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**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, DC 20549**

# FORM 10-K

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

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

**Commission file number 1-13692**

# AMERIGAS PARTNERS, L.P.

**(Exact Name of Registrant as Specified in Its Charter)**

| Delaware | 23-2787918 |
|---|---|
| **(State or Other Jurisdiction of Incorporation or Organization)** | **(I.R.S. Employer Identification No.)** |

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

(610) 337-7000
**(Registrant's telephone number, including area code)**

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of Each Class | Name of each Exchange on Which Registered |
|---|---|
| Common Units representing limited partner interests | New York Stock Exchange, Inc. |

**Securities registered pursuant to Section 12(g) of the Act:** None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No o

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes ☑ No o

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

Large accelerated filer ☑ Accelerated filer o Non-accelerated filer o Smaller reporting company o

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

The aggregate market value of AmeriGas Partners, L.P. Common Units held by non-affiliates of AmeriGas Partners, L.P. on March 31, 2008 was approximately $974,410,071. At November 21, 2008, there were outstanding 57,013,951 Common Units representing limited partner interests.

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**PART I:**

**ITEM 1. BUSINESS**

***General***

AmeriGas Partners, L.P. is a publicly traded limited partnership formed under Delaware law on November 2, 1994. We are the largest retail propane distributor in the United States based on the volume of propane gallons distributed annually. As of September 30, 2008, we served approximately 1.3 million residential, commercial, industrial, agricultural and motor fuel customers from approximately 600 district locations in 46 states.

We are a holding company and we conduct our business principally through our subsidiary, AmeriGas Propane, L.P. ("AmeriGas OLP") and its subsidiary, AmeriGas Eagle Propane, L.P. ("Eagle OLP" and together with AmeriGas OLP, the "Operating Partnership"), both Delaware limited partnerships. Our common units ("Common Units"), which represent limited partner interests, are traded on the New York Stock Exchange under the symbol "APU." Our executive offices are located at 460 North Gulph Road, King of Prussia, Pennsylvania 19406, and our telephone number is (610) 337-7000. In this report, the terms "Partnership" and "AmeriGas Partners," as well as the terms "our," "we," and "its," are used sometimes as abbreviated references to AmeriGas Partners, L.P. itself or collectively, AmeriGas Partners, L.P. and its consolidated subsidiaries, including the Operating Partnership. The terms "Fiscal 2008" and "Fiscal 2007" refer to the fiscal years ended September 30, 2008 and September 30, 2007, respectively.

AmeriGas Propane, Inc. is our general partner (the "General Partner") and is responsible for managing our operations. The General Partner is a wholly owned subsidiary of UGI Corporation ("UGI"), a publicly traded company listed on the New York Stock Exchange. The General Partner has an approximate 44% effective ownership interest in the Partnership. See Notes 1 and 2 to the Partnership's Consolidated Financial Statements.

***Business Strategy***

Our strategy is to grow by (i) acquisitions and internal sales and marketing programs, (ii) leveraging our scale and driving productivity and (iii) achieving world class safety performance. We regularly consider and evaluate opportunities for growth through the acquisition of local, regional and national propane distributors. We compete for acquisitions with others engaged in the propane distribution business. During Fiscal 2008, we completed the acquisition of four propane distribution companies. We expect that internal growth will be provided in part from expansion of our AmeriGas Cylinder Exchange ("ACE") program through which consumers can purchase pre-filled propane grill cylinders or exchange an empty propane grill cylinder for a filled one, and our Strategic Accounts program, through which the Partnership encourages large, multi-location propane users to enter into a supply agreement with us rather than with many small suppliers. In addition, we believe opportunities exist to grow our business internally through other sales and marketing programs designed to attract and retain customers.

***Global Climate Change***

There is a growing concern about climate change and the contribution of greenhouse gas emissions, most notably carbon dioxide, to global warming. While some states have adopted laws regulating the emission of greenhouse gases for some industry sectors, there is currently no federal regulation of greenhouse gas emissions in the United States. It is anticipated that federal legislation, likely consisting of a cap and trade system, governing the emission of greenhouse gases will be enacted in the United States in the near future. Since propane is considered a clean alternative fuel under the federal Clean Air Act Amendments of 1990, we anticipate that this will provide us with a competitive advantage over other sources of energy, such as fuel oil and coal, when new climate change regulations become effective. In addition, we are developing a strategy to identify both our greenhouse gas emissions and our energy consumption in order to be in a position to comply with new regulations and to take advantage of any opportunities that may arise from the regulation of such emissions.

***General Partner Information***

The Partnership's website can be found at www.amerigas.com. The Partnership makes available free of charge at this website (under the caption "Investor Relations & Corporate Governance — SEC Filings") copies of its reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, including its Annual Reports on Form 10-K, its Quarterly Reports on Form 10-Q and its Current Reports on Form 8-K. The General Partner's Principles of Corporate Governance, Code of Ethics for the Chief Executive Officer and Senior Financial Officers, Code of Business Conduct and Ethics for Directors, Officers and Employees, and charters of the Corporate Governance, Audit and Compensation/Pension Committees of the Board of Directors of the General Partner are also available on the Partnership's website, under the caption "Investor Relations & Corporate Governance." All of these documents are also available free of charge by writing to Robert W. Krick, Vice President and Treasurer, AmeriGas Propane, Inc., P.O. Box 965, Valley Forge, PA 19482.

***General Industry Information***

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

The primary customers for propane are residential, commercial, industrial, motor fuel and agricultural users to whom natural gas is not readily available. Propane is typically more expensive than natural gas and fuel oil and, in most areas, cheaper than electricity on an equivalent energy basis.

In Fiscal 2008, the Partnership's retail propane sales totaled approximately 993 million gallons. Based on the most recent annual survey by the American Petroleum Institute, total 2006 domestic retail propane sales (annual sales for other than chemical uses) in the United States totaled approximately 9.5 billion gallons. Based on LP-GAS magazine rankings, 2007 sales volume of the ten largest propane companies (including AmeriGas Partners) represented approximately 43% of domestic retail sales.

***Products, Services and Marketing***

As of September 30, 2008, the Partnership served approximately 1.3 million customers from district locations in 46 states. In addition to distributing propane, the Partnership also sells, installs and services propane appliances, including heating systems. In certain markets, the Partnership also installs and services propane fuel systems for motor vehicles. Typically, district locations are found in suburban and rural areas where natural gas is not readily available. Districts generally consist of an office, appliance showroom, warehouse, and service facilities, with one or more 18,000 to 30,000 gallon storage tanks on the premises. As part of its overall transportation and distribution infrastructure, the Partnership operates as an interstate carrier in 48 states throughout the continental United States. It is also licensed as a carrier in the Canadian Provinces of British Columbia and Quebec.

The Partnership sells propane primarily to five markets: residential, commercial/industrial, motor fuel, agricultural and wholesale. The Partnership distributed over one billion gallons of propane in Fiscal 2008. Approximately 90% of the Partnership's Fiscal 2008 sales (based on gallons sold) were to retail accounts and approximately 10% were to wholesale customers. Sales to residential customers in Fiscal 2008 represented approximately 40% of retail gallons sold; commercial/industrial customers 36%; motor fuel customers 14%; and agricultural customers 5%. Transport gallons, which are large-scale deliveries to retail customers other than residential, accounted for 5% of Fiscal 2008 retail gallons. No single customer represents, or is anticipated to represent, more than 5% of the Partnership's consolidated revenues.

The Partnership continues to expand its ACE program. At September 30, 2008, ACE cylinders were available at approximately 25,000 retail locations throughout the United States. Sales of our ACE grill cylinders to retailers are included in the commercial/industrial market. The ACE program enables consumers to exchange their empty propane grill cylinders for filled cylinders or to purchase filled cylinders at various retail locations such as home centers, gas stations, mass merchandisers and grocery and convenience stores. We also supply retailers with large propane tanks to enable retailers to fill customers' propane grill cylinders directly at the retailer's location.

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

Retail deliveries of propane are usually made to customers by means of bobtail and rack trucks. Propane is pumped from the bobtail truck, which generally holds 2,400 to 3,000 gallons of propane, into a stationary storage tank on the customer's premises. The Partnership owns most of these storage tanks and leases them to its customers. The capacity of these tanks ranges from approximately 120 gallons to approximately 1,200 gallons. The Partnership also delivers propane to retail customers in portable cylinders (including ACE propane grill cylinders) which are filled with 3.5 to 24 gallons of propane. Some of these deliveries are made to the customer's location, where empty cylinders are either picked up for replenishment or filled in place.

***Propane Supply and Storage***

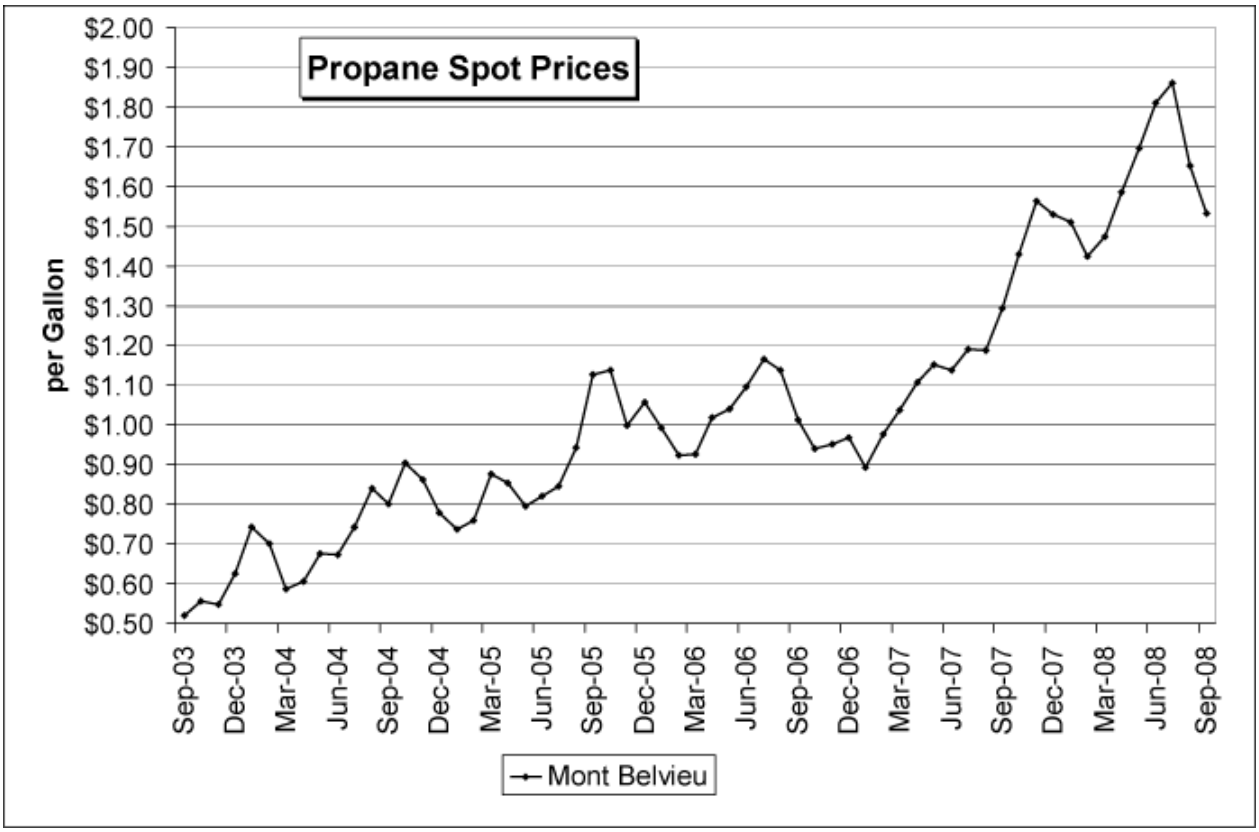
The Partnership has over 250 domestic and international sources of supply, including the spot market. Supplies of propane from the Partnership's sources historically have been readily available. During the year ended September 30, 2008, over 90% of the Partnership's propane supply was purchased under supply agreements with terms of 1 to 3 years. The availability of propane supply is dependent upon, among other things, the severity of winter weather, the price and availability of competing fuels such as natural gas and crude oil, and the amount and availability of imported supply. Although no assurance can be given that supplies of propane will be readily available in the future, management currently expects to be able to secure adequate supplies during fiscal year 2009. If supply from major sources were interrupted, however, the cost of procuring replacement supplies and transporting those supplies from alternative locations might be materially higher and, at least on a short-term basis, margins could be affected. BP Products North America Inc. and BP Canada Energy Marketing Corp. (collectively), Enterprise Products Operating LP and Targa Midstream Services LP, supplied approximately 48% of the Partnership's Fiscal 2008 propane supply. No other single supplier provided more than 10% of the Partnership's total propane supply in Fiscal 2008. In certain market areas, however, some suppliers provide more than 50% of the Partnership's requirements. Disruptions in supply in these areas could also have an adverse impact on the Partnership's margins.

The Partnership's supply contracts typically provide for pricing based upon (i) index formulas using the current prices established at a major storage point such as Mont Belvieu, Texas, or Conway, Kansas, or (ii) posted prices at the time of delivery. In addition, some agreements provide maximum and minimum seasonal purchase volume guidelines. The percentage of contract purchases, and the amount of supply contracted for at fixed prices, will vary from year to year as determined by the General Partner. The Partnership uses a number of interstate pipelines, as well as railroad tank cars, delivery trucks and barges, to transport propane from suppliers to storage and distribution facilities. The Partnership stores propane at large storage facilities in Arizona and Pennsylvania, as well as at smaller facilities in several other states.

Because the Partnership's profitability is sensitive to changes in wholesale propane costs, the Partnership generally seeks to pass on increases in the cost of propane to customers. There is no assurance, however, that the Partnership will always be able to pass on product cost increases fully, particularly when product costs rise rapidly. Product cost increases can be triggered by periods of severe cold weather, supply interruptions, increases in the prices of base commodities such as crude oil and natural gas, or other unforeseen events. In Fiscal 2008, the Partnership experienced significant product cost increases over Fiscal 2007 due to crude oil price increases. The General Partner has adopted supply acquisition and product cost risk management practices to reduce the effect of volatility on selling prices. These practices currently include the use of summer storage, forward purchases and derivative commodity instruments, such as options and propane price swaps. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Market Risk Disclosures."

The following graph shows the average prices of propane on the propane spot market during the last 5 fiscal years at Mont Belvieu, Texas, a major storage area.

**Average Propane Spot Market Prices**




***Competition***

Propane competes with other sources of energy, some of which are less costly for equivalent energy value. Propane distributors compete for customers with suppliers of electricity, fuel oil and natural gas, principally on the basis of price, service, availability and portability. Electricity is a major competitor of propane, but propane generally enjoys a competitive price advantage over electricity for space heating, water heating, and cooking. In some areas electricity may have a competitive price advantage or be relatively equivalent in price to propane due to government regulated rate caps on electricity. Additionally, high efficiency electric heat pumps have led to a decrease in the cost of electricity for heating. Fuel oil is also a major competitor of propane and is generally less expensive than propane. Furnaces and appliances that burn propane will not operate on fuel oil, and vice versa, and, therefore, a conversion from one fuel to the other requires the installation of new equipment. Propane serves as an alternative to natural gas in rural and suburban areas where natural gas is unavailable or portability of product is required. Natural gas is generally a less expensive source of energy than propane, although in areas where natural gas is available, propane is used for certain industrial and commercial applications and as a standby fuel during interruptions in natural gas service. The gradual expansion of the nation's natural gas distribution systems has resulted in the availability of natural gas in some areas that previously depended upon propane. However, natural gas pipelines are not present in many regions of the country where propane is sold for heating and cooking purposes.

In the motor fuel market, propane competes with gasoline and diesel fuel as well as electric batteries and fuel cells. Wholesale propane distribution is a highly competitive, low margin business. Propane sales to other retail distributors and large-volume, direct-shipment industrial end-users are price sensitive and frequently involve a competitive bidding process.

The retail propane industry is mature, with only modest growth in total demand for the product foreseen. Therefore, the Partnership's ability to grow within the industry is dependent on its ability to acquire other retail distributors and to achieve internal growth, which includes expansion of the ACE program and the Strategic Accounts program as well as the success of its sales and marketing programs designed to attract and retain customers. The failure of the Partnership to retain and grow its customer base would have an adverse effect on its long-term results.

The domestic propane retail distribution business is highly competitive. The Partnership competes in this business with other large propane marketers, including other full-service marketers, and thousands of small independent operators. Some rural electric cooperatives and fuel oil distributors have expanded their businesses to include propane distribution and the Partnership competes with them as well. The ability to compete effectively depends on providing high quality customer service, maintaining competitive retail prices and controlling operating expenses.

***Trade Names, Trade and Service Marks***

The Partnership markets propane principally under the "AmeriGas®" and "America's Propane Company®" trade names and related service marks. UGI owns, directly or indirectly, all the right, title and interest in the "AmeriGas" name and related trade and service marks. The General Partner owns all right, title and interest in the "America's Propane Company" trade name and related service marks. The Partnership has an exclusive (except for use by UGI, AmeriGas, Inc. and the General Partner), royalty-free license to use these trade names and related service marks. UGI and the General Partner each have the option to terminate its respective license agreement (on 12 months prior notice in the case of UGI), without penalty, if the General Partner is removed as general partner of the Partnership other than for cause. If the General Partner ceases to serve as the general partner of the Partnership for cause, the General Partner has the option to terminate its license agreement upon payment of a fee to UGI equal to the fair market value of the licensed trade names. UGI has a similar termination option; however, UGI must provide 12 months prior notice in addition to paying the fee to the General Partner.

***Seasonality***

Because many customers use propane for heating purposes, the Partnership's retail sales volume is seasonal. Approximately 55% to 60% of the Partnership's retail sales volume occurs, and substantially all of the Partnership's operating income is earned, during the five-month peak heating season from November through March. As a result of this seasonality, sales are higher in the Partnership's first and second fiscal quarters (October 1 through March 31). Cash receipts are generally greatest during the second and third fiscal quarters when customers pay for propane purchased during the winter heating season.

Sales volume for the Partnership traditionally fluctuates from year-to-year in response to variations in weather, prices, competition, customer mix and other factors, such as conservation efforts and general economic conditions. For historical information on national weather statistics, see "Management's Discussion and Analysis of Financial Condition and Results of Operations."

***Government Regulation***

The Partnership is subject to various federal, state and local environmental, safety and transportation laws and regulations governing the storage, distribution and transportation of propane and the operation of bulk storage LPG terminals. These laws include, among others, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), the Clean Air Act, the Occupational Safety and Health Act, the Homeland Security Act of 2002, the Emergency Planning and Community Right to Know Act, the Clean Water Act and comparable state statutes. CERCLA imposes joint and several liability on certain classes of persons considered to have contributed to the release or threatened release of a "hazardous substance" into the environment without regard to fault or the legality of the original conduct. Propane is not a hazardous substance within the meaning of federal and most state environmental laws.

All states in which the Partnership operates have adopted fire safety codes that regulate the storage and distribution of propane. In some states these laws are administered by state agencies, and in others they are administered on a municipal level. The Partnership conducts training programs to help ensure that its operations are in compliance with applicable governmental regulations. With respect to general operations, National Fire Protection Association ("NFPA") Pamphlets No. 54 and No. 58, which establish a set of rules and procedures governing the safe handling of propane, or comparable regulations, have been adopted by all states in which the Partnership operates. The most recent editions of NFPA Pamphlet No. 58, adopted by a majority of states, requires certain stationary cylinders that are filled in place to be re-qualified periodically, depending on the date of manufacture and previous schedule of re-qualification of the cylinders. Management believes that the policies and procedures currently in effect at all of its facilities for the handling, storage and distribution of propane are consistent with industry standards and are in compliance in all material respects with applicable environmental, health and safety laws.

With respect to the transportation of propane by truck, the Partnership is subject to regulations promulgated under federal legislation, including the Federal Motor Carrier Safety Act and the Homeland Security Act of 2002. Regulations under these statutes cover the security and transportation of hazardous materials and are administered by the United States Department of Transportation ("DOT"). The Natural Gas Safety Act of 1968 required the DOT to develop and enforce minimum safety regulations for the transportation of gases by pipeline. The DOT's pipeline safety regulations apply to, among other things, a propane gas system which supplies 10 or more residential customers or 2 or more commercial customers from a single source and a propane gas system any portion of which is located in a public place. The code requires operators of all gas systems to provide training and written instructions for employees, establish written procedures to minimize the hazards resulting from gas pipeline emergencies, and to conduct and keep records of inspections and testing. Operators are subject to the Pipeline Safety Improvement Act of 2002, which, among other things, protects from adverse employment actions employees who provide information to their employers or to the federal government as to pipeline safety.

***Employees***

The Partnership does not directly employ any persons responsible for managing or operating the Partnership. The General Partner provides these services and is reimbursed for its direct and indirect costs and expenses, including all compensation and benefit costs. At September 30, 2008, the General Partner had approximately 5,900 employees, including approximately 380 part-time, seasonal and temporary employees, working on behalf of the Partnership. UGI also performs certain financial and administrative services for the General Partner on behalf of the Partnership and is reimbursed by the Partnership.

## ITEM 1A. RISK FACTORS

There are many factors that may affect our business and results of operations. Additional discussion regarding factors that may affect our businesses and operating results is included elsewhere in this Report.

### Risks Related to Our Business

***Decreases in the demand for propane because of warmer-than-normal heating season weather or unfavorable weather may adversely affect our results of operations.***

Because many of our customers rely on propane as a heating fuel, our results of operations are adversely affected by warmer-than-normal heating season weather. Weather conditions have a significant impact on the demand for propane for both heating and agricultural purposes. Accordingly, the volume of propane sold is at its highest during the five-month peak heating season of November through March and is directly affected by the severity of the winter weather. For example, historically approximately 55% to 60% of our annual retail propane volumes are sold during these months. There can be no assurance that normal winter weather in our service territories will occur in the future.

The agricultural demand for propane is also affected by weather, as dry or warm weather during the harvest season may reduce the demand for propane. Our ACE operations experience higher volumes in the spring and summer, mainly due to the grilling season. Sustained periods of unfavorable weather conditions can negatively affect our ACE revenues. Unfavorable weather conditions may also cause a reduction in the purchase and use of grills and other propane-filled appliances which could reduce the demand for our portable propane tank exchange services.

***Our profitability is subject to propane pricing and inventory risk.***

The retail propane business is a "margin-based" business in which gross profits are dependent upon the excess of the sales price over the propane supply costs. Propane is a commodity, and, as such, its unit price is subject to volatile fluctuations in response to changes in supply or other market conditions. We have no control over these market conditions. Consequently, the unit price of the propane that we and other marketers purchase can change rapidly over a short period of time. Most of our propane product supply contracts permit suppliers to charge posted prices at the time of delivery or the current prices established at major storage points such as Mont Belvieu, Texas or Conway, Kansas. Because our profitability is sensitive to changes in wholesale propane supply costs, it will be adversely affected if we cannot pass on increases in the cost of propane to our customers. Due to competitive pricing in the industry, we may not be able to pass on product cost increases to our customers when product costs rise rapidly, or when our competitors do not raise their product prices. Finally, market volatility may cause us to sell inventory at less than the price we purchased it, which would adversely affect our operating results.

***High propane prices can lead to customer conservation, resulting in reduced demand for our product.***

Prices for propane are subject to volatile fluctuations in response to changes in supply and other market conditions. During periods of high propane costs such as those experienced in fiscal years 2008, 2007 and 2006, our prices generally increase. High prices can lead to customer conservation, resulting in reduced demand for our product.

***Volatility in credit and capital markets may restrict our ability to grow, increase the likelihood of defaults by our customers and counterparties and adversely affect our operating results.***

The recent volatility in credit and capital markets may create additional risks to our business in the future. We are exposed to financial market risk resulting from, among things, changes in interest rates and conditions in the credit and capital markets. Recent developments in the credit markets increase our possible exposure to the liquidity, default and credit risks of our suppliers, counterparties associated with derivative financial instruments and our customers. Although we believe that recent financial market conditions, if they were to continue for the foreseeable future, will not have a significant impact on our ability to fund our existing operations, such market conditions could restrict our ability to grow through acquisitions, limit the scope of major capital projects if access to credit and capital markets is limited or could adversely affect our operating results.

***Supplier defaults may have a negative effect on our operating results.***

When we enter into fixed-price sales contracts with customers, we typically enter into fixed-price purchase contracts with suppliers. Depending on changes in the market prices of products compared to the prices secured in our contracts with suppliers of propane, a default of one or more of our suppliers under such contracts could cause us to purchase propane at higher prices which would have a negative impact on our operating results.

***Changes in commodity market prices may have a negative effect on our liquidity.***

Depending on the terms of our contracts with suppliers as well as our use of financial instruments to reduce volatility in the cost of propane, changes in the market price of propane can create margin payment obligations for us and expose us to an increased liquidity risk.

***Our operations may be adversely affected by competition from other energy sources.***

Propane competes with other sources of energy, some of which are less costly on an equivalent energy basis. In addition, we cannot predict the effect that the development of alternative energy sources might have on our operations. We compete for customers against suppliers of electricity, fuel oil and natural gas.

Electricity is a major competitor of propane, but propane generally enjoys a competitive price advantage over electricity for space heating, water heating and cooking. Fuel oil is also a major competitor of propane and is generally less expensive than propane. Furnaces and appliances that burn propane will not operate on fuel oil and vice versa, and, therefore, a conversion from one fuel to the other requires the installation of new equipment. Our customers generally have an incentive to switch to fuel oil only if fuel oil becomes significantly less expensive than propane. Except for certain industrial and commercial applications, propane is generally not competitive with natural gas in areas where natural gas pipelines already exist because natural gas is generally a less expensive source of energy than propane. As long as natural gas remains a less expensive energy source than propane, our business will lose customers in each region into which natural gas distribution systems are expanded. The gradual expansion of the nation's natural gas distribution systems has resulted, and may continue to result, in the availability of natural gas in some areas that previously depended upon propane.

***Our ability to increase revenues is adversely affected by the maturity of the retail propane industry.***

The retail propane industry is mature, with only modest growth in total demand for the product foreseen. Given this limited growth, we expect that year-to-year industry volumes will be principally affected by weather patterns. Therefore, our ability to grow within the industry is dependent on our ability to acquire other retail distributors and to achieve internal growth, which includes expansion of our ACE and Strategic Accounts programs, as well as the success of our marketing programs designed to attract and retain customers. Any failure to retain and grow our customer base would have an adverse effect on our results.

***Our ability to grow will be adversely affected if we are not successful in making acquisitions or integrating the acquisitions we have made.***

We have historically expanded our propane business through acquisitions. We regularly consider and evaluate opportunities for growth through the acquisition of local, regional and national propane distributors. We may choose to finance future acquisitions with debt, equity, cash or a combination of the three. We can give no assurances that we will find attractive acquisition candidates in the future, that we will be able to acquire such candidates on economically acceptable terms, that we will be able to finance acquisitions on economically acceptable terms, that any acquisitions will not be dilutive to earnings and distributions or that any additional debt incurred to finance an acquisition will not affect our ability to make distributions.

To the extent we are successful in making acquisitions, such acquisitions involve a number of risks, including, but not limited to, the assumption of material liabilities, the diversion of management's attention from the management of daily operations to the integration of operations, difficulties in the assimilation and retention of employees and difficulties in the assimilation of different cultures and practices, as well as in the assimilation of broad and geographically dispersed personnel and operations. The failure to successfully integrate acquisitions could have an adverse affect on our business, financial condition and results of operations.

***We are subject to operating and litigation risks that may not be covered by insurance.***

Our operations are subject to all of the operating hazards and risks normally incidental to handling, storing, transporting and otherwise providing combustible liquids such as propane for use by consumers. As a result, we are sometimes a defendant in legal proceedings and litigation arising in the ordinary course of business. We believe that we are adequately insured for claims in excess of our self-insurance; however, certain types of damages, such as punitive damages and penalties, if any, may not be covered by insurance. There can be no assurance that our insurance will be adequate to protect us from all material expenses related to pending and future claims or that such levels of insurance will be available in the future at economical prices.

***We may be unable to respond effectively to competition, which may adversely affect our operating results.***

We may be unable to timely respond to changes within the propane sector that may result from regulatory initiatives to further increase competition within our industry. Such regulatory initiatives may create opportunities for additional competitors to enter our markets, and, as a result, we may be unable to maintain our revenues or continue to pursue our current business strategy.

***Our net income will decrease if we are required to incur additional costs to comply with new governmental safety, health, transportation and environmental regulations.***

We are subject to various federal, state and local safety, health, transportation and environmental laws and regulations governing the storage, distribution and transportation of propane. We have implemented safety and environmental programs and policies designed to avoid potential liability and costs under applicable laws. It is possible; however, that we will incur increased costs as a result of complying with new safety, health, transportation and environmental regulations and such costs will reduce our net income. It is also possible that material environmental liabilities will be incurred, including those relating to claims for damages to property and persons.

***Our operations, capital expenditures and financial results may be affected by regulatory changes and/or market responses to global climate change.***

There is a growing concern about climate change and the contribution of greenhouse gas emissions, most notably carbon dioxide, to global warming. In response to this concern, there have been numerous federal legislative proposals in the United States, as well as the enactment or consideration of various state and local laws, aimed at reducing greenhouse gas emissions.

