Partners Common Units, issuances and repayments of long-term debt, short-term borrowings, and issuances of AmeriGas Partners Common Units. Cash used in financing activities was \$204.6 million in the 2017 nine-month period compared with cash provided of \$30.4 million in the prior-year period. In December 2016, AmeriGas Partners and AmeriGas Finance Corp. issued \$700.0 million of 5.50% Senior Notes the net proceeds of which were used in large part for the early repayment of a portion of AmeriGas Partners' 7.00% Senior Notes having an aggregate principal balance of \$500.0 million plus accrued and unpaid interest and early redemption premiums. In February 2017, AmeriGas Partners and AmeriGas Finance Corp. issued \$525 million of 5.75% Senior Notes the net proceeds of which were used primarily for the early repayments in February and May of the remaining outstanding AmeriGas Partners' 7.00% Senior Notes having an aggregate principal balance of \$480.8 million plus accrued and unpaid interest and early redemption premiums. For additional information on these debt transactions, see Note 5 to condensed consolidated financial statements. Distributions in the 2017 nine-month period totaled \$298.2 million compared with \$288.9 million in the prior-year period principally reflecting the impact of higher quarterly per-unit distribution rates. Cash used to repay short-term borrowings under the Credit Agreement in the 2017 nine-month period totaled \$77.7 million compared with \$56.7 million in the prior-year period.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Commodity Price Risk

The risk associated with fluctuations in the prices the Partnership pays for propane is principally a result of market forces reflecting changes in supply and demand for propane and other energy commodities. The Partnership's profitability is sensitive to changes in propane supply costs and the Partnership generally passes on increases in such costs to customers. The Partnership may not, however, always be able to pass through product cost increases fully or on a timely basis, particularly when product costs rise rapidly. In order to reduce the volatility of the Partnership's propane market price risk, we use contracts for the forward purchase or sale of propane, propane fixed-price supply agreements, and over-the-counter derivative commodity instruments including price swap and option contracts. Over-the-counter derivative commodity instruments utilized by the Partnership to economically hedge forecasted purchases of propane are generally settled at expiration of the contract. These derivative financial instruments contain collateral provisions. The fair value of unsettled commodity price risk sensitive instruments at June 30, 2017, was a loss of \$0.1 million. A hypothetical 10% adverse change in the market price of propane would result in a decrease in such fair value of approximately \$12.6 million.

Derivative Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Our counterparties principally comprise major energy companies and major U.S. financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits. Certain of these agreements call for the posting of collateral by the counterparty or by the Partnership in the forms of letters of credit, parental guarantees or cash. Although we have concentrations of credit risk associated with derivative instruments held by certain derivative instrument counterparties, the maximum amount of loss due to credit risk that, based upon the gross fair values of the derivative instruments, we would incur if these counterparties that make up the concentration failed to perform according to the terms of their contracts was not material at June 30, 2017. Certain of our derivative contracts have credit-risk-related contingent features that may require the posting of additional collateral in the event of a downgrade in the Partnership's debt rating. At June 30, 2017, if the credit-risk-related contingent features were triggered, the amount of collateral required to be posted would not be material.

ITEM 4. CONTROLS AND PROCEDURES**(a) Evaluation of Disclosure Controls and Procedures**

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

(b) Change in Internal Control over Financial Reporting

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

PART II OTHER INFORMATION
ITEM 1A. RISK FACTORS

In addition to the information presented in this report, you should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing the Company. Other unknown or unpredictable factors could also have material adverse effects on future results.

ITEM 6. EXHIBITS

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

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
3.1	Bylaws of AmeriGas Propane, Inc., Amended and Restated as of July 24, 2017.	AmeriGas Partners	Form 8-K (7/24/17)	3.1
10.1	AmeriGas Propane, Inc. Supplemental Executive Retirement Plan, as Amended and Restated effective June 15, 2017.			
10.2	Form of AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., Performance Unit Grant Letter for Employees, dated January 1, 2017.*			
10.3	Form of AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., Phantom Unit Grant Letter for Non Employee Directors, dated January 23, 2017.			
10.4	AmeriGas Propane, Inc. Senior Executive Employee Severance Plan, as amended as of June 15, 2017.			
10.5	UGI Corporation 2009 Supplemental Executive Retirement Plan for New Employees, as Amended and Restated as of June 15, 2017.	UGI	Form 10-Q (6/30/17)	10.1
10.6	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan, Nonqualified Stock Option Grant Letter for UGI, Utilities and AmeriGas Employees, dated January 1, 2017.	UGI	Form 10-Q (6/30/17)	10.2
10.7	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan, Performance Unit Grant Letter for UGI and Utilities Employees, dated January 1, 2017.	UGI	Form 10-Q (6/30/17)	10.3
10.8	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan, Stock Unit Grant Letter for Non Employee Directors, dated January 24, 2017.	UGI	Form 10-Q (6/30/17)	10.4
10.9	Form of UGI Corporation 2013 Omnibus Incentive Compensation Plan, Nonqualified Stock Option Grant Letter for Non Employee Directors, dated January 24, 2017.	UGI	Form 10-Q (6/30/17)	10.5
10.10	UGI Corporation 2009 Deferral Plan, as amended and restated effective June 15, 2017.	UGI	Form 10-Q (6/30/17)	10.6
10.11	UGI Corporation Senior Executive Employee Severance Plan, as amended as of June 15, 2017.	UGI	Form 10-Q (6/30/17)	10.7
31.1	Certification by the Chief Executive Officer relating to the Registrant’s Report on Form 10-Q for the quarter ended June 30, 2017, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

31.2	Certification by the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2017, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification by the Chief Executive Officer and the Chief Financial Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2017, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Labels Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

* Confidential portions of this exhibit have been redacted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request in accordance with Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERIGAS PARTNERS, L.P.

(Registrant)

By: AmeriGas Propane, Inc.
as General Partner

Date: August 4, 2017

By: /s/ Hugh J. Gallagher
Hugh J. Gallagher
Vice President - Finance and Chief Financial Officer

Date: August 4, 2017

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

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES**EXHIBIT INDEX**

10.1	AmeriGas Propane, Inc. Supplemental Executive Retirement Plan, as Amended and Restated effective June 15, 2017.
10.2	Form of AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., Performance Unit Grant Letter for Employees, dated January 1, 2017.*
10.3	Form of AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., Phantom Unit Grant Letter for Non Employee Directors, dated January 23, 2017.
10.4	AmeriGas Propane, Inc. Senior Executive Employee Severance Plan, as amended as of June 15, 2017.
31.1	Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-Q for the quarter ended June 30, 2017, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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AMERIGAS PROPANE, INC.

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

As amended and restated effective June 15, 2017

TABLE OF CONTENTS

Page

ARTICLE I	STATEMENT OF PURPOSE 2
ARTICLE II	DEFINITIONS 2
ARTICLE III	PARTICIPATION AND VESTING 5
ARTICLE IV	BENEFITS 6
ARTICLE V	FORM AND TIMING OF BENEFIT DISTRIBUTION 7
ARTICLE VI	FUNDING OF BENEFITS 8
ARTICLE VII	THE COMMITTEE 8
ARTICLE VIII	AMENDMENT AND TERMINATION 10
ARTICLE IX	CLAIMS PROCEDURES 11
ARTICLE X	MISCELLANEOUS PROVISIONS 12

ARTICLE I
STATEMENT OF PURPOSE

The purpose of the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan (the “AGP SERP”) is to provide a fair and competitive level of retirement benefits to certain management and other highly compensated employees and thereby to attract and retain the highest quality executives to AmeriGas Propane, Inc. To address these purposes, certain employees of AmeriGas Propane, Inc. (those designated as “Participants”) will be provided with supplemental retirement benefits. The AGP SERP was amended and restated effective as of January 1, 2009 to allow Participants to defer their benefit under the AGP SERP to the UGI Corporation 2009 Deferral Plan, and was subsequently amended and restated effective as of November 22, 2013, and was amended effective July 25, 2016. This amendment and restatement of the AGP SERP incorporates the July 25, 2016 and January 17, 2017 changes and additional changes that were made by the Administrative Committee on June 15, 2017. The amendment and restatement is effective as of June 15, 2017.

ARTICLE II
DEFINITIONS

Sec. 2.01 “Administrative Committee” shall mean the administrative committee designated pursuant to Article VII to administer the AGP SERP in accordance with its terms.

Sec. 2.02 “Affiliate” shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

Sec. 2.03 “AGP” shall mean AmeriGas Propane, Inc.

Sec. 2.04 “AGP 401(k) Plan” shall mean the AmeriGas Propane, Inc. Savings Plan.

Sec. 2.05 “AGP SERP” shall mean the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan as set forth herein and as the same may be hereafter amended.

Sec. 2.06 “Beneficiary” shall mean the person designated by a Participant to receive any benefits payable after the Participant’s death. AGP shall provide a form for this purpose. In the event a Participant has not filed a Beneficiary designation with AGP or none of the designated Beneficiaries are living at the date of the Participant’s death, the Beneficiary shall be the Participant’s estate.

Sec. 2.07 “Board” shall mean the Board of Directors of AGP.

Sec. 2.08 “Cause” shall mean (i) theft or misappropriation of funds or conduct that has an adverse effect on the reputation of AGP, (ii) conviction of a felony or a crime involving moral turpitude, (iii) material breach of AGP’s written code of conduct, or other material written employment policies, applicable to the Participant, (iv) breach of any written confidentiality, non-competition or non-solicitation covenant between the Participant and AGP, (v) gross

misconduct in the performance of duties, or (vi) intentional refusal or failure to perform the material duties of the Participant's position.

Sec. 2.09 "Change in Control Agreement" shall mean a Change in Control Agreement between an Employee and AGP or a Subsidiary.

Sec. 2.10 "Code" shall mean the Internal Revenue Code of 1986, as amended.

Sec. 2.11 "Compensation/Pension Committee" shall mean the Compensation/Pension Committee of the Board or such other committee designated by the Board of AGP to perform certain functions with respect to the AGP SERP.

Sec. 2.12 "Compensation" shall mean a Participant's actual base salary earned from AGP and its Subsidiaries, plus the amount of annual bonus payable under the applicable bonus or severance plan, in each Plan Year. Compensation shall include any such salary and bonus that that would be payable to the Employee except for an election by the Employee to have such compensation deferred under any qualified savings plan, non-qualified deferred compensation plan, or section 125 plan, of AGP or a Subsidiary. Compensation shall be based on the period of time during which the Participant participated in the AGP SERP, as described in Section 3.01.

Sec. 2.13 "Deferral Plan" shall mean the UGI Corporation 2009 Deferral Plan.

Sec. 2.14 "Effective Date" of the AGP SERP shall mean October 1, 1996. The effective date of the amended restated AGP SERP shall mean June 15, 2017, except as otherwise indicated.

Sec. 2.15 "Employee" shall mean any person in the employ of AGP or any AGP Subsidiary other than a person (i) whose terms and conditions of employment are determined through collective bargaining with a third party or (ii) who is characterized as an independent contractor by AGP, no matter how characterized by a court or government agency. No retroactive characterization of an individual's status for any other purpose shall make an individual an "Employee" for purposes hereof unless specifically determined otherwise by AGP for the purposes of this AGP SERP.

Sec. 2.16 "Employment Commencement Date" shall mean the first day on which a Participant became an employee of AGP, any Subsidiary or Affiliate of AGP, or any entity whose business or assets have been acquired by AGP, its Subsidiary or Affiliate or by any predecessor of such entities. If any interruption of employment occurred after the date described in the preceding sentence, the "Employment Commencement Date" after reemployment shall be the first day on which the Participant became an employee as described in the preceding sentence after the most recent such interruption of the employment relationship between the Participant and AGP or any of its Subsidiaries or Affiliates, unless the Administrative Committee determines otherwise.

Sec. 2.17 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

Sec. 2.18 “Key Employee” shall mean an employee who, at any time during the 12-month period ending on the identification date, is a “specified employee” under section 409A of the Code, as determined by the Compensation and Management Development Committee of the Board of Directors of UGI Corporation or its delegate. The determination of Key Employees, including the number and identity of persons considered specified employees and the identification date, shall be made by such Committee or its delegate in accordance with the provisions of sections 416(i) and 409A of the Code and the regulations issued thereunder.

Sec. 2.19 “Matching Contribution” shall have the meaning given that term under the AGP 401(k) Plan.

Sec. 2.20 “Participant” shall mean each Employee who meets the requirements of Section 3.01 hereof.

Sec. 2.21 “Plan Year” shall mean a fiscal year beginning October 1 and ending September 30.

Sec. 2.22 “Postponement Period” shall mean, for a Key Employee, the period of six months after separation from service (or such other period as may be required by Section 409A of the Code) during which AGP SERP benefits may not be paid to the Key Employee under section 409A of the Code.

Sec. 2.23 “Retirement” shall mean the Participant’s separation from employment or service upon or after attaining (i) age 55 with at least 10 years of service with AGP and its Affiliates, or (ii) age 65 with at least 5 years of service with the AGP and its Affiliates.

Sec. 2.24 “Section 401(a)(17) Limit” shall mean the maximum amount of compensation that is recognized under section 401(a)(17) of the Code for the calendar year in which the Plan Year begins.

Sec. 2.25 “Subsidiary” shall mean any corporation in which AGP, directly or indirectly, owns at least a 50% interest or an unincorporated entity of which AGP, directly or indirectly, owns at least 50% of the profits or capital interests.

Sec. 2.26 “Termination for Cause” shall mean termination of the Participant’s employment by AGP, AmeriGas Partners, L.P., AmeriGas Propane, L.P., or their Subsidiaries or Affiliates for Cause.

Sec. 2.27 “Termination without Cause” shall mean termination of the Participant’s employment by AGP, AmeriGas Partners, L.P., AmeriGas Propane, L.P., or their Subsidiaries or Affiliates without Cause.

Sec. 2.28 “Total Disability” shall mean a disability that qualifies the Participant for long-term disability (“LTD”) benefits (without regard to any waiting period) under AGP’s LTD policy, even if the Participant did not elect LTD coverage.

ARTICLE III

PARTICIPATION AND VESTING

Sec. 3.01 Participation.

(a) Each Employee of AGP or an AGP Subsidiary who was a Participant in this AGP SERP on December 31, 2008 continued to be a Participant on January 1, 2009. Each newly hired Employee of AGP or an AGP Subsidiary who becomes employed on a salaried basis at grade level 36 or higher, or such other level as the Compensation/Pension Committee may designate, shall become a Participant immediately upon his date of hire.