Increased regulation of greenhouse gas emissions, especially in the transportation sector, could impose significant costs on us. While there is currently no federal regulation in the United States that mandates the reduction of greenhouse gas emissions, it is likely that legislation governing such emissions will be enacted in fiscal year 2009 or fiscal year 2010. Until legislation is passed in the United States, it will remain unclear as to (i) what industry sectors would be impacted, (ii) when compliance would be required, (iii) the magnitude of the greenhouse gas emissions reductions that would be required and (iv) the costs and opportunities associated with compliance. At this time, we are uncertain as to the effect climate change regulation may have on our operations, capital expenditures and financial results in the future.

**Risks Inherent in an Investment in Our Common Units**

***Cash distributions are not guaranteed and may fluctuate with our performance.***

Although we distribute all of our available cash each quarter, the amount of cash that we generate each quarter fluctuates. As a result, we cannot guarantee that we will pay the current regular quarterly distribution each quarter. Available cash generally means, with respect to any fiscal quarter, all cash on hand at the end of each quarter, plus all additional cash on hand as of the date of the determination of available cash resulting from borrowings after the end of the quarter, less the amount of reserves established to provide for the proper conduct of our business, to comply with applicable law or agreements, or to provide funds for future distributions to partners. The actual amount of cash that is available to be distributed each quarter will depend upon numerous factors, including:

- our cash flow generated by operations;
- the weather in our areas of operation;
- our borrowing capacity under our bank credit facilities;
- required principal and interest payments on our debt;
- fluctuations in our working capital;
- our cost of acquisitions (including related debt service payments);
- restrictions contained in our debt instruments;
- our capital expenditures;
- our issuances of debt and equity securities;
- reserves made by our General Partner in its discretion;
- prevailing economic and industry conditions; and
- financial, business and other factors, a number of which are beyond our control.

***Our General Partner has broad discretion to determine the amount of "available cash" for distribution to holders of our equity securities through the establishment and maintenance of cash reserves, thereby potentially lessening and limiting the amount of "available cash" eligible for distribution.***

Our General Partner determines the timing and amount of our distributions and has broad discretion in determining the amount of funds that will be recognized as "available cash." Part of this discretion comes from the ability of our General Partner to establish reserves. Decisions as to amounts to be reserved have a direct impact on the amount of available cash for distributions because reserves are taken into account in computing available cash. Each fiscal quarter, our General Partner may, in its reasonable discretion, determine that amounts to be reserved, subject to restrictions on the purposes of the reserves. Reserves may be made, increased or decreased for any proper purpose, including, but not limited to, reserves:

- to comply with terms of any of our agreements or obligations, including the establishment of reserves to fund the future payment of interest and principal on our debt securities;
- to provide for level distributions of cash notwithstanding the seasonality of our business; and
- to provide for future capital expenditures and other payments deemed by our General Partner to be necessary or advisable.

The decision by our General Partner to establish reserves may limit the amount of cash available for distribution to holders of our equity securities. Holders of our equity securities will not receive payments unless we are able to first satisfy our own obligations and the establishment of any reserves.

***Holders of Common Units may experience dilution of their interests.***

We may issue an unlimited number of additional limited partner interests and other equity securities, including senior equity securities, for such consideration and on such terms and conditions as shall be established by our General Partner in its sole discretion, without the approval of any unitholders. We also may issue an unlimited number of partnership interests junior to the Common Units without a unitholder vote. When we issue additional equity securities, a unitholder's proportionate partnership interest will decrease and the amount of cash distributed on each unit and the market price of the Common Units could decrease. Issuance of additional Common Units will also diminish the relative limited voting power of each previously outstanding unit. Please read "Holders of Common Units have limited voting rights, management and control of us" below. The ultimate effect of any such issuance may be to dilute the interests of holders of units in AmeriGas Partners and to make it more difficult for a person or group to remove our General Partner or otherwise change our management.

***The market price of the Common Units may be adversely affected by various change of management provisions.***

Our Partnership Agreement contains certain provisions that are intended to discourage a person or group from attempting to remove our General Partner as general partner or otherwise change the management of AmeriGas Partners. If any person or group other than the General Partner or its affiliates acquires beneficial ownership of 20% or more of the Common Units, such person or group will lose its voting rights with respect to all of its Common Units. The effect of these provisions and the change of control provisions in our debt instruments may be to diminish the price at which the Common Units will trade under certain circumstances.

***Restrictive covenants in the agreements governing our indebtedness and other financial obligations may reduce our operating flexibility.***

The various agreements governing our and the Operating Partnership's indebtedness and other financing transactions restrict quarterly distributions. These agreements contain various negative and affirmative covenants applicable to us and the Operating Partnership and some of these agreements require us and the Operating Partnership to maintain specified financial ratios. If we or the Operating Partnership violate any of these covenants or requirements, a default may result and distributions would be limited. These covenants limit our and the Operating Partnership's ability to, among other things:

- incur additional indebtedness;
- engage in transactions with affiliates;
- create or incur liens;

- sell assets;
- make restricted payments, loans and investments;
- enter into business combinations and asset sale transactions; and
- engage in other lines of business.

***Holders of Common Units have limited voting rights, management and control of us.***

Our General Partner manages and operates AmeriGas Partners. Unlike the holders of common stock in a corporation, holders of outstanding Common Units have only limited voting rights on matters affecting our business. Holders of Common Units have no right to elect the general partner or its directors, and our General Partner generally may not be removed except pursuant to the vote of the holders of not less than two-thirds of the outstanding units. In addition, removal of the general partner may result in a default under our debt instruments and loan agreements. As a result, holders of Common Units have limited say in matters affecting our operations and others may find it difficult to attempt to gain control or influence our activities.

***Holders of Common Units may be required to sell their Common Units against their will.***

If at any time our General Partner and its affiliates hold 80% or more of the issued and outstanding Common Units, our General Partner will have the right (but not the obligation) to purchase all, but not less than all, of the remaining Common Units held by nonaffiliates at certain specified prices pursuant to the Partnership Agreement. Accordingly, under certain circumstances holders of Common Units may be required to sell their Common Units against their will and the price that they receive for those securities may be less than they would like to receive. They may also incur a tax liability upon a sale of their Common Units.

***Holders of Common Units may not have limited liability in certain circumstances and may be liable for the return of distributions that cause our liabilities to exceed our assets.***

The limitations on the liability of holders of Common Units for the obligations of a limited partnership have not been clearly established in some states. If it were determined that AmeriGas Partners had been conducting business in any state without compliance with the applicable limited partnership statute, or that the right or the exercise of the right by the holders of Common Units as a group to remove or replace our General Partner, to make certain amendments to our Partnership Agreement or to take other action pursuant to that Partnership Agreement constituted participation in the “control” of the business of AmeriGas Partners, then a holder of Common Units could be held liable under certain circumstances for our obligations to the same extent as our General Partner. We are not obligated to inform holders of Common Units about whether we are in compliance with the limited partnership statutes of any states.

Holders of Common Units may also have to repay AmeriGas Partners amounts wrongfully returned or distributed to them. Under Delaware law, we may not make a distribution to holders of Common Units if the distribution causes our liabilities to exceed the fair value of our assets. Liabilities to partners on account of their partnership interests and nonrecourse liabilities are not counted for purposes of determining whether a distribution is permitted. Delaware law provides that a limited partner who receives such a distribution and knew at the time of the distribution that the distribution violated Delaware law will be liable to the limited partnership for the distribution amount for three years from the distribution date.

***Our General Partner has conflicts of interest and limited fiduciary responsibilities, which may permit our General Partner to favor its own interest to the detriment of holders of Common Units.***

Conflicts of interest can arise as a result of the relationships between AmeriGas Partners, on the one hand, and the General Partner and its affiliates, on the other. The directors and officers of the General Partner have fiduciary duties to manage the General Partner in a manner beneficial to the General Partner’s sole shareholder, AmeriGas, Inc., a wholly owned subsidiary of UGI Corporation. At the same time, the General Partner has fiduciary duties to manage AmeriGas Partners in a manner beneficial to both it and the unitholders. The duties of our General Partner to AmeriGas Partners and the unitholders, therefore, may come into conflict with the duties of the directors and officers of our General Partner to its sole shareholder, AmeriGas, Inc.

Such conflicts of interest might arise in the following situations, among others:

- Decisions of our General Partner with respect to the amount and timing of cash expenditures, borrowings, issuances of additional units and reserves in any quarter affect whether and the extent to which there is sufficient available cash from operating surplus to make quarterly distributions in a given quarter. In addition, actions by our General Partner may have the effect of enabling the General Partner to receive distributions that exceed 2% of total distributions.

- AmeriGas Partners does not have any employees and relies solely on employees of the General Partner and its affiliates.

- Under the terms of the Partnership Agreement, we reimburse our General Partner and its affiliates for costs incurred in managing and operating AmeriGas Partners, including costs incurred in rendering corporate staff and support services to us.

- Any agreements between us and our General Partner and its affiliates do not grant to the holders of Common Units, separate and apart from AmeriGas Partners, the right to enforce the obligations of our General Partner and such affiliates in our favor. Therefore, the General Partner, in its capacity as the general partner of AmeriGas Partners, is primarily responsible for enforcing such obligations.

- Under the terms of the Partnership Agreement, our General Partner is not restricted from causing us to pay the General Partner or its affiliates for any services rendered on terms that are fair and reasonable to us or entering into additional contractual arrangements with any of such entities on behalf of AmeriGas Partners. Neither the Partnership Agreement nor any of the other agreements, contracts and arrangements between us, on the one hand, and the General Partner and its affiliates, on the other, are or will be the result of arm's-length negotiations.

- Our General Partner may exercise its right to call for and purchase units as provided in the Partnership Agreement or assign such right to one of its affiliates or to us.

Our Partnership Agreement expressly permits our General Partner to resolve conflicts of interest between itself or its affiliates, on the one hand, and us or the unitholders, on the other, and to consider, in resolving such conflicts of interest, the interests of other parties in addition to the interests of the unitholders. In addition, the Partnership Agreement provides that a purchaser of Common Units is deemed to have consented to certain conflicts of interest and actions of our General Partner and its affiliates that might otherwise be prohibited and to have agreed that such conflicts of interest and actions do not constitute a breach by the General Partner of any duty stated or implied by law or equity. The General Partner is not in breach of its obligations under the Partnership Agreement or its duties to us or the unitholders if the resolution of such conflict is fair and reasonable to us. The latitude given in the Partnership Agreement to the General Partner in resolving conflicts of interest may significantly limit the ability of a unitholder to challenge what might otherwise be a breach of fiduciary duty.

Our Partnership Agreement expressly limits the liability of our General Partner by providing that the General Partner, its affiliates and its officers and directors are not liable for monetary damages to us, the limited partners or assignees for errors of judgment or for any actual omissions if the General Partner and other persons acted in good faith. In addition, we are required to indemnify our General Partner, its affiliates and their respective officers, directors, employees and agents to the fullest extent permitted by law, against liabilities, costs and expenses incurred by our General Partner or such other persons, if the General Partner or such persons acted in good faith and in a manner they reasonably believed to be in, or not opposed to, our best interests and, with respect to any criminal proceedings, had no reasonable cause to believe the conduct was unlawful.

***Our General Partner may voluntarily withdraw or sell its general partner interest.***

Our General Partner may withdraw as the general partner of AmeriGas Partners and the Operating Partnership without the approval of our unitholders. Our General Partner may also sell its general partner interest in AmeriGas Partners and the Operating Partnership without the approval of our unitholders. Any such withdrawal or sale could have a material adverse effect on us and could substantially change the management and resolutions of conflicts of interest, as described above.

**Tax Risks**

***The IRS could treat us as a corporation for tax purposes or changes in federal or state laws could subject us to entity-level taxation, which would substantially reduce the cash available for distribution to holders of Common Units.***

The availability to a common unitholder of the federal income tax benefits of an investment in the Common Units depends, in large part, on our classification as a partnership for federal income tax purposes. No ruling from the IRS as to this status has been or is expected to be requested.

If we were classified as a corporation for federal income tax purposes, we would be required to pay tax on our income at corporate tax rates (currently a 35% federal rate), and distributions received by the common unitholders would generally be taxed a second time as corporate distributions. Because a tax would be imposed upon us as an entity, the cash available for distribution to the common unitholders would be substantially reduced. Treatment of us as a corporation would cause a material reduction in the anticipated cash flow and after-tax return to the common unitholders, likely causing a substantial reduction in the value of the Common Units.

The law could be changed so as to cause us to be treated as a corporation for federal income tax purposes or otherwise to be subject to entity-level taxation. If we become subject to widespread entity-level taxation for state tax purposes, it could substantially reduce distributions to our unitholders. Our Partnership Agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state or local income tax purposes, certain provisions of our Partnership Agreement will be subject to change. These changes would include a decrease in the current regular quarterly distribution and the target distribution levels to reflect the impact of this law on us. Any such reductions could increase our General Partner's percentage of cash distributions and decrease our limited partners' percentage of cash distributions.

***States may subject partnerships to entity-level taxation in the future; thereby decreasing the amount of cash available to us for distributions and potentially causing a decrease in our distribution levels.***

Several states have enacted or are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. If additional states were to impose a tax upon us as an entity, the cash available for distribution to unitholders would be reduced.

***Holders of Common Units will likely be subject to state, local and other taxes in states where holders of Common Units live or as a result of an investment in the Common Units.***

In addition to United States federal income taxes, unitholders will likely be subject to other taxes, such as state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which the unitholder resides or in which we do business or own property. A unitholder will likely be required to file state and local income tax returns and pay state and local income taxes in some or all of the various jurisdictions in which we do business or own property and may be subject to penalties for failure to comply with those requirements. It is the responsibility of each unitholder to file all applicable United States federal, state and local tax returns.

***A successful IRS contest of the federal income tax positions that we take may adversely affect the market for Common Units and the costs of any contest will be borne directly or indirectly by the unitholders and our General Partner.***

We have not requested a ruling from the IRS with respect to our classification as a partnership for federal income tax purposes, the classification of any of the revenue from our propane operations as "qualifying income" under Section 7704 of the Internal Revenue Code, or any other matter affecting us. Accordingly, the IRS may adopt positions that differ from the conclusions expressed herein or the positions taken by us. It may be necessary to resort to administrative or court proceedings in an effort to sustain some or all of such conclusions or the positions taken by us. A court may not concur with some or all of our positions. Any contest with the IRS may materially and adversely impact the market for the Common Units and the prices at which they trade. In addition, the costs of any contest with the IRS will be borne directly or indirectly by the unitholders and our General Partner.

***Holders of Common Units may be required to pay taxes even if they do not receive any cash distributions.***

A unitholder will be required to pay federal income taxes and, in some cases, state and local income taxes on the unitholder's allocable share of our income, even if the unitholder receives no cash distributions from us. We cannot guarantee that a unitholder will receive cash distributions equal to the unitholder's allocable share of our taxable income or even the tax liability to the unitholder resulting from that income. Further, a unitholder may incur a tax liability, in excess of the amount of cash received, upon the sale of the unitholder's Common Units.

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

Investment in Common Units by certain tax-exempt entities, regulated investment companies and foreign persons raises issues unique to them. For example, virtually all of our taxable income allocated to organizations exempt from federal income tax, including individual retirement accounts and other retirement plans, will be unrelated business taxable income and thus will be taxable to the unitholder. Distributions to foreign persons will be reduced by withholding taxes.

***There are limits on the deductibility of losses that may adversely affect holders of Common Units.***

In the case of taxpayers subject to the passive loss rules (generally, individuals, closely-held corporations and regulated investment companies), any losses generated by us will only be available to offset our future income and cannot be used to offset income from other activities, including other passive activities or investments. Unused losses may be deducted when the unitholder disposes of the unitholder's entire investment in us in a fully taxable transaction with an unrelated party. A unitholder's share of our net passive income may be offset by unused losses from us carried over from prior years, but not by losses from other passive activities, including losses from other publicly traded partnerships.

***Our tax shelter registration could increase the risk of a potential audit by the IRS.***

We are registered with the IRS as a "tax shelter." The IRS has issued to us the following tax shelter registration number: 95-192000149. Issuance of the registration number does not indicate that an investment in us or the claimed tax benefits have been reviewed, examined or approved by the IRS. We cannot guarantee that we will not be audited by the IRS or that tax adjustments will not be made. The rights of a unitholder owning less than a 1% profits interest in us to participate in the income tax audit process are very limited. Further, any adjustments in our tax returns will lead to adjustments in the unitholders' tax returns and may lead to audits of unitholders' tax returns and adjustments of items unrelated to us. Each unitholder would bear the cost of any expenses incurred in connection with an examination of the unitholder's personal tax return.

***Tax gain or loss on disposition of Common Units could be different than expected.***

A unitholder who sells Common Units will recognize the gain or loss equal to the difference between the amount realized, including the unitholder's share of our nonrecourse liabilities, and the unitholder's adjusted tax basis in the Common Units. Prior distributions in excess of cumulative net taxable income allocated for a common unit which decreased a unitholder's tax basis in that common unit will, in effect, become taxable income if the common unit is sold at a price greater than the unitholder's tax basis in that common unit, even if the price is less than the unit's original cost. A portion of the amount realized, whether or not representing gain, may be ordinary income. Furthermore, should the IRS successfully contest some conventions used by us, a unitholder could recognize more gain on the sale of Common Units than would be the case under those conventions, without the benefit of decreased income in prior years.

***The reporting of partnership tax information is complicated and subject to audits.***

We will furnish each unitholder with a Schedule K-1 that sets forth the unitholder's share of our income, gains, losses and deductions. In preparing these schedules, we will use various accounting and reporting conventions and adopt various depreciation and amortization methods. We cannot guarantee that these schedules will yield a result that conforms to statutory or regulatory requirements or to administrative pronouncements of the IRS. Further, our tax return may be audited, which could result in an audit of a unitholder's individual tax return and increased liabilities for taxes because of adjustments resulting from the audit.

***There is a possibility of loss of tax benefits relating to nonconformity of Common Units and nonconforming depreciation conventions.***

Because we cannot match transferors and transferees of Common Units, uniformity of the tax characteristics of the Common Units to a purchaser of Common Units of the same class must be maintained. To maintain uniformity and for other reasons, we have adopted certain depreciation and amortization conventions which we believe conform to Treasury Regulations under Section 743(b) of the Internal Revenue Code. A successful challenge to those conventions by the IRS could adversely affect the amount of tax benefits available to a purchaser of Common Units and could have a negative impact on the value of the Common Units.

***Holders of Common Units may have negative tax consequences if we default on our debt or sell assets.***

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

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 2. PROPERTIES

As of September 30, 2008, the Partnership owned approximately 82% of its district locations. On November 13, 2008, the Partnership sold its 600,000 barrel refrigerated, above-ground storage facility located on leased property in California for approximately $43 million in cash. See Note 17 to the Partnership's Consolidated Financial Statements.

The transportation of propane requires specialized equipment. The trucks and railroad tank cars utilized for this purpose carry specialized steel tanks that maintain the propane in a liquefied state. As of September 30, 2008, the Partnership operated a transportation fleet with the following assets:

| Approximate Quantity | Equipment Type | % Owned | % Leased |
|---|---|---|---|
| 540 | Trailers | 89 | 11 |
| 290 | Tractors | 29 | 71 |
| 180 | Railroad tank cars | 0 | 100 |
| 2,640 | Bobtail trucks | 13 | 87 |
| 350 | Rack trucks | 9 | 91 |
| 2,200 | Service and delivery trucks | 16 | 84 |

Other assets owned at September 30, 2008 included approximately 875,000 stationary storage tanks with typical capacities ranging from 121 to 2,000 gallons and approximately 2.7 million portable propane cylinders with typical capacities of 1 to 120 gallons. The Partnership also owned approximately 5,600 large volume tanks with typical capacities of more than 2,000 gallons which are used for its own storage requirements.

## ITEM 3. LEGAL PROCEEDINGS

With the exception of the matters set forth in Note 11 to the Partnership's Consolidated Financial Statements, no material legal proceedings are pending involving the Partnership, any of its subsidiaries, or any of their properties, and no such proceedings are known to be contemplated by governmental authorities other than claims arising in the ordinary course of the Partnership's business.

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

No matter was submitted to a vote of security holders during the last fiscal quarter of Fiscal 2008.

**PART II:**

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SECURITY HOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

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

| | Price Range | | Cash |
|---|---|---|---|
| **2008 Fiscal Year** | **High** | **Low** | **Distribution** |
| Fourth Quarter | $ 32.42 | $ 28.84 | $ 0.64 |
| Third Quarter | 35.90 | 30.25 | 0.64 |
| Second Quarter | 36.81 | 29.46 | 0.61 |
| First Quarter | 37.90 | 34.71 | 0.61 |

| | Price Range | | Cash |
|---|---|---|---|
| **2007 Fiscal Year** | **High** | **Low** | **Distribution** |
| Fourth Quarter | $ 38.00 | $ 31.20 | $ 0.86 |
| Third Quarter | 38.89 | 32.62 | 0.61 |
| Second Quarter | 34.00 | 31.28 | 0.58 |
| First Quarter | 33.10 | 30.35 | 0.58 |

As of November 3 , 2008, there were 1,263 record holders of the Partnership's Common Units.

The Partnership makes quarterly distributions to its partners in an aggregate amount equal to its Available Cash, as defined in the Third Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., as amended by Amendment No. 1 (the "Partnership Agreement"). Available Cash generally means, with respect to any fiscal quarter of the Partnership, all cash on hand at the end of such quarter, plus all additional cash on hand as of the date of determination resulting from borrowings subsequent to the end of such quarter, less the amount of cash reserves established by the General Partner in its reasonable discretion for future cash requirements. Certain reserves are maintained to provide for the payment of principal and interest under the terms of the Partnership's debt agreements and other reserves may be maintained to provide for the proper conduct of the Partnership's business, and to provide funds for distribution during the next four fiscal quarters. The information concerning restrictions on distributions required by Item 5 of this report is incorporated herein by reference to Notes 5 and 6 to the Partnership's Consolidated Financial Statements which are incorporated herein by reference.

## ITEM 6. SELECTED FINANCIAL DATA

| (Thousands of dollars, except per share amounts) | Year Ended September 30, 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|
| **FOR THE PERIOD:** | | | | | |
| **Income statement data:** | | | | | |
| Revenues | $ 2,815,189 | $ 2,277,375 | $ 2,119,266 | $ 1,963,256 | $ 1,775,900 |
| Net income | $ 158,019 | $ 190,784 | $ 91,158 | $ 60,845 | $ 91,854 |
| Limited partners' interest in net income | $ 155,741 | $ 185,184 | $ 90,246 | $ 60,237 | $ 90,935 |
| Income per limited partner unit — basic and diluted (a) | $ 2.70 | $ 3.15 | $ 1.59 | $ 1.10 | $ 1.71 |
| Cash distributions declared per limited partner unit | $ 2.50 | $ 2.63 | $ 2.28 | $ 2.22 | $ 2.20 |
| **AT PERIOD END:** | | | | | |
| **Balance sheet data:** | | | | | |
| Current assets | $ 425,096 | $ 375,020 | $ 368,209 | $ 417,740 | $ 298,116 |
| Total assets | 1,725,073 | 1,696,784 | 1,611,767 | 1,663,075 | 1,550,227 |
| Current liabilities (excluding debt) | 461,095 | 376,668 | 378,331 | 338,928 | 292,402 |
| Total debt | 933,390 | 933,042 | 933,746 | 913,502 | 901,351 |
| Minority interests | 10,723 | 11,386 | 10,448 | 8,570 | 7,749 |
| Partners' capital | 247,375 | 311,228 | 221,503 | 337,417 | 289,038 |
| **OTHER DATA:** | | | | | |
| Capital expenditures (including capital leases) | $ 62,756 | $ 73,764 | $ 70,915 | $ 63,584 | $ 62,303 |
| Retail propane gallons sold (millions) | 993.2 | 1,006.7 | 975.2 | 1,034.9 | 1,059.1 |
| Degree days — % warmer than normal (b) | 3.4 | 6.5 | 10.2 | 6.9 | 4.9 |

(a) Calculated in accordance with Emerging Issues Task Force Issue No. 03-6, "Participating Securities and the Two-Class Method under FASB Statement No. 128."

(b) Deviation from average heating degree days for the 30-year period of 1971-2000 based upon national weather statistics provided by the National Oceanic and Atmospheric Administration ("NOAA") for 335 airports in the United States, excluding Alaska.

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

Our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") relates to AmeriGas Partners and the Operating Partnership. Our MD&A should be read in conjunction with our consolidated financial statements and related notes thereto incorporated by reference in this Annual Report on Form 10-K.

### EXECUTIVE OVERVIEW

AmeriGas Partners is the largest retail propane marketer in the United States, with sales to retail customers of nearly a billion gallons during the year ended September 30, 2008 ("Fiscal 2008"). We deliver propane to approximately 1.3 million customers from our distribution locations in 46 states. The propane industry is mature, with only modest growth in residential customer demand. Our strategy is to grow through acquisitions and internal sales programs, leverage our national and local economies of scale and achieve operating efficiencies through productivity programs.

During the past three years our financial results reflect growth achieved through execution of the strategy referred to above. Temperatures based upon heating degree days in Fiscal 2008 were colder than in the year ended September 30, 2007 ("Fiscal 2007") although slightly warmer than normal. Notwithstanding the slightly colder year-over-year weather and the full-year effects of Fiscal 2007 acquisitions, retail volumes declined modestly in Fiscal 2008 reflecting the effects of record high propane commodity prices on customer usage and a weak economy. In Fiscal 2008, net income was $158.0 million compared with net income of $190.8 million in Fiscal 2007 which included the effects of a $46.1 million pre-tax gain from the sale of our 3.5 million barrel liquefied petroleum gas storage facility located in Arizona. Notwithstanding the lower retail volumes sold in Fiscal 2008, total margin increased due principally to high average propane margin per retail gallon sold. Colder temperatures during Fiscal 2007 compared with the year ended September 30, 2006 ("Fiscal 2006") had a favorable impact on retail volumes sold and total margin. Net income during Fiscal 2006 includes the impact of a $17.1 million loss on early extinguishment of debt resulting from the refinancings of certain AmeriGas Partners and AmeriGas OLP debt.

In Fiscal 2009 and beyond, we will continue to focus on growing through acquisitions and internal sales programs, leveraging our national and local economies of scale and achieving operating efficiencies through productivity programs. We expect to achieve base business growth by providing best-in-class customer service and improving the effectiveness of our sales force, while maintaining competitive prices.

***Analysis of Results of Operations***

The following analysis compares the Partnership's results of operations for (1) Fiscal 2008 with Fiscal 2007 and (2) Fiscal 2007 with Fiscal 2006. The following table provides gallons sold, weather and certain financial information for the Partnership and should be read in conjunction with the sections "Fiscal 2008 Compared to Fiscal 2007" and "Fiscal 2007 Compared to Fiscal 2006" below.

| | Year Ended September 30, | | |
|---|---|---|---|
| (Millions of dollars, except where noted) | 2008 | 2007 | 2006 |
| Gallons sold (millions): | | | |
| Retail | 993.2 | 1,006.7 | 975.2 |
| Wholesale | 111.2 | 117.4 | 119.7 |
| | 1,104.4 | 1,124.1 | 1,094.9 |
| Revenues: | | | |
| Retail propane | $ 2,439.2 | $ 1,958.5 | $ 1,816.0 |
| Wholesale propane | 185.4 | 137.6 | 137.7 |
| Other | 190.6 | 181.3 | 165.6 |
| | $ 2,815.2 | $ 2,277.4 | $ 2,119.3 |
| Total margin (a) | $ 906.9 | $ 840.2 | $ 775.5 |
| EBITDA (b) | $ 313.0 | $ 338.7 | $ 237.9 |
| Operating income | $ 234.9 | $ 265.7 | $ 184.1 |
| Net income | $ 158.0 | $ 190.8 | $ 91.2 |
| Degree days — % warmer than normal (c) | 3.4% | 6.5% | 10.2% |

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

(b) Earnings before interest expense, income taxes, depreciation and amortization ("EBITDA") should not be considered as an alternative to net income (as an indicator of operating performance) and is not a measure of performance or financial condition under accounting principles generally accepted in the United States of America ("GAAP"). Management believes EBITDA is a meaningful non-GAAP financial measure used by investors to (1) compare the Partnership's operating performance with other companies within the propane industry and (2) assess its ability to meet loan covenants. The Partnership's definition of EBITDA may be different from that used by other companies. Management uses 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 or historical cost basis. In view of the omission of interest, income taxes, depreciation and amortization from EBITDA, management also assesses the profitability of the business by comparing net income for the relevant years. Management also uses EBITDA to assess the Partnership's profitability because its parent, UGI Corporation, uses the Partnership's EBITDA to assess the profitability of the Partnership. UGI Corporation discloses the Partnership's EBITDA as the profitability measure to comply with the requirement in Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," to provide profitability information about its domestic propane segment.

The following table includes reconciliations of net income to EBITDA for the periods presented:

| | Year Ended September 30, | | |
|---|---|---|---|
| | 2008 | 2007 | 2006 |
| Net income | $ 158.0 | $ 190.8 | $ 91.2 |
| Income tax expense | 1.7 | 0.8 | 0.2 |
| Interest expense | 72.9 | 71.5 | 74.1 |
| Depreciation | 75.7 | 71.6 | 67.8 |
| Amortization | 4.7 | 4.0 | 4.6 |
| EBITDA | $ 313.0 | $ 338.7 | $ 237.9 |

(c) Deviation from average heating degree days for the 30-year period 1971-2000 based upon national weather statistics provided by the National Oceanic and Atmospheric Administration ("NOAA") for 335 airports in the United States, excluding Alaska.

**Fiscal 2008 Compared with Fiscal 2007**

Based upon heating degree-day data, average temperatures in our service territories were 3.4% warmer than normal in Fiscal 2008 compared with temperatures that were 6.5% warmer than normal in Fiscal 2007. Notwithstanding the slightly colder Fiscal 2008 weather and the full-year benefits of acquisitions made in Fiscal 2007, retail gallons sold were slightly lower reflecting, among other things, customer conservation in response to increasing propane product costs and a weak economy. The average wholesale propane cost at Mont Belvieu, Texas, one of the major liquefied petroleum gas ("LPG") supply points in the U.S. increased nearly 50% during Fiscal 2008 over the average cost during Fiscal 2007.

Retail propane revenues increased $480.7 million in Fiscal 2008 reflecting a $507.0 million increase due to the higher average selling prices partially offset by a $26.3 million decrease as a result of the lower retail volumes sold. Wholesale propane revenues increased $47.8 million in Fiscal 2008 reflecting a $55.1 million increase from higher average wholesale selling prices partially offset by a $7.3 million decrease from lower wholesale volumes sold. Total cost of sales increased $471.1 million to $1,908.3 million in Fiscal 2008 reflecting higher propane product costs.

Total margin was $66.7 million greater in Fiscal 2008 principally reflecting higher average propane margin per retail gallon sold and, to a much lesser extent, higher fee income.

EBITDA in Fiscal 2008 was $313.0 million compared to EBITDA of $338.7 million in Fiscal 2007. Fiscal 2007 EBITDA includes $46.1 million resulting from the sale of the Partnership's Arizona storage facility. Excluding the effects of this gain in Fiscal 2007, EBITDA in Fiscal 2008 increased $20.4 million over Fiscal 2007 principally reflecting the previously mentioned increase in total margin partially offset by a $47.9 million increase in operating and administrative expenses. The increased operating expenses reflect expenses associated with acquisitions, increased vehicle fuel and maintenance expenses, greater general insurance expense and, to a lesser extent, higher uncollectible accounts expenses largely attributable to the higher revenues.

The Partnership's operating income decreased $30.8 million in Fiscal 2008 reflecting the lower EBITDA and higher depreciation and amortization expense resulting from the full-year effects of Fiscal 2007 propane business acquisitions and plant and equipment expenditures.

**Fiscal 2007 Compared with Fiscal 2006**

Temperatures in the Partnership's service territories based upon heating degree days during Fiscal 2007 were 6.5% warmer than normal compared with temperatures that were 10.2% warmer than normal during Fiscal 2006. Retail propane volumes sold increased approximately 3.2% reflecting greater demand attributable to the colder weather and the effects of higher sales in our AmeriGas Cylinder Exchange program.

Retail propane revenues increased $142.5 million in Fiscal 2007 reflecting an $83.8 million increase due to higher average selling prices and $58.7 million due to the higher volumes sold. Wholesale propane revenues decreased slightly reflecting a $2.6 million decrease due to lower volumes sold largely offset by a $2.5 million increase due to higher average selling prices. In Fiscal 2007, our average retail propane product cost per retail gallon sold was approximately 4% higher than in Fiscal 2006 resulting in higher year-over-year prices to our customers. Total cost of sales increased to $1,437.2 million in Fiscal 2007 from $1,343.8 million in Fiscal 2006 primarily reflecting the increase in propane product costs and the increased volumes sold. Total margin increased $64.7 million principally due to the higher average retail propane margins per gallon, the higher volumes and higher fees in response to increases in operating and administrative expenses.

EBITDA during Fiscal 2007 increased $100.8 million as a result of the previously mentioned increase in total margin, a $46.1 million gain from the sale of the Partnership's storage facility in Arizona, and the absence of a $17.1 million loss on early extinguishments of debt recorded in Fiscal 2006 partially offset by a $27.2 million increase in operating and administrative expenses. The $17.1 million loss on early extinguishments of debt in Fiscal 2006 was associated with refinancings of AmeriGas OLP's Series A and Series C First Mortgage Notes totaling $228.8 million, and $59.6 million of AmeriGas Partners' 10% Senior Notes, with $350 million of 7.125% AmeriGas Partners' Senior Notes due 2016. The Partnership also used a portion of the proceeds from the issuance of the 7.125% Senior Notes to repay AmeriGas OLP's $35 million term loan. The increase in Fiscal 2007 operating and administrative expenses principally resulted from higher (1) employee compensation and benefits, (2) vehicle costs and (3) maintenance and repairs expenses. Both Fiscal 2007 and 2006 benefited from favorable expense reductions related to general insurance primarily reflecting improved claims experience.

Operating income increased $81.6 million in Fiscal 2007 mainly reflecting the previously mentioned increase in EBITDA but excluding the impact of the prior period's $17.1 million loss on extinguishments of debt (which is included in EBITDA but not operating income) slightly offset by greater depreciation expense. Net income in Fiscal 2007 increased $99.6 million reflecting the increase in operating income, the absence of the Fiscal 2006 loss on extinguishments of debt and a decrease in interest expense.

***Financial Condition and Liquidity***

**Capitalization and Liquidity**

The Partnership's debt outstanding at September 30, 2008 totaled $933.4 million (including current maturities of long-term debt of $71.5 million). Total debt outstanding at September 30, 2008 includes long-term debt comprising $779.8 million of AmeriGas Partners' Senior Notes, $150.2 million of AmeriGas OLP First Mortgage Notes and $3.4 million of other long-term debt. AmeriGas OLP expects to refinance $70 million of long-term debt maturing in March 2009 with proceeds from the issuance of a term loan.

AmeriGas OLP's Credit Agreement expires on October 15, 2011 and consists of (1) a $125 million Revolving Credit Facility and (2) a $75 million Acquisition Facility. The Revolving Credit Facility may be used for working capital and general purposes of AmeriGas OLP. The Acquisition Facility provides AmeriGas OLP with the ability to borrow up to $75 million to finance the purchase of propane businesses or propane business assets or, to the extent it is not so used, for working capital and general purposes, subject to restrictions in the AmeriGas OLP First Mortgage Notes. Issued and outstanding letters of credit under the Revolving Credit Facility, which reduce the amount available for borrowings, totaled $42.9 million at September 30, 2008 and $58.0 million at September 30, 2007. AmeriGas OLP's short-term borrowing needs are seasonal and are typically greatest during the fall and winter heating-season months due to the need to fund higher levels of working capital. The average daily and peak bank loan borrowings outstanding under the Credit Agreement during Fiscal 2008 were $39.1 million and $106.0 million, respectively. The average daily and peak bank loan borrowings outstanding under the Credit Agreement during Fiscal 2007 were $1.6 million and $92.0 million, respectively. There were no borrowings outstanding under the Credit Agreement at September 30, 2008 or 2007. At September 30, 2008, the Partnership's available borrowing capacity under the Credit Agreement was $157.1 million.

Although commodity propane prices increased through much of Fiscal 2008, a precipitous decline in prices in late Fiscal 2008 which continued into Fiscal 2009 has resulted in greater cash needed by the Partnership to fund counterparty collateral requirements. These collateral requirements are associated with derivative financial instruments used by the Partnership to manage market price risk associated with fixed sales price commitments to customers principally during the heating-season months of October through March. At September 30, 2008, the Partnership had made collateral deposits of $17.8 million associated with these derivative financial instruments. At November 20, 2008, such collateral deposits totaled $144.5 million. In order to reduce cash collateral payment obligations and to provide the Partnership with greater borrowing flexibility and a more cost effective use of its Credit Agreement, in October 2008, UGI agreed to provide guarantees of up to $50 million to AmeriGas OLP's propane suppliers through September 30, 2009. In addition, on November 14, 2008, AmeriGas OLP entered into a revolving credit agreement with two major banks ("Supplemental Credit Agreement"). The Supplemental Credit Agreement expires on May 14, 2009, and permits AmeriGas OLP to borrow up to $50 million for working capital and general purposes. Except for more restrictive covenants regarding the incurrence of additional indebtedness by AmeriGas OLP, the Supplemental Credit Agreement has restrictive covenants substantially similar to the existing AmeriGas OLP Credit Agreement. At November 20, 2008, the Partnership had $49.5 million of available borrowing capacity under its revolving credit agreements and $25.0 million of unused UGI guarantees.

At September 30, 2008, the amount of net assets of the Partnership's subsidiaries that was restricted from transfer as a result of the amount of Available Cash, computed in accordance with the Partnership Agreement, the applicable debt agreements and the partnership agreements of the Partnership's subsidiaries, totaled approximately $900 million.

In order to borrow under the Credit Agreement and the Supplemental Credit Agreement, AmeriGas OLP must satisfy certain financial covenants including, but not limited to, a minimum interest coverage ratio, a maximum debt to EBITDA ratio and a minimum EBITDA, as defined. AmeriGas OLP's financial covenants calculated as of September 30, 2008 permitted it to borrow up to the maximum amount available under its Credit Agreement.

Based upon existing cash balances, the availability of the UGI guarantees, cash expected to be generated from operations and borrowings available under its Credit Agreement and the Supplemental Credit Agreement, the Partnership's management believes that the Partnership will be able to meet its anticipated contractual commitments and projected cash needs in Fiscal 2009. In addition, the Partnership's management believes its liquidity will begin to improve in December 2008. For a more detailed discussion of the Partnership's credit facilities, see Note 6 to Consolidated Financial Statements.

**Partnership Distributions**

The Partnership makes distributions to its partners approximately 45 days after the end of each fiscal quarter in a total amount equal to its Available Cash as defined in the Third Amended and Restated Agreement of Limited Partnership, as amended (the "Partnership Agreement") for such quarter. Available Cash generally means:

1. cash on hand at the end of such quarter,
2. plus all additional cash on hand as of the date of determination resulting from borrowings after the end of such quarter,
3. less the amount of cash reserves established by the General Partner in its reasonable discretion.

The General Partner may establish reserves for the proper conduct of the Partnership's business and for distributions during the next four quarters. In addition, certain of the Partnership's debt agreements require reserves be established for the payment of debt principal and interest.

Distributions of Available Cash are made 98% to limited partners and 2% to the General Partner (giving effect to the 1.01% interest of the General Partner in distributions of Available Cash from AmeriGas OLP to AmeriGas Partners) until Available Cash exceeds the Minimum Quarterly Distribution of $0.55 and the First Target Distribution of $0.055 per Common Unit (or a total of $0.605 per Common Unit). If Available Cash exceeds $0.605 per Common Unit in any quarter, the General Partner will receive a greater percentage of the total Partnership distribution but only with respect to the amount by which the distribution per Common Unit to limited partners exceeds $0.605.

Quarterly distributions of Available Cash per limited partner unit paid during Fiscal 2008, Fiscal 2007 and Fiscal 2006 were as follows:

| | Fiscal | | |
|---|---|---|---|
| | 2008 | 2007 | 2006 |
| 1st Quarter | $ 0.61 | $ 0.58 | $ 0.56 |
| 2nd Quarter | 0.61 | 0.58 | 0.56 |
| 3rd Quarter | 0.64 | 0.61 | 0.58 |
| 4th Quarter | 0.64 | 0.86 | 0.58 |

Because the Partnership made distributions to Common Unitholders in excess of $0.605 per limited partner unit beginning in the third quarter of Fiscal 2007, the General Partner has received a greater percentage of the total Partnership distribution than its aggregate 2% general partner interest in AmeriGas Partners and AmeriGas OLP. The total amount of distributions received by the General Partner with respect to its 1% general partner interest in AmeriGas Partners during Fiscal 2008 and Fiscal 2007 totaled $2.1 million and $5.2 million which amounts included incentive distributions of $0.7 million and $3.7 million, respectively.

On July 30, 2007, the General Partner's Board of Directors approved a distribution of $0.86 per Common Unit payable on August 18, 2007 to unitholders of record on August 10, 2007. This distribution included the regular quarterly distribution of $0.61 per Common Unit and $0.25 per Common Unit reflecting a distribution of a portion of the proceeds from the Partnership's sale of its Arizona storage facility in July 2007.

**Contractual Cash Obligations and Commitments**

The Partnership has certain contractual cash obligations that extend beyond Fiscal 2008 including obligations associated with long-term debt, interest on long-term fixed-rate debt, lease obligations, derivative instruments and propane supply contracts. The following table presents significant contractual cash obligations as of September 30, 2008:

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| (Millions of dollars) | Total | Fiscal 2009 | Fiscal 2010-2011 | Fiscal 2012-2013 | Fiscal 2014 and thereafter |
| Long-term debt (a) | $ 933.0 | $ 71.2 | $ 95.9 | $ 0.9 | $ 765.0 |
| Interest on long-term fixed-rate debt (b) | 432.2 | 67.7 | 119.4 | 110.1 | 135.0 |
| Operating leases | 222.0 | 45.4 | 71.5 | 48.1 | 57.0 |
| Derivative financial instruments (c) | 59.8 | 55.8 | 4.0 | — | — |
| Propane supply contracts | 36.5 | 36.5 | — | — | — |
| Total | $1,683.5 | $276.6 | $ 290.8 | $ 159.1 | $ 957.0 |

(a) Based upon stated maturity dates.

(b) Based upon stated interest rates.

(c) Represents the sum of amounts due from us if derivative financial instrument liabilities were settled at the September 30, 2008 amounts reflected in the financial statements.

The components of the other noncurrent liabilities included in our Consolidated Balance Sheet at September 30, 2008 principally consist of property and casualty liabilities and, to a much lesser extent, liabilities associated with executive compensation plans and employee post-employment benefit programs. These liabilities are not included in the table of Contractual Cash Obligations and Commitments because they are estimates of future payments and not contractually fixed as to timing or amount. The table above excludes the Penn Fuel Propane, LLC purchase obligation of $33.6 million (see "Subsequent Events—Acquisition of Penn Fuel Propane, LLC and Partnership sale of Propane Storage Facility" below).

**Effect of Recent Market Conditions**

The recent unprecedented volatility in credit and capital markets may create additional risks to the Partnership in the future. We are exposed to financial market risk resulting from, among other things, changes in interest rates and conditions in the credit and capital markets. Recent developments in the credit markets increase our possible exposure to the liquidity and credit risks of our suppliers, counterparties associated with derivative financial instruments and our customers.

We believe that we have sufficient liquidity in the form of revolving credit facilities, letters of credit and guarantee arrangements to fund our operations including the collateral requirements of our derivative financial instruments. Additionally, we do not have significant amounts of long-term debt maturing or revolving credit agreements terminating in the next several fiscal years. Accordingly, we do not believe that recent conditions in the credit and capital markets will have a significant impact on our liquidity. Although we believe that recent financial market conditions will not have a significant impact on our ability to fund our existing operations, such market conditions could restrict our ability to make a significant acquisition or limit the scope of major capital projects, if access to credit and capital markets is limited, and could adversely affect our results of operations.

We are subject to credit risk relating to the ability of counterparties to meet their contractual payment obligations or the potential non-performance of counterparties to deliver contracted commodities or services at contract prices. We monitor our counterparty credit risk exposure in order to minimize credit risk with any one supplier or financial instrument counterparty. We have a diverse customer base that spans broad geographic, economic and demographic constituencies. No single customer represents more than ten percent of our revenues or operating income. Notwithstanding our diverse customer profile, current conditions in the credit markets could affect the ability of some of our customers to pay timely or result in increased customer bankruptcies which may lead to increased bad debts.

As previously mentioned, in order to manage market risk associated with the Partnership's fixed-price programs which permit customers to lock in the prices they pay for propane, the Partnership has entered into derivative financial instruments that have collateral provisions. These derivative instruments are used to manage market price risk principally during the heating-season months of October through March. If market prices for propane were to continue to fall during the Fiscal 2009 heating season, we could be required to make significant additional cash collateral payments or to provide guarantees. The Partnership's management believes it has sufficient liquidity to meet such obligations and its projected cash needs in Fiscal 2009. In addition, the Partnership's management believes its liquidity will begin to improve in December 2008.

**Cash Flows**

**Operating activities.** Due to the seasonal nature of the Partnership's business, cash flows from operating activities are generally strongest 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 and Supplemental Credit Agreement to satisfy its seasonal operating cash flow needs. Cash flow from operating activities was $180.2 million in Fiscal 2008, $204.5 million in Fiscal 2007 and $177.8 million in Fiscal 2006. Cash flow from operating activities before changes in operating working capital was $255.1 million in Fiscal 2008, $234.7 million in Fiscal 2007 and $185.3 million in Fiscal 2006. The year-over-year increase in cash flow from operating activities before changes in working capital in the three-year period ended September 30, 2008 principally reflects the improved year-over-year operating results. Cash required to fund changes in operating working capital totaled $74.9 million in Fiscal 2008, $30.2 million in Fiscal 2007 and $7.4 million in Fiscal 2006. The greater cash required to fund operating working capital in Fiscal 2008 compared to Fiscal 2007 principally reflects the impact of the timing of purchases and increases in propane prices on cash receipts from customers and net collateral deposit payments of $17.8 million in Fiscal 2008 associated with unsettled commodity derivative instruments. As previously mentioned, falling commodity propane prices late in fiscal 2008 resulted in greater cash needed to fund counterparty collateral requirements under product cost management contracts. The increase in cash flow required to fund working capital in Fiscal 2007 compared with Fiscal 2006 principally reflects the impact of propane prices on purchases of inventories and the timing of customers' use of their deposits and prepayments.

**Investing activities.** Investing activity cash flow is principally affected by investments in property, plant and equipment, cash paid for acquisitions of businesses and proceeds from sales of assets. Cash flow used in investing activities was $55.6 million in Fiscal 2008, $97.5 million in Fiscal 2007 and $63.1 million in Fiscal 2006. We spent $62.8 million for property, plant and equipment (comprising $29.1 million of maintenance capital expenditures and $33.7 million of growth capital expenditures) in Fiscal 2008; $73.8 million for property, plant and equipment (comprising $27.2 million of maintenance capital expenditures and $46.6 million of growth capital expenditures) in Fiscal 2007; and $70.7 million for property, plant and equipment (comprising $23.6 million of maintenance capital expenditures and $47.1 million of growth capital expenditures) in Fiscal 2006. The lower growth capital expenditures in Fiscal 2008 reflect in large part lower capital expenditures associated with the Partnership's grill cylinder exchange business. In July 2007, the Partnership sold its 3.5 million barrel liquefied petroleum gas storage terminal located near Phoenix, Arizona for net cash proceeds of $49.0 million. Also during Fiscal 2007, the Partnership acquired several retail propane distribution businesses, including the retail distribution businesses of All Star Gas Corporation and Shell Gas (LPG) USA, and several cylinder refurbishing businesses for total net cash consideration of $78.8 million.

**Financing activities.** Changes in cash flow from financing activities are primarily due to issuances and repayments of long-term debt, net Credit Agreement borrowings, distributions on AmeriGas Partners Common Units and issuances of AmeriGas Partners Common Units. Cash flow used by financing activities was $147.7 million in Fiscal 2008, $157.7 million in Fiscal 2007 and $129.1 million in Fiscal 2006. Distributions in Fiscal 2007 include the effects of an additional $0.25 per Common Unit distribution paid in August 2007 to distribute a portion of the proceeds from the Partnership's July 2007 sale of its Arizona storage facility. Cash flows from financing activities in Fiscal 2006 reflect cash transactions associated with refinancings of certain AmeriGas Partners and AmeriGas OLP debt.

**Capital Expenditures**

In the following table, we present capital expenditures (which exclude acquisitions) for Fiscal 2008, Fiscal 2007 and Fiscal 2006. We also provide amounts we expect to spend in Fiscal 2009. We expect to finance Fiscal 2009 capital expenditures principally from cash generated by operations and borrowings under our credit agreements.

| **Year Ended September 30,** | 2009 | 2008 | 2007 | 2006 |
|---|---|---|---|---|
| (Millions of dollars) | (estimate) | | | |
| Property, plant and equipment expenditures | $ 87.1 | $ 62.8 | $ 73.8 | $ 70.7 |

The increase in Fiscal 2009 estimated capital expenditures includes expenditures associated with a Partnership system software replacement.

***AmeriGas OLP 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 owned by the Partnership in Saranac Lake, New York on its Registry of Inactive Hazardous Waste Disposal Sites. A site characterization study performed by DEC disclosed contamination related to former manufactured gas plant operations on the site. DEC has classified the site as a significant threat to public health or environment with further action required. The Partnership is researching the history of the site and is investigating DEC's findings. The General Partner has reviewed the preliminary site characterization study prepared by DEC and is in the early stages of investigating the extent of contamination and the possible existence of other potentially responsible parties. Due to the early stage of such investigation, the amount of expected clean up costs cannot be reasonably estimated. When such expected clean up costs can be reasonably estimated, it is possible that the amount could be material to the Partnership's results of operations.

***Related Party Transactions***

Pursuant to the Partnership Agreement and a Management Services Agreement among AmeriGas Eagle Holdings, Inc., the general partner of Eagle OLP, and the General Partner, 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 $345.5 million, $333.6 million and $313.6 million in Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively, include employee compensation and benefit expenses of employees of the General Partner and general and administrative expenses.

UGI Corporation ("UGI") provides certain financial and administrative services to the General Partner. UGI bills the General Partner 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. Such corporate expenses totaled $11.2 million, $10.8 million and $10.4 million in Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively. In addition, UGI and certain of its subsidiaries provide office space and automobile liability insurance to the Partnership. These costs totaled $2.3 million, $2.5 million and $2.7 million in Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively.

AmeriGas OLP purchases propane from UGI Energy Services, Inc. and subsidiaries ("Energy Services"), which is owned by an affiliate of UGI. Purchases of propane by AmeriGas OLP from Energy Services totaled $47.3 million, $34.7 million and $37.7 million during Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively. Amounts due to Energy Services at September 30, 2008 and 2007 totaled $1.3 million and $3.5 million, respectively, which are included in accounts payable – related parties in our Consolidated Balance Sheets.

In September 2007, in conjunction with a propane business acquisition, the Partnership issued 166,205 Common Units to the General Partner in consideration for the retention of certain income tax liabilities having a fair value of $34.28 per Common Unit. See Notes 3 and 12 to Consolidated Financial Statements for more information related to this transaction.

The Partnership sold propane to certain affiliates of UGI. Such amounts were not material during Fiscal 2008, Fiscal 2007 or Fiscal 2006.

***Off-Balance Sheet Arrangements***

We do not have any off–balance sheet arrangements that are expected to have an effect on the Partnership's financial condition, change in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

***Market Risk Disclosures***

Our primary financial market risks include commodity prices for propane and interest rates on borrowings.

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 hedge forecasted purchases of propane are generally settled at expiration of the contract. These derivative financial instruments contain collateral provisions. As previously mentioned, precipitous declines in propane commodity prices late in Fiscal 2008 which continued into Fiscal 2009 has resulted in greater collateral requirements by our derivative instruments counterparties. In order to minimize our credit risk associated with derivative commodity contracts, we monitor established credit limits with our contract counterparties. 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.

The Partnership has both fixed-rate and variable-rate debt. Changes in interest rates impact the cash flows of variable-rate debt but generally do not impact its fair value. Conversely, changes in interest rates impact the fair value of fixed-rate debt but do not impact its cash flows.

Our variable-rate debt includes borrowings under AmeriGas OLP's Credit Agreement. This agreement has interest rates that are generally indexed to short-term market interest rates. At September 30, 2008 and 2007, there were no borrowings outstanding under the Credit Agreement. Based upon the average level of borrowings outstanding under the Credit Agreement in Fiscal 2008, an increase in short-term interest rates of 100 basis points (1%) would have increased annual interest expense by $0.4 million.

The remainder of our debt outstanding is subject to fixed rates of interest. A 100 basis point increase in market interest rates would result in decreases in the fair value of this fixed-rate debt of $38.9 million and $48.1 million at September 30, 2008 and 2007, respectively. A 100 basis point decrease in market interest rates would result in increases in the fair market value of this debt of $41.7 million and $52.0 million at September 30, 2008 and 2007, respectively.

Our long-term debt is typically issued at fixed rates of interest based upon market rates for debt having similar terms and credit ratings. As these long-term debt issues mature, we may refinance such debt with new debt having interest rates reflecting then-current market conditions. This debt may have an interest rate that is more or less than the refinanced debt. In order to reduce interest rate risk associated with forecasted issuances of fixed-rate debt, from time to time we enter into interest rate protection agreements.

The following table summarizes the fair values of unsettled market risk sensitive derivative instruments held at September 30, 2008 and 2007. It also includes the changes in fair value that would result if there were a ten percent adverse change in (1) the market price of propane and (2) the three-month LIBOR:

| (Millions of dollars) | Fair Value - Asset (Liability) | Change in Fair Value |
|---|---|---|
| September 30, 2008: | | |
| Propane swap and option contracts | $ (54.0) | $ (29.1) |
| Interest rate protection agreements | (5.8) | (4.0) |
| | | |
| September 30, 2007: | | |
| Propane swap and option contracts | $ 18.3 | $ (18.4) |
| Interest rate protection agreements | 0.6 | (4.4) |

Because the Partnership's derivative instruments generally qualify as hedges under Statement of Financial Accounting Standards ("SFAS") No. 133, we expect that changes in the fair value of derivative instruments used to manage propane price or interest rate risk would be substantially offset by gains or losses on the associated anticipated transactions.

***Critical Accounting Policies and Estimates***

The preparation of financial statements and related disclosures in compliance with GAAP requires the selection and application of appropriate accounting principles to the relevant facts and circumstances of the Partnership's operations and the use of estimates made by management. The Partnership has identified the following critical accounting policies that are most important to the portrayal of the Partnership's financial condition and results of operations. Changes in these policies could have a material effect on the financial statements. The application of these accounting policies necessarily requires management's most subjective or complex judgments regarding estimates and projected outcomes of future events which could have a material impact on the financial statements. Management has reviewed these critical accounting policies, and the estimates and assumptions associated with them, with its Audit Committee. In addition, management has reviewed the following disclosures regarding the application of these critical accounting policies with the Audit Committee.

**Litigation accruals and environmental liabilities.** The Partnership is involved in litigation regarding pending claims and legal actions that arise in the normal course of its business and may own sites at which hazardous substances may be present. In accordance with GAAP, the Partnership establishes reserves for pending claims and legal actions or environmental remediation liabilities when it is probable that a liability exists and the amount or range of amounts can be reasonably estimated. Reasonable estimates involve management judgments based on a broad range of information and prior experience. These judgments are reviewed quarterly as more information is received and the amounts reserved are updated as necessary. Such estimated reserves may differ materially from the actual liability and such reserves may change materially as more information becomes available and estimated reserves are adjusted.

**Depreciation and amortization of long-lived assets.** We compute depreciation on property, plant and equipment on a straight-line basis over estimated useful lives generally ranging from 2 to 40 years. We also use amortization methods and determine asset values of intangible assets other than goodwill using reasonable assumptions and projections. Changes in the estimated useful lives of property, plant and equipment and changes in intangible asset amortization methods or values could have a material effect on our results of operations. As of September 30, 2008, our net property, plant and equipment totaled $616.8 million. Depreciation expense of $75.7 million was recorded during Fiscal 2008.

**Purchase price allocation.** From time to time, we enter into material business combinations. In accordance with SFAS No. 141, "Business Combinations," the purchase price is allocated to the various assets and liabilities acquired at their estimated fair value. Fair values of assets acquired and liabilities assumed are based upon available information and may involve us engaging an independent third party to perform an appraisal. Estimating fair values can be complex and subject to significant business judgment and most commonly impacts property, plant and equipment and intangible assets, including those with indefinite lives. Generally, we have, if necessary, up to one year from the acquisition date to finalize the purchase price allocation.

***Subsequent Events — Acquisition of Penn Fuel Propane, LLC and Partnership Sale of Propane Storage Facility***

On October 1, 2008, AmeriGas OLP acquired all of the assets of Penn Fuel Propane, LLC (now named UGI Central Penn Propane, LLC, "CPP") from CPP, a subsidiary of UGI Central Penn Gas, Inc, for $32.0 million cash plus estimated working capital of $1.6 million. CPP sells propane to customers primarily in eastern Pennsylvania. AmeriGas OLP funded the acquisition of the assets of CPP principally from borrowings under its Credit Agreement.

On November 13, 2008, AmeriGas OLP sold its 600,000 barrel refrigerated, above-ground storage facility located on leased property in California for approximately $43.0 million in cash. We expect to record a pre-tax gain of approximately $40.0 million associated with this transaction during our first quarter of Fiscal 2009.