(b) Each newly promoted Employee of AGP or an AGP Subsidiary, and each Employee who transfers to AGP or an AGP Subsidiary from an Affiliate other than AGP or an AGP Subsidiary, and who is employed on a salaried basis at grade level 36 or higher, or such other level as the Compensation/Pension Committee may designate, shall become a Participant in the AGP SERP as of his or her transfer or promotion date. AGP shall make a credit to the account of a promoted or transferred Participant under Section 4.01 for the initial Plan Year of participation, based on the Participant's Compensation for the period after the Participant's promotion or transfer.

(c) A Participant shall cease to be a Participant upon termination of employment with AGP and its Subsidiaries and Affiliates, upon the Participant's Total Disability (regardless of whether the Participant remains employed by AGP or an Affiliate), upon transfer to an Affiliate other than AGP or an AGP Subsidiary, or upon transfer to a position that does not qualify for eligibility under subsection (a) or (b) above. In the event of (i) a termination of employment due to Retirement, death or Termination without Cause, (ii) Total Disability (regardless of whether the Participant remains employed by AGP or an Affiliate), or (iii) a transfer to an Affiliate other than AGP or an AGP Subsidiary or a transfer to a position that does not qualify for eligibility under subsection (a) or (b) above, AGP shall make a credit to the Participant's account under Section 4.01 for the Plan Year in which the termination of employment, Total Disability or transfer occurs, based on the Participant's Compensation for the period before the Participant's termination of employment, Total Disability or transfer, as applicable. A Participant will not be eligible to receive a credit for the year in which termination of employment occurs if the termination is due to the Participant's resignation for any reason (other than death or Total Disability) or a Termination with Cause.

Sec. 3.02 Vesting. Benefits under this AGP SERP shall vest on the fifth anniversary of a Participant's most recent Employment Commencement Date, if the Participant continues to be employed by AGP and its Affiliates through the vesting date, unless the Compensation/Pension Committee determines that a Participant's benefits should vest, in whole or in part, sooner. A Participant's benefit under this AGP SERP shall also vest if the Participant's employment with AGP and its Subsidiaries and Affiliates terminates on account of death or Total Disability. Notwithstanding anything to the contrary, a Participant shall vest in his or her benefits under Section 4.05 of this AGP SERP when the Participant's employment has terminated under the circumstances described in Section 4.05 and the Participant has met all the requirements of the

Participant's Change in Control Agreement that entitle the Participant to receive the benefits described in Section 4.05.

ARTICLE IV

BENEFITS

Sec. 4.01 Benefit Credits.

(a) AGP shall establish a bookkeeping account for each Participant. Subject to Section 4.02, at the end of each Plan Year, AGP shall credit to the Participant's account an amount equal to 5% of the Participant's maximum recognizable Compensation under the Section 401(a)(17) Limit, and 10% of the Participant's Compensation, if any, in excess of the Section 401(a)(17) Limit.

(b) In addition, effective for amounts forfeited in 2005 and subsequent years, in the event that any portion of the Matching Contribution allocated to a Participant under the AGP 401(k) Plan with respect to the prior plan year is forfeited to satisfy the nondiscrimination requirements of section 401(k) or 401(m) of the Code, AGP shall credit to the Participant's account under the AGP SERP, in the Plan Year in which the forfeiture occurs, an amount that is equal to the forfeited Matching Contributions, adjusted for earnings and losses as provided under the AGP 401(k) Plan to the date forfeited. The allocation with respect to forfeited Matching Contributions shall not exceed the Matching Contributions that would have been provided under the AGP 401(k) Plan in the absence of any plan-based restrictions that reflect limits on qualified plan contributions under the Code, in accordance with section 409A of the Code.

Sec. 4.02 Timing of Credits. Amounts shall be credited to a Participant's account annually within 90 days after the end of the Plan Year. Notwithstanding the foregoing, in the event of a Participant's termination of employment or Total Disability, amounts shall be credited to the Participant's account in accordance with Section 3.01(c), as of the Participant's termination date or date of Total Disability, as applicable.

Sec. 4.03 Earnings.

(a) For Plan Years ending before October 1, 2007, amounts credited to a Participant's account shall accrue interest from the end of the Plan Year as of which they are so credited until the date on which they are paid to the Participant. Such interest shall be credited annually on the opening balance of a Participant's account as of each September 30. The rate of interest shall be equal to the total year-to-date rate of return on the trust portfolio for the Retirement Income Plan for Employees of UGI Utilities, Inc. (the "RIP"), except that the rate of interest in any fiscal year may not exceed the rate of return assumed in determining the annual cost of the RIP for that year plus one percent or be less than zero. The Administrative Committee shall make appropriate adjustments to interest credited with respect to any amounts that are credited to the AGP SERP during the Plan Year pursuant to Section 4.01 and with respect to Participants who receive a distribution from the Plan during the Plan Year.

(b) For Plan Years beginning on or after October 1, 2007,

(i) For purposes of measuring the investment returns of a Participant's account, the Participant may select the investment funds in which all or part of his account shall be deemed to be invested, from the investment funds designated by the Administrative Committee.

(ii) A Participant shall make an investment designation by such method as the Administrative Committee determines. An investment designation shall remain effective until another valid designation has been made by the Participant. The Participant may amend his investment designation at such time or times as permitted by the Administrative Committee in its sole discretion, and in accordance with such procedures as may be established by the Administrative Committee.

(iii) In the absence of any Participant election designating the deemed investment of his account, a Participant shall be deemed to have elected that his account be invested in the manner selected by the Administrative Committee for such circumstance.

(iv) Each Participant's account shall be adjusted periodically to take into account the gains, losses and income returns of the investment funds selected by the Participant.

Sec. 4.04 Divestiture. Each Participant shall be divested of, and shall immediately forfeit, any benefit to which the Participant is otherwise entitled under the AGP SERP if the Participant experiences a Termination for Cause.

Sec. 4.05 Change of Control Benefit. In the event of a Change of Control (as defined in the applicable Change in Control Agreement), if and to the extent required by a Participant's Change in Control Agreement, each Participant in the AGP SERP who is entitled to receive severance benefits under a Change in Control Agreement shall receive a credit to the Participant's account equal to the aggregate credits that would have been made under Section 4.01(a) had the Participant continued in employment during the continuation period under the Change in Control Agreement and received annual compensation as described in the Change in Control Agreement. This amount shall be credited to the Participant's account as of the Participant's termination date.

ARTICLE V

FORM AND TIMING OF BENEFIT DISTRIBUTION

Sec. 5.01 Form of Benefit Distributions. A Participant's vested account under the AGP SERP shall be paid in a lump sum to the Participant upon the Participant's termination of employment with AGP and its Subsidiaries and Affiliates for any reason other than Termination for Cause, as described below. In the event of death, the Participant's vested account shall be paid in a lump sum to the Participant's beneficiary designated in writing on a form filed with the Administrative Committee or its designee or, if there is none, to the Participant's estate.

Sec. 5.02 Timing of Benefit Distributions. Except as otherwise required by Section 5.03 below, benefits payable under the AGP SERP shall be paid within 60 days after a Participant's termination of employment for a reason other than Termination for Cause.

Sec. 5.03 Key Employees. If required by section 409A of the Code, no benefits shall be paid to a Participant who is a Key Employee during the Postponement Period. If a Participant is a Key Employee and payment of benefits under the AGP SERP is required to be delayed for the Postponement Period, the accumulated amounts withheld on account of section 409A of the Code shall be paid in a lump sum payment within 15 days after the end of the Postponement Period. If the Participant dies during the Postponement Period prior to the payment of benefits, the amounts withheld on account of section 409A of the Code shall be paid to the Participant's beneficiary (as described in Section 5.01) within 60 days after the Participant's death.

Sec. 5.04 Deferral Elections. Notwithstanding the foregoing, prior to February 1, 2017, a Participant could make a one-time, irrevocable election to elect to have the Participant's vested account under this AGP SERP credited to the Participant's account under the Deferral Plan on the date of the Participant's separation from service, in lieu of the payments described in Section 5.01 and 5.02. If the Participant made a deferral election prior to February 1, 2017, the Participant's vested account under this AGP SERP will be credited to the Participant's account under the Deferral Plan at separation from service and the amount credited to the Deferral Plan shall be distributed in accordance with the provisions of the Deferral Plan. An election under this Section 5.04 was required to be made in writing, on a form and at a time prescribed by the Administrative Committee and was irrevocable upon submission to the Corporate Secretary of UGI Corporation.

ARTICLE VI

FUNDING OF BENEFITS

Sec. 6.01 Source of Funds. The Board may, but shall not be required to, authorize the establishment of a rabbi trust for the benefits described herein. In any event, AGP's obligation hereunder shall constitute a general, unsecured obligation, payable solely out of its general assets, and no Participant shall have any right to any specific assets of AGP or any such vehicle.

Sec. 6.02 Participant Contributions. There shall be no contributions made by Participants under the AGP SERP.

ARTICLE VII

THE COMMITTEE

Sec. 7.01 Appointment and Tenure of Administrative Committee Members. The Administrative Committee shall consist of one or more persons who shall be appointed by and serve at the pleasure of the Compensation/Pension Committee. Any Administrative Committee member may resign by delivering his or her written resignation to the Compensation/Pension

Committee. Vacancies arising by the death, resignation or removal of an Administrative Committee member may be filled by the Compensation/Pension Committee.

Sec. 7.02 Meetings; Majority Rule. Any and all acts of the Administrative Committee taken at a meeting shall be by a majority of all members of the Administrative Committee. The Administrative Committee may act by vote taken in a meeting (at which a majority of members shall constitute a quorum). The Administrative Committee may also act by unanimous consent in writing without the formality of convening a meeting.

Sec. 7.03 Delegation. The Administrative Committee may, by majority decision, delegate to each or any one of its members, authority to sign any documents on its behalf, or to perform ministerial acts, but no person to whom such authority is delegated shall perform any act involving the exercise of any discretion without first obtaining the concurrence of a majority of the members of the Administrative Committee, even though such person alone may sign any document required by third parties. The Administrative Committee shall elect one of its members to serve as Chairperson. The Chairperson shall preside at all meetings of the Administrative Committee or shall delegate such responsibility to another Administrative Committee member. The Administrative Committee shall elect one person to serve as Secretary to the Administrative Committee. All third parties may rely on any communication signed by the Secretary, acting as such, as an official communication from the Administrative Committee.

Sec. 7.04 Authority and Responsibility of the Administrative Committee. The Administrative Committee shall have only such authority and responsibilities as are delegated to it by the Compensation/Pension Committee or specifically under this AGP SERP. The Administrative Committee shall have full power and express discretionary authority to administer and interpret the AGP SERP, to make factual determinations and to adopt or amend such rules and regulations for implementing the AGP SERP and for the conduct of its business as it deems necessary or advisable, in its sole discretion. The Administrative Committee's authorities and responsibilities shall also include:

- (a) maintenance and preservation of records relating to Participants, former Participants, and their beneficiaries;
- (b) preparation and distribution to Participants of all information and notices required under federal law or the provisions of the AGP SERP;
- (c) preparation and filing of all governmental reports and other information required under law to be filed or published;
- (d) construction of the provisions of the AGP SERP, to correct defects therein and to supply omissions thereto;
- (e) engagement of assistants and professional advisers;
- (f) arrangement for bonding, if required by law; and

(g) promulgation of procedures for determination of claims for benefits.

Sec. 7.05 Compensation of Administrative Committee Members. The members of the Administrative Committee shall serve without compensation for their services as such, but all expenses of the Administrative Committee shall be paid or reimbursed by AGP.

Sec. 7.06 Committee Discretion. Any discretion, actions or interpretations to be made under the AGP SERP by the Administrative Committee or by the Compensation/Pension Committee on behalf of AGP shall be made in its sole discretion, not acting in a fiduciary capacity, need not be uniformly applied to similarly situated individuals, and shall be final, binding and conclusive upon the parties. All benefits under the AGP SERP shall be provided conditional upon the Participant's acknowledgement, in writing or by acceptance of the benefits, that all decisions and determinations of the Administrative Committee shall be final and binding on the Participant, his or her beneficiaries and any other person having or claiming an interest under the AGP SERP.

Sec. 7.07 Indemnification of the Committees. Each member of the Administrative Committee and each member of the Compensation/Pension Committee shall be indemnified by AGP against costs, expenses and liabilities (other than amounts paid in settlement to which AGP does not consent) reasonably incurred by the member in connection with any action to which the member may be a party by reason of the member's service on the applicable Committee, except in relation to matters as to which the member shall be adjudged in such action to be personally guilty of gross negligence or willful misconduct in the performance of the member's duties. The foregoing right to indemnification shall be in addition to such other rights as the Administrative Committee member or the Compensation/Pension Committee member may enjoy as a matter of law or by reason of insurance coverage of any kind, but shall not extend to costs, expenses and/or liabilities otherwise covered by insurance or that would be so covered by any insurance then in force if such insurance contained a waiver of subrogation. Rights granted hereunder shall be in addition to and not in lieu of any rights to indemnification to which the Administrative Committee member or the Compensation/Pension Committee member may be entitled pursuant to the by-laws of AGP. Service on the Administrative Committee or the Compensation/Pension Committee shall be deemed in partial fulfillment of the applicable Committee member's function as an employee, officer, or director of AGP, if the Committee member also serves in that capacity.

ARTICLE VIII

AMENDMENT AND TERMINATION

Sec. 8.01 Amendment. The provisions of the AGP SERP may be amended at any time and from time to time by the Compensation/Pension Committee for any reason without either the consent of or prior notice to any Participant; provided, however, that no such amendment shall serve to reduce the benefit that has accrued on behalf of a Participant as of the effective date of the amendment. Notwithstanding the foregoing, the Administrative Committee may adopt any amendment to the AGP SERP as it shall deem necessary or appropriate to (i) maintain

compliance with current laws and regulations; (ii) correct errors and omissions in the AGP SERP document; and (iii) facilitate the administration and operation of the AGP SERP.