***Recently Issued Accounting Pronouncements Not Yet Adopted***

Below is a listing of recently issued accounting pronouncement by the Financial Accounting Standards Board ("FASB"). See Note 2 to the Consolidated Financial Statements for additional discussion of these pronouncements.

| Title of Pronouncement | Month of Issue | Effective Date |
|---|---|---|
| FASB Staff Position No. SFAS 142-3, "Determination of the Useful Life of Intangible Assets" | April 2008 | Fiscal 2010 |
| SFAS 161, "Disclosures about Derivative Instruments and Hedging Activities" | March 2008 | Fiscal 2009 (2nd Quarter) |
| EITF 07-04 "Application of the Two-Class Method under FAS 128 to Master Limited Partnerships" | March 2008 | Fiscal 2010 |
| SFAS 141R, "Business Combinations" | December 2007 | Fiscal 2010 |
| SFAS 160, "Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51" | December 2007 | Fiscal 2010 |
| FASB Staff Position No. FIN 39-1, "Amendment of FASB Interpretation No. 39" | April 2007 | Fiscal 2009 |
| SFAS 159, "The Fair Value Option for Financial Assets and Financial Liabilities" | February 2007 | Fiscal 2009 |
| SFAS 157, "Fair Value Measurements" | September 2006 | Fiscal 2009 |

Effective October 1, 2007, we adopted FASB Interpretation No. 48, "Accounting for Uncertainties in Income Taxes" ("FIN 48"). FIN 48 provides a comprehensive model for the recognition, measurement and disclosure in financial statements of uncertain income tax positions that an entity has taken or expects to take on a tax return. The adoption of FIN 48 did not have a significant effect on the Partnership.

***Forward-Looking Statements***

Some information contained in this Annual Report on Form 10-K may contain forward-looking statements. Such statements use forward-looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will," 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 which 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 market areas; (3) the availability of, and our ability to consummate, acquisition or combination opportunities; (4) successful integration and future performance of acquired assets or businesses; (5) changes in laws and regulations, including safety, tax and accounting matters; (6) competitive pressures from the same and alternative energy sources; (7) failure to acquire new 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) large customer, counter-party or supplier defaults; (12) liability in excess of insurance coverage for personal injury and property damage arising from explosions and other catastrophic events, including acts of terrorism, resulting 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; and (16) the impact of pending and future legal proceedings.

These factors 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.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

"Quantitative and Qualitative Disclosures About Market Risk" are contained in Management's Discussion and Analysis of Financial Condition and Results of Operations under the caption "Market Risk Disclosures" and are incorporated herein by reference.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

Management's Annual Report on Internal Control Over Financial Reporting and the financial statements and financial statement schedules referred to in the Index contained on page F-2 of this Report are incorporated herein by reference.

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

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

(a) The General Partner's management, with the participation of the 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 designed and functioning effectively to provide reasonable assurance that the information required to be disclosed by the Partnership in reports filed 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 disclosure.

(b) For "Management's Annual Report on Internal Control Over Financial Reporting" see Item 8 of this Report (which information is incorporated herein by reference).

(c) 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.

**ITEM 9B. OTHER INFORMATION**

None.

**PART III:**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

We do not directly employ any persons responsible for managing or operating the Partnership. The General Partner and UGI provide such services and are reimbursed for direct and indirect costs and expenses including all compensation and benefit costs. See "Certain Relationships and Related Transactions, and Director Independence — Related Person Transactions" and Note 12 to the Partnership's Consolidated Financial Statements.

The Board of Directors of the General Partner has an Audit Committee, Compensation/Pension Committee, Corporate Governance Committee and an Executive Committee. The functions of and other information about these committees is summarized below.

The Audit Committee has the authority to (i) make determinations or review determinations made by management in transactions that require special approval by the Committee under the terms of the Partnership Agreement and (ii) at the request of the General Partner, review specific matters as to which the General Partner believes there may be a conflict of interest, in order to determine if the resolution of such conflict is fair and reasonable to the Partnership. In addition, the Audit Committee acts on behalf of the Board of Directors in fulfilling its responsibility to:

- oversee the accounting and financial reporting processes and audits of the financial statements of the Partnership;
- monitor the independence of the Partnership's independent registered public accountants and the performance of the independent registered public accountants and internal audit staff;
- oversee the adequacy of the Partnership's controls relative to financial and business risk;
- provide a means for open communication among the independent registered public accountants, management, internal audit staff and the Board of Directors; and
- oversee compliance with applicable legal and regulatory requirements.

The Audit Committee has sole authority to appoint, retain, fix the compensation of and oversee the work of the independent registered public accountants. A copy of the current charter of the Audit Committee is posted on the Partnership's website, www.amerigas.com; see "Investor Relations - Corporate Governance."

The Audit Committee members are Messrs. Pratt (Chairman), Marrazzo and Stoeckel. Each member of the Audit Committee is "independent" as defined by the New York Stock Exchange listing standards. In addition, the Board of Directors of the General Partner has determined that all members of the Audit Committee qualify as "audit committee financial experts" within the meaning of the Securities and Exchange Commission regulations.

The Compensation/Pension Committee members are Messrs. Gozon (Chairman) and Marrazzo and Dr. Ban. The Committee establishes executive compensation policies and programs, recommends to the Board of Directors base salary, annual target bonus levels and long-term compensation awards for executives, approves corporate goals and objectives relating to the Chief Executive Officer's compensation and reviews the General Partner's management development and succession planning policies. Each member of the Compensation/Pension Committee is independent as defined by the New York Stock Exchange listing standards.

The Corporate Governance Committee members are Messrs. Stratton (Chairman), Gozon and Pratt. The Committee identifies nominees and reviews qualifications of persons eligible to stand for election as Directors and makes recommendations to the Board on these matters, advises the Board with respect to significant developments in corporate governance matters, reviews and assesses the performance of the Board and each Committee, and reviews and recommends director compensation. Each member of the Corporate Governance Committee is independent as defined by the New York Stock Exchange listing standards.

The Executive Committee members are Messrs. Stratton (Chairman), Gozon and Greenberg. The Committee has the full authority of the Board to act on matters between meetings of the Board, with specified limitations relating to major transactions.

The General Partner has adopted a Code of Ethics for the Chief Executive Officer and Senior Financial Officers that applies to the General Partner's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. The Code of Ethics is included as an exhibit to this Report and is posted on the Partnership's website, www.amerigas.com; see "Investor Relations — Corporate Governance." Copies of all corporate governance documents posted on the Partnership's website are available free of charge by writing to Robert W. Krick, Vice President and Treasurer, AmeriGas Propane, Inc., P. O. Box 965, Valley Forge, PA 19482.

***Directors and Executive Officers of the General Partner***

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

| Name | Age | Position with the General Partner |
|---|---|---|
| Lon R. Greenberg | 58 | Chairman and Director |
| Eugene V. N. Bissell | 55 | President, Chief Executive Officer and Director |
| John L. Walsh | 53 | Vice Chairman and Director |
| Stephen D. Ban | 68 | Director |
| Richard C. Gozon | 70 | Director |
| William J. Marrazzo | 59 | Director |
| Gregory A. Pratt | 60 | Director |
| Howard B. Stoeckel | 62 | Director |
| James W. Stratton | 71 | Director |
| William D. Katz | 55 | Vice President — Human Resources |
| Robert H. Knauss | 55 | Vice President, General Counsel and Corporate Secretary |
| David L. Lugar | 51 | Vice President — Supply and Logistics |
| Carey M. Monaghan | 57 | Vice President — Sales and Marketing |
| Jerry E. Sheridan | 43 | Vice President — Finance and Chief Financial Officer |
| William J. Stanczak | 53 | Controller and Chief Accounting Officer |

Mr. Greenberg is a director (since 1994) and Chairman of the General Partner. He previously served as President and Chief Executive Officer of the General Partner from 1996 until July 2000. He is also a director (since 1994), Chairman (since 1996) and Chief Executive Officer (since 1995) of UGI Corporation, having previously been Senior Vice President — Legal and Corporate Development of UGI (1989 to 1994). Mr. Greenberg previously served as Vice President and General Counsel of AmeriGas, Inc. (1984 to 1994). He also serves as a director of UGI Utilities, Inc. and Aqua America, Inc., and serves on the compensation committee of Aqua America, Inc.

Mr. Bissell is President, Chief Executive Officer and a director of the General Partner (since July 2000). He previously served as Senior Vice President — Sales and Marketing of the General Partner (October 1999 to July 2000), having served as Vice President — Sales and Operations (1995 to 1999). Previously, he was Vice President — Distributors and Fabrication, BOC Gases (1995), having been Vice President — National Sales (1993 to 1995) and Regional Vice President (Southern Region) for Distributor and Cylinder Gases Division, BOC Gases (1989 to 1993). From 1981 to 1987, Mr. Bissell held various positions with UGI Corporation and its subsidiaries, including Director, Corporate Development. He is a member of the Board of Directors of the National Propane Gas Association and a member of the Kalamazoo College Board of Trustees.

Mr. Walsh is Vice Chairman and a director of the General Partner (since April 2005). He is also President, Chief Operating Officer and a director of UGI Corporation and he serves as Vice Chairman and a director of UGI Utilities, Inc. (since April 2005). He previously served as Chief Executive of the Industrial and Special Products division and executive director of BOC Group PLC, an industrial gases company (2001 to 2005). From 1986 to 2001, he held various senior management positions with the BOC Group. Prior to joining BOC Group, Mr. Walsh was a Vice President of UGI's industrial gas division prior to its sale to BOC Group in 1989. From 1981 until 1986, Mr. Walsh held several management positions with affiliates of UGI.

Dr. Ban was elected a director of the General Partner on February 22, 2006. He is currently serving as the Director of the Technology Transfer Division of the Argonne National Laboratory, a science-based Department of Energy laboratory dedicated to advancing the frontiers of science in energy, environment, biosciences and materials (March 2002 to present). He previously served as President and Chief Executive Officer of the Gas Research Institute, a gas industry research and development company funded by distributors, transporters, and producers of natural gas (1987 through 1999). He also served as Executive Vice President of GRI. Prior to joining GRI in 1981, he was Vice President, Research and Development and Quality Control of Bituminous Materials, Inc. Dr. Ban also serves as a director of UGI Utilities, Inc. and Energen Corporation.

Mr. Gozon was elected a director of the General Partner on February 24, 1998. He retired as Executive Vice President of Weyerhaeuser Company in 2002, an integrated forest products company, and Chairman of Norpac, a North Pacific Paper Company, a joint venture with Nippon Paper Industries, positions he had held since 1994. Mr. Gozon was formerly a director (1984 to 1993), President and Chief Operating Officer of Alco Standard Corporation, a provider of paper and office products (1988 to 1993); Executive Vice President and Chief Operating Officer (1988), President (1985 to 1987) of Paper Corporation of America. He also serves as a director of UGI Corporation, UGI Utilities, Inc., AmerisourceBergen Corp., and Triumph Group, Inc.

Mr. Marrazzo was elected a director of the General Partner on April 23, 2001. He is Chief Executive Officer and President of WHYY, Inc., a public television and radio company in the nation's fourth largest market (since 1997). Previously, he was Chief Executive Officer and President of Roy F. Weston, Inc. (1988 to 1997); Water Commissioner for the Philadelphia Water Department (1971 to 1988) and Managing Director for the City of Philadelphia (1983 to 1984). He also serves as a director of American Water Corporation and Woodard & Curran Engineers.

Mr. Pratt was elected a director of the General Partner on May 24, 2005. He is Vice Chairman and a director of OAO Technology Solutions, Inc. (OAOT), an information technology professional services company (2002 to present). He joined OAOT in 1998 as President and CEO after OAOT acquired Enterprise Technology Group, Inc., a software engineering firm founded by Mr. Pratt. He served as President and COO of Intelligent Electronics, Inc. from 1991 through 1996, and was co-founder, and served as CFO of Atari Corp. and President of Atari (US) Corp. from 1984 through 1991. He serves as Lead Director and is chair of the governance committee of Carpenter Technology Corporation.

Mr. Stoeckel was elected a director of the General Partner on September 30, 2006. Mr. Stoeckel is currently President and Chief Executive Officer of Wawa, Inc. and also serves as Vice Chairman of the Board of Directors of Wawa, Inc. Wawa, Inc. is a multi-state retailer of food products and gasoline. He joined Wawa, Inc. in 1987 as Vice President — Human Resources and was promoted to various positions, including Chief Operating Officer, Executive Vice President, Chief Retail Officer, and Vice President — Marketing. He also serves as a director of Riddle Memorial Hospital, a trustee for Rider University, and a member of the Main Line Health Board of Governors.

Mr. Stratton was elected a director of the General Partner on April 25, 1995. He is the Chief Investment Officer and a Director of Stratton Management Company, an investment advisory and financial consulting firm, which was acquired by Susquehanna Bancorp on April 30, 2008. Previously, he was Chairman, Chief Executive Officer and a Director of Stratton Holding Company (an investment advisory and consulting firm) since 1972. In addition, Mr. Stratton is a director of UGI Corporation, UGI Utilities, Inc., Stratton Multi Cap Value Fund, Inc., Stratton Monthly Dividend REIT Shares, Inc., and Stratton Small-Cap Value Fund.

Mr. Katz is Vice President — Human Resources of the General Partner (since December 1999), having served as Vice President — Corporate Development (1996 to 1999). Previously, he was Vice President — Corporate Development of UGI Corporation (1995 to 1996). Prior to joining UGI Corporation, Mr. Katz was Director of Corporate Development with Campbell Soup Company for over five years. He also practiced law for approximately 10 years, first with the firm of Jones, Day, Reavis & Pogue, and later in the Legal Department at Campbell Soup Company.

Mr. Knauss is Vice President and General Counsel of the General Partner (since October 2003) and UGI Corporation (since September 2003). He is also Corporate Secretary of the General Partner (since 1994). Prior to October 2003, Mr. Knauss served as Vice President — Law and Associate General Counsel of the General Partner (1996 to 2003). Previously he was Group Counsel — Propane (1989 to 1996) of UGI Corporation. He joined UGI Corporation as Associate Counsel in 1985. Before joining UGI Corporation, Mr. Knauss was an associate at the firm of Ballard, Spahr, Andrews & Ingersoll in Philadelphia, Pennsylvania.

Mr. Lugar is Vice President — Supply and Logistics of the General Partner (since September 2000). Previously, he served as Director — NGL Marketing for Conoco, Inc., where he spent 20 years in increasingly responsible positions in propane marketing, operations, and supply.

Mr. Monaghan is Vice President — Sales and Marketing of the General Partner (since May 2000). Prior to joining the General Partner, he was Vice President-General Manager, Dry Soup for Campbell Soup Company (since 1997), where he also served as a Business Director and General Manager of a number of Campbell Soup Divisions for the 10 prior years.

Mr. Sheridan is Vice President — Finance and Chief Financial Officer of the General Partner (since August 2005). From 2003 to 2005, he served as President and Chief Executive Officer of Potters Industries, Inc., a global manufacturer of engineered glass materials and a wholly-owned subsidiary of PQ Corporation. In addition, Mr. Sheridan served as Executive Vice President (2003 to 2005) and as Vice President and Chief Financial Officer (1999 to 2003) of PQ Corporation, a global producer of inorganic specialty chemicals.

Mr. Stanczak is Controller and Chief Accounting Officer of the General Partner (since September 2004). Previously he held the position of Director — Corporate Accounting and Reporting of UGI Corporation (2003 to 2004). Mr. Stanczak also served as Controller of the Gas Utility Division of UGI Utilities, Inc., a subsidiary of UGI Corporation, from 1991 to 2003.

***Director Independence***

The Board of Directors of the General Partner has determined that, other than Messrs. Bissell, Greenberg and Walsh, no director has a material relationship with the Partnership and each is an “independent director” as defined under the rules of the New York Stock Exchange. The Board of Directors has established the following guidelines to assist it in determining director independence:

(i) service by a director on the Board of Directors of UGI Corporation and its subsidiaries in and of itself will not be considered to result in a material relationship between such director and the Partnership;

(ii) if a director serves as an officer, director or trustee of a non-profit organization, charitable contributions to that organization by the Partnership and its affiliates in an amount up to $250,000 per year will not be considered to result in a material relationship between such director and the Partnership;

(iii) service by a director or his immediate family member as a non-management director of a company that does business with the Partnership or an affiliate of the Partnership will not be considered to result in a material relationship between such director and the Partnership where the business is done in the ordinary course of the Partnership's or affiliate's business and on substantially the same terms and conditions as would be available to similarly situated customers; and

(iv) service by a director or his immediate family member as an executive officer or employee of a company that makes payments to, or receives payments from, the Partnership or its affiliates for property or services in an amount which, in any of the last three fiscal years, does not exceed the greater of $1 million or 2% of such other company's consolidated gross revenues, will not be considered to result in a material relationship between such director and the Partnership.

In making its determination of independence, the Board of Directors considered charitable contributions and underwriting support by the Partnership and its affiliates to WHYY, of which Mr. Marrazzo is the Chief Executive Officer, as well as ordinary course business transactions between the Partnership and its affiliates and companies for which Mr. Pratt serves on the Board of Directors. All such transactions were in compliance with the categorical standards set by the Board of Directors for determining director independence.

***Non-management Directors***

Non-management directors meet at regularly scheduled executive sessions without management present. These sessions are led by Mr. Stratton, who currently holds the position of Presiding Director.

***Communications with the Board of Directors and Non-management Directors***

Interested persons wishing to communicate directly with the Board of Directors or the non-management directors as a group may do so by sending written communications addressed to them c/o AmeriGas Propane, Inc., P.O. Box 965, Valley Forge, PA 19482. Any communications directed to the Board of Directors or the non-management directors as a group from employees or others that concern complaints regarding accounting, internal controls or auditing matters will be handled in accordance with procedures adopted by the Audit Committee of the Board.

All other communications directed to the Board of Directors or the non-management directors as a group are initially reviewed by the General Counsel. The Chairman of the Corporate Governance Committee is advised promptly of any such communication that alleges misconduct on the part of management or raises legal, ethical or compliance concerns about the policies or practices of the General Partner.

On a periodic basis, the Chairman of the Corporate Governance Committee receives updates on other communications that raise issues related to the affairs of the Partnership but do not fall into the two prior categories. The Chairman of the Corporate Governance Committee determines which of these communications he would like to review. The Corporate Secretary maintains a log of all such communications that is available for review for one year upon request of any member of the Board.

Typically, the General Partner does not forward to the Board of Directors communications from Unitholders or other parties which are of a personal nature or are not related to the duties and responsibilities of the Board, including customer complaints, job inquiries, surveys and polls and business solicitations.

These procedures have been posted on the Partnership's website at www.amerigas.com (click the "Investor Relations and Corporate Governance" caption, then click on "Contact AmeriGas Propane, Inc. Board of Directors").

***Section 16(a) — Beneficial Ownership Reporting Compliance***

Section 16(a) of the Securities Exchange Act of 1934 requires the directors and certain officers of the General Partner and any 10% beneficial owners of the Partnership to send reports of their beneficial ownership of Common Units and changes in beneficial ownership to the Securities and Exchange Commission. Based on our records, we believe that during Fiscal 2008 all of such reporting persons complied with all Section 16(a) filing requirements applicable to them.

## ITEM 11. EXECUTIVE COMPENSATION

### *COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION*

The members of the Compensation/Pension Committee of the General Partner are Messrs. Gozon and Marrazzo and Dr. Ban. None of the members is a former or current officer or employee of the General Partner or any of its subsidiaries. None of the members has any relationship required to be disclosed under this caption under the rules of the Securities and Exchange Commission.

### *COMPENSATION COMMITTEE REPORT*

The Compensation/Pension Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on this review and discussion, the Committee recommended to the General Partner's Board of Directors, and the Board of Directors approved, the inclusion of the Compensation Discussion and Analysis in the Partnership's Annual Report on Form 10-K for the year ended September 30, 2008.

*Compensation/Pension Committee*

Richard C. Gozon, Chairperson
William J. Marrazzo
Stephen D. Ban

### *COMPENSATION DISCUSSION AND ANALYSIS*

#### *Introduction*

In this Compensation Discussion and Analysis, we address the compensation paid or awarded to Messrs. Bissell, Sheridan, Greenberg, Walsh and Knauss. We refer to these executive officers as our "named executive officers."

Compensation decisions for Messrs. Bissell and Sheridan were made by the Board of Directors of the General Partner after receiving the recommendation of its Compensation/Pension Committee. Compensation decisions for Messrs. Greenberg, Walsh and Knauss were made by the Board of Directors of UGI, after receiving the recommendations of its Compensation and Management Development Committee. For ease of understanding, we will use the term "we" to refer to one or more of the entities involved in the relevant compensation decisions, unless the context indicates otherwise.

#### *Compensation Philosophy and Objectives*

We believe that our compensation program for our named executive officers is designed to provide a competitive level of total compensation necessary to attract and retain talented and experienced executives. Additionally, our compensation program is intended to motivate our executives to contribute to our success and reward our executives for their performance and leadership excellence.

In Fiscal 2008, the components of our compensation program included salary, annual bonus awards, long-term incentive compensation (performance unit awards and stock option grants), perquisites, retirement benefits, and other benefits, all as described in greater detail in this Compensation Discussion and Analysis. We believe that the elements of our compensation program are essential components of a balanced and competitive compensation program.

#### *Determination of Competitive Compensation*

The Compensation/Pension Committee engages Towers Perrin as its compensation consultant. Towers Perrin supports the Compensation/Pension Committee in performing its responsibilities with respect to our executive compensation program. The primary duties of Towers Perrin are to:

- provide the Compensation/Pension Committee with independent and objective market data;
- conduct compensation analysis; and
- review and advise on pay programs and salary, target bonus and long-term incentive levels applicable to our executives.

These duties are performed annually. In addition, Towers Perrin recommends plan design changes as requested from time to time by the Compensation/Pension Committee.

Towers Perrin also performs other services for us and our affiliates under separate agreements. These services include providing (i) actuarial services for UGI's pension plan, (ii) consulting services with respect to benefits programs, and (iii) non-discrimination testing for qualified benefit plans.

In assessing competitive compensation, we referenced market data provided to us in Fiscal 2007 by Towers Perrin. For Messrs. Bissell and Sheridan, Towers Perrin provided us with two reports: the "2007 Executive Cash Compensation Review" and the "Executive Compensation Analysis 2007 Long-Term Incentive Review." Each of these reports includes an executive compensation analysis. We utilize similar but separate Towers Perrin market data for UGI, including an executive compensation analysis, in determining compensation for Messrs. Greenberg, Walsh and Knauss. While we do not benchmark against specific companies in the Towers Perrin reports, our Compensation/Pension Committee and the UGI Compensation and Management Development Committee do reference the data and consider the reports when discussing our executives' compensation. Our Compensation/Pension Committee and the UGI Compensation and Management Development Committee exercise discretion and also review other factors, such as internal equity and sustained individual and company performance, when setting our executives' compensation.

For Messrs. Bissell and Sheridan, the executive compensation analysis is based on general industry data in Towers Perrin's General Industry Executive Compensation Database, which includes approximately 800 companies. For Messrs. Greenberg, Walsh and Knauss, the analysis was weighted 75 percent based on the General Industry Executive Compensation Database and 25 percent based on Towers Perrin's Energy Services Executive Compensation Database, which includes approximately 90 utility companies. This weighting is designed to approximate the relative sizes of UGI's non-utility and utility businesses. Towers Perrin's General Industry Executive Compensation Database is comprised of companies from a broad range of industries, including oil and gas, aerospace, automotive and transportation, chemicals, computer, consumer products, electronics, food and beverages, metals and mining, pharmaceutical and telecommunications. The energy services and financial services industries are excluded from this database because compensation in these industries typically differs from general industry compensation practices.

For comparison purposes, due to the variance in size among the companies in the General Industry Executive Compensation Database, regression analysis, which is an objective analytical tool used to determine the relationship among data, was used to adjust the data for differences in company revenues. We generally seek to position a named executive officer's salary grade so that the midpoint of the salary range in the salary grade approximates the 50th percentile of salaries for comparable executives included in the executive compensation database material referenced by Towers Perrin. We consider salaries that are within 15 percent of market median salary levels developed by Towers Perrin to be competitive.

***Elements of Compensation***

**Salary**

Salary is designed to compensate executives for their level of responsibility and sustained individual performance. We pay our executive officers a salary that is competitive with that of other executive officers providing comparable services, taking into account the size and nature of the business of AmeriGas Partners or UGI, as the case may be.

As noted above, we seek to position the midpoint of the applicable salary grade for our named executive officers to approximate the 50th percentile of salaries for comparable executives as determined in the applicable Towers Perrin executive compensation databases. For Fiscal 2008, all named executive officers received a salary that was within 90 percent to 110 percent of the midpoint for his salary range. Based on the data provided by Towers Perrin, we increased the range of salary in each salary grade by 2.5 percent. We also adjusted individual salaries to reflect merit increases. The merit increases were targeted at 3.5 percent, but individual increases varied based on performance evaluations and the individual's position within the salary range. Criteria reviewed in such performance evaluations included: overall leadership, accomplishment of annual goals and objectives, development of an effective management team, and commitment to the job and company.

The following table sets forth each named executive officer's Fiscal 2008 salary and his percentage increase over Fiscal 2007.

| Name | Salary | Percentage Increase over Fiscal 2007 Salary |
|---|---|---|
| Eugene V. N. Bissell | $ 442,624 | 3.8% |
| Jerry E. Sheridan | $ 281,112 | 4.5% |
| Lon R. Greenberg | $ 1,026,300 | 6.2%(1) |
| John L. Walsh | $ 617,500 | 5.0% |
| Robert H. Knauss | $ 315,068 | 8.0% |

(1) Mr. Greenberg's salary increase includes a modest adjustment to compensate for the discontinuance of certain perquisites as reported in Fiscal 2007.

**Annual Bonus Awards**

Our General Partner and UGI annual bonus plans provide our named executive officers with the opportunity to earn annual cash incentives provided that certain performance goals are satisfied. Our annual cash incentives are intended to motivate our executives to focus on the achievement of our annual business objectives by providing competitive incentive opportunities to those executives who have the ability to significantly impact our financial performance. We believe that basing a meaningful portion of an executive's compensation on financial performance will result in the enhancement of partnership unitholder or shareholder value.

In determining the target award levels under our annual bonus plan, we considered information in the Towers Perrin executive compensation databases regarding the percentage of salary payable upon achievement of target goals relative to other companies as described above. In establishing the target award level, we position the amount within the 50th to 75th percentiles for comparable executives. We determined that the 50th to 75th percentile range was appropriate because we believe that the annual bonus opportunities should have a significant reward potential to recognize the difficulty of achieving the annual goals and the significant corporate impact of such achievement. For Fiscal 2008, each executive's target award opportunity was established within the 50th to 75th percentile range provided in Towers Perrin's executive compensation databases, with Mr. Bissell's opportunity set at the 67$^{th}$ percentile.

Messrs. Bissell and Sheridan participate in the AmeriGas Propane, Inc. Executive Annual Bonus Plan. For Messrs. Bissell and Sheridan, the entire target award opportunity was based on earnings per common unit ("EPU") of AmeriGas Partners, although the bonus achieved based on EPU is subject to adjustment based on customer growth, as described below. We believe that enhancing financial performance is the most important goal of a principal executive, operating or financial officer, and earnings per partnership unit provides a straightforward, "bottom line" measure of the performance of an executive in a large, well-established business. In addition, we believe that customer growth for AmeriGas Partners is an important corollary to EPU because we foresee only modest growth in total demand for propane, and, therefore, is an important factor in our ability to improve the Partnership's financial performance.

Messrs. Greenberg, Walsh and Knauss participate in the UGI Corporation Executive Annual Bonus Plan. For reasons similar to those underlying our use of EPU as a goal for Messrs. Bissell and Sheridan, the entire target award for Messrs. Greenberg, Walsh and Knauss was based on UGI's earnings per share ("EPS"). We also believe that EPS is an appropriate measure for Messrs. Greenberg, Walsh and Knauss, whose duties encompass UGI and its affiliated enterprises, including the General Partner and the Partnership. The EPS measure is not subject to adjustment based on customer growth or any other metric.

As noted above, each of Messrs. Bissell's and Sheridan's target award opportunity was based on EPU of the Partnership, subject to modification based on customer growth. The EPU target amount was derived based on a targeted EBITDA range for AmeriGas Partners of approximately $300 million to $310 million for Fiscal 2008. Under the target bonus criteria applicable to Mr. Bissell, no awards would be paid if the EPU amount was less than approximately 80 percent of the target award, while 200 percent of the target award might be payable if the EPU amount was approximately 120 percent or more of the target award (the percentage of target bonus payable based on various levels of EPU is referred to as the "EPU Leverage Factor"). The amount of the award determined by applying the EPU Leverage Factor is then adjusted to reflect the degree of achievement of predetermined customer growth objectives ("Customer Growth Leverage Factor"). For Fiscal 2008, the adjustment ranged from 70 percent if the minimum growth objective was not achieved, to 120 percent if the growth objective exceeded 150 percent of the growth target. In Fiscal 2007, the adjustment based on achievement of customer growth objectives ranged from 0 to 200 percent, in effect placing the entire annual bonus opportunity at risk if customer growth targets were not met. The customer growth adjustment was changed in Fiscal 2008 to avoid potentially inequitable variations in annual bonus amounts due to over-weighting of customer growth objectives compared to financial performance goals.

Once the EPU Leverage Factor and Customer Growth Leverage Factor are determined as explained above, the EPU Leverage Factor is multiplied by the Customer Growth Leverage Factor to obtain an adjusted leverage factor. This adjusted leverage factor is then multiplied by the target award opportunity to arrive at Messrs. Bissell's and Sheridan's actual bonus payment for the fiscal year. Accordingly, each of Messrs. Bissell and Sheridan received a bonus payout for Fiscal 2008 equal to 76 percent of his target bonus.