Sec. 8.02 AGP SERP Termination. While it is AGP's intention to continue the AGP SERP indefinitely in operation, the right is, nevertheless, reserved to terminate the AGP SERP in whole or in part at any time for any reason without either the consent of or prior notice to any Participant. No such termination shall reduce the benefit that has accrued on behalf of a Participant as of the effective date of the termination, but AGP may immediately distribute all accrued benefits upon termination of the AGP SERP in accordance with section 409A of the Code.

ARTICLE IX

CLAIMS PROCEDURES

Sec. 9.01 Claim. Any person or entity claiming a benefit, requesting an interpretation or ruling under the AGP SERP (hereinafter referred to as "claimant"), or requesting information under the AGP SERP shall present the request in writing to the Administrative Committee, which shall respond in writing or electronically. The notice advising of the denial shall be furnished to the claimant within 90 days of receipt of the benefit claim by the Administrative Committee, unless special circumstances require an extension of time to process the claim. If an extension is required, the Administrative Committee shall provide notice of the extension prior to the termination of the 90 day period. In no event may the extension exceed a total of 180 days from the date of the original receipt of the claim.

Sec. 9.02 Denial of Claim. If the claim or request is denied, the written or electronic notice of denial shall state:

- (a) The reason(s) for denial;
- (b) Reference to the specific AGP SERP provisions on which the denial is based;
- (c) A description of any additional material or information required and an explanation of why it is necessary; and
- (d) An explanation of the AGP SERP's claims review procedures and the time limits applicable to such procedures, including the right to bring a civil action under section 502(a) of ERISA.

Sec. 9.03 Final Decision. The decision on review shall normally be made within 60 days after the Administrative Committee's receipt of claimant's claim or request. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be 120 days. The decision shall be in writing or in electronic form and shall:

- (a) State the specific reason(s) for the denial;

(b) Reference the relevant AGP SERP provisions;

(c) State that the claimant is entitled to receive, upon request and free of charge, and have reasonable access to and copies of all documents, records and other information relevant to the claim for benefits; and

(d) State that the claimant may bring an action under section 502(a) of ERISA.

All decisions on review shall be final and bind all parties concerned.

Sec. 9.04 Review of Claim. Any claimant whose claim or request is denied or who has not received a response within 60 days may request a review by notice given in writing or electronic form to the Administrative Committee. Such request must be made within 60 days after receipt by the claimant of the written or electronic notice of denial, or in the event the claimant has not received a response, 60 days after receipt by the Administrative Committee of the claimant's claim or request. The claim or request shall be reviewed by the Administrative Committee which may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

ARTICLE X

MISCELLANEOUS PROVISIONS

Sec. 10.01 Nonalienation of Benefits. None of the payments, benefits or rights of any Participant under the AGP SERP shall be subject to any claim of any creditor, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Participant. No Participant shall have the right to alienate, anticipate commute, pledge, encumber or assign any of the benefits or payments which he or she may expect to receive, contingently or otherwise, under the AGP SERP, except any right to designate a beneficiary or beneficiaries in connection with any form of benefit payment providing benefits after the Participant's death.

Sec. 10.02 No Contract of Employment. Neither the establishment of the AGP SERP, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Participant or Employee, or any person whomsoever, the right to be retained in the service of AGP, and all Participants and other Employees shall remain subject to discharge to the same extent as if the AGP SERP had never been adopted.

Sec. 10.03 Severability of Provisions. If any provision of the AGP SERP shall be held invalid or unenforceable, such validity or unenforceability shall not affect any other provisions hereof, and the AGP SERP shall be construed and enforced as if such provision had not been included.

Sec. 10.04 Heirs, Assigns and Personal Representatives. The AGP SERP shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Participant, present and future.

Sec. 10.05 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the AGP SERP, and shall not be employed in the construction of the AGP SERP.

Sec. 10.06 Gender and Number. Except where otherwise clearly indicated by context, the masculine and the neuter shall include the feminine and the neuter, the singular shall include the plural, and vice-versa.

Sec. 10.07 Controlling Law. The AGP SERP shall be construed and enforced according to the laws of the Commonwealth of Pennsylvania to the extent not preempted by federal law, which shall otherwise control, and exclusive of any Pennsylvania choice of law provisions.

Sec. 10.08 Payments to Minors, Etc. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of receipting therefor shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge AGP, the Board, the Administrative Committee, the Compensation/Pension Committee and all other parties with respect thereto.

Sec. 10.09 Lost Payees. A benefit (including accrued interest) shall be deemed forfeited if the Board or the Administrative Committee is unable to locate a Participant to whom payment is due; provided, however, that such benefit shall be reinstated if a claim is made by the proper payee for the forfeited benefit.

Sec. 10.10 Reliance on Data and Consents. AGP, the Board, the Compensation/Pension Committee, the Administrative Committee, all fiduciaries with respect to the AGP SERP, and all other persons or entities associated with the operation of the AGP SERP, and the provision of benefits thereunder, may reasonably rely on the truth, accuracy and completeness of all data provided by the Participant, including, without limitation, data with respect to age, health and marital status. Furthermore, AGP, the Board, the Compensation/Pension Committee, the Administrative Committee and all fiduciaries with respect to the AGP SERP may reasonably rely on all consents, elections and designations filed with the AGP SERP or those associated with the operation of the AGP SERP by any Participant, or the representatives of any such person without duty to inquire into the genuineness of any such consent, election or designation. None of the aforementioned persons or entities associated with the operation of the AGP SERP or the benefits provided under the AGP SERP shall have any duty to inquire into any such data, and all may rely on such data being current to the date of reference, it being the duty of the Participants to advise the appropriate parties of any change in such data.

Sec. 10.11 Taxation. The AGP SERP is intended to comply with the requirements of section 409A of the Code. Notwithstanding anything in the AGP SERP to the contrary, allocations to the AGP SERP shall be made consistent with section 409A, and distributions may

only be made under the AGP SERP upon an event and in a manner permitted by section 409A of the Code. All payments under the AGP SERP shall be subject to applicable tax withholding. Distributions upon termination of employment shall only be made upon the Participant's "separation from service" under section 409A of the Code, and in no event may a Participant designate the calendar year of a payment.

AMERIGAS PROPANE, INC.
2010 LONG-TERM INCENTIVE PLAN
ON BEHALF OF AMERIGAS PARTNERS, L.P.

PERFORMANCE UNIT GRANT LETTER

This PERFORMANCE UNIT GRANT, dated January 1, 2017 (the “Date of Grant”), is delivered by AmeriGas Propane, Inc. (the “Company”) to you (the “Participant”).

RECITALS

WHEREAS, the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. (the “Plan”) provides for the grant of performance units (“Performance Units”) with respect to common units of AmeriGas Partners, L.P. (“APLP”);

WHEREAS, the Plan has been adopted by the Board of Directors of the Company, and approved by the common unit holders of APLP (“Unitholders”);

WHEREAS, a Performance Unit is a performance unit that represents the value of one common unit of APLP (“Common Unit”);

WHEREAS, the Compensation/Pension Committee of the Board of Directors of the Company (the “Committee”) has decided to grant Performance Units to the Participant on the terms described below; and

WHEREAS, the Participant’s portal in the Morgan Stanley website for Plan participants (the “Grant Summary”) sets forth the target number of Performance Units granted to the Participant with respect to this grant as described in this grant letter (the “Grant Letter”).

NOW, THEREFORE, the parties to this Grant Letter, intending to be legally bound hereby, agree as follows:

1. Grant of Performance Units. Subject to the terms and conditions set forth in this Grant Letter and in the Plan, the Committee hereby grants to the Participant a target award of the number of Performance Units specified in the Grant Summary (the “Target Award”), which consists of the TUR Target Award and the Customer Gain/Loss Target Award described below. The Performance Units will be earned and payable if and to the extent that the Performance Goals (described below) and other conditions of the Grant Letter are met. The Performance Units are granted with Distribution Equivalents (as defined in the Plan).

2. Performance Goals: Overview.

(a) Conditions to Payment. The Participant shall earn the right to payment of the Performance Units if the Performance Goals described below are met for the applicable Performance Period (as described below), and if the Participant continues to be employed by, or provide service to, the Company and its Affiliates (as defined in the Plan) through December 31, 2019. All payments described in this Section 2 with respect to the Performance Units are subject to the Participant's continued employment or service with the Company and its Affiliates through December 31, 2019, except as provided in Section 6 or 9.

(b) Performance Period and Performance Goals. The Performance Period with respect to the Total Unitholder Return ("TUR") goals is the period beginning January 1, 2017 and ending December 31, 2019 and the Performance Period with respect to the Customer Gain/Loss ("Customer Gain/Loss") goals is the period beginning October 1, 2016 and ending September 30, 2019. The TUR goals and Customer Gain/Loss goals are referred to as the "Performance Goals." The Performance Goals based on TUR are referred to as the "TUR Performance Goals," and the Performance Goals based on Customer Gain/Loss are referred to as the "Customer Gain/Loss Performance Goals."

(c) Target Awards. Payment of Performance Units will be based on achievement of the Performance Goals and continued employment as follows:

(i) A portion of the Target Award specified in the Grant Summary will be based on attainment of the TUR Performance Goals and continued employment or service as described herein (the "TUR Target Award").

(ii) A portion of the Target Award specified in the Grant Summary will be based on attainment of the Customer Gain/Loss Performance Goals and continued employment or service as described herein (the "Customer Gain/Loss Target Award").

(d) Certification by the Committee. After the end of the applicable Performance Period, the Committee will determine whether and to what extent the Performance Goals have been met and the amount, if any, to be paid with respect to the Performance Units.

3. TUR Performance Goals.

(a) Subject to adjustment as described in Section 4 below, the TUR Target Award will be payable if and to the extent that the TUR for APLP equals the median TUR of the Alerian Index comparison group described below (the "Alerian Peer Group") for the Performance Period and the Participant continues in employment or service with the Company or an Affiliate through December 31, 2019, subject to Sections 6 and 9 below.

(b) For purposes of calculations under this Section 3, the Alerian Peer Group consists of those master limited partnerships that are in the Alerian MLP Index as in effect as of the beginning of the Performance Period, as set forth on the attached Exhibit A (the "Alerian MLP Index"). If a company is added to the Alerian MLP Index during the Performance Period, that

company is not included in the TUR calculation. A company that is included in the Alerian MLP Index at the beginning of the Performance Period will be removed from the TUR calculation only if the company ceases to exist as a publicly traded entity during the Performance Period, consistent with the methodology described in subsection (c) below. The actual award of Performance Units with respect to TUR performance may be higher or lower than the TUR Target Award, or it may be zero, based on APLP's TUR percentile rank relative to the companies in the Alerian Peer Group, as follows:

APLP's TUR Rank Based on the Alerian Peer Group (<u>Percentile</u>)	<u>Percentage of TUR Target Award</u>
90th	200%
75th	162.5%
60th	125%
50th	100%
40th	70%
25th	25%
less than 25th	0%

The award percentage will be interpolated between each of the measuring points and will be adjusted as described in Section 4.

(c) For purposes of calculating TUR for the TUR Performance Goals under this Section 3, TUR shall be calculated by the Company using the comparative returns methodology used by Bloomberg L.P. or its successor at the time of the calculation. The price used for determining TUR at the beginning and the end of the Performance Period will be the average price for the calendar quarter preceding the beginning of the Performance Period (i.e., the calendar quarter ending on December 31, 2016) and the calendar quarter ending on the last day of the Performance Period (i.e., the calendar quarter ending on December 31, 2019), respectively. The TUR calculation gives effect to all dividends throughout the Performance Period as if they had been reinvested.

(d) The TUR Target Award is the amount designated for 100% (50th TUR rank) performance. Under this Section 3, the Participant can earn up to 200% of the TUR Target Award if APLP's TUR percentile rank exceeds the 50th TUR percentile rank, according to the foregoing schedule and subject to adjustment as described in Section 4.

4. Adjustment to TUR Results Based on Peer MLP Performance Goals. The TUR performance results based on the Alerian Peer Group in Section 3 shall be adjusted as described in this Section 4 to determine the actual award of Performance Units that is payable based on attainment of the TUR Performance Goals.

(a) Modifier. To determine the modifier, the TUR for APLP shall be compared to the TUR of Suburban Propane Partners, L.P. and Ferrellgas Partners, L.P. (collectively the “Peer MLPs”) for the Performance Period, as follows:

APLP rank compared to the Peer MLPs	Modifier
1 st	130%
2 nd	100%
3 rd	70%

The modifier shall be applied at the end of the Performance Period, after the TUR performance results under Section 3 have been determined. Notwithstanding the foregoing, in no event may the percentage exceed 200% of the TUR Target Award.

(b) Examples. For example, if the TUR results under Section 3 would produce a 100% award and the modifier under this Section 4 is 130%, the award based on attainment of the TUR Performance Goals would be 130% of the TUR Target Award, subject to continued employment or service as described herein. If the TUR results under Section 3 would produce a 200% award and the modifier under this Section 4 is 130%, the award based on attainment of the TUR Performance Goals would be 200% of the TUR Target Award, subject to continued employment or service as described herein.

(c) Adjustment Events. If one of the Peer MLPs ceases to exist as a publicly traded entity during the Performance Period, as determined consistent with the methodology described in subsection (d) below, or declares bankruptcy (each, an “Adjustment Event”), the modification described in subsection (a) shall be changed as follows:

(i) Adjustment Event on or before December 31, 2017. If an Adjustment Event occurs on or before December 31, 2017, no adjustment shall be made under this Section 4 to the TUR performance results under Section 3. Instead, the amount of Performance Units that will become payable based on TUR performance shall be based solely on achievement of the Alerian MLP Index Performance Goals as set forth in Section 3 above.

(ii) Adjustment Event on or after January 1, 2018 through December 31, 2018. If an Adjustment Event occurs on or after January 1, 2018 through December 31, 2018, APLP’s TUR shall be compared to the TUR of the Peer MLPs as of the day immediately prior to the first public announcement of the Adjustment Event to determine APLP’s performance ranking against the Peer MLPs. One-half of the modifier that would otherwise be applied under subsection (a) shall be applied to the TUR performance

results described in Section 3 at the end of the Performance Period. For example, if the TUR results under Section 3 would produce a 100% award and the modifier otherwise calculated under this Section 4 is 130%, the award based on attainment of the TUR Performance Goals would be 115% of the TUR Target Award, subject to continued employment as described herein.