The Compensation/Pension Committee and the UGI Compensation and Management Development Committee each have discretion to adjust performance results for extraordinary items or other events, as the Committee deems appropriate. When an executive's entire target award opportunity is based solely on the achievement of business financial performance goals, each Committee also has discretion to increase or decrease the amount of the award otherwise determined by up to 50 percent, based on the Committee's assessment of the executive's contribution to the achievement of the financial performance goal, overall leadership, accomplishment of annual goals and objectives, development of an effective management team, commitment to the job and company, and other factors.

The bonus award opportunity for each of Messrs. Greenberg, Walsh and Knauss was structured so that no amounts would be paid unless UGI's EPS was at least 80 percent of the target amount, with the target bonus award being paid out if UGI's EPS was 100 percent of the targeted EPS. The maximum award, equal to 200 percent of the target award, would be payable if the EPS exceeded 120 percent of the EPS target. The targeted EPS for bonus purposes for Fiscal 2008 was established to be in the range of $1.95 to $2.05 per share. Accordingly, for Fiscal 2008, Messrs. Greenberg, Walsh and Knauss each received a bonus payout equal to 94 percent of his target bonus.

Based on the achievement relating to the EPU and the EPS target, the following annual bonus payments were made for 2008:

| Name | Percent of Target Bonus Paid | Amount of Bonus |
|---|---|---|
| Eugene V. N. Bissell | 76% | $ 252,960 |
| Jerry E. Sheridan | 76% | $ 96,393 |
| Lon R. Greenberg | 94% | $ 964,722 |
| John L. Walsh | 94% | $ 493,383 |
| Robert H. Knauss | 94% | $ 177,698 |

**Long-Term Compensation — Fiscal Year 2008 Equity Awards**

Our long-term incentive compensation is intended to create a strong financial incentive for achieving or exceeding long-term performance goals and to encourage a significant equity stake in our company. Additionally, we believe our long-term incentives provide us the ability to attract and retain talented executives in a competitive market.

We awarded our long-term compensation effective January 1, 2008 for Messrs. Bissell and Sheridan, under the 2000 AmeriGas Propane, Inc. Long-Term Incentive Plan. Messrs. Greenberg, Walsh, and Knauss were granted performance units under the Amended and Restated UGI Corporation 2004 Omnibus Equity Compensation Plan. Our long-term compensation included UGI stock option grants and either AmeriGas performance unit awards tied to the three-year total return performance of AmeriGas Partners' common units relative to that of a peer group of publicly traded partnerships or UGI performance unit awards tied to the three-year total return performance of UGI common stock relative to that of the companies in the S&P Utilities Index. Each performance unit represents the right of the recipient to receive a common unit (or a share of common stock in the case of Messrs. Greenberg, Walsh and Knauss) if specified performance goals and other conditions are met.

As is the case with cash compensation and annual bonus awards, we referenced Towers Perrin's executive compensation databases in establishing equity compensation. In determining the total dollar value of the long-term compensation opportunity to be provided in Fiscal 2008, we initially referenced (i) market median salary information and (ii) the percentage of the market median base salary for each position to be delivered as a long-term compensation opportunity, both as calculated by Towers Perrin. The aforementioned percentage was developed using the applicable executive compensation databases and was targeted to produce long-term compensation opportunity at the 50th percentile level.

We initially applied approximately 50 percent of the amount of the long-term incentive opportunity to stock options and approximately 50 percent to performance units. We have bifurcated long-term compensation in this manner since 2000 and believe it provides a good balance between two related, but discrete goals. Stock options are designed to align the executive's interests with shareholder interests, because the value of stock options is a function of the appreciation or depreciation of UGI's stock price. As explained in more detail below, the performance units are designed to encourage performance that compares favorably relative to a competitive peer group.

In providing award calculations, Towers Perrin valued UGI stock options by applying a binomial model. The stock price used in the model for January 1, 2008 awards was $26.41 which was the three month average UGI stock price from June 7, 2007 through September 6, 2007. The model also assumes a 5 percent turnover annually over the vesting period to account for options forfeited by terminating participants. As a result of this analysis, Towers Perrin valued the stock options at $4.58 per underlying share. Based on its valuation, Towers Perrin calculated the number of options to be granted to the named executive officers covering a specified number of underlying shares.

The remaining 50 percent of the long-term compensation opportunity is applied to performance units. In calculating the number of AmeriGas Partners performance units to be awarded to each of Messrs. Bissell and Sheridan, Towers Perrin placed a value of $26.88 per unit underlying an AmeriGas Partners performance unit. The unit price used in the model for January 1, 2008 awards was $35.78 which was the three-month average AmeriGas Partners common unit price from June 7, 2007 through September 6, 2007, subject to the same 5 percent turnover assumption used in valuing stock options. The number of UGI performance units awarded was computed in a similar fashion, subject to the same 5 percent turnover assumption. In calculating the number of UGI performance units to be awarded to Messrs. Greenberg, Walsh and Knauss, Towers Perrin placed a value of $19.84 per share underlying a UGI performance unit, based on the average price of UGI common stock over the three month period from June 7, 2007 through September 6, 2007.

While management used the Towers Perrin calculations as a starting point, in accordance with past practice, management recommended adjustments to the aggregate number of UGI stock options and AmeriGas Partners and UGI performance units calculated by Towers Perrin. The adjustments were designed to address historic grant practices, internal pay equity and the policy of UGI's Compensation and Management Development Committee that the three year average of the annual number of UGI equity awards, expressed as a percentage of UGI common shares outstanding at fiscal year-end, made under the Amended and Restated UGI Corporation 2004 Omnibus Equity Compensation Plan for the fiscal years 2008 through 2010 will not exceed 2 percent. For purposes of calculating the annual number of equity awards: (i) each stock option granted is deemed to equal one share and (ii) each performance unit earned and paid in shares of stock and each stock unit granted and expected to be paid in shares of stock is deemed to equal four shares.

As a result of the General Partner's Compensation/Pension Committee's and UGI's Compensation and Management Development Committee's acceptance of management's recommendations, the named executives received between approximately 88 percent and 115 percent of the total dollar value of long-term compensation opportunity recommended by Towers Perrin. The actual grant amounts are set forth below:

| Name | Shares Underlying Stock Options # Granted | Performance Units # Granted |
|---|---|---|
| Eugene V. N. Bissell | 65,000 | 12,000 |
| Jerry E. Sheridan | 17,000 | 2,500 |
| Lon R. Greenberg | 300,000 | 70,000(1) |
| John L. Walsh | 120,000 | 27,000(1) |
| Robert H. Knauss | 55,000 | 9,000(1) |

(1) Constitutes UGI performance units.

While the number of performance units awarded to the named executive officers was determined as described above, the actual number of shares or partnership common units underlying performance units that are paid out at the expiration of the three-year performance period will be based upon comparative AmeriGas Partners total unitholder return ("TUR") or UGI total shareholder return ("TSR") over the period from January 1, 2008 to December 31, 2010. In computing TUR, we use the average of the daily closing prices for our common units and those of each entity in the peer group below for the ninety calendar days prior to January 1 of the beginning and end of a given three-year performance period. In addition, TUR gives effect to all distributions throughout the three-year performance period as if they had been reinvested. For the AmeriGas Partners performance units awarded to Messrs. Bissell and Sheridan, we compare the TUR of AmeriGas Partners' common units to the TUR performance of each member of a peer group comprised of the following limited partnerships engaged in the propane, pipeline and coal industries:

Alliance Resource Partners, L.P.
Buckeye Partners, L.P.
Enbridge Energy Partners, L.P.
Energy Transfer Partners, L.P.
Enterprise Products Partners, L.P.
Ferrellgas Partners, L.P.
Inergy, L.P.
Kinder Morgan Energy Partners,L.P.
Magellan Midstream Partners, L.P.
Natural Resources Partners, L.P.
NuStar Energy, L.P.
ONEOK Partners, L.P.
Penn Virginia Resource Partners, L.P.
Plains All American Pipeline, L.P.
Star Gas Partners, L.P.
Suburban Propane Partners, L.P.
Sunoco Logistics Partners, L.P.
TC Pipelines, L.P.
TEPPCO Partners, L.P.

In determining the number of UGI performance units to be paid out, UGI will compare the TSR of UGI common stock relative to the TSR performance of those companies comprising the Standard and Poors 500 Utilities Index (S&P Utilities Index) as of the beginning of a performance period. In computing TSR, UGI uses the average of the daily closing prices for its common stock and the common stock of each company in the S&P Utilities Index for the ninety calendar days prior to January 1 of the beginning and end of a given three-year performance period. In addition, TSR gives effect to all dividends throughout the three-year performance period as if they had been reinvested. If a company is added to the S&P Utilities Index during a three-year performance period, UGI does not include that company in its TSR analysis. UGI will only remove a company from its TSR analysis that was included in the S&P Utilities Index at the beginning of a performance period if such company ceases to exist during the applicable performance period. Those companies in the S&P Utilities Index as of December 31, 2007 were as follows:

Allegheny Energy, Inc.
Ameren Corporation
American Electric Power Company, Inc.
Centerpoint Energy, Inc.
CMS Energy Corporation
Consolidated Edison, Inc.
Constellation Energy Group, Inc.
Dominion Resources, Inc.
DTE Energy Company
Duke Energy Corporation
Dynegy Inc.
Edison International
Entergy Corporation
Exelon Corporation
FirstEnergy Corp.
FPL Group, Inc.
Integrys Energy Group, Inc.
Nicor Inc.
NiSource Inc.
PG&E Corporation
Pepco Holdings, Inc.
Pinnacle West Capital Corp.
PPL Corporation
Progress Energy, Inc.
Public Service Enterprise Group Inc.
Questar Corporation
Sempra Energy
TECO Energy, Inc.
The AES Corporation
The Southern Company
Xcel Energy Inc.

Each award payable to the named executive officers provides a number of AmeriGas Partners common units or UGI shares equal to the number of performance units earned. Management of the General Partner or UGI, as the case may be, has the authority to provide for a cash payment in lieu of up to 35 percent of the common units or shares payable, except for UGI awards earned in excess of the target award, which are paid entirely in cash. The cash payment is based on the value of the securities at the payment date and is designed to meet minimum statutory tax withholding requirements. The minimum award, equivalent to 50 percent of the number of performance units, will be payable if the TUR or TSR rank is at the 40th percentile of the peer group or S&P Utilities Index companies, as applicable. The target award, equivalent to 100 percent of the number of performance units, will be payable if the TUR or TSR rank is at the 50th percentile. The maximum award, equivalent to 200 percent of the number of performance units, will be payable if the TUR or TSR rank is the highest of all peer group or S&P Utilities Index companies, as applicable.

All performance units have distribution or dividend equivalent rights, as applicable. A distribution equivalent is an amount determined by multiplying the number of performance units credited to a recipient's account by the per-unit cash distribution, or the per-unit fair market value of any non-cash distribution, paid by AmeriGas Partners on its common units on a distribution payment date. Accrued distribution and dividend (in the case of UGI performance units) equivalents are payable on the number of common units or common shares payable, if any, at the end of the performance period and are paid in cash.

The number of shares underlying options that were awarded to the named executive officers are set forth below in the Grants of Plan Based Awards Table under the column heading, "All Other Option Awards: Number of Securities Underlying Options." The options generally vest in annual increments over a three-year period. We believe that these vesting terms provide to our executives (other than those executives who are retirement eligible) a meaningful incentive for continued employment.

**Long-Term Compensation — Payout of Performance Units for 2005-2007 Period**

During Fiscal 2008, we paid out awards to those executives who received performance units for the period from January 1, 2005 to December 31, 2007. The award criteria for AmeriGas Partners common units and UGI common stock during that period was the same as those for the performance units granted for 2008-2010, described above. For the 2005-2007 period, the General Partner's TUR ranked 9th relative to its peer group of 19 other partnerships, placing the General Partner at the 57.9th percentile ranking, resulting in a 119.7 percent payout of the target award. UGI's TSR ranked 19th relative to the 29 other companies in the S&P 500 Utilities Index, placing UGI just below the 40th percentile ranking necessary for any payout. As a result of the foregoing, the payouts on performance unit awards were as follows:

| Name | Performance Unit Payout (Number of Units or Shares) | Performance Unit Payout Value(1) ($) |
|---|---|---|
| Eugene V. N. Bissell | 11,970 | 432,237 |
| Jerry E. Sheridan | 1,995 | 72,054 |
| Lon R. Greenberg | 0 | 0 |
| John L. Walsh | 0 | 0 |
| Robert H. Knauss | 0 | 0 |

(1) Includes distribution equivalent or dividend equivalent payout.

**Perquisites**

We provide limited perquisite opportunities to our executive officers. We provide reimbursement for tax preparation services, certain health maintenance services and limited spousal travel. The aggregate cost of perquisites for all named executive officers in Fiscal 2008 was less than $50,000.

**Other Benefits**

Our named executive officers participate in various retirement, deferred compensation and severance plans which are described in greater detail in the "Ongoing Plans and Post-Employment Agreements" section of this Compensation Discussion and Analysis. We also provide employees, including the named executive officers, with a variety of other benefits, including medical and dental benefits, disability benefits, life insurance, and paid holidays and vacations. These benefits generally are available to all of our full-time employees.

***Ongoing Plans and Post-Employment Agreements***

We have several plans and agreements (described below) that enable our named executive officers to accrue retirement benefits as the executives continue to work for us, provide severance benefits upon certain types of termination of employment events or provide other forms of deferred compensation.

**AmeriGas Propane, Inc. Savings Plan (the "AmeriGas Propane Savings Plan")**

This plan is a tax-qualified defined contribution plan for General Partner employees. Under the plan, an employee may contribute, subject to Code limitations (which, among other things, limited annual contributions in 2008 to $15,500), up to 50 percent of his or her compensation on a pre-tax basis, and the General Partner provides a matching contribution equal to 100 percent of the first 5 percent of compensation contributed in any pay period. Amounts credited to an employee's account in the plan may be invested among a number of funds, including a UGI stock fund. Messrs. Bissell and Sheridan are eligible to participate in the AmeriGas Propane Savings Plan.

**UGI Utilities Inc. Savings Plan (the "UGI Savings Plan")**

This plan is a tax-qualified defined contribution plan available to, among others, employees of UGI. Under the plan, an employee may contribute, subject to Code limitations (which, among other things, limited annual contributions in 2008 to $15,500), up to a maximum of 50 percent of his or her eligible compensation on a pre-tax basis and up to 6 percent of his or her eligible compensation on an after-tax basis. UGI provides matching contributions targeted at 50 percent of the first 3 percent of eligible compensation contributed by the employee in any pay period, and 25 percent of the next three percent. Like the AmeriGas Propane Savings Plan, participants in the UGI Savings Plan may invest amounts credited to their account among a number of funds, including a UGI stock fund. Messrs. Greenberg, Walsh and Knauss are eligible to participate in the UGI Savings Plan.

**Retirement Income Plan for Employees of UGI Utilities, Inc. (the "UGI Pension Plan")**

This plan is a tax-qualified defined benefit plan available to, among others, employees of UGI and certain of its subsidiaries, but not including the General Partner. The UGI Pension Plan provides an annual retirement benefit based on an employee's earnings and years of service, subject to maximum benefit limitations. Messrs. Greenberg, Walsh and Knauss are eligible to participate in the UGI Pension Plan. See the "Pension Benefits" table and accompanying narrative for additional information.

**UGI Corporation Supplemental Executive Retirement Plan**

This plan is a nonqualified defined benefit plan that provides retirement benefits that would otherwise be provided under the UGI Pension Plan, but are prohibited from being paid from the UGI Pension Plan by Code limits. The benefit paid by the plan is approximately equal to the difference between the benefits provided under the UGI Pension Plan and benefits that would have been provided by the UGI Pension Plan if not for the limitations of the Employee Retirement Security Act of 1974, as amended, and the Code. Benefits vest after the participant completes five years of vesting service. The plan also provides additional benefits in the event of certain terminations of employment covered by a change in control agreement. Messrs. Greenberg, Walsh and Knauss participate in the UGI Corporation Supplemental Executive Retirement Plan. See the "Pension Benefits" table and accompanying narrative for additional information.

**AmeriGas Propane, Inc. Supplemental Executive Retirement Plan**

The General Partner maintains a supplemental executive retirement plan, which is a nonqualified deferred compensation plan for highly compensated employees of the General Partner. Under the plan, AmeriGas credits to each participant's account 5 percent of the compensation below the Code compensation limits and 10 percent of excess compensation. In addition, if any portion of the General Partner's matching contribution under the AmeriGas Propane, Inc. Savings Plan is forfeited due to nondiscrimination requirements under the Code, the forfeited amount, adjusted for earnings and losses on the amount, will be credited to a participant's account. Through Fiscal 2007, participants' accounts were credited with interest generally equal to the actual return on the trust portfolio of the UGI Pension Plan subject to certain limitations as set forth in the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan. Beginning in Fiscal 2008, participants direct the investment of deferred amounts to be invested among a number of mutual funds. Messrs. Bissell and Sheridan participate in the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan. See the "Nonqualified Deferred Compensation" table and accompanying narrative for additional information.

**UGI Corporation Supplemental Savings Plan**

This plan is a nonqualified deferred compensation plan that provides benefits that would be provided under the qualified UGI Savings Plan in the absence of Code limitations. The Supplemental Savings Plan is intended to pay an amount substantially equal to the difference between the UGI matching contribution that would have been made under the qualified UGI Savings Plan if the Code limitations were not in effect. At the end of each plan year, a participant's account is credited with earnings equal to the weighted average return based 60 percent on the total return of the Standard & Poor's 500 Index and 40 percent on the Lehman Brothers Aggregate Bond Index. The plan also provides additional benefits in the event of certain terminations of employment covered by a change in control agreement. Messrs. Greenberg, Walsh and Knauss are each eligible to participate in the UGI Corporation Supplemental Savings Plan.

**AmeriGas Propane, Inc. Nonqualified Deferred Compensation Plan**

The General Partner maintains a nonqualified deferred compensation plan under which participants may defer certain amounts of their compensation. Deferral elections are made annually by eligible participants in respect of compensation to be earned for the following year. Participants may direct the investment of deferred amounts into a number of mutual funds. Payment of amounts accrued for the account of a participant generally is made following the participant's termination of employment. Messrs. Bissell and Sheridan are eligible to participate in the AmeriGas Propane, Inc. Nonqualified Deferred Compensation Plan. See the "Nonqualified Deferred Compensation" table and accompanying narrative for additional information.

**Severance Pay Plans for Senior Executive Employees**

The General Partner and UGI each maintain a severance pay plan that provides severance compensation to certain senior level employees. The plans are designed to alleviate the financial hardships that may be experienced by executive employee participants whose employment is terminated without just cause, other than in the event of death or disability. The General Partner plan covers Messrs. Bissell and Sheridan and the UGI plan covers Messrs. Greenberg, Walsh and Knauss. See "Potential Payments Upon Termination or Change in Control" below for further information regarding the severance plans.

**Change in Control Agreements**

The General Partner has change in control agreements with Messrs. Bissell and Sheridan, and UGI has change in control agreements with Messrs. Greenberg, Walsh and Knauss. The change in control agreements are designed to reinforce and encourage the continued attention and dedication of the executives without distraction in the face of potentially disturbing circumstances arising from the possibility of a change in control and to serve as an incentive to their continued employment with us. The agreements provide for payments and other benefits if we terminate an executive's employment without cause or if the executive terminates employment for "good reason" within two years following a change in control of UGI (and, in the case of Messrs. Bissell and Sheridan, the General Partner or AmeriGas Partners). The agreements also provide that if change in control payments exceed certain threshold amounts, we or UGI, as the case may be, will make additional payments to reimburse the executives for excise and related taxes imposed under the Code. See "Potential Payments Upon Termination or Change in Control" for further information regarding the change in control agreements. See "Tax Considerations" below for further information regarding the excise tax reimbursement.

***Equity Ownership Guidelines***

We seek to underscore stakeholder incentives through our equity ownership guidelines. We believe that by encouraging our executives to maintain a meaningful equity interest in AmeriGas Partners or, if applicable, UGI, we will enhance the link between our executives and unitholders or shareholders. Under our guidelines, an executive must meet 10 percent of the ownership requirement within one year from the date of employment and must use 10 percent of his annual bonus award to purchase Partnership common units or UGI stock (or, in the case of Messrs. Greenberg, Walsh and Knauss, UGI stock) until his equity ownership requirement is met. In addition, the guidelines require that 50 percent of the net proceeds from a "cashless exercise" of UGI stock options be used to purchase equity until the ownership requirement is met. Up to 20 percent of the ownership requirement may be satisfied through holdings of UGI common stock for the executive's account in the relevant savings plan. The following table provides information regarding our equity ownership guidelines for, and the number of shares held at September 30, 2008, by our named executive officers:

| Name | Required Ownership of UGI Common Stock | Number of Shares of UGI Stock Held at 9/30/2008 |
|---|---|---|
| Eugene V. N. Bissell | 60,000(1) | See footnote 1 |
| Jerry E. Sheridan | 8,000(2) | See footnote 2 |
| Lon R. Greenberg | 200,000 | 503,006 |
| John L. Walsh | 100,000 | 70,030 |
| Robert H. Knauss | 20,000 | 26,412 |

(1) In lieu of UGI common stock, Mr. Bissell may satisfy the stock ownership guidelines if he holds 40,000 AmeriGas Partners common units or a combination of UGI Corporation common stock and AmeriGas Partners common units deemed equivalent to 60,000 shares of UGI common stock; for this purpose, each AmeriGas Partners common unit equals 1.5 shares of UGI Corporation common stock. Mr. Bissell owned 66,380 shares of UGI common stock and 37,246 AmeriGas Partners common units, thereby meeting his equity ownership requirement.

(2) In lieu of UGI common stock, Mr. Sheridan may satisfy the stock ownership guidelines if he holds 5,333 AmeriGas Partners common units or a combination of UGI common stock and AmeriGas Partners common units deemed equivalent to 8,000 shares of UGI Corporation common stock; for this purpose, each AmeriGas Partners common unit equals 1.5 shares of UGI common stock. Mr. Sheridan owned 678 shares of UGI common stock and 11,437 AmeriGas Partners common units, thereby meeting his equity ownership requirement.

***Stock Option Grant Practices***

The UGI Compensation and Management Development Committee and the General Partner's Compensation/Pension Committee approve annual stock option grants to executive officers in the last calendar quarter of each year, effective the following January 1. The exercise price per share of the options is equal to the closing share price of UGI common stock on the last trading day of December. A grant to a new employee is generally effective on the later of the date the employee commences employment with us or the date the Committee authorizes the grant. In either case the exercise price is equal to the closing price per share of UGI common stock on the effective date of grant. From time to time, management recommends stock option grants for non-executive employees, and the grants, if approved by the Committee, are effective on the date of Committee action and have an exercise price equal to the closing price per share of UGI common stock on the date of grant. We believe that our stock option grant practices are appropriate and effectively eliminate any question regarding "timing" of grants in anticipation of material events.

***Role of Executive Officers in Determining Executive Compensation***

In connection with Fiscal 2008 compensation, Messrs. Bissell, Greenberg and Walsh, aided by our human resources personnel, provided statistical data and recommendations to the Compensation/Pension Committee (and Mr. Greenberg to UGI's Compensation and Management Development Committee) to assist it in determining compensation levels. Messrs. Bissell, Greenberg and Walsh did not make recommendations as to their own respective compensation and each was excused from the Committee meeting when his compensation was discussed by the Committee. While the Committees utilized this information, and valued the observations of Messrs. Bissell, Greenberg and Walsh with regard to other executive officers, the ultimate decisions regarding executive compensation were made by the appropriate board of directors following Committee recommendations.

***Tax Considerations***

In the event of a change in control, payments to an executive may be subject to an excise tax, and may not be deductible by us, under Sections 280G and 4999 of the Code. If change in control payments exceed certain threshold amounts, the change in control agreements require that we may make additional payments to the executives to reimburse them for excise tax imposed by Section 4999 of the Code, as well as other taxes in respect of the additional payments. We believe that the purposes of the change in control agreements, as described above, would be diminished by the possible imposition of significant excise taxes on the executives, and we did not wish to have the provisions of the executives' agreements serve as a disincentive to their pursuit of a change in control that might otherwise be in the best interests of AmeriGas Partners and its unitholders or UGI and its stockholders. Accordingly, we determined to provide a payment under certain circumstances to reimburse the executives for excise taxes payable in connection with change in control payments, as well as any taxes that accrue as a result of our reimbursement.

***Summary Compensation Table***

The following tables, narrative and footnotes provide information regarding the compensation of our Chief Executive Officer, Chief Financial Officer, and our 3 other most highly compensated executive officers in Fiscal 2008 and Fiscal 2007.

**Summary Compensation Table**

| Name and Principal Position | Fiscal Year | Salary ($) | Bonus ($) | Stock Awards ($) (1) | Option Awards ($) (1) | Non-Equity Incentive Plan Compensation ($) (2) | Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (3) | All Other Compensation ($) (4) | Total ($) (5) |
|---|---|---|---|---|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
| Eugene V.N. Bissell | | | | | | | | | |
| President and Chief | 2008 | 442,000 | 0 | 669,566 | 625,745 | 252,960 | 376 | 70,200 | 2,060,847 |
| Executive Officer | 2007 | 425,770 | 0 | 409,923 | 395,188 | 415,740 | 16,856 | 84,401 | 1,747,878 |
| Jerry E. Sheridan | | | | | | | | | |
| Vice President — | | | | | | | | | |
| Finance and Chief | 2008 | 280,646 | 0 | 104,427 | 95,108 | 96,393 | 0 | 40,396 | 616,970 |
| Financial Officer | 2007 | 268,660 | 0 | 73,592 | 68,230 | 157,365 | 862 | 44,531 | 613,240 |
| Lon R. Greenberg | 2008 | 1,026,300 | 0 | 617,329 | 1,524,000 | 964,722 | 945,498 | 81,405 | 5,159,254 |
| Chairman | 2007 | 966,885 | 0 | 870,627 | 1,601,600 | 944,748 | 1,988,689 | 95,560 | 6,468,109 |
| John L. Walsh | 2008 | 616,933 | 0 | 188,035 | 656,050 | 493,383 | 147,550 | 24,494 | 2,126,445 |
| Vice Chairman | 2007 | 588,016 | 0 | 857,590 | 588,650 | 488,818 | 159,195 | 19,625 | 2,701,894 |
| Robert H. Knauss Vice | | | | | | | | | |
| President and | 2008 | 314,619 | 0 | 82,493 | 439,746 | 177,698 | 262,102 | 10,521 | 1,287,179 |
| General Counsel | 2007 | 291,720 | 0 | 132,331 | 205,080 | 171,181 | 242,625 | 10,922 | 1,053,859 |

(1) The amounts shown in these columns represent the dollar amount recognized for financial statement reporting purposes by the Partnership or, with respect to Messrs. Greenberg, Walsh and Knauss, UGI, in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004) ("SFAS 123R"), of the fair value of awards of performance units, stock units and stock options, as the case may be, under the UGI Corporation 2004 Omnibus Equity Compensation Plan, and with respect to Messrs. Bissell and Sheridan only, the 2000 AmeriGas Propane, Inc. Long-term Incentive Plan. Accordingly, these figures include amounts from awards granted in and prior to the fiscal year indicated. The Fiscal 2008 stock award amounts shown for Messrs. Greenberg, Walsh and Knauss in column (e) were reduced by the previously accrued value of performance unit awards which expired without payment. The assumptions used in the calculation of the amounts shown, are included in Note 2 and Note 10 to our audited consolidated financial statements for Fiscal 2008 and Exhibit No. 99 to this Report. It is difficult to make comparisons among named executive officers because retirement eligibility influences accounting expense. See the Grants of Plan-Based Awards table for information on awards of performance units and UGI stock options made in Fiscal 2008.

(2) The amounts shown in this column represent payments made under the applicable performance-based annual bonus plan.