(iii) Adjustment Event on or after January 1, 2019. If an Adjustment Event occurs on or after January 1, 2019 through December 31, 2019, APLP's TUR shall be compared to the TUR of the Peer MLPs as of the day immediately prior to the first public announcement of the Adjustment Event to determine APLP's performance ranking against the Peer MLPs. The full modifier described in subsection (a) shall be applied to the TUR performance results described in Section 3 at the end of the Performance Period. For example, if the TUR results under Section 3 would produce a 100% award and the modifier otherwise calculated under this Section 4 is 130%, the award based on attainment of the TUR Performance Goals would be 130% of the TUR Target Award, subject to continued employment as described herein.

(d) Calculation of TUR for Peer MLP Performance Goals. For purposes of calculating TUR for the Peer MLP Performance Goals, TUR shall be calculated by the Company using the comparative returns methodology used by Bloomberg L.P. or its successor at the time of the calculation. The price used for determining TUR at the beginning of the Performance Period will be the average price for the calendar quarter preceding the beginning of the Performance Period (i.e., the calendar quarter ending on December 31, 2016). If TUR is measured as of December 31, 2019, the price used for determining TUR at the end of the Performance Period ending December 31, 2019 will be the average price for the calendar quarter ending on the last day of the Performance Period (i.e., the calendar quarter ending on December 31, 2019). If TUR is measured as of the day immediately prior to the first public announcement of an Adjustment Event, the price used for determining TUR at such date will be the average price for the 90 calendar day period ending on the day immediately prior to the first public announcement of the Adjustment Event. The TUR calculation gives effect to all dividends throughout the applicable Performance Period, as if such dividends had been reinvested.

5. Customer Gain/Loss Performance Goals. The Customer Gain/Loss Target Award will be payable if and to the extent that the following Customer Gain/Loss Performance Goals are met for the Performance Period and the Participant continues in employment or service with the Company and its Affiliates through December 31, 2019, subject to Sections 6 and 9 below.

(a) Performance Goals. For the Performance Period beginning October 1, 2016 and ending September 30, 2019, a portion of the Customer Gain/Loss Target Award may be earned based on the extent to which the Customer Gain or Loss for the Performance Period meets the Customer Gain/Loss Performance Goals:

Customer Gain/Loss Performance Goals		
Threshold	Target	Maximum
[***]	[***]	[***]

Attainment of Customer Gain/Loss Performance Goals for the Performance Period	Percentage of Customer Gain/Loss Target Award Earned
Less than Threshold	0%
Threshold	25%
Target	100%
Maximum	200%

The award percentage will be interpolated between each of the measuring points.

(b) Customer Gain/Loss for the Performance Period. The Customer Gain or Loss for the Performance Period shall be calculated by comparing the Starting Customer Count to the number of Customers on the last day of the Performance Period, as determined in accordance with the calculation methodology approved by the Committee as of the Date of Grant and described in Exhibit B.

6. Termination of Employment or Service.

(a) Except as described below, if the Participant ceases to be employed by, or provide services to, the Company and its Affiliates before December 31, 2019, the Performance Units and all Distribution Equivalents credited under this Grant Letter will be forfeited.

(b) If the Participant terminates employment or service with the Company and its Affiliates on account of Retirement (as defined below), Disability (as defined in the Plan) or death, the Participant will earn a pro-rata portion of the Participant's outstanding Performance Units and Distribution Equivalents, if the Performance Goals and the requirements of this Grant Letter are met. The prorated portion will be determined as the amount that would otherwise be paid after December 31, 2019, based on achievement of the Performance Goals for the applicable Performance Period, multiplied by a fraction, the numerator of which is the number of calendar years from January 1, 2017 through December 31, 2019 in which the Participant has been employed by, or provided service to, the Company or its Affiliates and the denominator of which is three. For purposes of the proration calculation, the calendar year in which the Participant's termination of employment or service on account of Retirement, Disability, or death occurs will be counted as a full year.

(c) In the event of termination of employment or service with the Company and its Affiliates on account of Retirement, Disability or death, the prorated amount shall be paid between January 1, 2020 and March 15, 2020 pursuant to Section 7, except as provided in Section 9.

7. Payment with Respect to Performance Units. If the Committee determines that the conditions to payment of the Performance Units have been met, the Company shall pay to the Participant (i) Common Units equal to the number of Performance Units to be paid according to achievement of the Performance Goals, up to the Target Award, provided that the Company may withhold Common Units to cover required tax withholding in an amount equal to the minimum statutory tax withholding requirement in respect of the Performance Units earned up to the Target Award, and (ii) cash in an amount equal to the Fair Market Value (as defined in the Plan) of the number of Common Units equal to the Performance Units to be paid in excess of the Target Award, subject to applicable tax withholding. Payment shall be made between January 1, 2020 and March 15, 2020, except as provided in Section 9.

8. Distribution Equivalents with Respect to Performance Units.

(a) Distribution Equivalents shall accrue with respect to Performance Units and shall be payable subject to the same Performance Goals and terms as the Performance Units to which they relate. Distribution Equivalents shall be credited with respect to the Target Award of Performance Units from the Date of Grant until the payment date. If and to the extent that underlying Performance Units are forfeited, all related Distribution Equivalents shall also be forfeited.

(b) While the Performance Units are outstanding, the Company will keep records of Distribution Equivalents in a bookkeeping account for the Participant. On each payment date for a distribution paid by APLP on its Common Units, the Company shall credit to the Participant's account an amount equal to the Distribution Equivalents associated with the Target Award of Performance Units held by the Participant on the record date for the distribution. No interest will be credited to any such account. The Distribution Equivalents shall be payable if and to the extent that the underlying Performance Units are payable. The target amount of Distribution Equivalents (100% of the Distribution Equivalents credited to the Participant's account) will be payable if the applicable Performance Goals are met at target, subject to continued employment. The Participant can earn from 0% to 200% of the target amount of the Distribution Equivalents based on attainment of the Performance Goals and continued employment or service with the Company or an Affiliate.

(c) Except as described in Section 6(b) above or Section 9, if the Participant's employment or service with the Company and its Affiliates terminates before December 31, 2019, all Distribution Equivalents will be forfeited.

(d) Distribution Equivalents will be paid in cash at the same time and on the same terms as the underlying Performance Units are paid, after the Committee determines that the conditions to payment have been met.

9. Change of Control.

(a) If a Change of Control (as defined below) occurs, the Performance Units and Distribution Equivalents shall not automatically become payable upon the Change of Control but, instead, shall become payable as described in this Section 9. The Committee may take such

other actions with respect to the Performance Units and Distribution Equivalents as it deems appropriate pursuant to the Plan. The term “Change of Control” shall mean a Change of Control, as defined in the Plan. In addition, “Change of Control” shall include any of the events with respect to UGI Utilities, Inc. (“Utilities”) defined as a “Change of Control” on Exhibit D hereto to the extent that the Participant is employed by Utilities or a subsidiary of Utilities as of the date of the occurrence of such event.

(b) If a Change of Control occurs on or before December 31, 2019, the Committee shall calculate a Change of Control Amount as follows:

(i) The Performance Period shall end as of the closing date of the Change of Control (the “Change of Control Date”). The TUR ending date calculations for the Performance Period shall be based on the 90 calendar day period ending on the Change of Control Date, subject to adjustment as provided in Section 4 above with respect to an Adjustment Event that occurred before the Change of Control Date. Achievement of the Customer Gain/Loss Performance Goals for the Performance Period shall be deemed to be at target (equal to the Customer Gain/Loss Target Award).

(ii) The Committee shall calculate a “Change of Control Amount” equal to (A) the greater of (x) the TUR Target Award amount or (y) the amount of Performance Units that would be payable based on the Company’s achievement of the TUR Performance Goals as of the Change of Control Date as described in subsection (i) above, plus (B) the Customer Gain/Loss Target Award amount.

(iii) The Change of Control Amount shall include related Distribution Equivalents and, if applicable, interest, as described below.

(iv) The Committee shall determine whether the Change of Control Amount attributable to Performance Units shall be (A) converted to units with respect to shares or other equity interests of the acquiring company or its parent (“Successor Units”), in which case Distribution Equivalents shall continue to be credited on the Successor Units, or (B) valued based on the Fair Market Value of the Performance Units as of the Change of Control Date and credited to a bookkeeping account for the Participant, in which case interest shall be credited on the amount so determined at a market rate for the period between the Change of Control Date and the applicable payment date. Notwithstanding the provisions of Section 7, all payments on and after a Change of Control shall be made in cash. If alternative (A) above is used, the cash payment shall equal the Fair Market Value on the date of payment of the number of shares or other equity interests underlying the Successor Units, plus accrued Distribution Equivalents. All payments shall be subject to applicable tax withholding.

(c) If a Change of Control occurs and the Participant continues in employment or service with the Company or an Affiliate through December 31, 2019, the Change of Control Amount shall be paid in cash between January 1, 2020 and March 15, 2020.

(d) If a Change of Control occurs and the Participant has a Termination without Cause or a Good Reason Termination, in either case upon or within two years after the Change of Control Date and before December 31, 2019, the Change of Control Amount shall be paid in cash within 30 days after the Participant's separation from service, subject to Section 17 below.

(e) If a Change of Control occurs and the Participant terminates employment or service with the Company and its Affiliates on account of Retirement, Disability or death upon or after the Change of Control Date and before December 31, 2019, the Change of Control Amount shall be paid in cash within 30 days after the Participant's separation from service, subject to Section 17 below; provided that, if required by section 409A, if the Participant's Retirement, Disability or death occurs more than two years after the Change of Control Date, payment will be made between January 1, 2020 and March 15, 2020, and not upon the earlier separation from service.

(f) If a Participant's employment or service with the Company and its Affiliates terminates on account of Retirement, death or Disability before a Change of Control, and a Change of Control subsequently occurs on or before December 31, 2019, the prorated amount described in Section 6(b) shall be calculated by multiplying the fraction described in Section 6(b) by the Change of Control Amount. The prorated Change of Control Amount shall be paid in cash within 30 days after the Change of Control Date, subject to Section 17 below.

10. Restrictive Covenants.

(a) The Participant acknowledges and agrees that, in consideration for the grant of Performance Units, the Participant agrees to comply with all written restrictive covenants and agreements with the Company and its affiliates, including non-competition, non-solicitation and confidentiality covenants (collectively, the "Restrictive Covenants").

(b) The Participant acknowledges and agrees that in the event the Participant breaches any of the Restrictive Covenants:

(i) The Committee may in its discretion determine that the Participant shall forfeit the outstanding Performance Units (without regard to whether the Performance Units have vested), and the outstanding Performance Units shall immediately terminate; and

(ii) If the Participant breaches any of the Restrictive Covenants within 12 months following receipt of any shares of Common Stock upon settlement of the Performance Units, the Committee may in its discretion require the Participant to return to the Company any such shares of Common Stock; provided, that if the Participant has disposed of any such shares of Common Stock received upon settlement of the Performance Units, then the Committee may require the Participant to pay to the Company, in cash, the fair market value of such shares of Common Stock as of the date of disposition.

11. Definitions. For purposes of this Grant Letter, the following terms will have the meanings set forth below:

(a) “*Employed by, or provide service to, the Company or its Affiliates*” shall mean employment or service as an employee or director of the Company or its Affiliates. The Participant shall not be considered to have a termination of employment or service under this Grant Letter until the Participant is no longer employed by, or performing services for, the Company and its Affiliates.

(b) “*Good Reason Termination*” shall mean a termination of employment or service with the Company and its Affiliates initiated by the Participant upon or after a Change of Control upon one or more of the following events:

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

(ii) a material diminution in the Participant’s base salary as in effect immediately prior to the Change of Control; or

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

Notwithstanding the foregoing, the Participant shall be considered to have a Good Reason Termination only if the Participant provides written notice to the Company, pursuant to Section 19, specifying in reasonable detail the events or conditions upon which the Participant is basing such Good Reason Termination and the Participant provides such notice within 90 days after the event that gives rise to the Good Reason Termination. Within 30 days after notice has been provided, the Company and its Affiliates shall have the opportunity, but shall have no obligation, to cure such events or conditions that give rise to the Good Reason Termination. If the Company or an Affiliate does not cure such events or conditions within the 30-day period, the Participant may terminate employment or service with the Company and its Affiliates based on Good Reason Termination within 30 days after the expiration of the cure period.

Notwithstanding the foregoing, if the Participant has in effect a Change in Control Agreement with the Company or an Affiliate, the term “Good Reason Termination” shall have the meaning given that term in the Change in Control Agreement.

(c) “*Retirement*” means the Participant’s separation from employment or service with the Company and its Affiliates upon or after attaining (i) age 55 with at least 10 years of service with the Company and its Affiliates, or (ii) age 65 with at least 5 years of service with the Company and its Affiliates.

(d) “*Termination without Cause*” means termination of employment or service by the Company and its Affiliates for the convenience of the Company or an Affiliate for any reason other than (i) theft, misappropriation of funds or conduct that has an adverse effect on the

reputation of the Company and its Affiliates, (ii) conviction of a felony or a crime involving moral turpitude, (iii) material breach of the Company's or an Affiliate's written code of conduct, or other material written employment policies, applicable to the Participant, (iv) breach of any written confidentiality, non-competition or non-solicitation covenant between the Participant and the Company or an Affiliate, (v) gross misconduct in the performance of duties, or (vi) intentional refusal or failure to perform the material duties of the Participant's position.

12. Withholding. All payments under this Grant Letter are subject to applicable tax withholding. The Participant shall be required to pay to the Company, or make other arrangements satisfactory to the Company to provide for the payment of, any federal (including FICA), state, local or other taxes that the Company is required to withhold with respect to the payments under this Grant Letter. The Company may withhold from cash distributions to cover required tax withholding, or may withhold Units to cover required tax withholding in an amount equal to the minimum applicable tax withholding amount.

13. Grant Subject to Plan Provisions and Company Policies; Committee Discretion.

(a) This grant is made pursuant to the Plan which is incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and payment of Performance Units and Distribution Equivalents are subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) the registration, qualification or listing of the Common Units, (ii) adjustments pursuant to Section 5(c) of the Plan and (iii) other requirements of applicable law.

(b) The Committee shall have the sole and absolute authority to interpret and construe the grant pursuant to the terms of the Plan, including discretion to determine whether and to what extent the Performance Goals are met and, when calculating performance results, to make such adjustments as it deems appropriate. The Committee's decisions shall be conclusive as to any questions arising hereunder.

(c) This Performance Unit grant and all Common Units issued pursuant to this Performance Unit grant shall be subject to the UGI Corporation Stock Ownership Policy as adopted by the Board of Directors of UGI Corporation or the Company and any applicable clawback and other policies implemented by the Board of Directors of UGI Corporation or the Company, as in effect from time to time.

14. No Employment or Other Rights. The grant of Performance Units shall not confer upon the Participant any right to be retained by or in the employ or service of the Company and its Affiliates and shall not interfere in any way with the right of the Company and its Affiliates to terminate the Participant's employment at any time. The right of the Company and its Affiliates to terminate at will the Participant's employment at any time for any reason is specifically reserved.

15. No Unit Holder Rights. Neither the Participant, nor any person entitled to receive payment in the event of the Participant's death, shall have any of the rights and privileges of a

Unitholder with respect to the Common Units related to the Performance Units, unless and until Common Units have been distributed to the Participant or successor.

16. Assignment and Transfers. The rights and interests of the Participant under this Grant Letter may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. If the Participant dies, any payments to be made under this Grant Letter after the Participant's death shall be paid to the Participant's estate. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and Affiliates.

17. Compliance with Code Section 409A. Notwithstanding the other provisions hereof, this Grant Letter is intended to comply with the requirements of section 409A of the Internal Revenue Code of 1986, as amended, or an exception, and shall be administered accordingly. Any reference to a Participant's termination of employment or service shall mean a Participant's "separation from service," as such term is defined under section 409A. For purposes of section 409A, each payment of compensation under this Grant Letter shall be treated as a separate payment. Notwithstanding anything in this Grant Letter to the contrary, if the Participant is a "key employee" under section 409A and if payment of any amount under this Grant Letter is required to be delayed for a period of six months after separation from service pursuant to section 409A, payment of such amount shall be delayed as required by section 409A and shall be paid within 10 days after the end of the six-month period. If the Participant dies during such six-month period, the amounts withheld on account of section 409A shall be paid to the personal representative of the Participant's estate within 60 days after the date of the Participant's death. Notwithstanding anything in this Grant Letter to the contrary, if a Change of Control is not a "change in control event" under section 409A, any Performance Units and Distribution Equivalents that are payable pursuant to Section 9 shall be paid to the Participant between January 1, 2020 and March 15, 2020, and not upon the earlier separation from service, if required by section 409A.

18. Applicable Law. The validity, construction, interpretation and effect of this Grant Letter shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the conflicts of laws provisions thereof.

19. Notice. Any notice to the Company provided for in this Grant Letter shall be addressed to the Company in care of the Corporate Secretary at the Company's headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the payroll of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by telecopy or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

20. Acknowledgement. By accepting this grant through the Morgan Stanley on-line system, the Participant (i) acknowledges receipt of the Plan incorporated herein, (ii) acknowledges that he or she has read the Grant Summary and Grant Letter and understands the terms and conditions of them, (iii) accepts the Performance Units described in the Grant Letter, (iv) agrees to be bound by the terms of the Plan and the Grant Letter, and (v) agrees that all the decisions and

determinations of the Board or the Committee shall be final and binding on the Participant and any other person having or claiming a right under this grant.

EXHIBIT A

Performance Period January 1, 2017 through December 31, 2019

Alerian MLP Index

Alliance Resource Partners LP	MPLX LP
AmeriGas Partners LP	NGL Energy Partners LP
Antero Midstream Partners LP	NuStar Energy LP
Boardwalk Pipeline Partners LP	ONEOK Partners LP
Buckeye Partners LP	Phillips 66 Partners LP
Cheniere Energy Partners LP	Plains All American Pipeline LP
Columbia Pipeline Partners LP	Rice Midstream Partners LP
Crestwood Equity Partners LP	Shell Midstream Partners LP
DCP Midstream Partners LP	Spectra Energy Partners LP
Dominion Midstream Partners LP	Suburban Propane Partners LP
Enable Midstream Partners LP	Summit Midstream Partners LP
Enbridge Energy Partners LP	Sunoco Logistics Partners LP
Energy Transfer Partners LP	Sunoco LP
EnLink Midstream Partners LP	Tallgrass Energy Partners LP
Enterprise Products Partners LP	TC PipeLines LP
EQT Midstream Partners LP	Teekay LNG Partners LP
Genesis Energy LP	Teekay Offshore Partners LP
Golar LNG Partners LP	Terra Nitrogen Co LP
Holly Energy Partners LP	Tesoro Logistics LP
Magellan Midstream Partners LP	Valero Energy Partners LP
Martin Midstream Partners LP	Western Gas Partners LP
	Williams Partners LP

EXHIBIT B

Calculation Methodology

For purposes of calculation of Customer Gain or Loss pursuant to Section 5(b):

(i) “Customer” shall mean an [***] as of the applicable measurement date [***] the applicable measurement date as reflected in the Company’s [***] reporting system (or any successor system); provided that the definition of Customer shall not include [***] otherwise meeting the definition of Customer but (i) located in [***], (ii) related to the Company’s [***] programs, (iii) acquired by the Company from an unrelated business (provided that such acquired [***] shall be excluded only until such time as they shall have been required to be included in the Starting Customer Count (as set forth below)), or (iv) located in [***] ([***] set forth on Exhibit C, as in effect as of the date hereof and as the same may be reorganized or reconstituted during the term hereof). For the avoidance of doubt, (x) an [***] divested by the Company to an unrelated business shall cease to be a Customer immediately following the date of divestiture, and (y) an acquired [***] (including any [***] originated at the acquired business following the acquisition and prior to the integration referenced below) shall not be included in any Customer calculations unless and until the [***] requirements of the definition of Customer shall have been satisfied following the integration of such acquired [***] into the Company’s [***] reporting system (or any successor system). The Company shall track such acquired [***]for [***].

(ii) The “Starting Customer Count” shall be determined as follows:

(1) The Starting Customer Count as of October 1, 2016 shall be deemed to be [***], and shall be adjusted as described in subsection (2) below. For the avoidance of doubt, such Starting Customer Count excludes [***] that would constitute Customers but for application of clause (iv) of the “Customer” definition above.

(2) The Starting Customer Count shall be adjusted as of the end of each fiscal year as follows:

(A) As of September 30, 2017, the Starting Customer Count shall be reduced by the aggregate number of Customers (determined as of the date of divestiture) divested by the Company to an unrelated business during the fiscal year ending September 30, 2017, and increased by the number of Customers (not otherwise in the Starting Customer Count) acquired by the Company from an unrelated business and integrated into the Company’s [***] reporting system on or before September 30, 2017 (which Customers shall include, for the avoidance of doubt, any [***] originated at the acquired business following the acquisition and prior to the integration) [***].

(B) As of September 30, 2018, the Starting Customer Count shall be reduced by the aggregate number of Customers (determined as of the date of divestiture) divested by the Company to an unrelated business during the fiscal

year ending September 30, 2018, and increased by the number of Customers (not otherwise in the Starting Customer Count) acquired by the Company from an unrelated business and integrated into the Company's [***] reporting system on or before September 30, 2018 (which Customers shall include, for the avoidance of doubt, any [***] originated at the acquired business following the acquisition and prior to the integration) [***].

(C) As of September 30, 2019, the Starting Customer Count shall be reduced by the aggregate number of Customers (determined as of the date of divestiture) divested by the Company to an unrelated business during the fiscal year ending September 30, 2019, and increased by the number of Customers (not otherwise in the Starting Customer Count) acquired by the Company from an unrelated business and integrated into the Company's [***] reporting system on or before September 30, 2019 (which Customers shall include, for the avoidance of doubt, any [***] originated at the acquired business following the acquisition and prior to the integration) [***].

(iii) Notwithstanding the foregoing, there shall be excluded from the definition of Customer (and from the calculation of the Starting Customer Count) for all purposes for the duration of the Performance Period any [***] otherwise meeting the definition of Customer but acquired by the Company from an unrelated business in a single transaction [***].

Exhibit C

[***]

EXHIBIT D

Change of Control with Respect to Utilities

For purposes of this Grant Letter, each of the following events shall constitute a “Change of Control” for Participants who are employees of UGI Utilities, Inc. (“Utilities”) or a subsidiary of Utilities as of the date of the occurrence of such event. Unless otherwise defined herein, capitalized terms are used as defined in the Plan (including, without limitation, Exhibit A thereto).

“Change of Control” shall include any of the following events:

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

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

(C) Completion of a complete liquidation or dissolution of the Utilities or sale or other disposition of all or substantially all of the assets of Utilities other than to a corporation with respect to which, following such sale or disposition, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of Utilities’ outstanding common stock and voting securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of Utilities’ outstanding common stock and voting securities, as the case may be, immediately prior to such sale or disposition.

AMERIGAS PROPANE, INC.
2010 LONG-TERM INCENTIVE PLAN
ON BEHALF OF AMERIGAS PARTNERS, L.P.

PHANTOM UNIT GRANT LETTER

This PHANTOM UNIT GRANT, dated January 18, 2017 (the “Date of Grant”), is delivered by AmeriGas Propane, Inc. (the “Company”) to _____ (the “Participant”).

RECITALS

WHEREAS, the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. (the “Plan”) provides for the grant of Phantom Units (“Phantom Units”) with respect to common units of AmeriGas Partners, L.P. (“APLP”);

WHEREAS, the Plan has been adopted by the Board of Directors of the Company (the “Board”), and approved by common unit holders of APLP (“Unitholders”);

WHEREAS, a Phantom Unit is a Phantom Unit that represents the value of one common unit of APLP (“Common Unit”); and

WHEREAS, the Board has decided to grant Phantom Units to the Participant on the terms described below.

NOW, THEREFORE, the parties to this Grant Letter, intending to be legally bound hereby, agree as follows:

1. Grant of Phantom Units.

(a) Subject to the terms and conditions set forth in this Grant Letter, the Board hereby awards the Participant an award of 1,400 Phantom Units (as defined in Section 4). The Phantom Units are granted with Distribution Equivalents (as defined in Section 4).

(b) The Company shall keep records in an Account (as defined in Section 4) to reflect the number of Phantom Units and Distribution Equivalents credited to the Participant. Fractional Phantom Units shall accumulate in the Participant’s Account and shall be added to other fractional Phantom Units to create whole Phantom Units.

2. Distribution Equivalents with Respect to Phantom Units.

(a) *Crediting of Distribution Equivalents.* From the Date of Grant until the Participant’s Account has been fully distributed, on each payment date for a distribution paid by APLP on its Common Units, the Company shall credit to the Participant’s Account an amount

equal to the Distribution Equivalent associated with the Phantom Units credited to the Participant on the record date for the distribution.

(b) *Conversion to Phantom Units.* On the last day of each Plan Year (as defined in Section 4), the amount of the Distribution Equivalents credited to the Participant's Account during that Plan Year shall be converted to a number of Phantom Units, based on the Unit Value (as defined in Section 4) on the last day of the Plan Year. In the event of a Change of Control (as defined in the Plan) or in the event the Participant dies or Separates from Service (as defined in Section 4) prior to the last day of the Plan Year, as soon as practicable following such event, and in no event later than the date on which Phantom Units are redeemed in accordance with Section 3, the Company shall convert the amount of Distribution Equivalents previously credited to the Participant's Account during the Plan Year to a number of Phantom Units based on the Unit Value on the date of such Change of Control, death or Separation from Service.

3. Events Requiring Redemption of Phantom Units.

(a) *Redemption.* The Company shall redeem Phantom Units credited to the Participant's Account at the times and in the manner prescribed by this Section 3. When Phantom Units are to be redeemed, the Company will determine the Unit Value of the Phantom Units credited to the Participant's Account as of the date of the Participant's Separation from Service or death. Except as described in subsection (c) below, an amount equal to 65% of the aggregate Unit Value will be paid in the form of whole Common Units (with fractional Common Units paid in cash), and the remaining 35% of the aggregate Unit Value will be paid in cash.

(b) *Separation from Service or Death.* In the event the Participant Separates from Service or dies, the Company shall redeem all the Phantom Units then credited to the Participant's Account as of the date of the Participant's Separation from Service or death. In the event of a Separation from Service, the redemption amount shall be paid within 30 business days after the date of the Participant's Separation from Service. In the event of death, the redemption amount shall be paid to the Participant's estate within 60 business days after the Participant's death.

(c) *Change of Control.* In the event of a Change of Control, the Company shall redeem all the Phantom Units then credited to the Participant's Account. The redemption amount shall be paid in cash on the closing date of the Change of Control (except as described below). The amount paid shall equal the product of the number of Phantom Units being redeemed multiplied by the Unit Value at the date of the Change of Control. However, in the event that the transaction constituting a Change of Control is not a change in control event under section 409A of the Code (as defined in Section 4), the Participant's Phantom Units shall be redeemed and paid in cash upon Separation from Service or death on the applicable date described in subsection (b) above (based on the aggregate Unit Value on the date of Separation from Service or death as determined by the Board), instead of upon the Change of Control pursuant to this subsection (c). If payment is delayed after the Change of Control, pursuant to the preceding sentence, the Board may provide for the Phantom Units to be valued as of the date of the Change of Control and interest to be credited on the amount so determined at a market rate for the period between the Change of Control date and the payment date.

(d) *Deferral Elections*. Notwithstanding the foregoing, pursuant to the Deferral Plan, the Participant may make a one-time, irrevocable election to elect to have all of the Participant's Phantom Units credited to the Participant's account under the Deferral Plan on the date of the Participant's Separation from Service, in lieu of the redemption and payments described in subsection (b) above. If the Participant makes a deferral election, the Participant's Phantom Units will be credited to the Participant's account under the Deferral Plan at Separation from Service and the amount credited to the Deferral Plan shall be distributed in accordance with the provisions of the Deferral Plan. If the Participant makes a deferral election under the Deferral Plan and a Change of Control occurs: (i) subsection (c) above shall apply if the Change of Control occurs before the Participant's Separation from Service and (ii) the terms of the Deferral Plan shall apply if the Change of Control occurs after or simultaneously with the Participant's Separation from Service. An election under the Deferral Plan shall be made in writing, on a form and at a time prescribed by the committee that administers the Deferral Plan and shall be irrevocable upon submission to the Corporate Secretary. A deferral election shall be made in accordance with section 409A of the Code.

4. Definitions. For purposes of this Grant Letter, the following terms will have the meanings set forth below:

(a) "*Account*" means the Company's bookkeeping account established pursuant to Section 1, which reflects the number of Phantom Units and the amount of Distribution Equivalents standing to the credit of the Participant.