(3) The amounts shown in column (h) of the Summary Compensation Table reflect (i) for Messrs. Greenberg, Walsh and Knauss, the change from September 30, 2007 to September 30, 2008 in the actuarial present value of the named executive officer's accumulated benefit under UGI's defined benefit and actuarial pension plans, including the UGI Corporation Supplemental Executive Retirement Plan and (ii) the above-market portion of earnings, if any, on nonqualified deferred compensation accounts. The change in pension value from year to year as reported in this column is subject to market volatility and may not represent the value that a named executive officer will actually accrue under the UGI pension plans during any given year. Mr. Bissell has a vested annual benefit of approximately $3,300 under UGI's defined benefit pension plan, based on prior credited service. Mr. Bissell is not a current participant in that plan. Mr. Sheridan is not eligible to participate in the UGI pension plan. Earnings on deferred compensation are considered above-market to the extent that the rate of interest exceeds 120 percent of the applicable federal long-term rate. The material terms of the pension plans and deferred compensation plans are described in the Pension Benefits Table and the Nonqualified Deferred Compensation Table, and the related narratives to each. For purposes of this table, the market rate on deferred compensation for Fiscal 2008 was 5.54 percent, which is 120 percent of the federal long-term rate for Fiscal 2008. The amounts included in column (h) of the Summary Compensation Table are itemized below.

| Name | Change in Pension Value | Above-Market Earnings on Deferred Compensation |
|---|---|---|
| E.V.N. Bissell | $ 376 | $ 0 |
| J.E. Sheridan | $ N/A | $ 0 |
| L.R. Greenberg | $ 942,642 | $ 2,856 |
| J.L. Walsh | $ 147,371 | $ 179 |
| R.H. Knauss | $ 262,020 | $ 82 |

(4) The table below shows the components of the amounts included for each named executive officer under the "All Other Compensation" column in the Summary Compensation Table. Other than as set forth below, the named executive officers did not receive perquisites with an aggregate value of $10,000 or more.

| Name | Employer Contribution to 401(k) Savings Plan | Employer Contribution to AmeriGas Supplemental Executive Retirement Plan/UGI Supplemental Savings Plan | Tax Reimbursement | Perquisites | Total |
|---|---|---|---|---|---|
| E.V.N. Bissell | $ 9,704 | $ 58,246 | $ 2,250 | $ — | $ 70,200 |
| J.E. Sheridan | $ 11,692 | $ 26,454 | $ 2,250 | $ — | $ 40,396 |
| L.R. Greenberg (a) | $ 5,175 | $ 38,269 | $ 15,808 | $ 22,153 | $ 81,405 |
| J.L. Walsh | $ 5,175 | $ 19,319 | $ 0 | $ — | $ 24,494 |
| R.H. Knauss | $ 5,047 | $ 5,474 | $ 0 | $ — | $ 10,521 |

(a) The perquisites shown for Mr. Greenberg include spousal travel expenses when attending industry-related events where it is customary that officers attend with their spouses, tax preparation fees and occasional use of UGI's tickets for sporting events for personal rather than business purposes. The incremental cost to UGI for these benefits are based on the actual costs or charges incurred by UGI for the benefits and are included in the totals above.

(5) The compensation reported for Messrs. Greenberg, Walsh and Knauss is paid by UGI. For Fiscal 2008, UGI charged the Partnership 40 percent of the compensation expenses, other than the change in pension value, for Messrs. Greenberg, Walsh and Knauss.

***Grants of Plan-Based Awards In Fiscal Year 2008***

The following table and footnotes provide information regarding equity and non-equity awards granted to the named executive officers in Fiscal 2008.

**Grants of Plan-Based Awards Table — Fiscal 2008**

| Name | Grant Date | Board Action Date | Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (1) | | | Estimated Future Payouts Under Equity Incentive Plan Awards (2) | | | All Other Stock Awards: Number of Shares of Stock or Units (#) | All Other Option Awards: Number of Securities Underlying Options (#) (3) | Exercise or Base Price of Option Awards ($/Sh) | Grant Date Fair Value of Stock and Option Awards |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Threshold ($) | Target ($) | Maximum ($) | Thres-hold (#) | Target (#) | Maximum (#) | | | | |
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) |
| Eugene V.N. Bissell | 10/1/07 | 11/26/07 | 139,427 | 331,968 | 663,936 | | | | | | | |
| | 1/1/08 | 11/26/07 | | | | | | | | 65,000 | 27.25 | 330,200 |
| | 1/1/08 | 11/26/07 | | | | 6,000 | 12,000 | 24,000 | | | | 467,520 |
| Jerry E. Sheridan | 10/1/07 | 11/26/07 | 55,138 | 126,500 | 253,000 | | | | | | | |
| | 1/1/08 | 11/26/07 | | | | | | | | 17,000 | 27.25 | 86,360 |
| | 1/1/08 | 11/26/07 | | | | 1,250 | 2,500 | 5,000 | | | | 97,400 |
| Lon R. Greenberg | 10/1/07 | 11/27/07 | 615,780 | 1,026,300 | 2,052,600 | | | | | | | |
| | 1/1/08 | 11/27/07 | | | | | | | | 300,000 | 27.25 | 1,524,000 |
| | 1/1/08 | 11/27/07 | | | | 35,000 | 70,000 | 140,000 | | | | 2,123,800 |
| John L. Walsh | 10/1/07 | 11/27/07 | 314,925 | 524,875 | 1,049,750 | | | | | | | |
| | 1/1/08 | 11/27/07 | | | | | | | | 120,000 | 27.25 | 609,600 |
| | 1/1/08 | 11/27/07 | | | | 13,500 | 27,000 | 54,000 | | | | 819,180 |
| Robert H. Knauss | 10/1/07 | 11/27/07 | 113,424 | 189,041 | 378,082 | | | | | | | |
| | 1/1/08 | 11/27/07 | | | | | | | | 45,000 | 27.25 | 228,600 |
| | 1/1/08 | 11/27/07 | | | | 4,500 | 9,000 | 18,000 | | | | 273,060 |

(1) The amounts shown under this heading relate to bonus opportunities under the relevant company's annual bonus plan for Fiscal 2008. See "Compensation Discussion and Analysis" for a description of the annual bonus plans. Payments for these awards have already been determined and are included in the Non-Equity Incentive Plan Compensation column (column (g)) of the Summary Compensation Table. The threshold amount shown for Messrs. Bissell and Sheridan is based on achievement of 81 percent of the financial goal and the minimum customer growth goal. The threshold amount shown for Messrs. Greenberg, Walsh and Knauss is based on achievement of 80 percent of the UGI financial goal.

(2) The awards shown for Messrs. Bissell and Sheridan are performance units under the 2000 AmeriGas Long-Term Incentive Plan, as described in "Compensation Discussion and Analysis." Performance units are forfeitable until the end of the performance period in the event of termination of employment, with pro-rated forfeitures in the case of termination of employment due to retirement, death or disability. In the case of a change in control, outstanding performance units and distribution equivalents will be paid in cash in an amount equal to the greater of (i) the target award, or (ii) the award amount that would be paid as if the performance period ended on the date of the change in control, based on the Partnership's achievement of the performance goal as of the date of the change in control, as determined by the Compensation/Pension Committee.

The awards shown for Messrs. Greenberg, Walsh and Knauss are performance units under the UGI Corporation 2004 Plan, as described in "Compensation Discussion and Analysis." Terms of these awards with respect to forfeitures and change in control, as defined in the UGI Corporation 2004 Plan, are fashioned in a similar manner to the terms of the performance units granted under the 2000 AmeriGas Long-Term Incentive Plan.

(3) Options are granted under the UGI Corporation 2004 Plan. Under this Plan, the option exercise price is not less than 100 percent of the fair market value of UGI's Common Stock on the effective date of the grant, which is either the date of the grant or a specified future date. The term of each option is generally 10 years, which is the maximum allowable term. The options become exercisable in three equal annual installments beginning on the first anniversary of the grant date. All options are nontransferable and generally exercisable only while the optionee is employed by the General Partner, UGI or an affiliate, with exceptions for exercise following termination without cause, retirement, disability and death. In the case of termination without cause, the option will be exercisable only to the extent that it has vested as of the date of termination of employment and the option will terminate upon the earlier of the expiration date of the option or the expiration of the 13-month period commencing on the date of termination of employment. If termination of employment occurs due to retirement or disability, the option term is shortened to the earlier of the third anniversary of the date of such termination of employment, or the original expiration date, and vesting continues in accordance with the original vesting schedule. In the event of death of the optionee while an employee, the option will become fully vested and the option term will be shortened to the earlier of the expiration of the 12-month period following the optionee's death, or the original expiration date. Options are subject to adjustment in the event of recapitalizations, stock splits, mergers, and other similar corporate transactions affecting UGI's common stock.

***Outstanding Equity Awards at Year-End***

The table below shows the outstanding equity awards as of September 30, 2008 for each of the named executive officers:

**Outstanding Equity Awards at Year-End Table — Fiscal 2008**

| | Option Awards | | | | Stock Awards | | | |
|---|---|---|---|---|---|---|---|---|
| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Options (#) Unexercisable | Option Exercise Price ($) | Option Expiration Date | Number of Shares or Units of Stock/Part-nership Units that Have Not Vested (#) | Market Value of Shares or Units of Stock/Part-nership Units That Have Not Vested ($) | Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) |
| (a) | (b) | (c) | (e) | (f) | (g) | (h) | (i) | (j) |
| Eugene V.N. Bissell | | 21,667(4) | 20.48 | 12/31/2015 | 0 | 0 | 12,000(11) | 365,160 |
| | 23,333(5) | 46,667(5) | 27.28 | 12/31/2016 | | | 14,000(12) | 426,020 |
| | | 65,000(6) | 27.25 | 12/31/2017 | | | 12,000(13) | 365,160 |
| Jerry E. Sheridan | 15,000(14) | | 27.57 | 8/14/2015 | 0 | 0 | 2,500(11) | 76,075 |
| | 12,000(4) | 6,000(4) | 20.48 | 12/31/2015 | | | 2,700(12) | 82,161 |
| | 6,000(5) | 12,000(5) | 27.28 | 12/31/2016 | | | 2,500(13) | 76,075 |
| | | 17,000(6) | 27.25 | 12/31/2017 | | | | |
| Lon R. Greenberg | 125,000(1) | | 12.57 | 12/31/2012 | 0 | 0 | 50,000(8) | 1,289,000 |
| | 360,000(2) | | 16.99 | 12/31/2013 | | | 60,000(9) | 1,546,800 |
| | 350,000(3) | | 20.47 | 12/31/2014 | | | 70,000(10) | 1,804,600 |
| | 166,666(4) | 83,334(4) | 20.48 | 12/31/2015 | | | | |
| | 93,333(5) | 186,667(5) | 27.28 | 12/31/2016 | | | | |
| | | 300,000(6) | 27.25 | 12/31/2017 | | | | |
| John L. Walsh | 270,000(7) | | 22.92 | 3/31/2015 | 0 | 0 | 25,000(8) | 644,500 |
| | 30,000(4) | 35,000(4) | 20.48 | 12/31/2015 | | | 26,000(9) | 670,280 |
| | 40,000(5) | 80,000(5) | 27.28 | 12/31/2016 | | | 27,000(10) | 696,060 |
| | | 120,000(6) | 27.25 | 12/31/2017 | | | | |
| Robert H. Knauss | 40,000(3) | | 20.47 | 12/31/2014 | 0 | 0 | 7,500(8) | 193,350 |
| | 26,666(4) | 13,334(4) | 20.48 | 12/31/2015 | | | 9,000(9) | 232,020 |
| | 15,000(5) | 30,000(5) | 27.28 | 12/31/2016 | | | 9,000(10) | 232,020 |
| | | 45,000(6) | 27.25 | 12/31/2017 | | | | |

**Note:** Column (d) was intentionally omitted.

(1) These options were granted on January 1, 2003 and were fully vested on January 1, 2006.

(2) These options were granted on January 1, 2004 and were fully vested on January 1, 2007.

(3) These options were granted on January 1, 2005 and were fully vested on January 1, 2008.

(4) These options were granted on January 1, 2006. These options vest 33 1/3 percent on each anniversary of the grant date and will be fully vested on January 1, 2009.

(5) These options were granted on January 1, 2007. These options vest 33 1/3 percent on each anniversary of the grant date and will be fully vested on January 1, 2010.

(6) These options were granted on January 1, 2008. These options vest 33 1/3 percent on each anniversary of the grant date and will be fully vested on January 1, 2011.

(7) These options were granted on April 1, 2005 and were fully vested on April 1, 2008.

(8) These performance units were awarded on January 1, 2006. The measurement period for the performance goal is the period beginning January 1, 2006 and ending December 31, 2008. The target award level of performance units and dividend equivalents will be payable on January 1, 2009 if the Company's TSR equals the median TSR of a peer group for the measurement period. The peer group is the group of companies that comprises the S&P Utilities Index on January 1, 2006. The actual number of performance units earned may be higher or lower than the target award, or even zero, based on the Company's TSR percentile rank relative to the companies in the S&P Utilities Index. See "Compensation Discussion and Analysis — Long-Term Compensation — Fiscal 2008 Equity Awards" for more information on TSR performance measurements.

(9) These performance units were awarded on January 1, 2007. The measurement period for the performance goal is the period beginning January 1, 2007 and ending December 31, 2009. The performance goal is the same as described in footnote (8) above, but it is measured for a different three-year period. The performance units will be payable, if at all, on January 1, 2010.

(10) These performance units were awarded on January 1, 2008. The measurement period for the performance goal is the period beginning January 1, 2008 and ending December 31, 2010. The performance goal is the same as described in footnote (8) above, but it is measured for a different three-year period. The performance units will be payable, if at all, on January 1, 2011.

(11) These performance units were awarded on January 1, 2006. The measurement period for the performance goal is the period beginning January 1, 2006 and ending December 31, 2008. The performance units will be payable on January 1, 2009 if the AmeriGas Partners' TUR equals the median TUR of a comparison group for the performance period. The comparison group is a group of publicly traded master limited partnerships in the propane, pipeline and coal industries. The actual amount of the award of performance units may be higher or lower than the target award, or even zero, based on the AmeriGas Partners' TUR percentile rank relative to the companies in the comparison group. See "Compensation Discussion and Analysis — Long-Term Compensation — Fiscal 2008 Equity Awards" for more information on TUR performance measurements.

(12) These performance units were awarded on January 1, 2007. The measurement period for the performance goal is the period beginning on January 1, 2006 and ending December 31, 2008. The performance goal is the same as described in footnote (11) above, but it is measured for a different three-year period. The performance units will be payable, if at all, on January 1, 2010.

(13) These performance units were awarded on January 1, 2008. The measurement period for the performance goal is the period beginning on January 1, 2008 and ending December 31, 2010. The performance goal is the same as described in footnote (11) above, but it is measured for a different three-year period. The performance units will be payable, if at all, on January 1, 2011.

(14) These options were granted on August 15, 2005 and were fully vested on August 15, 2008.

**Option Exercises and Stock Vested Table — Fiscal 2008**

| | Option Awards | | Stock/Unit Awards | |
|---|---|---|---|---|
| Name | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise ($) | Number of Shares/Units Acquired on Vesting (#) | Value Realized on Vesting ($) |
| (a) | (b) | (c) | (d) | (e) |
| Eugene V.N. Bissell | 174,000 | 1,405,876 | 11,970 | 432,237 |
| Jerry E. Sheridan | 0 | 0 | 1,995 | 72,054 |
| Lon R. Greenberg | 270,000 | 3,775,049 | 0 | 0 |
| John L. Walsh | 40,000 | 273,240 | 0 | 0 |
| Robert H. Knauss | 62,000 | 683,444 | 0 | 0 |

The table above sets forth (1) the number of shares of UGI common stock acquired by the named executive officers in Fiscal 2008 from the exercise of stock options, (2) the value realized by those officers upon the exercise of those stock options based on the difference between the market price for UGI's common stock on the date of exercise and the exercise price for the options, (3) for Messrs. Greenberg, Walsh and Knauss, the number of UGI performance units and stock units previously granted to those officers that vested in Fiscal 2008, (4) for Messrs. Bissell and Sheridan, the number of performance units previously granted to them that vested in Fiscal 2008, and (5) the value realized by those officers upon the vesting of such units based on the closing market price for AmeriGas Partners common units on the vesting date.

***Retirement Benefits***

The following table shows the number of years of credited service for the named executive officers under the UGI Utilities, Inc. Retirement Income Plan (which we refer to below as the "UGI Utilities Retirement Plan") and the UGI Corporation Supplemental Executive Retirement Plan (which we refer to below as the "UGI SERP") and the actuarial present value of accumulated benefits under those plans as of September 30, 2008 and any payments made to the named executive officers in Fiscal 2008 under those plans.

**Pension Benefits Table — Fiscal 2008**

| Name (1) | Plan Name | Number of Years Credited Service (#) | Present Value of Accumulated Benefit ($) | Payments During Last Fiscal Year ($) |
|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e) |
| Eugene V.N. Bissell (2) | UGI Utilities Retirement Plan | 6 | 23,114 | 0 |
| Lon R. Greenberg | UGI SERP | 28 | 10,380,944 | 0 |
| | UGI Utilities Retirement Plan | 28 | 889,742 | 0 |
| John L. Walsh | UGI SERP | 3 | 428,993 | 0 |
| | UGI Utilities Retirement Plan | 3 | 77,741 | 0 |
| Robert H. Knauss | UGI SERP | 21 | 661,677 | 0 |
| | UGI Utilities Retirement Plan | 21 | 433,113 | 0 |

(1) Mr. Sheridan does not participate in any defined benefit pension plan.

(2) Mr. Bissell has a vested annual benefit under the UGI Utilities Retirement Plan based on prior service. He is not a current participant in that Plan.

UGI participates in the UGI Utilities Retirement Plan, a qualified defined benefit retirement plan ("Pension Plan") to provide retirement income to its employees. The Pension Plan pays benefits based upon final average earnings, consisting of base salary or wages and annual bonuses, and years of credited service. Benefits vest after the participant completes 5 years of vesting service.

The Pension Plan provides normal annual retirement benefits at age 65, unreduced early retirement benefits at age 62 with 10 years of service, and reduced, but subsidized, early retirement benefits at age 55 with 10 years of service. Employees terminating employment prior to early retirement eligibility are eligible to receive a benefit under the plan formula commencing at age 65 or an unsubsidized benefit as early as age 55, provided they had 10 years of service at termination. Employees who have attained age 50 with 15 years of service and are involuntarily terminated by UGI prior to age 55 are also eligible for subsidized early retirement benefits, beginning at age 55.

The Pension Plan's normal retirement benefit formula is (A) — (B) and is shown below:

(A) = The minimum of (1) and (2), where

(1) = 1.9% of final five-year average earnings (as defined in the Pension Plan) multiplied by years of service;

(2) = 60% of the highest year of earnings; and

(B) =1% of the estimated primary Social Security benefit multiplied by years of service.

The amount of the benefit produced by the formula will be reduced by an early retirement factor based on the employee's actual age in years and months as of his early retirement date. The reduction factors range from 65 percent at age 55 to 100 percent (no reduction) at age 62.

The normal form of benefit under the Pension Plan for a married employee is a 50 percent joint and survivor lifetime annuity. Regardless of marital status, a participant may choose from a number of lifetime annuity payments. Lump sum payments are not permitted unless the present value of the lump sum benefit is $5,000 or less.

The Pension Plan is subject to qualified-plan Code limits on the amount of annual benefit that may be paid, and on the amount of compensation that may be taken into account in calculating retirement benefits under the plan. For 2008, the limit on the compensation that may be used is $230,000 and the limit on annual benefits payable for an employee retiring at age 65 in 2008 is $185,000. Benefits in excess of those permitted under the statutory limits are paid from the UGI Corporation Supplemental Executive Retirement Plan, described below.

Messrs. Greenberg and Knauss are currently eligible for early retirement benefits under the Pension Plan.

***UGI Corporation Supplemental Executive Retirement Plan***

The UGI Corporation Supplemental Executive Retirement Plan ("UGI SERP") is a non-qualified defined benefit plan that provides retirement benefits that would otherwise be provided under the Pension Plan, but are prohibited from being paid from the Pension Plan by Code limits. The benefit paid by the UGI SERP is approximately equal to the difference between the benefits provided under the Pension Plan and benefits that would have been provided by the Pension Plan if not for the limitations of the Employee Retirement Income Security Act of 1974, as amended, and the Code. Benefits vest after the participant completes 5 years of vesting service. The benefits earned under the UGI SERP are payable in the form of a lump sum payment. Payment is due within 60 days after termination of employment, except as required by Section 409A of the Code. If payment is required to be delayed by Section 409A of the Code, payment is made within 15 days after expiration of a six-month postponement period following "separation from service" as defined in the Code.

***Actuarial Assumptions Used to Determine Values in the Pension Benefits Table***

The amounts shown in the Pension Benefits table are actuarial present values of the benefits accumulated through September 30, 2008. An actuarial present value is calculated by estimating expected future payments starting at an assumed retirement age, weighting the estimated payments by the estimated probability of surviving to each post-retirement age, and discounting the weighted payments at an assumed discount rate to reflect the time value of money. The actuarial present value represents an estimate of the amount which, if invested today at the discount rate, would be sufficient on an average basis to provide estimated future payments based on the current accumulated benefit. The assumed retirement age for each named executive officer is age 62, which is the earliest age at which the executive could retire without any benefit reduction due to age. Actual benefit present values will vary from these estimates depending on many factors, including an executive's actual retirement age. The key assumptions included in the calculations are as follows:

| | September 30, 2008 | September 30, 2007 |
|---|---|---|
| Discount rate for Pension Plan for all purposes and for SERP, for pre-commencement calculations | 6.80% | 6.40% |
| SERP lump sum rate | 4.23% | 4.07% |
| Retirement age: | 62 | 62 |
| Post-retirement mortality for Pension Plan | RP-2000, combined, healthy table projected to 2015 using Scale AA without collar adjustments | RP-2000, combined, healthy table projected to 2010 using Scale AA without collar adjustments |
| Post-retirement mortality for SERP | 1994 GAR unisex | 1994 GAR unisex |
| Pre-retirement mortality | None | None |
| Termination and disability rates | None | None |
| Form of payment for Pension Plan | Single life annuity | Single life annuity |
| Form of payment for SERP | Lump sum | Lump sum |

***Nonqualified Deferred Compensation***

The following table shows the contributions, earnings, withdrawals and account balances for each of the named executive officers in the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan ("AmeriGas SERP"), Nonqualified Deferred Compensation Plan and the UGI Corporation Supplemental Savings Plan.

**Nonqualified Deferred Compensation Table — Fiscal 2008**

| Name | Plan Name | Executive Contributions in Last Fiscal Year ($) | Employer Contributions in Last Fiscal Year ($) | Aggregate Earnings in Last Fiscal Year ($) | Aggregate Withdrawals/ Distributions ($) | Aggregate Balance at Last Fiscal Year ($)(2) |
|---|---|---|---|---|---|---|
| (a) | | (b) | (c) | (d) | (e) | (f) |
| Eugene V.N. Bissell | AmeriGas SERP | 0 | 58,246(1) | 0 | 0 | 588,805 |
| | AmeriGas Non-Qualified Deferred Compensation Plan | 16,259(3) | 0 | 0 | 0 | 19,545 |
| Jerry E. Sheridan | AmeriGas SERP | 26,454 | 26,454(1) | 0 | 0 | 75,141 |
| Lon R. Greenberg | UGI Supplemental Savings Plan | 0 | 38,269(4) | 32,032 | 0 | 597,149 |
| John L. Walsh | UGI Supplemental Savings Plan | 0 | 19,319(4) | 2,003 | 0 | 54,263 |
| Robert H. Knauss (5) | UGI Supplemental Savings Plan | 0 | 5,474(4) | 924 | 0 | 21,594 |
| | AmeriGas SERP | 0 | 0 | 0 | 0 | 141,816 |

(1) This amount represents the General Partner contribution to the named executive officer under the AmeriGas SERP, which is also reported in the Summary Compensation Table in the "All Other Compensation" column.

(2) The aggregate balances include the following aggregate amounts previously reported in the Summary Compensation Table as compensation in prior years: Mr. Bissell, $472,434; Mr. Sheridan, $57,938; Mr. Greenberg, $430,260; Mr. Walsh, $31,662; and Mr. Knauss, $137,110.

(3) This amount is included in the amount reported in the Summary Compensation Table in the "Salary" column.

(4) This amount represents the employer match under the UGI Corporation Supplemental Savings Plan, which is also reported in the Summary Compensation Table in the "All Other Compensation" column.

(5) Mr. Knauss participated in the AmeriGas SERP prior to transferring to UGI in 2003.

The AmeriGas Propane, Inc. Supplemental Executive Retirement Plan is a nonqualified deferred compensation plan that is intended to provide retirement benefits to certain AmeriGas executive officers. Under the plan, AmeriGas credits to each participant's account annually an amount equal to 5 percent of the participant's compensation (salary and annual bonus) up to the Code compensation limits and 10 percent of compensation in excess of such limit. In addition, if any portion of the General Partner's matching contribution under the AmeriGas Propane, Inc. qualified 401(k) Savings Plan is forfeited due to nondiscrimination requirements under the Code, the forfeited amount, adjusted for earnings and losses on the amount, will be credited to a participant's account. Benefits vest on the fifth anniversary of a participant's employment commencement date. Through Fiscal 2007, participants' accounts were credited annually with interest generally equal to the actual return on the trust portfolio of the UGI Utilities, Inc. Retirement Income Plan, subject to certain limitations as set forth in the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan. Beginning in Fiscal 2008, in lieu of receiving interest on account balances, participants direct the investment of their account balances among a number of mutual funds, which are generally the same funds available to participants in the AmeriGas 401(k) Savings Plan, other than the UGI stock fund. Account balances are payable in a lump sum within 60 days after termination of employment, except as required by Section 409A of the Code. If payment is required to be delayed by Section 409A of the Code, payment is made within 15 days after expiration of a six-month postponement period following "separation from service" as defined in the Code.

The AmeriGas Propane, Inc. Nonqualified Deferred Compensation Plan is a nonqualified deferred compensation plan that provides benefits to certain named executive officers that would otherwise be provided under the AmeriGas 401(k) Savings Plan. The plan is intended to permit participants to defer up to $10,000 of annual compensation that would generally not be eligible for contribution to the AmeriGas 401(k) Savings Plan due to Code limitations and nondiscrimination requirements. Participants may direct the investment of deferred amounts into a number of funds. The funds available are the same funds available under the AmeriGas 401(k) Savings Plan, other than the UGI stock fund. Account balances are payable in a lump sum within 60 days after termination of employment, except as required by Section 409A of the Code. If payment is required to be delayed by Section 409A of the Code, payment is made within 15 days after expiration of a six-month postponement period following "separation from service" as defined in the Code.

The UGI Corporation Supplemental Savings Plan ("SSP") is a nonqualified deferred compensation plan that provides benefits to certain named executive officers that would otherwise be provided under UGI's qualified 401(k) Savings Plan. Benefits vest after the participant completes 5 years of service. The SSP is intended to pay an amount substantially equal to the difference between the UGI matching contribution that would have been made under the 401(k) Savings Plan if the Code limitations were not in effect, and the UGI match actually made under the 401(k) Savings Plan. The Code compensation limit for 2007 was $225,000 and the limit for 2008 is $230,000. The Code contribution limit for 2007 was $45,000 and the limit for 2008 is $46,000. Under the SSP, the participant is credited with a UGI match on compensation in excess of Code limits using the same formula applicable to contributions to the UGI Corporation 401(k) Savings Plan, which is a match of 50 percent of the first 3 percent of eligible compensation, and a match of 25 percent on the next 3 percent, assuming that the employee contributed to the 401(k) Savings Plan the lesser of 6 percent of eligible compensation or the maximum amount permissible under the Code. Amounts credited to the participant's account are credited with interest. The rate of interest currently in effect is the rate produced by blending the annual return on the S&P 500 Index (60 percent weighting) and the annual return on the Lehman Brothers Bond Index (40 percent weighting). Account balances are payable in a lump sum within 60 days after termination of employment, except as required by Section 409A of the Code. If payment is required to be delayed by Section 409A of the Code, payment is made within 15 days after expiration of a six-month postponement period following "separation from service" as defined in the Code.

**Potential Payments Upon Termination of Employment or Change in Control**

***Severance Pay Plan for Senior Executive Employees***

*Named Executive Officers Employed by the General Partner.* The AmeriGas Propane, Inc. Executive Employee Severance Plan (the "AmeriGas Severance Plan") provides for payment to certain senior level employees of the General Partner, including Messrs. Bissell and Sheridan, in the event their employment is terminated without fault on their part. Specified benefits are payable to a senior executive covered by the AmeriGas Severance Plan if the senior executive's employment is involuntarily terminated for any reason other than for just cause or as a result of the senior executive's death or disability. Under the AmeriGas Severance Plan, "just cause" generally means (i) dismissal of an executive due to misappropriation of funds, (ii) substance abuse or habitual insobriety that adversely affects the executive's ability to perform his or her job, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties.

The AmeriGas Severance Plan provides for cash payments equal to a participant's compensation for a period of time ranging from 6 months to 18 months, depending on length of service (the "Continuation Period"). In the case of Mr. Bissell, the Continuation Period ranges from 12 months to 24 months, depending on length of service. In addition, a participant receives the cash equivalent of his or her target bonus under the Annual Bonus Plan, pro-rated for the number of months served in the fiscal year. However, if the termination occurs in the last 2 months of the fiscal year, we have discretion to determine whether the participant will receive a pro-rated target bonus, or the actual annual bonus which would have been paid after the end of the fiscal year, provided that the weighting to be applied to the participant's business/financial goals under the Annual Bonus Plan will be deemed to be 100 percent. The levels of severance payment were established based on competitive practice and are reviewed by management and the Compensation/Pension Committee from time to time.

Under the AmeriGas Severance Plan, the participant also receives a payment equal to the cost he or she would have incurred to continue medical and dental coverage under the General Partner's plans for the Continuation Period (less the amount he would be required to contribute for such coverage if he were an active employee). This amount includes a tax gross-up payment equal to 75 percent of the cost of medical and dental coverage. The AmeriGas Severance Plan also provides for outplacement services for a period of 12 months following a participant's termination of employment. Participants are entitled to receive reimbursement for tax preparation services for the final year of employment. Provided that the participant is eligible to retire, all payments under the AmeriGas Severance Plan may be reduced by an amount equal to the fair market value of certain equity-based awards, other than stock options, payable to the participant after the termination of employment.