(b) "*APLP*" means AmeriGas Partners, L.P.

(c) "*Distribution Equivalent*" means an amount determined by multiplying the number of Common Units subject to Phantom Units by the per-Common Unit cash distribution, or the per-Common Unit fair market value of any distribution in consideration other than cash, paid by APLP on its Common Units.

(d) "*Code*" means the Internal Revenue Code of 1986, as amended.

(e) "*Deferral Plan*" means the UGI Corporation 2009 Deferral Plan, as amended and restated.

(f) "*Plan Year*" means the calendar year.

(g) "*Separates from Service*" or "*Separation from Service*" means the Participant's termination of service as a non-employee director and as an employee of the Company for any reason other than death and shall be determined in accordance with section 409A of the Code.

(h) "*Phantom Unit*" means the right of the Participant to receive a Common Unit, or an amount based on the value of a Common Unit, subject to the terms and conditions of this Grant Letter and the Plan.

(i) “*Unit Value*” means, at any time, the value of each Phantom Unit, which value shall be equal to the Fair Market Value (as defined in the Plan) of a Common Unit on such date.

5. Taxes. All obligations of the Company under this Grant Letter shall be subject to the rights of the Company as set forth in the Plan to withhold amounts required to be withheld for any taxes, if applicable.

6. Conditions. The obligation of the Company to deliver Common Units shall also be subject to the condition that if at any time the Board shall determine in its discretion that the listing, registration or qualification of the Common Units upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issue of Common Units, the Common Units may not be issued in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board. The issuance of Common Units to the Participant pursuant to this Grant Letter is subject to any applicable taxes and other laws or regulations of the United States or of any state having jurisdiction thereof.

7. Grant Subject to Plan Provisions.

(a) This grant is made pursuant to the Plan, which is incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant and payment of Phantom Units are subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Board in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) the registration, qualification or listing of the Common Units issued under the Plan, (ii) changes in capitalization of APLP and (iii) other requirements of applicable law. The Board shall have the authority to interpret and construe this Grant Letter pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

(b) All Common Units issued pursuant to this grant shall be subject to any applicable policies implemented by the Board of Directors of the Company, as in effect from time to time.

8. No Unit Holder Rights. Neither the Participant, nor any person entitled to receive payment in the event of the Participant’s death, shall have any of the rights and privileges of a Unitholder with respect to the Common Units, until certificates for the Common Units have been issued upon payment of Phantom Units. The Participant shall not have any interest in any fund or specific assets of the Company by reason of this award or the Phantom Unit account established for the Participant.

9. Assignment and Transfers. The rights and interests of the Participant under this Grant Letter may not be sold, assigned, encumbered or otherwise transferred except, in the event of the death of the Participant, by will or by the laws of descent and distribution. If the Participant dies, any payments to be made under this Grant Letter after the Participant’s death shall be paid to the Participant’s estate. The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company’s parents, subsidiaries, and affiliates.

10. Compliance with Code Section 409A. Notwithstanding any other provisions hereof, this Grant Letter is intended to comply with the requirements of section 409A of the Code. For purposes of section 409A, each payment of compensation under this Grant Letter shall be treated as a separate payment.

11. Applicable Law. The validity, construction, interpretation and effect of this Grant Letter shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the conflicts of laws provisions thereof.

12. Notice. Any notice to the Company provided for in this Grant Letter shall be addressed to the Company in care of the Corporate Secretary at the Company's headquarters, and any notice to the Participant shall be addressed to such Participant at the current address shown on the records of the Company, or to such other address as the Participant may designate to the Company in writing. Any notice shall be delivered by hand, sent by telecopy or enclosed in a properly sealed envelope addressed as stated above, registered and deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

IN WITNESS WHEREOF, the parties have executed this Phantom Unit Grant Letter as of the Date of Grant.

Attest AmeriGas Propane, Inc.

Assistant Secretary Name: By: _____
Position:

I hereby (i) acknowledge receipt of the Plan incorporated herein, (ii) acknowledge that I have read the Grant Letter and understand the terms and conditions of it, (iii) accept the Phantom Units described in the Grant Letter, (iv) agree to be bound by the terms of the Plan and the Grant Letter, and (v) agree that all the decisions and determinations of the Board or the Committee shall be final and binding on me and any other person having or claiming a right under this Grant.

Participant

AMERIGAS PROPANE, INC.
SENIOR EXECUTIVE EMPLOYEE
SEVERANCE PLAN
As amended as of June 15, 2017

AMERIGAS PROPANE, INC.
SENIOR EXECUTIVE EMPLOYEE
SEVERANCE PLAN

TABLE OF CONTENTS

Page

ARTICLE I	PURPOSE AND TERM OF PLAN 1
ARTICLE II	DEFINITIONS 2
ARTICLE III	PARTICIPATION AND ELIGIBILITY FOR BENEFITS 6
ARTICLE IV	BENEFITS 8
ARTICLE V	METHOD AND DURATION OF BENEFIT PAYMENTS 11
ARTICLE VI	ADMINISTRATION 12
ARTICLE VII	AMENDMENT AND TERMINATION 14
ARTICLE VIII	DUTIES OF THE COMPANY 15
ARTICLE IX	CLAIMS PROCEDURES 16
ARTICLE X	MISCELLANEOUS 19
APPENDIX A	CHANGE IN CONTROL 1

ARTICLE I

PURPOSE AND TERM OF PLAN

Section 1.01 Purpose of the Plan. This Senior Executive Employee Severance Plan is applicable to Executive Employees (as defined below) of AmeriGas Propane, Inc. and its Affiliates (as defined below). The Plan is intended to help alleviate financial hardships that may be experienced by Executive Employees whose employment is involuntary terminated. The Plan is intended to be a “severance pay plan” for purposes of ERISA (as defined below). The benefits paid by the Plan are not deferred compensation, and no employee shall have a vested right to such benefits. The Plan has been drafted to give the Company (as defined below) broad discretion in designating individuals who are eligible for benefits and the amount of such benefits. All actions taken by the Company shall be in its role as the plan sponsor and not as a fiduciary.

Section 1.02 Term of the Plan. The Plan has been amended and restated as of June 15, 2017. The Plan will continue until such time as the Company, acting in its sole discretion, elects to modify, supersede or terminate it in accordance with the further provisions hereof.

ARTICLE II

DEFINITIONS

Section 2.01 “Administrative Committee” shall mean the administrative committee designated pursuant to Article VI of the Plan to administer the Plan in accordance with its terms, or its delegate.

Section 2.02 “Affiliate” shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

Section 2.03 “Annual Compensation” shall mean the Participant’s annual base salary and applicable target annual bonus amount (if any) in effect on the Participant’s Employment Termination Date.

Section 2.04 “Benefit” or “Benefits” shall mean any or all of the benefits that a Participant is entitled to receive pursuant to Article IV of the Plan.

Section 2.05 “Board of Directors” shall mean the Board of Directors of the Company, or any successor thereto.

Section 2.06 “Change in Control” shall mean a change of control of the Company or UGI Corporation as defined in the attached Appendix A, as amended from time to time by the Committee, in its discretion.

Section 2.07 “Change in Control Agreement” shall mean a written Change in Control Agreement between an employee and the Company or an Affiliate.

Section 2.08 “Chief Executive Officer” shall mean the individual serving as the Chief Executive Officer of the Company as of the date of reference.

Section 2.09 “COBRA Cost” shall mean the applicable premium under section 4980B(f)(4) of the Code for continued medical and dental COBRA coverage under the benefit plans of the Company or an Affiliate.

Section 2.10 “COBRA Coverage” shall mean continued medical and dental coverage under the benefit plans of the Company or an Affiliate, as determined under section 4980B of the Code.

Section 2.11 “Code” shall mean the Internal Revenue Code of 1986, as amended.

Section 2.12 “Company” shall mean AmeriGas Propane, Inc. and any corporation succeeding to the business of AmeriGas Propane, Inc. by merger, consolidation, liquidation, purchase of assets or stock or similar transaction.

Section 2.13 “Compensation Committee” shall mean the Compensation/Pension Committee of the Board of Directors.

Section 2.14 “Employment Commencement Date” shall mean the most recent date on which a Participant became an employee of the Company or an Affiliate of the Company or, if the Company determines that service before an acquisition shall be taken into account, the most recent date on which a Participant became an employee of an entity whose business or assets have been acquired by the Company or an Affiliate.

Section 2.15 “Employment Termination Date” shall mean the date on which the Participant separates from service with the Company and its Affiliates within the meaning of section 409A of the Code.

Section 2.16 “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

Section 2.17 “Executive Annual Bonus Plan” shall mean the AmeriGas Propane, Inc. Executive Annual Bonus Plan as in effect from time to time.

Section 2.18 “Executive Employee” shall mean any of the following employees who are employed in the United States:

(a) An executive level employee of the Company who participates in the Executive Annual Bonus Plan and who has a Change in Control Agreement in effect with the Company or an Affiliate; or

(b) An executive level employee of the Company or an Affiliate who is employed in the United States and who is designated in writing by the Compensation Committee as eligible to participate in this Plan.

Notwithstanding the foregoing, if an employee is employed by more than one company within the UGI Corporation controlled group and if the Company is not the employee’s primary employer, the employee shall not be eligible to participate in this Plan, unless otherwise designated in writing by the Compensation Committee. In no event shall any of the following persons be considered an employee for purposes of the Plan: (i) employees who are employed outside the United States, (ii) independent contractors, (iii) persons performing services pursuant to an arrangement with a third party leasing organization, (iv) any person whom the Company determines, in its sole discretion, is not a common law employee, whether or not any such person is later determined to have been a common law employee of the Company or an Affiliate, or (v) employees who are eligible to participate in another severance plan maintained by the Company or an Affiliate.

Section 2.19 “Just Cause” shall mean dismissal of an Executive Employee due to (i) theft or misappropriation of funds or conduct that has an adverse effect on the reputation of the Company or any Affiliate, (ii) conviction of a felony or a crime involving moral turpitude, (iii) material breach of the Company’s written code of conduct, or other material written employment policies, applicable to the Executive Employee, (iv) breach of any written confidentiality, non-competition or non-solicitation covenant between the Executive Employee and the Company or any Affiliate, (v) gross misconduct in the performance of duties, or (vi) intentional refusal or

failure to perform the material duties of the Executive Employee's position. Disputes with respect to whether Just Cause exists shall be resolved in accordance with Article IX.

Section 2.20 "Key Employee" shall mean an employee who, at any time during the 12-month period ending on the identification date, is a "specified employee" under section 409A of the Code, as determined by the Compensation Committee or its delegate. The determination of Key Employees, including the number and identity of persons considered specified employees and the identification date, shall be made by the Compensation Committee or its delegate in accordance with the provisions of section 409A of the Code and the regulations issued thereunder.

Section 2.21 "Month of Service" shall mean each calendar month (with each partial month counted as a full month) of continuous service with the Company and its Affiliates beginning on the Participant's Employment Commencement Date and ending on the Participant's Employment Termination Date. Months of Service with an entity whose business or assets have been acquired by the Company or an Affiliate shall be counted only if so determined by the Company.

Section 2.22 "Monthly Compensation" shall mean the Participant's Annual Compensation divided by 12.

Section 2.23 "Paid Notice" shall mean the cash amount payable to a Participant in lieu of notice as determined pursuant to Section 4.01(a).

Section 2.24 "Participant" shall mean any Executive Employee who receives Benefits under the Plan.

Section 2.25 "Plan" shall mean the AmeriGas Propane, Inc. Senior Executive Employee Severance Plan, as set forth herein, and as the same may from time to time be amended.

Section 2.26 "Plan Year" shall mean each fiscal year of the Company during which this Plan is in effect.

Section 2.27 "Postponement Period" shall mean, for a Key Employee, the period of six months after separation from service (or such other period as may be required by section 409A of the Code), during which deferred compensation may not be paid to the Key Employee under section 409A of the Code.

Section 2.28 "Release" shall mean a release and discharge of the Company, all of its Affiliates, and all affiliated persons and entities from any and all claims, demands and causes of action, other than as to amounts or benefits due to the Participant under any qualified employee retirement plan of the Company or an Affiliate, which shall be in such form as may be proscribed by the Company, acting as Plan sponsor and not as a fiduciary, from time to time and with such modifications as the Company deems appropriate for the Participant's particular situation.

Section 2.29 “Salary Continuation Period” shall mean (i) the number of months of Paid Notice plus (ii) one business day for each month that is included in the Participant’s Months of Service, up to a maximum of one year. Each calendar week is considered to consist of five business days for this purpose.

Section 2.30 “Separation Pay” shall mean the cash amount payable to a Participant as determined pursuant to Section 4.01(b).

ARTICLE III

PARTICIPATION AND ELIGIBILITY FOR BENEFITS

Section 3.01 General Eligibility Requirement. In its sole discretion, acting in its role as Plan sponsor and not as a fiduciary, the Company may grant a Benefit under this Plan to any Executive Employee whose employment is terminated by the Company or an Affiliate other than for Just Cause, death, or continuous illness, injury or incapacity for a period of six consecutive months. Notwithstanding anything herein to the contrary, an Executive Employee will not be considered to have incurred a termination by the Company or an Affiliate for purposes of this Plan if his or her employment is discontinued due to voluntary resignation or the expiration of a leave of absence, as determined by the Company, acting in its role as Plan sponsor and not as a fiduciary. In addition, the Executive Employee must meet the requirements of Section 3.03 in order to receive a Benefit under this Plan.

Section 3.02 Substantially Comparable Employment. Notwithstanding anything herein to the contrary, no Benefits shall be due hereunder to an Executive Employee in connection with the disposition of a business, division or affiliated company by the Company or an Affiliate if substantially comparable terms of employment, as determined by the Company, have been offered to the Executive Employee by the transferee; *provided, however*, that the Company, acting in its role as Plan sponsor and not as a fiduciary, may determine that the Company or an Affiliate will provide some or all of the Benefits to an Executive Employee whose employment with the Company and its Affiliates is terminated as described in Section 3.01. For purposes of this Plan, “substantially comparable terms of employment” shall mean an executive level position with (i) no reduction in the Executive Employee’s annual base salary as of the date of the transaction, and (ii) no material change in the geographic location at which the Executive Employee must perform services (which, for purposes of this Plan, means a location that is not more than 50 miles from the Executive Employee’s principal place of business immediately before the transaction).