In order to receive benefits under the AmeriGas Severance Plan, a participant is required to execute a release which discharges the General Partner and its affiliates from liability for any claims the senior executive may have against any of them, other than claims for amounts or benefits due to the executive under any plan, program or contract provided by or entered into with the General Partner or its affiliates. Each senior executive is also required to ratify a post-employment activities agreement (which restricts the senior executive from competing with the Partnership and its affiliates following termination of his or her employment) and to cooperate in attending to matters pending at the time of his or her termination of employment.

*Named Executive Officers Employed by UGI Corporation.* The UGI Corporation Senior Executive Employee Severance Plan (the "UGI Severance Plan") provides for payment to certain senior level employees of UGI, including Messrs. Greenberg, Walsh and Knauss, in the event their employment is terminated without fault on their part. Benefits are payable to a senior executive covered by the UGI Severance Plan if the senior executive's employment is involuntarily terminated for any reason other than for just cause or as a result of the senior executive's death or disability. Under the UGI Severance Plan, "just cause" generally means (i) dismissal of an executive due to misappropriation of funds, (ii) substance abuse or habitual insobriety that adversely affects the executive's ability to perform his or her job, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties.

The UGI Severance Plan provides for cash payments equal to a participant's compensation for a period of time ranging from 6 months to 18 months, depending on length of service (the "Continuation Period"). In the case of Mr. Greenberg, the Continuation Period is 30 months; for Mr. Walsh, the Continuation Period ranges from 12 months to 24 months, depending on the length of service. In addition, a participant receives the cash equivalent of his or her target bonus under the Annual Bonus Plan, pro-rated for the number of months served in the fiscal year prior to termination. However, if the termination occurs in the last 2 months of the fiscal year, UGI has the discretion to determine whether the participant will receive a pro-rated target bonus, or the actual annual bonus which would have been paid after the end of the fiscal year, assuming that the participant's entire bonus was contingent on meeting the applicable financial performance goal. The levels of severance payment were established based on competitive practice and are reviewed by management and the Compensation and Management Development Committee from time to time.

Under the UGI Severance Plan, the participant also receives a payment equal to the cost he or she would have incurred to continue medical and dental coverage under UGI's plans for the Continuation Period (less the amount he would be required to contribute for such coverage if he were an active employee). This amount includes a tax gross-up payment equal to 75 percent of the cost of medical and dental coverage. The UGI Severance Plan also provides for outplacement services for a period of 12 months following a participant's termination of employment. Participants are entitled to receive reimbursement for tax preparation services for their final year of employment under the UGI Severance Plan. Provided that the participant is eligible to retire, all payments under the Severance Plan may be reduced by an amount equal to the fair market value of certain equity-based awards, other than stock options, payable to the participant after the termination of employment.

In order to receive benefits under the UGI Severance Plan, a participant is required to execute a release which discharges UGI and its subsidiaries from liability for any claims the senior executive may have against any of them, other than claims for amounts or benefits due to the executive under any plan, program or contract provided by or entered into with UGI or its subsidiaries. Each senior executive is also required to ratify a post-employment activities agreement (which restricts the senior executive from competing with UGI and its affiliates following termination of his or her employment) and to cooperate in attending to matters pending at the time of his or her termination of employment.

***Change in Control Arrangements***

*Named Executive Officers Employed by the General Partner.* Messrs. Bissell and Sheridan each have an agreement with the General Partner that provides benefits in the event of a change in control. The agreements have a term of 3 years with automatic one-year extensions beginning May 2011 unless in each case, prior to a change in control, the General Partner terminates an agreement. In the absence of a change in control or termination by the General Partner, each agreement will terminate when, for any reason, the executive terminates his or her employment with the General Partner. A change in control is generally deemed to occur in the following instances:

- any person (other than certain persons or entities affiliated with UGI), together with all affiliates and associates of such person, acquires securities representing 20 percent or more of either (i) the then outstanding shares of common stock, or (ii) the combined voting power of UGI's then outstanding voting securities;

- individuals, who at the beginning of any 24-month period constitute the UGI Board of Directors (the "Incumbent Board") and any new Director whose election by the Board of Directors, or nomination for election by UGI's shareholders, was approved by a vote of at least a majority of the Incumbent Board, cease for any reason to constitute a majority;

- UGI is reorganized, merged or consolidated with or into, or sells all or substantially all of its assets to, another corporation in a transaction in which former shareholders of UGI do not own more than 50 percent of, respectively, the outstanding common stock and the combined voting power of the then outstanding voting securities of the surviving or acquiring corporation;

- the General Partner, Partnership or Operating Partnership is reorganized, merged or consolidated with or into, or sells all or substantially all of its assets to, another entity in a transaction with respect to which all of the individuals and entities who were owners of the General Partner's voting securities or of the outstanding units of the Partnership immediately prior to such transaction do not, following such transaction, own more than 50 percent of, respectively, the outstanding common stock and the combined voting power of the then outstanding voting securities of the surviving or acquiring corporation, or if the resulting entity is a partnership, the former unitholders do not own more than 50 percent of the outstanding common units in substantially the same proportion as their ownership immediately prior to the transaction;

- UGI, the General Partner, the Partnership or the Operating Partnership is liquidated or dissolved;

- UGI fails to own more than 50 percent of the general partnership interests of the Partnership or the Operating Partnership;

- UGI fails to own more than 50 percent of the outstanding shares of common stock of the General Partner; or

- AmeriGas Propane, Inc. is removed as the general partner of the Partnership or the Operating Partnership.

The General Partner will provide Messrs. Bissell and Sheridan with cash benefits ("Benefits") if we terminate the executive's employment without "cause" or if the executive terminates employment for "good reason" at any time within 2 years following a change in control of the General Partner, AmeriGas Partners or UGI. "Cause" generally includes (i) misappropriation of funds, (ii) habitual insobriety or substance abuse, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties, which gross negligence has had a material adverse effect on the business, operations, assets, properties or financial condition of the General Partner. "Good reason" generally includes a material diminution in authority, duties, responsibilities or base compensation; a material breach by the General Partner of the terms of the agreement; and substantial relocation requirements. If the events trigger a payment following a change in control, the benefits payable to Messrs. Bissell and Sheridan will be as specified under his change in control agreement unless payments under the AmeriGas Severance Plan described above would be greater, in which case Benefits would be provided under the AmeriGas Severance Plan.

Following a change in control, each of Messrs. Bissell and Sheridan may elect to terminate his employment without loss of Benefits in certain situations, including a material diminution in authority, duties, responsibilities or base compensation; or excessive relocation requirements. Benefits under this arrangement would be equal to 3 times Mr. Bissell's base salary and annual bonus and 2 times Mr. Sheridan's base salary and annual bonus. Each named executive officer would also receive the cash equivalent of his target bonus, prorated for the number of months served in the fiscal year. In addition, Messrs. Bissell and Sheridan are each entitled to receive a payment equal to the cost he would incur if he enrolled in the General Partner's medical and dental plans for 3 years in the case of Mr. Bissell and 2 years in the case of Mr. Sheridan (in each case less the amount he would be required to contribute for such coverage if he were an active employee). This payment would include a tax gross-up payment equal to 75 percent of the total amount payable. Messrs. Bissell and Sheridan would also receive their benefits under the AmeriGas Supplemental Executive Retirement Plan calculated as if he had continued in employment for 3 years or 2 years, respectively. In addition, outstanding performance units and distribution equivalents will be paid in cash based on the fair market value of AmeriGas Partners common units in an amount equal to the greater of (i) the target award or (ii) the award amount that would have been paid if the measurement period ended on the date of the change in control, as determined by the Compensation/Pension Committee. For treatment of stock options, see "Grants of Plan-Based Awards" table.

The Benefits are subject to a "conditional gross up" for excise and related taxes in the event they would constitute "excess parachute payments," as defined in Section 280G of the Code. The General Partner will provide the tax gross-up if the aggregate parachute value of Benefits is greater than 110 percent of the maximum amount that may be paid under Section 280G of the Code without imposition of an excise tax. If the parachute value does not exceed the 110 percent threshold, the Benefits for each of Messrs. Bissell and Sheridan will be reduced to the extent necessary to avoid imposition of the excise tax on "excise parachute payments."

In order to receive benefits under his change in control agreement, each named executive is required to execute a release which discharges the General Partner and its affiliates from liability for any claims he may have against any of them, other than claims for amounts or benefits due to the executive under any plan, program or contract provided by or entered into with the General Partner or its affiliates.

*Named Executive Officers Employed By UGI Corporation.* Messrs. Greenberg, Walsh and Knauss each have an agreement with UGI which provides benefits in the event of a change in control. The agreements have a term of 3 years with automatic one-year extensions beginning May 2011, unless in each case, prior to a change in control, UGI terminates an agreement. In the absence of a change in control or termination by UGI, each agreement will terminate when, for any reason, the executive terminates his or her employment with UGI. A change in control is generally deemed to occur in the following instances:

- any person (other than certain persons or entities affiliated with UGI), together with all affiliates and associates of such person, acquires securities representing 20 percent or more of either (i) the then outstanding shares of common stock, or (ii) the combined voting power of UGI's then outstanding voting securities;

- individuals, who at the beginning of any 24-month period constitute the UGI Board of Directors (the "Incumbent Board") and any new Director whose election by the Board of Directors, or nomination for election by UGI's shareholders, was approved by a vote of at least a majority of the Incumbent Board, cease for any reason to constitute a majority;

- UGI is reorganized, merged or consolidated with or into, or sells all or substantially all of its assets to, another corporation in a transaction in which former shareholders of UGI do not own more than 50 percent of, respectively, the outstanding common stock and the combined voting power of the then outstanding voting securities of the surviving or acquiring corporation; or

- UGI Corporation is liquidated or dissolved.

UGI will provide Messrs. Greenberg, Walsh and Knauss with cash benefits ("Benefits") if UGI terminates the executive's employment without "cause" or if the executive terminates employment for "good reason" at any time within 2 years following a change in control of UGI. "Cause" generally includes (i) misappropriation of funds, (ii) habitual insobriety or substance abuse, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties, which gross negligence has had a material adverse effect on the business, operations, assets, properties or financial condition of UGI. "Good reason" generally includes material diminution in authority, duties, responsibilities or base compensation; a material breach by UGI of the terms of the agreement; and substantial relocation requirements. If the events trigger a payment following a change in control, the Benefits payable to each of Messrs. Greenberg, Walsh and Knauss will be as specified under his change in control agreement unless payments under the UGI Severance Plan described above would be greater, in which case Benefits would be provided under the UGI Severance Plan.

Following a change in control, each of Messrs. Greenberg, Walsh and Knauss may elect to terminate his employment without loss of Benefits in certain situations, including a material diminution in authority, duties, responsibilities or base compensation; or excessive relocation requirements. Benefits under this arrangement would be equal to 3 times the executive officer's base salary and annual bonus. Each named executive officer would also receive the cash equivalent of his target bonus, prorated for the number of months served in the fiscal year. In addition, Messrs. Greenberg, Walsh and Knauss are each entitled to receive a payment equal to the cost he would incur if he enrolled in UGI's medical and dental plans for 3 years (less the amount he would be required to contribute for such coverage if he were an active employee). This payment would include a tax gross-up payment equal to 75 percent of the total amount payable. Messrs. Greenberg, Walsh and Knauss would also have benefits under UGI's Supplemental Executive Retirement Plan calculated as if he had continued in employment for 3 years. In addition, outstanding performance units, stock units and dividend equivalents will be paid in cash based on the fair market value of UGI's common stock in an amount equal to the greater of (i) the target award or (ii) the award amount that would have been paid if the performance unit measurement period ended on the date of the change in control, as determined by UGI's Compensation and Management Development Committee. For treatment of stock options, see "Grants of Plan-Based Awards" table.

The Benefits are subject to a "conditional gross up" for excise and related taxes in the event they would constitute "excess parachute payments," as defined in Section 280G of Code. UGI will provide the tax gross-up if the aggregate parachute value of Benefits is greater than 110 percent of the maximum amount that may be paid under Section 280G of the Code without imposition of an excise tax. If the parachute value does not exceed the 110 percent threshold, the Benefits for each of Messrs. Greenberg, Walsh and Knauss will be reduced to the extent necessary to avoid imposition of the excise tax on "excise parachute payments."

In order to receive benefits under his change in control agreement, each named executive officer is required to execute a release which discharges UGI and its subsidiaries from liability for any claims the senior executive may have against any of them, other than claims for amounts or benefits due to the executive under any plan, program or contract provided by or entered into with UGI or its subsidiaries.

***Potential Payments Upon Termination or Change-in-Control Table***

The amounts shown in the table below assume that each named executive officer's termination was effective as of September 30, 2008 and are merely estimates of the incremental amounts that would be paid out to the named executive officers upon their termination. The actual amounts to be paid out can only be determined at the time of such named executive officer's termination of employment. The amounts set forth in the table below do not include compensation to which each named executive officer would be entitled without regard to his termination of employment, including (i) base salary and short-term incentives that have been earned but not yet paid or (ii) amounts that have been earned, but not yet paid, under the terms of the plans listed under the "Pension Benefits" and "Nonqualified Deferred Compensation" tables. There are no incremental payments in the event of voluntary resignation, termination for cause, disability or upon retirement.

| Name & Triggering Event | Severance Pay | Equity Awards with Accelerated Vesting(3) | Nonqualified Retirement Benefits(4) | Welfare & Other Benefits(5) | Total |
|---|---|---|---|---|---|
| Eugene V.N. Bissell | | | | | |
| Death | $ 0 | $ 1,382,466 | $ 0 | $ 0 | $ 1,382,466 |
| Involuntary Termination Without Cause | $ 1,562,378(1) | $ 0 | $ 0 | $ 69,430 | $ 1,631,808 |
| Termination Following Change in Control | $ 2,445,997(2) | $ 2,032,349 | $ 197,877 | $ 80,799 | $ 4,757,022 |
| Jerry E. Sheridan | | | | | |
| Death | $ 0 | $ 288,244 | $ 0 | $ 0 | $ 288,244 |
| Involuntary Termination Without Cause | $ 389,881(1) | $ 0 | $ 0 | $ 57,822 | $ 447,703 |
| Termination Following Change in Control | $ 941,725(2) | $ 419,813 | $ 58,523 | $ 579,175 | $ 1,999,236 |
| Lon R. Greenberg | | | | | |
| Death | $ 0 | $ 4,509,751 | $ 0 | $ 0 | $ 4,509,751 |
| Involuntary Termination Without Cause | $ 6,157,800(1) | $ 0 | $ 0 | $ 52,167 | $ 6,209,967 |
| Termination Following Change in Control | $ 7,681,182(2) | $ 7,316,677 | $ 5,183,798 | $ 45,638 | $ 20,227,295 |
| John L. Walsh | | | | | |
| Death | $ 0 | $ 2,006,427 | $ 0 | $ 0 | $ 2,006,427 |
| Involuntary Termination Without Cause | $ 1,851,788(1) | $ 0 | $ 0 | $ 56,326 | $ 1,908,114 |
| Termination Following Change in Control | $ 4,063,375(2) | $ 3,122,048 | $ 1,331,036 | $ 3,310,802 | $ 11,827,261 |
| Robert H. Knauss | | | | | |
| Death | $ 0 | $ 658,219 | $ 0 | $ 0 | $ 658,219 |
| Involuntary Termination Without Cause | $ 945,204(1) | $ 0 | $ 0 | $ 40,500 | $ 985,704 |
| Termination Following Change in Control | $ 1,759,121(2) | $ 1,033,937 | $ 744,980 | $ 1,454,804 | $ 4,992,842 |

(1) Amounts shown under "Severance Pay" in the case of involuntary termination without cause are calculated under the terms of the UGI Severance Plan for Messrs. Greenberg, Walsh and Knauss, and the AmeriGas Severance Plan for Messrs. Bissell and Sheridan. We assumed that 100 percent of target annual bonus was paid.

(2) Amounts listed under "Severance Pay" in the case of termination following a change in control are calculated under the officer's change in control agreement.

(3) In calculating the amounts shown above, we assumed (i) the continuation of AmeriGas Partner's distribution (and UGI's dividend, as applicable) at the rate in effect on September 30, 2008; and (ii) performance at target levels with respect to performance shares.

(4) Amounts shown are in addition to amounts shown in the "Pension Benefits" and "Non-Qualified Deferred Compensation" tables.

(5) Amounts shown under "Welfare and Other Benefits" include estimated payments for (i) medical and dental and life insurance premiums, (ii) outplacement services, (iii) tax preparation services, and (iv) an estimated Code Section 280G tax gross up payment of $1,417,190 for Mr. Knauss, $528,832 for Mr. Sheridan, and $3,244,363 for Mr. Walsh in the event of a change in control.

COMPENSATION OF DIRECTORS

The table below shows the components of director compensation for Fiscal 2008. A Director who is an officer or employee of the General Partner or its subsidiaries is not compensated for service on the Board of Directors or on any Committee of the Board.

**Director Compensation**

| Name | Fees Earned or Paid in Cash ($)(2) | Stock Awards ($) | Option Awards ($) | Non-Equity Incentive Plan Compensation ($) | Change in Pension Value and Nonqualified Deferred Compensation Earnings | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| Stephen D. Ban | $ 65,000 | 0 | 0 | 0 | 0 | 0 | $ 65,000 |
| Richard C. Gozon | $ 65,000 | 0 | 0 | 0 | 0 | 0 | $ 65,000 |
| William J. Marrazzo (1) | $ 75,000 | 0 | 0 | 0 | 0 | 0 | $ 75,000 |
| Gregory A. Pratt (1) | $ 80,000 | 0 | 0 | 0 | 0 | 0 | $ 80,000 |
| Howard B. Stoeckel (1) | $ 75,000 | 0 | 0 | 0 | 0 | 0 | $ 75,000 |
| James W. Stratton | $ 65,000 | 0 | 0 | 0 | 0 | 0 | $ 65,000 |

(1) The Partnership pays an additional annual retainer of $10,000 to members of the Audit Committee, other than the chairperson. The chairperson of the Audit Committee is paid an additional annual retainer of $15,000.

(2) The Partnership pays no meeting attendance fees to its Directors.

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

***Ownership of Limited Partnership Units by Certain Beneficial Owners***

The following table sets forth certain information regarding each person known by the General Partner to have been the beneficial owner of more than 5 percent of the Partnership's voting securities representing limited partner interests as of November 1, 2008. AmeriGas Propane, Inc. is the sole general partner of the Partnership.

| Title of Class | Name and Address (1) of Beneficial Owner | Amount and Nature of Beneficial Ownership of Partnership Units | Percent of Class |
|---|---|---|---|
| Common Units | UGI Corporation | 24,691,209(2) | 43% |
| | AmeriGas, Inc. | 24,691,209(3) | 43% |
| | AmeriGas Propane, Inc. | 24,691,209(4) | 43% |
| | Petrolane Incorporated | 7,839,911(4) | 14% |

(1) The address of each of UGI and the General Partner is 460 North Gulph Road, King of Prussia, PA 19406. The address of each of AmeriGas, Inc. and Petrolane Incorporated is 100 Kachel Boulevard, Green Hills Corporate Center, Reading, PA 19607.

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

(3) Based on the number of units held by its direct and indirect, wholly-owned subsidiaries, AmeriGas Propane, Inc. and Petrolane.

(4) AmeriGas Propane, Inc.'s beneficial ownership includes 7,839,911 Common Units held by its subsidiary, Petrolane. Beneficial ownership of those Common Units is shared with UGI and AmeriGas, Inc.

***Ownership of Partnership Common Units by the Directors and Named Executive Officers of the General Partner***

The table below sets forth as of October 1, 2008 the beneficial ownership of Partnership Common Units by each director and each of the Named Executives, as well as by the directors and all of the executive officers of the General Partner as a group. No director, Named Executive or executive officer beneficially owns 1 percent or more of the Partnership's Common Units. The total number of Common Units beneficially owned by the directors and executive officers of the General Partner as a group represents less than 1 percent of the Partnership's outstanding Common Units.

| Name of Beneficial Owner | Amount and Nature of Beneficial Ownership of Partnership Common Units (1) |
|---|---|
| Lon R. Greenberg | 7,000 |
| John L. Walsh | 3,000(2) |
| Stephen D. Ban | 0 |
| Richard C. Gozon | 5,000 |
| James W. Stratton | 1,000(3) |
| Gregory A. Pratt | 0 |
| William J. Marrazzo | 500(4) |
| Eugene V. N. Bissell | 37,246(5) |
| Robert H. Knauss | 13,108 |
| Jerry E. Sheridan | 11,437(6) |
| Howard B. Stoeckel | 0 |
| Directors and executive officers as a group (15 persons) | 103,861 |

(1) Sole voting and investment power unless otherwise specified.

(2) Mr. Walsh's Units are held jointly with his spouse.

(3) Mr. Stratton's Units are held jointly with his spouse.

(4) Mr. Marrazzo's Units are held jointly with his spouse.

(5) Mr. Bissell's Units are held jointly with his spouse.

(6) Mr. Sheridan's Units are held jointly with his spouse.

The General Partner is a wholly owned subsidiary of AmeriGas, Inc. which is a wholly owned subsidiary of UGI. The table below sets forth, as of October 1, 2008, the beneficial ownership of UGI Common Stock by each director and each of the Named Executives, as well as by the directors and the executive officers of the General Partner as a group. Including the number of shares of stock underlying exercisable options, Mr. Greenberg is the beneficial owner of approximately 1.5 percent of UGI's Common Stock. All other directors and executive officers own less than 1 percent of UGI's outstanding shares. The total number of shares beneficially owned by the directors and executive officers as a group (including 1,972,398 shares subject to exercisable options and stock units held by directors under the 2004 plan), represents approximately 3 percent of UGI's outstanding shares.

| Name of Beneficial Owner | Number of UGI Shares and Stock Units and Nature of Beneficial Ownership Excluding UGI Stock Options (1)(4) | Number of Exercisable UGI Stock Options | Total |
|---|---|---|---|
| Lon R. Greenberg | 503,006(2) | 1,095,000 | 1,598,006 |
| John L. Walsh | 70,030(3) | 340,000 | 410,030 |
| Stephen D. Ban | 67,130 | 66,500 | 133,630 |
| Richard C. Gozon | 116,567 | 92,900 | 209,467 |
| James W. Stratton | 85,510(5) | 92,900 | 178,410 |
| Howard B. Stoeckel | 0 | 0 | 0 |
| Gregory A. Pratt | 0 | 0 | 0 |
| William J. Marrazzo | 0 | 0 | 0 |
| Eugene V. N. Bissell | 66,380(6) | 23,333 | 89,713 |
| Robert H. Knauss | 26,412 | 81,666 | 108,078 |
| Jerry E. Sheridan | 678(7) | 33,000 | 33,678 |
| Directors and executive officers as a group (15 persons) | 983,499 | 1,972,398 | 2,955,897 |

(1) Sole voting and investment power unless otherwise specified.

(2) Mr. Greenberg holds 345,808 shares jointly with his spouse.

(3) Mr. Walsh holds these shares jointly with his spouse.

(4) Included in the number of shares shown are Stock Units (“Units”) under the 2004 Omnibus Equity Compensation Plan. Each Unit will be paid out to the director upon retirement or termination of service in the form of shares of UGI Common Stock (65 percent) and cash (35 percent). The number of Units included for the directors is as follows: Dr. Ban 50,634, Mr. Gozon 83,959 and Mr. Stratton 63,902.

(5) Mr. Stratton holds 21,608 shares jointly with his spouse.

(6) Mr. Bissell holds these shares jointly with his spouse.

(7) Mr. Sheridan holds these shares in his 401(k) Savings Plan.

***Equity Compensation Plan Information***

The following table sets forth information as of the end of Fiscal 2008 with respect to compensation plans under which equity securities of the Partnership are authorized for issuance.

| Plan category | (a) Number of securities to be issued upon exercise of outstanding options, warrants and rights | (b) Weighted average exercise price of outstanding options, warrants and rights | (c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|---|---|---|---|
| Equity compensation plans approved by security holders (1) | 126,100 | 0 | 420,386 |
| Equity compensation plans not approved by security holders | 0 | 0 | 0 |
| **Total** | 126,100 | 0 | 420,386 |

(1) The AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan and the AmeriGas Propane, Inc. Discretionary Long-Term Incentive Plan for Non-Executive Key Employees were approved pursuant to Section 6.4 of the Partnership Agreement.

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

We do not have any employees. We are managed by our General Partner. Pursuant to the Partnership Agreement and a Management Services Agreement among AmeriGas Eagle Holdings, Inc. and the General Partner, the General Partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of the Partnership. For information regarding our related person transactions in general, please read Note 12 of the Notes to Consolidated Financial Statements included under Item 8 of this Report. The information summarizes our business relationships and related transactions with our General Partner and its affiliates, including UGI, during Fiscal 2008.

***Interests of the General Partner in the Partnership***

We make quarterly cash distributions of all of our Available Cash, generally defined as all cash on hand at the end of such quarter, plus all additional cash on hand as of the date of determination resulting from borrowings subsequent to the end of such quarter, less the amount of cash reserves established by the General Partner in its reasonable discretion for future cash requirements. According to the Partnership Agreement, the General Partner receives cash distributions as follows:

Distributions of Available Cash are made 98% to limited partners and 2% to the General Partner (giving effect to the 1.01% interest of the General Partner in distributions of Available Cash from AmeriGas OLP to the Partnership) until Available Cash exceeds the Minimum Quarterly Distribution of $0.55 and the First Target Distribution of $0.055 per Common Unit (or a total of $0.605 per Common Unit). If Available Cash exceeds $0.605 per Common Unit in any quarter, the General Partner will receive a greater percentage of the total Partnership distribution but only with respect to the amount by which the distribution per Common Unit to limited partners exceeds $0.605.

***Related Person Transactions***

The General Partner employs persons responsible for managing and operating the Partnership. The Partnership reimburses the General Partner for the direct and indirect costs of providing these services, including all compensation and benefit costs. For Fiscal 2008, these costs totaled approximately $345.5 million.

The Partnership and the General Partner also have extensive, ongoing relationships with UGI and its affiliates. UGI performs certain financial and administrative services for the General Partner on behalf of the Partnership. UGI does not receive a fee for such services, but is reimbursed for all direct and indirect expenses incurred in connection with providing these services, including all compensation and benefit costs in accordance with a formula that has been in effect since commencement of the Partnership. A wholly owned subsidiary of UGI provides the Partnership with automobile liability insurance with limits of $500,000 per occurrence and, in the aggregate, $500,000 in excess of the deductible, and stop loss medical coverage. Another wholly owned subsidiary of UGI leases office space to the General Partner for its headquarters staff. In addition, a UGI master policy provides accidental death and business travel and accident insurance coverage for employees of the General Partner. The General Partner is billed directly by the insurer for this coverage. As discussed under “Business-Trade Names; Trade and Service Marks,” UGI and the General Partner have licensed the trade names “AmeriGas” and “America’s Propane Company” and the related service marks and trademark to the Partnership on a royalty-free basis. The Partnership obtains management information services from the General Partner, and reimburses the General Partner for its direct and indirect expenses related to those services. The rental payments and insurance premiums charged to the Partnership by UGI and its affiliates are comparable to amounts charged by unaffiliated parties. For Fiscal 2008, the Partnership paid UGI and its affiliates, including the General Partner, approximately $13.5 million for the services and expense reimbursements referred to in this paragraph.

AmeriGas OLP purchases propane from UGI Energy Services, Inc. and subsidiaries (“Energy Services”), which is an affiliate of UGI. Purchases of propane by AmeriGas OLP from Energy Services totaled $47.3 million during Fiscal 2008. Of this amount, $46.5 million was pursuant to a Product Sales Agreement between Energy Services and AmeriGas OLP which was approved by the Audit Committee of the General Partner’s Board of Directors in 2004. In accordance with the Product Sales Agreement, Energy Services has agreed to sell and AmeriGas OLP has agreed to purchase propane annually at the Atlantic Energy, Inc. terminal in Chesapeake, Virginia. The Product Sales Agreement took effect on April 1, 2005 and will continue for an initial term of 5 years with an option to extend the agreement for up to an additional 5 years. Amounts due to Energy Services at September 30, 2008 totaled $1.3 million.

During Fiscal 2007, the General Partner contributed to the Partnership the net assets and liabilities of All Star Gas Corporation, a Missouri corporation, which was acquired by the General Partner in August 2007. In consideration for the retention of certain income tax liabilities related to the acquisition of All Star Gas Corporation, the Partnership issued 166,205 Common Units to the General Partner having a fair value of approximately $5.7 million ($34.28 per Common Unit).

The Partnership sold propane to certain affiliates of UGI which totaled $2.4 million in Fiscal 2008. The highest amount due from affiliates of the Partnership during Fiscal 2008 and at November 1, 2008 was $5.2 million and $4.5 million, respectively.

***Policies Regarding Transactions with Related Persons***

The Partnership Agreement, the Audit Committee Charter and the Codes of Conduct set forth policies and procedures for the review and approval of certain transactions with persons affiliated with the Partnership.