Section 3.03 Conditions to Entitlement to Benefits.

(a) As further conditions to entitlement to Benefits under the Plan, all Participants must, prior to the payment of any Benefits due hereunder, (i) sign and not rescind or contest the enforceability of a Release; (ii) ratify any patent assignment, confidentiality, non-solicitation, non-competition and other post-employment activities agreement in effect between the Participant and the Company or an Affiliate; (iii) return to the Company and its Affiliates any and all property of the Company and its Affiliates held by the Participant, including, but not limited to, all reports, manuals, memoranda, computer disks, tapes and data made available to the Participant during the performance of the Participant’s duties, including all copies; (iv) hold confidential any and all information concerning the Company and its Affiliates, whether with respect to its business, subscribers, providers, customers, operations, finances, employees, contractors, or otherwise; and (v) cooperate fully with the Company and its Affiliates to complete the transition of matters with which the Participant is familiar or responsible to other employees

and make himself or herself available to answer questions or assist in matters which may require attention after the Participant's Employment Termination Date. Notwithstanding the foregoing, accrued vacation described in Section 4.01(d) shall be paid without regard to the Participant's execution of a Release, to the extent required by applicable state law.

(b) If the Administrative Committee determines, in its sole discretion, that the Participant has violated one or more of the foregoing conditions to entitlement to Benefits, the Administrative Committee may determine that the Participant will not receive the Benefits or the Company may discontinue the payment of Benefits under the Plan. Any remedy under this Section 3.03 shall be in addition to, and not in place of, any other remedy the Company and its Affiliates may have, at law or otherwise.

ARTICLE IV

BENEFITS

Section 4.01 Amount of Immediate Cash Benefit. The Company, acting in its role as Plan sponsor and not as a fiduciary, shall determine which Executive Employees shall be awarded a Benefit hereunder and the amount of any such Benefit. The Company may take into account any factors it determines to be relevant in deciding which Executive Employees shall be awarded Benefits and the amount of such Benefits, and need not apply its determinations in a uniform manner to terminated Executive Employees similarly situated. All such decisions shall be final, binding and conclusive with respect to the Executive Employee. Unless the Company determines otherwise, subject in all events to Section 3.03, the amount to be paid to a Participant eligible to receive Benefits under Section 3.01 hereof upon the Participant's separation from service shall be paid in a lump sum as provided in Section 5.01 hereof and shall equal the sum of the amounts described in subsections (a) through (d), and subject to subsection (e), except that any payment under paragraph (c) below will be excluded from the lump sum payment and paid separately as provided below:

(a) Paid Notice as follows:

(i) In the case of the Chief Executive Officer, an amount of Paid Notice equal to 12 months of the Chief Executive Officer's Monthly Compensation.

(ii) In the case of all other Participants, an amount of Paid Notice equal to six months of the Participant's Monthly Compensation, unless otherwise designated in writing by the Company.

(b) An amount of Separation Pay equal to one day's pay (calculated by dividing the Participant's Annual Compensation by 260) for each Month of Service; provided, however, that such amount shall not exceed 100% of the Participant's Annual Compensation.

(c) The Administrative Committee may determine in its sole discretion that an annual bonus will be paid for the year of termination. The Administrative Committee may take into account factors such as Company and Affiliate performance, individual performance and the portion of the year elapsed prior to the Employment Termination Date. The annual bonus shall not exceed a pro rata portion of the Participant's target annual bonus for the year of termination. The bonus, if any, shall be paid within 60 days after the Employment Termination Date, unless the Executive Annual Bonus Plan in effect for the year specifically provides otherwise with respect to termination of employment. If a bonus is payable to the Participant under the Executive Annual Bonus Plan for the year of termination, no bonus will be payable under this Plan.

(d) An amount equal to the Participant's earned and accrued vacation entitlement, including banked vacation time, and personal holidays through the Participant's Employment Termination Date.

(e) Notwithstanding the foregoing, the minimum payment calculated under subsections (a) through (d) above shall not be less than one year of the Participant's annual base salary in effect at the beginning of the quarter immediately preceding the Employment Termination Date, without regard to the target bonus.

Section 4.02 Executive Benefits.

(a) If a Participant receives Benefits under Section 4.01, the Company shall pay to the Participant a single lump sum payment, as provided in Section 5.01 and subject to Section 3.03, equal to the COBRA Cost that the Participant would incur if the Participant continued medical and dental coverage under the Company's benefit plans through the end of the Salary Continuation Period, based on the benefits in effect for the Participant (and where applicable, his or her spouse and dependents) at the Participant's Employment Termination Date, less the amount that the Participant would be required to contribute for medical and dental coverage if such Participant were an active employee. The cash payment shall include an additional payment equal to 75% of the lump sum payment described in the preceding sentence.

(b) A Participant who receives Benefits under Section 4.01 may elect continuation coverage under the Company's applicable medical and dental plans during the Salary Continuation Period by paying the COBRA Cost of such coverage, provided such continued coverage would not result in adverse tax consequences to the Participant, Company or an Affiliate and provided such continued coverage is permitted under the applicable medical and dental plans. If the Participant elects such coverage, the Participant shall be responsible for paying the COBRA Cost of such coverage during the Salary Continuation Period in order to be eligible for the coverage. Notwithstanding anything herein to the contrary, any such continued coverage shall be discontinued if, and at the time, the Participant obtains other employment and becomes eligible to participate in the plan of, or is provided similar coverage by, a new employer. Any applicable conversion rights shall be provided to the Participant at the time coverage ceases. COBRA Coverage shall run concurrently with the Salary Continuation Period, and nothing in this Section shall limit the Employee's right to elect COBRA Coverage for the full period permitted by law.

(c) If a Participant who receives Benefits under Section 4.01 is entitled to receive tax preparation services immediately before his or her termination of employment, the Participant shall be entitled to receive tax preparation services for the final calendar year of his or her employment under the terms of the Company's tax preparation reimbursement policy. The Company shall reimburse the Participant for the services within 60 days following the Company's receipt of proof of payment for the services, but in no event later than December 31 of the calendar year following the calendar year in which the expense is incurred, provided that the Company receives proof of payment for the services at least 60 days before such December 31.

(d) The Company shall provide to each Participant who receives benefits under Section 4.01 outplacement services for up to 12 months following his or her Employment Termination Date through a vendor selected by the Company.

Section 4.03 Retirement Plans. This Plan shall not govern and shall in no way affect the Participant's interest in, or entitlement to benefits under, any of the qualified retirement plans of the Company or an Affiliate and any payments received under any such plan shall not affect a Participant's right to any Benefit hereunder.

Section 4.04 Effect on Other Benefits.

(a) After a Participant's termination of employment, the Participant shall not accrue benefits under any benefit plan of the Company or an Affiliate, and a terminated Participant shall not accrue vacation days, paid holidays, paid sick days or other benefits for any part of the Salary Continuation Period.

(b) Notwithstanding anything in this Plan to the contrary, no benefits shall be paid under this Plan if the Participant receives severance benefits under a Change in Control Agreement or any other severance agreement or arrangement with the Company or an Affiliate.

(c) Notwithstanding anything herein to the contrary, the Benefits payable under this Plan to any Participant may be reduced by any and all payments required to be made by the Company or an Affiliate under federal, state and local law, including the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Section 2101 et. seq. or under any employment agreement or special severance arrangement, as determined by the Company, acting as Plan sponsor and not as a fiduciary.

ARTICLE V

METHOD AND DURATION OF BENEFIT PAYMENTS

Section 5.01 Method of Payment. The cash Benefit to which a Participant is entitled, pursuant to Article IV, shall be paid in a lump sum payment. Payment shall be made within 60 days following the Participant's Employment Termination Date, subject to the fulfillment of all conditions for payment of the Benefit set forth in Section 4.01 and compliance with all requirements of Section 3.03. Payment shall be made by mail to the last address provided by the Participant to the Company or an Affiliate. All payments under the Plan are subject to applicable federal, state and local taxes.

Section 5.02 Section 409A.

(a) Notwithstanding any provision of the Plan to the contrary, if required by section 409A of the Code and if a Participant is a Key Employee, no Benefits shall be paid to the Participant during the Postponement Period. If a Participant is a Key Employee and payment of Benefits is required to be delayed for the Postponement Period under section 409A, the accumulated amounts withheld on account of section 409A of the Code shall be paid in a lump sum payment within 30 days after the end of the Postponement Period. If the Participant dies during the Postponement Period prior to the payment of Benefits, the amounts withheld on account of section 409A of the Code shall be paid to the Participant's estate within 60 days after the Participant's death.

(b) This Agreement is intended to meet the requirements of the "short-term deferral" exception, the "separation pay" exception and other exceptions under section 409A of the Code. Notwithstanding anything in this Plan to the contrary, if required by section 409A, payments may only be made under this Plan upon an event and in a manner permitted by section 409A, to the extent applicable. As used in the Plan, the term "termination of employment" shall mean the Participant's separation from service with the Company and its Affiliates within the meaning of section 409A and the regulations promulgated thereunder. For purposes of section 409A, the right to a series of payments under the Plan shall be treated as a right to a series of separate payments. All reimbursements and in-kind benefits provided under the Plan shall be made or provided in accordance with the requirements of section 409A of the Code. **In no event may a Participant designate the year of payment for any amounts payable under the Plan.** Notwithstanding any provision of the Plan to the contrary, if the payments and benefits provided for under the Plan are subject to section 409A, in no event shall the timing of a Participant's execution of the Release, directly or indirectly, result in the Participant designating the calendar year of payment, and if a payment that is subject to execution of the Release could be made in more than one taxable year, payment shall be made in the later taxable year.

Section 5.03 Payments After Death. If a Participant dies after separation from service and before the Participant has received any Benefit that the Participant is entitled to receive under Article IV, any unpaid Benefit that the Participant would otherwise have received shall be payable to the Participant's estate.

ARTICLE VI

ADMINISTRATION

Section 6.01 Appointment. The Administrative Committee shall consist of one or more persons appointed by the Compensation Committee. Administrative Committee members may be, but need not be, employees of the Company.

Section 6.02 Tenure. Administrative Committee members shall serve at the pleasure of the Compensation Committee. Administrative Committee members may resign at any time on ten days' written notice, and Administrative Committee members may be discharged, with or without cause, at any time by the Compensation Committee.

Section 6.03 Authority and Duties. It shall be the duty of the Administrative Committee, on the basis of information supplied to it by the Company, to determine the eligibility of each Participant for Benefits under the Plan, to determine the amount of Benefits to which each such Participant may be entitled, and to determine the manner, time of payment and other requirements of payment of Benefits consistent with the provisions hereof. The Company shall make such payments as are certified to it by the Administrative Committee to be due to Participants. The Administrative Committee shall have the full power and discretionary authority to construe, interpret and administer the Plan, to correct deficiencies therein, and to supply omissions. All decisions, actions, and interpretations of the Administrative Committee shall be final, binding, and conclusive upon the parties. The Administrative Committee may delegate ministerial and other responsibilities to one or more employees of the Company or its Affiliates.

Section 6.04 Action by the Administrative Committee. A majority of the members of the Administrative Committee shall constitute a quorum for the transaction of business at a meeting of the Administrative Committee. Any action of the Administrative Committee may be taken upon the affirmative vote of a majority of the members of the Administrative Committee at a meeting, or at the direction of the Chairperson, without a meeting, by mail, telephone, or electronic communication; provided that all of the members of the Administrative Committee are informed of their right to vote on the matter before the Administrative Committee and of the outcome of the vote thereon.

Section 6.05 Officers of the Administrative Committee. The Administrative Committee shall designate one of its members to serve as Chairperson thereof. The Administrative Committee shall also designate a person to serve as Secretary of the Administrative Committee, which person may be, but need not be, a member of the Administrative Committee.

Section 6.06 Compensation of the Administrative Committee. Members of the Administrative Committee shall receive no compensation for their services as such. However, all reasonable expenses of the Administrative Committee shall be paid or reimbursed by the Company upon proper documentation. The Company shall indemnify members of the Administrative Committee against personal liability for actions taken in good faith in the discharge of their respective duties as members of the Administrative Committee.

Section 6.07 Records, Reporting, and Disclosure. The Administrative Committee shall keep all individual and group records relating to Participants and former Participants and all other records necessary for the proper operation of the Plan. Such records shall be made available to the Company and its Affiliates and to each Participant for examination during business hours except that a Participant shall examine only such records as pertain exclusively to the examining Participant and to the Plan. The Administrative Committee shall prepare and shall file as required by law or regulation all reports, forms, documents and other items required by ERISA, the Code, and every other relevant statute, each as amended, and all regulations thereunder (except that the Company or an Affiliate, as payor of the Benefits, shall prepare and distribute to the proper recipients all forms relating to withholding of income or wage taxes, Social Security taxes, and other amounts which may be similarly reportable).

Section 6.08 Actions of the Administrative Committee. All determinations made by the Administrative Committee under the Plan shall be made solely at the discretion of the Administrative Committee. The exercise of discretion by the Administrative Committee need not be uniformly applied to similarly situated Participants and shall be final and binding on each Participant or beneficiary to whom the determination is directed.

Section 6.09 Benefits of the Chief Executive Officer. Notwithstanding the foregoing, the Compensation Committee shall serve as the Administrative Committee under the Plan with respect to the Chief Executive Officer of the Company. The Compensation Committee shall make all determinations with respect to the Chief Executive Officer as to any matter that directly pertains to, or affects, the Chief Executive Officer.

Section 6.10 Bonding. The Administrative Committee shall arrange any bonding that may be required by law, but no amount in excess of the amount required by law (if any) shall be required by the Plan.

ARTICLE VII

AMENDMENT AND TERMINATION

Section 7.01 Amendment, Suspension and Termination. The Company, by action of its Board of Directors or the Compensation Committee or its delegate, retains the right, at any time and from time to time, to amend, suspend or terminate the Plan in whole or in part, for any reason, and without either the consent of or the prior notification to any Participant. No such amendment shall give the Company or an Affiliate the right to recover any amount paid to a Participant prior to the date of such amendment or to cause the cessation and discontinuance of payments of Benefits to any person or persons under the Plan already receiving Benefits. Notwithstanding the foregoing, the Administrative Committee may adopt any amendment to the Plan as it shall deem necessary or appropriate to (i) maintain compliance with current laws and regulations; (ii) correct errors and omissions in the Plan document; and (iii) facilitate the administration and operation of the Plan.

ARTICLE VIII

DUTIES OF THE COMPANY

Section 8.01 Records. The Company shall supply to the Administrative Committee all records and information necessary to the performance of the Administrative Committee's duties.

Section 8.02 Payment. The Company shall make payments from its general assets to Participants in accordance with the terms of the Plan, as directed by the Administrative Committee.

Section 8.03 Discretion, Delegation.

(a) Any decisions, actions or interpretations to be made under the Plan by the Company shall be made in its sole discretion, not in any fiduciary capacity and need not be uniformly applied to similarly situated individuals, and such decisions, actions or interpretations shall be final, binding and conclusive upon all parties.

(b) The Company may take actions under the Plan by action of its Board of Directors or the Compensation Committee, or by action of any officer or committee to whom any of the Company's authority with respect to the Plan shall have been delegated. The Compensation Committee shall be authorized to take all Company actions under the Plan with respect to the Chief Executive Officer.

ARTICLE IX

CLAIMS PROCEDURES

Section 9.01 Application for Benefits. A terminated employee who believes that he or she is eligible for benefits under this Plan may apply for such benefits by completing and filing with the Administrative Committee an application for benefits on a form supplied by the Administrative Committee. Each such application must be supported by such information as the Administrative Committee deems relevant and appropriate.

Section 9.02 Claim; Claim Decision. A terminated employee may contest his or her eligibility for benefits or his or her eligibility for the amount of benefit awarded, as applicable, by completing and filing with the Administrative Committee a written request for review in the manner specified by the Administrative Committee. Each such application must be supported by such information as the Administrative Committee deems relevant and appropriate. The Administrative Committee will review the claim and provide notice to the terminated employee, in writing, within 90 days after the claim is filed unless special circumstances require an extension of time for processing the claim. If the Administrative Committee determines that an extension of time for processing is required, the Administrative Committee shall furnish written notice of the extension before the end of the initial 90-day period. In no event shall the extension exceed a period of 90 days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Administrative Committee expects to render a decision. In the event that any claim for benefits is denied in whole or in part, the terminated employee whose claim has been so denied shall be notified of such denial in writing by the Administrative Committee. The notice advising of the denial shall be written in a manner calculated to be understood by the terminated employee and shall set forth: (a) the specific reason(s) for the denial; (b) specific references to the pertinent Plan provisions on which the denial is based; (c) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation as to why such information is necessary; and (d) a description of the Plan's claim procedure and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse benefit determination on appeal.

Section 9.03 Appeals of Denied Claims for Benefits. All appeals shall be made by the following procedure:

(a) The terminated employee whose claim has been denied shall file with the Administrative Committee a notice of appeal of the denial. Such notice shall be filed within 60 days of notification by the Administrative Committee of the claim denial, shall be made in writing, and shall set forth all of the facts upon which the appeal is based. Appeals not timely filed shall be barred.

(b) Subject to subsection (a), the claimant or his duly authorized representative may:

(i) request a review upon written notice to the Administrative Committee;

(ii) request, free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits; and

(iii) submit written comments, documents, records and other information related to the claim.

(c) The Named Appeals Fiduciary (as described in Section 9.04) shall issue a decision no later than 60 days after receipt of a request for review unless special circumstances, such as the need to hold a hearing, require a longer period of time, in which case a decision shall be rendered as soon as possible, but not later than 120 days after receipt of the terminated employee's notice of appeal. If the Named Appeals Fiduciary determines that an extension of time for processing is required, the Named Appeals Fiduciary shall furnish written notice of the extension before the end of the initial 60-day period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Named Appeals Fiduciary expects to render a decision.

(d) The Named Appeals Fiduciary shall take into account all comments, documents, records and other information submitted by the claimant relating to the claim, regardless of whether the information was submitted or considered in the initial benefit determination.

(e) The Named Appeals Fiduciary shall render a determination upon the appealed claim which determination shall be accompanied by a written statement. The notice advising of the denial shall be written in a manner calculated to be understood by the terminated employee and shall set forth:

(i) the specific reason(s) for the decision;

(ii) specific references to the pertinent Plan provisions on which the decision is based;

(iii) the claimant's right to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits; and

(iv) the claimant's right to bring a civil action under section 502(a) of ERISA.

Section 9.04 Appointment of the Named Appeals Fiduciary. The Named Appeals Fiduciary shall be the person or persons named as such by the Compensation Committee, or, if no such person or persons be named, then the person or persons named by the Administrative Committee as the Named Appeals Fiduciary. Named Appeals Fiduciaries may at any time be removed by the Compensation Committee, and any Named Appeals Fiduciary named by the

Administrative Committee may be removed by the Administrative Committee. All such removals may be with or without cause and shall be effective on the date stated in the notice of removal. The Named Appeals Fiduciary shall be a “Named Fiduciary” within the meaning of ERISA, and unless appointed to other fiduciary responsibilities, shall have no authority, responsibility or liability with respect to any matter other than the proper discharge of the functions of the Named Appeals Fiduciary as set forth herein.

Section 9.05 Claims Procedures Mandatory. The internal claims procedures set forth in this Article IX are mandatory. If a claimant fails to follow these claims procedures, or to timely file a request for appeal in accordance with this Article IX, the denial of the claim shall become final and binding on all persons for all purposes.

Section 9.06 Exhaustion of Claims and Appeals Procedures. A claim or action (a) to recover benefits allegedly due under the Plan or by reason of any law; (b) to enforce rights under the Plan; (c) to clarify rights to future benefits under the Plan; or (d) that relates to the Plan and seeks a remedy, ruling or judgment of any kind against the Plan or a Plan fiduciary or party in interest (collectively, a “Judicial Claim”), may not be commenced in any court or forum until after the claimant has exhausted the Plan’s claims and appeals procedures, including, for these purposes, any voluntary appeal right (an “Administrative Claim”). A claimant must raise all arguments and produce all evidence the claimant believes supports the claim or action in the Administrative Claim and shall be deemed to have waived every argument and the right to produce any evidence not submitted to the Named Appeals Fiduciary as part of the Administrative Claim. Any Judicial Claim must be commenced in the appropriate court or forum no later than 12 months from the earliest of (i) the date of the claimant’s termination of employment; (ii) the date the Administrative Committee or its delegate first denied the claimant’s request; or (iii) the first date the claimant knew or should have known the principal facts on which such claim or action is based; provided, however, that, if the claimant commences an Administrative Claim before the expiration of such 12-month period, the period for commencing a Judicial Claim shall expire on the later of the end of the 12-month period and the date that is three months after the final denial of the claimant’s Administrative Claim, such that the claimant has exhausted the Plan’s claims and appeals procedures. Any claim or action that is commenced, filed or raised, whether a Judicial Claim or an Administrative Claim, after expiration of such 12-month limitations period (or, if applicable, expiration of the three-month limitations period following exhaustion of the Plan’s claims and appeals procedures) shall be time-barred. Filing or commencing a Judicial Claim before the claimant exhausts the Administrative Claim requirements shall not toll the 12-month limitations period (or, if applicable, the three month limitations period).

ARTICLE X

MISCELLANEOUS

Section 10.01 Nonalienation of Benefits. None of the payments, benefits or rights of any Participant shall be subject to any claim of any creditor, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Participant. No Participant shall have the right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments which the Participant may expect to receive, contingently or otherwise, under this Plan.

Section 10.02 No Contract of Employment. Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Participant, or any person whosoever, the right to be retained in the service of the Company or an Affiliate, and all Participants shall remain subject to discharge to the same extent as if the Plan had never been adopted.

Section 10.03 Severability of Provisions. If any provision of this Plan shall be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

Section 10.04 Successors, Heirs, Assigns, and Personal Representatives. This Plan shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Participant, present and future. If a Change in Control occurs, unless the Compensation Committee directs otherwise before the Change in Control, the Company shall require any successor or successors (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, or a division or Affiliate thereof, (i) to acknowledge expressly that this Plan is binding upon and enforceable against such successor in accordance with the terms hereof, (ii) to become jointly and severally obligated with the Company to perform the obligations under this Plan, and (iii) to agree not to amend or terminate the Plan for a period of one year after the Change in Control without the consent of the affected Participant.

Section 10.05 Unfunded Plan. The Plan shall not be funded. The Company may, but shall not be required to, set aside or designate an amount necessary to provide the Benefits specified herein (including the establishment of trusts). In any event, no Participant shall have any right to, or interest in, any assets of the Company or an Affiliate which may be applied by the Company or an Affiliate to the payment of Benefits.

Section 10.06 Payments to Incompetent Persons. Any Benefit payable to or for the benefit of an incompetent person or other person incapable of receipting therefor shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Company, its

Affiliates, the Administrative Committee, the Compensation Committee and all other parties with respect thereto.

Section 10.07 Controlling Law. This Plan shall be construed and enforced according to the laws of the Commonwealth of Pennsylvania, to the extent not preempted by Federal law, without giving effect to any Pennsylvania choice of law provisions.

APPENDIX A

CHANGE IN CONTROL

For purposes of this Plan, the term “Change in Control,” and defined terms used in the definition of “Change in Control,” shall have the following meanings:

1. “Change in Control” shall mean:

(a) Any Person (except UGI, any Subsidiary of UGI, any employee benefit plan of UGI or of any Subsidiary of UGI, or any Person or entity organized, appointed or established by UGI for or pursuant to the terms of any such employee benefit plan), together with all Affiliates and Associates of such Person, becomes the Beneficial Owner in the aggregate of twenty percent (20%) or more of either (i) the then outstanding shares of common stock of UGI (the “Outstanding UGI Common Stock”) or (ii) the combined voting power of the then outstanding voting securities of UGI entitled to vote generally in the election of directors (the “UGI Voting Securities”); in either case unless the members of UGI’s Executive Committee in office immediately prior to such acquisition determine within five business days of the receipt of actual notice of such acquisition that the circumstances do not warrant the implementation of the Change in Control provisions of this Plan; or

(b) Individuals who, as of the beginning of any twenty-four (24) month period, constitute the UGI Board of Directors (the “Incumbent UGI Board”) cease for any reason to constitute at least a majority of the Incumbent UGI Board, provided that any individual becoming a director of UGI subsequent to the beginning of such period whose election or nomination for election by the UGI stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent UGI Board shall be considered as though such individual were a member of the Incumbent UGI Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the Directors of UGI (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

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

Combination that the circumstances do not warrant the implementation of the Change in Control provisions of this Plan; or

(d) Completion of (a) a complete liquidation or dissolution of UGI or (b) sale or other disposition of all or substantially all of the assets of UGI other than to a corporation with respect to which, following such sale or disposition, more than fifty percent (50%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding UGI Common Stock and UGI Voting Securities immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Outstanding UGI Common Stock and UGI Voting Securities, as the case may be, immediately prior to such sale or disposition; in either case unless the members of UGI's Executive Committee in office immediately prior to such sale or disposition determine at the time of such sale or disposition that the circumstances do not warrant the implementation of the Change in Control provisions of this Plan; or

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

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

immediately prior to such sale or disposition, or, (II) if such entity is a partnership, more than fifty percent (50%) of the then outstanding common units is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Company's voting securities or of the Outstanding Units, as the case may be, immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Company's voting securities or of the Outstanding Units immediately prior to such sale or disposition; or

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

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

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

2. "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

3. A Person shall be deemed the "Beneficial Owner" of any securities: (i) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing) or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; *provided, however*, that a Person shall not be deemed the "Beneficial Owner" of securities tendered pursuant to a tender or exchange offer made by such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for payment, purchase or exchange; (ii) that such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act), including without limitation pursuant to any agreement, arrangement or understanding, whether or not in writing; *provided, however*, that a Person shall not be deemed the "Beneficial Owner" of any security under this clause (ii) as a result of an oral or written agreement, arrangement or understanding to vote such security if such agreement, arrangement or understanding (A) arises solely from a revocable proxy given in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable provisions of the General Rules and Regulations under the Exchange Act, and (B) is not then reportable by such Person on Schedule 13D under the Exchange Act (or any comparable or successor report); or (iii) that are

beneficially owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person (or any of such Person's Affiliates or Associates) has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in the proviso to clause (ii) above) or disposing of any securities; *provided, however*, that nothing in this Section 1(c) shall cause a Person engaged in business as an underwriter of securities to be the "Beneficial Owner" of any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of forty (40) days after the date of such acquisition.

4. "Operating Partnership" shall mean AmeriGas Propane, L.P.

5. "Public Partnership" shall mean AmeriGas Partners, L.P.

6. "Person" shall mean an individual or a corporation, partnership, trust, unincorporated organization, association, or other entity.

7. "Subsidiary" shall mean any corporation in which UGI or the Company, as applicable, directly or indirectly, owns at least a fifty percent (50%) interest or an unincorporated entity of which UGI or the Company, as applicable, directly or indirectly, owns at least fifty percent (50%) of the profits or capital interests.

8. "UGI" shall mean UGI Corporation.

CERTIFICATION

I, Jerry E. Sheridan, certify that:

1. I have reviewed this periodic report on Form 10-Q of AmeriGas Partners, L.P;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ Jerry E. Sheridan

Jerry E. Sheridan

President and Chief Executive Officer of
AmeriGas Propane, Inc.

CERTIFICATION

I, Hugh J. Gallagher, certify that:

1. I have reviewed this periodic report on Form 10-Q of AmeriGas Partners, L.P;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2017

/s/ Hugh J. Gallagher

Hugh J. Gallagher

Vice President - Finance and Chief Financial Officer of
AmeriGas Propane, Inc.

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

I, Jerry E. Sheridan, Chief Executive Officer, and I, Hugh J. Gallagher, Chief Financial Officer, of AmeriGas Propane, Inc., a Pennsylvania corporation, the General Partner of AmeriGas Partners, L.P. (the “Company”), hereby certify that to our knowledge:

- (1) The Company’s periodic report on Form 10-Q for the period ended June 30, 2017 (the “Form 10-Q”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

CHIEF EXECUTIVE OFFICER

/s/ Jerry E. Sheridan

Jerry E. Sheridan

Date: August 4, 2017

CHIEF FINANCIAL OFFICER

/s/ Hugh J. Gallagher

Hugh J. Gallagher

Date: August 4, 2017