Pursuant to the Audit Committee Charter, the Audit Committee has responsibility to review, and if acceptable, approve any transactions involving the Partnership or the General Partner in which a director or executive officer has a material interest. The Audit Committee also has authority to review and approve any transaction involving a potential conflict of interest between the General Partner and any of its affiliates, on the one hand, or the Partnership or any partner or assignee, on the other hand, based on the provisions of the Partnership Agreement for determining that a transaction is fair and reasonable to the Partnership. Such determinations are made at the request of the General Partner. In addition, the Audit Committee conducts an annual review of all "related person transactions," as defined by applicable rules of the SEC.

***Director Independence***

For a discussion of director independence, see Item 10 "Directors, Executive Officers and Corporate Governance — Director Independence."

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The aggregate fees billed by PricewaterhouseCoopers LLP, the Partnership's independent registered public accountants, in Fiscal 2008 and Fiscal 2007 were as follows:

| | 2008 | 2007 |
|---|---|---|
| Audit Fees(1) | $ 830,193 | $ 844,143 |
| Audit-Related Fees | - 0 - | - 0 - |
| Tax Fees(2) | 682,850 | 640,771 |
| All Other Fees(3) | -0- | 12,800 |
| Total Fees for Services Provided | **$ 1,513,043** | **$ 1,497,714** |

(1) Audit Fees were for audit services, including (i) the annual audit of the consolidated financial statements and internal control over financial reporting of the Partnership, (ii) subsidiary audits, (iii) review of the interim financial statements included in the Quarterly Reports on Form 10-Q of the Partnership, and (iv) services that only the independent registered public accounting firm can reasonably be expected to provide, such as services associated with SEC registration statements, and documents issued in connection with securities offerings.

(2) Tax Fees were for (i) the preparation of Substitute Schedule K-1 forms for unitholders of the Partnership, and (ii) tax planning and advice.

(3) All Other Fees were for a software license.

In the course of its meetings, the Audit Committee considered whether the provision by PricewaterhouseCoopers LLP of the professional services described under "Tax Fees" is compatible with PricewaterhouseCoopers LLP's independence. The Committee concluded that the independent auditor is independent from the Partnership and its management.

Consistent with SEC policies regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation and overseeing the work of the Partnership's independent accountants. In recognition of this responsibility, the Audit Committee has a policy of pre-approving all audit and permissible non-audit services provided by the independent accountants.

Prior to engagement of the Partnership's independent accountants for the next year's audit, management submits to the Audit Committee for approval a list of services expected to be rendered during that year and fees related thereto for approval.

**PART IV:**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

**(a) Documents filed as part of this report:**

**(1) Financial Statements:**

Included under Item 8 are the following financial statements and supplementary data:

Management's Report on Internal Control over Financial Reporting

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of September 30, 2008 and 2007

Consolidated Statements of Operations for the years ended September 30, 2008, 2007 and 2006

Consolidated Statements of Cash Flows for the years ended September 30, 2008, 2007 and 2006

Consolidated Statements of Partners' Capital for the years ended September 30, 2008, 2007 and 2006

Notes to Consolidated Financial Statements

Quarterly Data for the years ended September 30, 2008 and 2007

**(2) Financial Statement Schedules:**

I — Condensed Financial Information of Registrant (Parent Company)

II — Valuation and Qualifying Accounts for the years ended September 30, 2008, 2007 and 2006

We have omitted all other financial statement schedules because the required information is (1) not present; (2) not present in amounts sufficient to require submission of the schedule; or (3) included elsewhere in the financial statements or notes thereto contained in this report.

**(3) List of Exhibits:**

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

| | | Incorporation by Reference | | |
|---|---|---|---|---|
| **Exhibit No.** | **Exhibit** | **Registrant** | **Filing** | **Exhibit** |
| 2.1 | Merger and Contribution Agreement among AmeriGas Partners, L.P., AmeriGas Propane, L.P., New AmeriGas Propane, Inc., AmeriGas Propane, Inc., AmeriGas Propane-2, Inc., Cal Gas Corporation of America, Propane Transport, Inc. and NORCO Transportation Company | AmeriGas Partners, L.P. | Registration Statement on Form S-4 (No. 33-92734) | 10.21 |
| 2.2 | Conveyance and Contribution Agreement among AmeriGas Partners, L.P., AmeriGas Propane, L.P. and Petrolane Incorporated | AmeriGas Partners, L.P. | Registration Statement on Form S-4 (No. 33-92734) | 10.22 |
| *3.1 | Third Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. dated as of December 1, 2004, and Amendment No. 1 effective October 15, 2007 thereto | | | |
| 3.1(a) | Second Amended and Restated Agreement of Limited Partnership of AmeriGas Propane, L.P. dated as of December 1, 2004 | AmeriGas Partners, L.P. | Form 10-K (9/30/04) | 3.1(a) |
| 3.2 | Amended and Restated Agreement of Limited Partnership of AmeriGas Eagle Propane, L.P. dated July 19, 1999 | AmeriGas Partners, L.P. | Form 10-K (9/30/01) | 3.8 |

| | | Incorporation by Reference | | |
|---|---|---|---|---|
| **Exhibit No.** | **Exhibit** | **Registrant** | **Filing** | **Exhibit** |
| 4 | Instruments defining the rights of security holders, including indentures. (The Partnership agrees to furnish to the Commission upon request a copy of any instrument defining the rights of holders of long-term debt not required to be filed pursuant to Item 601(b)(4) of Regulation S-K) | | | |
| 4.1 | Third Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. dated as of December 1, 2004 referred to in 3.1 above | | | |
| 4.2 | Indenture, dated May 3, 2005, by and among AmeriGas Partners, L.P., a Delaware limited partnership, AmeriGas Finance Corp., a Delaware corporation, and Wachovia Bank, National Association, as trustee | AmeriGas Partners, L.P. | Form 8-K (5/3/05) | 4.1 |
| 4.3 | Indenture, dated January 26, 2006, by and among AmeriGas Partners, L.P., a Delaware limited partnership, AP Eagle Finance Corp., a Delaware corporation, and U.S. Bank National Association, as trustee | AmeriGas Partners, L.P. | Form 8-K (1/26/06) | 4.1 |
| 4.4 | Second Amended and Restated Agreement of Limited Partnership of AmeriGas Propane, L.P. dated as of December 1, 2004 | AmeriGas Partners, L.P. | Form 10-K (9/30/04) | 3.1(a) |
| 4.5 | Amended and Restated Agreement of Limited Partnership of AmeriGas Eagle Propane, L.P. dated as of July 19, 1999 | AmeriGas Partners, L.P. | Form 10-K (9/30/01) | 3.8 |
| 10.1 | Credit Agreement dated as of November 6, 2006 among AmeriGas Propane, L.P., as Borrower, AmeriGas Propane, Inc., as Guarantor, Petrolane Incorporated, as Guarantor, Citigroup Global Markets Inc., as Syndication Agent, J.P. Morgan Securities, Inc. and Credit Suisse First Securities (USA) LLC, as Co-Documentation Agents, Wachovia Bank, National Association, as Agent, Issuing Bank and Swing Line Bank, and the other financial institutions party thereto | AmeriGas Partners, L.P. | Form 8-K (11/6/06) | 10.1 |
| 10.2 | Restricted Subsidiary Guarantee by the Restricted Subsidiaries of AmeriGas Propane, L.P., as Guarantors, for the benefit of Wachovia Bank, National Association and the Banks dated as of November 6, 2006 | AmeriGas Partners, L.P. | Form 10-K (9/30/06) | 10.2 |
| 10.3 | Release of Liens and Termination of Security Documents dated November 6, 2006 by and among AmeriGas Propane, Inc., Petrolane Incorporated, AmeriGas Propane, L.P., AmeriGas Propane Parts & Service, Inc. and Wachovia Bank, National Association, as Collateral Agent for the Secured Creditors, pursuant to the Intercreditor and Agency Agreement dated as of April 19, 1995 | AmeriGas Partners, L.P. | Form 10-K (9/30/06) | 10.3 |
| *10.4** | AmeriGas Propane, Inc. Executive Employee Severance Plan, in effect January 1, 2008 | | | |
| 10.5 | Credit Agreement dated as of November 14, 2008 among AmeriGas Propane, L.P., as Borrower, AmeriGas Propane, Inc., as Guarantor, Petrolane Incorporated, as Guarantor, Citizens Bank of Pennsylvania, as Syndication Agent, and Wachovia Bank, National Association, as Administrative Agent. | AmeriGas Partners, L.P. | Form 8-K (11/14/08) | 10.1 |
| *10.6** | AmeriGas Propane, Inc. Discretionary Long-Term Incentive Plan for Non-Executive Key Employees | | | |

| | | | | |
|---|---|---|---|---|
| | effective July 1, 2000 and Amended as of January 1, 2005 | | | |
| *10.7** | AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., as amended and restated effective January 1, 2005 (“AmeriGas 2000 Plan”) | | | |
| 10.8** | UGI Corporation 1997 Stock Option and Dividend Equivalent Plan Amended and Restated as of May 24, 2005 | UGI Corporation | Form 10-K (9/30/06) | 10.10 |

| | | Incorporation by Reference | | |
|---|---|---|---|---|
| **Exhibit No.** | **Exhibit** | **Registrant** | **Filing** | **Exhibit** |
| 10.9 | Trademark License Agreement dated April 19, 1995 among UGI Corporation, AmeriGas, Inc., AmeriGas Propane, Inc., AmeriGas Partners, L.P. and AmeriGas Propane, L.P. | AmeriGas Partners, L.P. | Form 10-Q (3/31/95) | 10.6 |
| 10.10 | Trademark License Agreement dated April 19, 1995 among AmeriGas Propane, Inc., AmeriGas Partners, L.P. and AmeriGas Propane, L.P. | AmeriGas Partners, L.P. | Form 10-Q (3/31/95) | 10.7 |
| 10.11 | Stock Purchase Agreement dated May 27, 1989, as amended and restated July 31, 1989, between Texas Eastern Corporation and QFB Partners | Petrolane Incorporated /AmeriGas, Inc. | Registration on Form S-1 (No. 33-69450) | 10.16(a) |
| 10.12** | UGI Corporation 2004 Omnibus Equity Compensation Plan Amended and Restated as of December 5, 2006 | UGI Corporation | Form 8-K (3/27/07) | 10.1 |
| 10.13** | UGI Corporation 2004 Omnibus Equity Compensation Plan, as amended on December 7, 2004 — Terms and Conditions as amended December 6, 2005 | UGI Corporation | Form 8-K (12/6/05) | 10.10 |
| 10.14** | UGI Corporation 2000 Stock Incentive Plan Amended and Restated as of May 24, 2005 | UGI Corporation | Form 10-K (9/30/06) | 10.14 |
| 10.15** | UGI Corporation 2004 Omnibus Equity Compensation Plan AmeriGas Employees Stock Option Grant Letter dated as of January 1, 2006 | UGI Corporation | Form 8-K (12/6/05) | 10.6 |
| 10.16** | UGI Corporation 2004 Omnibus Equity Compensation Plan UGI Employees Nonqualified Stock Option Grant Letter dated as of January 1, 2006 | UGI Corporation | Form 8-K (12/6/05) | 10.4 |
| 10.17** | UGI Corporation 2004 Omnibus Equity Compensation Plan UGI Employees Performance Unit Grant Letter dated as of January 1, 2006 | UGI Corporation | Form 10-K (9/30/06) | 10.7 |
| 10.18** | UGI Corporation Executive Annual Bonus Plan effective as of October 1, 2006 | UGI Corporation | Form 10-K (9/30/07) | 10.8 |
| 10.19** | AmeriGas Propane, Inc. Executive Annual Bonus Plan, effective as of October 1, 2006 | AmeriGas Partners, L.P. | Form 10-K (9/30/07) | 10.19 |
| 10.20** | AmeriGas 2000 Plan Restricted Unit Grant Letter dated as of January 1, 2006 | AmeriGas Partners, L.P. | Form 10-K (9/30/06) | 10.20 |
| 10.21** | UGI Corporation Senior Executive Employee Severance Plan, in effect as of January 1, 2008 | UGI Corporation | Form 10-Q (3/31/08) | 10.1 |
| 10.22** | UGI Corporation 2004 Omnibus Equity Compensation Plan UGI Employees Stock Unit Grant Letter dated as of January 1, 2008 | UGI Corporation | Form 10-K (9/30/08) | 10.5 |
| 10.23** | UGI Corporation 2002 Non-Qualified Stock Option Plan Amended and Restated as of May 24, 2005 | UGI Corporation | Form 10-K (9/30/06) | 10.38 |
| 10.24** | UGI Corporation 1992 Non-Qualified Stock Option Plan, Amended and Restated as of May 24, 2005 | UGI Corporation | Form 10-K (9/30/06) | 10.39 |
| 10.25** | AmeriGas Propane, Inc. Supplemental Executive Retirement Plan, As Amended July 30, 2007 | AmeriGas Partners, L.P. | Form 10-K (9/30/07) | 10.25 |
| 10.26** | Form of Change in Control Agreement Amended and Restated as of May 12, 2008 for Mr. Bissell | AmeriGas Partners, L.P. | Form 10-Q (6/30/08) | 10.1 |
| 10.27** | Form of Change in Control Agreement Amended and Restated as of May 12, 2008 for Mr. Sheridan | AmeriGas Partners, L.P. | Form 10-Q (6/30/08) | 10.2 |

| | | | | |
|---|---|---|---|---|
| 10.28** | UGI Corporation Supplemental Executive Retirement Plan and Supplemental Savings Plan, As Amended and Restated on July 31, 2007 | UGI Corporation | Form 10-K (9/30/07) | 10.16 |
| 10.29** | Description of oral compensation arrangements for Messrs. Greenberg and Walsh | UGI Corporation | Form 10-K (9/30/08) | 10.30 |

| Exhibit No. | Exhibit | Incorporation by Reference Registrant | Filing | Exhibit |
|---|---|---|---|---|
| 10.30** | Description of oral employment at-will arrangements for Messrs. Bissell, Knauss and Sheridan | AmeriGas Partners, L.P. | Form 10-K (9/30/05) | 10.30 |
| 10.31** | Form of Confidentiality and Post-Employment Activities Agreement with AmeriGas Propane, Inc., in its own right and as general partner of AmeriGas Partners, L.P., for Messrs. Bissell and Knauss | AmeriGas Partners, L.P. | Form 10-Q (3/31/05) | 10.3 |
| 10.32** | Confidentiality and Post-Employment Activities Agreement between AmeriGas Propane, Inc., in its own right and as general partner of AmeriGas Partners, L.P., and Mr. Sheridan | AmeriGas Partners, L.P. | Form 8-K (8/15/05) | 10.1 |
| 10.33** | Form of Change in Control Agreement Amended and Restated as of May 12, 2008 for Messrs. Greenberg and Walsh | UGI Corporation | Form 10-Q (6/30/08) | 10.3 |
| 10.34 | [Intentionally Omitted] | | | |
| 10.35 | Purchase Agreement by and among Columbia Energy Group, Columbia Propane Corporation, CP Holdings, Inc., Columbia Propane, L.P., AmeriGas Propane, L.P., AmeriGas Partners, L.P. and AmeriGas Propane, Inc. dated as of January 30, 2001 and amended and restated August 7, 2001 | AmeriGas Partners, L.P. | Form 8-K (8/8/01) | 10.1 |
| 10.36 | Purchase Agreement by and among Columbia Propane, L.P., CP Holdings, Inc., Columbia Propane Corporation, National Propane Partners, L.P., National Propane Corporation, National Propane SPG, Inc., and Triarc Companies, Inc. dated as of April 5, 1999 | National Propane Partners, L.P. | Form 8-K (4/19/99) | 10.5 |
| 10.37 | Capital Contribution Agreement dated as of August 21, 2001 by and between Columbia Propane, L.P. and AmeriGas Propane, L.P. acknowledged and agreed to by CP Holdings, Inc. | AmeriGas Partners, L.P. | Form 8-K (8/21/01) | 10.2 |
| 10.38 | Promissory Note by National Propane L.P., a Delaware limited partnership in favor of Columbia Propane Corporation dated July 19, 1999 | AmeriGas Partners, L.P. | Form 10-K (9/30/01) | 10.39 |
| 10.39 | Loan Agreement dated July 19, 1999, between National Propane, L.P. and Columbia Propane Corporation | AmeriGas Partners, L.P. | Form 10-K (9/30/01) | 10.40 |
| 10.40 | First Amendment dated August 21, 2001 to Loan Agreement dated July 19, 1999 between National Propane, L.P. and Columbia Propane Corporation | AmeriGas Partners, L.P. | Form 10-K (9/30/01) | 10.41 |
| 10.41 | Columbia Energy Group Payment Guaranty dated April 5, 1999 | AmeriGas Partners, L.P. | Form 10-K (9/30/01) | 10.42 |
| 10.42 | Keep Well Agreement by and between AmeriGas Propane, L.P. and Columbia Propane Corporation dated August 21, 2001 | AmeriGas Partners, L.P. | Form 10-K (9/30/01) | 10.46 |
| 10.43** | Summary of Director Compensation | AmeriGas Partners, L.P. | Form 10-K (9/30/06) | 10.43 |
| *10.44** | AmeriGas Propane, Inc. Non-Qualified Deferred Compensation Plan, as amended and restated effective January 1, 2009 | | | |
| 14 | Code of Ethics for principal executive, financial and accounting officers | AmeriGas Partners, L.P. | Form 10-K (9/30/03) | 14 |

| | |
|---|---|
| * 21 | Subsidiaries of AmeriGas Partners, L.P. |
| * 23 | Consent of PricewaterhouseCoopers LLP |

| Exhibit No. | Exhibit | Incorporation by Reference Registrant | Filing | Exhibit |
|---|---|---|---|---|
| * 31.1 | Certification by the Chief Executive Officer relating to the Registrants' Report on Form 10-K for the year ended September 30, 2008, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | |
| * 31.2 | Certification by the Chief Financial Officer relating to the Registrants' Report on Form 10-K for the year ended September 30, 2008, 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 Registrants' Report on Form 10-K for the fiscal year ended September 30, 2008, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | |
| * 99 | UGI Corporation Incentive Stock Award Information | | | |

* Filed herewith.

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

## SIGNATURES

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

**AMERIGAS PARTNERS, L.P.**

By: AmeriGas Propane, Inc.,
Its General Partner

Date: November 20, 2008

By: /s/ Jerry E. Sheridan
Jerry E. Sheridan
Vice President — Finance and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on November 20, 2008, by the following persons on behalf of the Registrant in the capacities indicated.

| Signature | Title |
|---|---|
| /s/ Eugene V. N. Bissell<br>Eugene V. N. Bissell | President and Chief Executive Officer<br>(Principal Executive Officer) and Director |
| /s/ Lon R. Greenberg<br>Lon R. Greenberg | Chairman and Director |
| /s/ John L. Walsh<br>John L. Walsh | Vice Chairman and Director |
| /s/ Jerry E. Sheridan<br>Jerry E. Sheridan | Vice President — Finance and Chief Financial Officer<br>(Principal Financial Officer) |
| /s/ William J. Stanczak<br>William J. Stanczak | Controller and Chief Accounting Officer<br>(Principal Accounting Officer) |

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below on November 20, 2008, by the following persons on behalf of the Registrant in the capacities indicated.

| Signature | Title |
|---|---|
| /s/ Stephen D. Ban<br>Stephen D. Ban | Director |
| /s/ Richard C. Gozon<br>Richard C. Gozon | Director |
| /s/ William J. Marrazzo<br>William J. Marrazzo | Director |
| /s/ Gregory A. Pratt<br>Gregory A. Pratt | Director |
| /s/ Howard B. Stoeckel<br>Howard B. Stoeckel | Director |
| _____<br>James W. Stratton | Director |

**AMERIGAS PARTNERS, L.P.**

FINANCIAL INFORMATION

FOR INCLUSION IN ANNUAL REPORT ON FORM 10-K

YEAR ENDED SEPTEMBER 30, 2008

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The consolidated financial statements of AmeriGas Partners, L.P. and subsidiaries, together with the report thereon of PricewaterhouseCoopers LLP dated November 21, 2008 and Management's Report on Internal Control over Financial Reporting listed in the following index and are included in this report on Form-10-K.



We have omitted all other financial statement schedules because the required information is either (1) not present; (2) not present in amounts sufficient to require submission of the schedule; or (3) the information required is included elsewhere in the financial statements or related notes.

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

**CONSOLIDATED BALANCE SHEETS**
**(Thousands of dollars)**

| | September 30, 2008 | September 30, 2007 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 10,909 | $ 34,034 |
| Accounts receivable (less allowances for doubtful accounts of $20,215 and $15,150, respectively) | 218,411 | 184,038 |
| Accounts receivable — related parties | 5,130 | 3,684 |
| Inventories | 144,206 | 124,840 |
| Derivative financial instruments | 13 | 18,300 |
| Collateral deposits | 17,830 | — |
| Prepaid expenses and other current assets | 28,597 | 10,124 |
| Total current assets | 425,096 | 375,020 |
| Property, plant and equipment (less accumulated depreciation and amortization of $743,097 and $679,081, respectively) | 616,834 | 633,978 |
| Goodwill | 640,843 | 640,664 |
| Intangible assets (less accumulated amortization of $20,033 and $29,253, respectively) | 27,579 | 29,809 |
| Other assets | 14,721 | 17,313 |
| Total assets | $ 1,725,073 | $ 1,696,784 |
| **LIABILITIES AND PARTNERS' CAPITAL** | | |
| Current liabilities: | | |
| Current maturities of long-term debt | $ 71,466 | $ 1,925 |
| Accounts payable — trade | 172,800 | 163,092 |
| Accounts payable — related parties | 2,017 | 3,588 |
| Employee compensation and benefits accrued | 31,408 | 31,330 |
| Interest accrued | 23,490 | 23,364 |
| Customer deposits and advances | 106,946 | 99,137 |
| Derivative financial instruments | 55,792 | — |
| Other current liabilities | 68,642 | 56,157 |
| Total current liabilities | 532,561 | 378,593 |
| Long-term debt | 861,924 | 931,117 |
| Other noncurrent liabilities | 72,490 | 64,460 |
| Total liabilities | 1,466,975 | 1,374,170 |
| Commitments and contingencies (note 11) | | |
| Minority interests | 10,723 | 11,386 |
| Partners' capital: | | |
| Common unitholders (units issued — 57,009,951 and 56,988,702, respectively) | 308,186 | 293,245 |
| General partner | 3,094 | 2,952 |
| Accumulated other comprehensive (loss) income | (63,905) | 15,031 |
| Total partners' capital | 247,375 | 311,228 |
| Total liabilities and partners' capital | $ 1,725,073 | $ 1,696,784 |

See accompanying notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Thousands of dollars, except per unit)**

| | Year Ended September 30, | | |
|---|---|---|---|
| | 2008 | 2007 | 2006 |
| Revenues: | | | |
| Propane | $ 2,624,672 | $ 2,096,080 | $ 1,953,714 |
| Other | 190,517 | 181,295 | 165,552 |
| | 2,815,189 | 2,277,375 | 2,119,266 |
| Costs and expenses: | | | |
| Cost of sales — propane (excluding depreciation shown below) | 1,836,917 | 1,365,071 | 1,277,306 |
| Cost of sales — other (excluding depreciation shown below) | 71,396 | 72,125 | 66,463 |
| Operating and administrative expenses | 610,465 | 562,524 | 535,288 |
| Depreciation and amortization | 80,402 | 75,614 | 72,452 |
| Gain on sale of Arizona storage facility | — | (46,117) | — |
| Other (income), net | (18,855) | (17,572) | (16,299) |
| | 2,580,325 | 2,011,645 | 1,935,210 |
| Operating income | 234,864 | 265,730 | 184,056 |
| Loss on extinguishments of debt | — | — | (17,079) |
| Interest expense | (72,886) | (71,487) | (74,094) |
| Income before income taxes | 161,978 | 194,243 | 92,883 |
| Income tax expense | (1,672) | (846) | (185) |
| Minority interests | (2,287) | (2,613) | (1,540) |
| Net income | $ 158,019 | $ 190,784 | $ 91,158 |
| General partner's interest in net income | $ 2,278 | $ 5,600 | $ 912 |
| Limited partners' interest in net income | $ 155,741 | $ 185,184 | $ 90,246 |
| Income per limited partner unit — basic and diluted (note 2) | $ 2.70 | $ 3.15 | $ 1.59 |
| Average limited partner units outstanding (thousands): | | | |
| Basic | 57,005 | 56,826 | 56,797 |
| Diluted | 57,044 | 56,862 | 56,835 |

See accompanying notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Thousands of dollars)**

| | Year Ended September 30, | | |
|---|---|---|---|
| | 2008 | 2007 | 2006 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | $ 158,019 | $ 190,784 | $ 91,158 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 80,402 | 75,614 | 72,452 |
| Gain on sale of Arizona storage facility | — | (46,117) | — |
| Loss on extinguishments of debt | — | — | 17,079 |
| Provision for uncollectible accounts | 15,852 | 9,544 | 10,768 |
| Other, net | 839 | 4,856 | (6,182) |
| Net change in: | | | |
| Accounts receivable | (51,270) | (17,142) | (21,027) |
| Inventories | (19,032) | (18,829) | (9,039) |
| Accounts payable | 8,136 | 17,819 | 7,557 |
| Other current assets | (23,178) | 310 | 3,845 |
| Other current liabilities | 10,446 | (12,340) | 11,216 |
| Net cash provided by operating activities | 180,214 | 204,499 | 177,827 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Expenditures for property, plant and equipment | (62,756) | (73,764) | (70,710) |
| Proceeds from disposals of assets | 8,442 | 5,954 | 10,448 |
| Net proceeds from sale of Arizona storage facility | — | 49,031 | — |
| Acquisitions of businesses, net of cash acquired | (1,322) | (78,763) | (2,846) |
| Net cash used by investing activities | (55,636) | (97,542) | (63,108) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Distributions | (144,659) | (154,672) | (130,805) |
| Minority interest activity | (2,138) | (2,144) | 1,130 |
| Issuance of long-term debt | — | — | 343,875 |
| Repayment of long-term debt | (1,680) | (1,762) | (343,453) |
| Proceeds from issuance of Common Units | 766 | 814 | 146 |
| Capital contributions from General Partner | 8 | 66 | 1 |
| Net cash used by financing activities | (147,703) | (157,698) | (129,106) |
| Cash and cash equivalents decrease | $ (23,125) | $ (50,741) | $ (14,387) |
| CASH AND CASH EQUIVALENTS: | | | |
| End of year | $ 10,909 | $ 34,034 | $ 84,775 |
| Beginning of year | 34,034 | 84,775 | 99,162 |
| Decrease | $ (23,125) | $ (50,741) | $ (14,387) |

See accompanying notes to consolidated financial statements.

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

**CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL**
**(Thousands of dollars, except unit data)**

| | Number of Common Units | Common | General partner | Accumulated other comprehensive income (loss) | Total partners' capital |
|---|---|---|---|---|---|
| Balance September 30, 2005 | 56,792,605 | $ 289,396 | $ 2,920 | $ 45,101 | $ 337,417 |
| Net income | | 90,246 | 912 | | 91,158 |
| Net losses on derivative instruments | | | | (56,552) | (56,552) |
| Reclassification of net gains on derivative instruments | | | | (20,064) | (20,064) |
| Comprehensive income | | 90,246 | 912 | (76,616) | 14,542 |
| Distributions | | (129,497) | (1,308) | | (130,805) |
| Unit-based compensation expense | | 202 | — | | 202 |
| Common Units issued in connection with incentive compensation plans | 4,500 | 146 | 1 | | 147 |
| Balance September 30, 2006 | 56,797,105 | 250,493 | 2,525 | (31,515) | 221,503 |
| Net income | | 185,184 | 5,600 | | 190,784 |
| Net gains on derivative instruments | | | | 25,270 | 25,270 |
| Reclassification of net losses on derivative instruments | | | | 21,276 | 21,276 |
| Comprehensive income | | 185,184 | 5,600 | 46,546 | 237,330 |
| Distributions | | (149,433) | (5,239) | | (154,672) |
| Unit-based compensation expense | | 489 | — | | 489 |
| Common Units issued in connection with incentive compensation plans | 25,392 | 814 | 8 | | 822 |
| Common Units issued in connection with acquisition | 166,205 | 5,698 | 58 | | 5,756 |
| Balance September 30, 2007 | 56,988,702 | 293,245 | 2,952 | 15,031 | 311,228 |
| Net income | | 155,741 | 2,278 | | 158,019 |
| Net losses on derivative instruments | | | | (25,925) | (25,925) |
| Reclassification of net gains on derivative instruments | | | | (53,011) | (53,011) |
| Comprehensive income | | 155,741 | 2,278 | (78,936) | 79,083 |
| Distributions | | (142,515) | (2,144) | | (144,659) |
| Unit-based compensation expense | | 949 | — | | 949 |
| Common Units issued in connection with incentive compensation plans | 21,249 | 766 | 8 | | 774 |
| Balance September 30, 2008 | 57,009,951 | $ 308,186 | $ 3,094 | $ (63,905) | $ 247,375 |

See accompanying notes to consolidated financial statements.

**Note 1 — Partnership Organization**

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

The Operating Partnerships are engaged in the distribution of propane and related equipment and supplies. The Operating Partnerships comprise the largest retail propane distribution business in the United States serving residential, commercial, industrial, motor fuel and agricultural customers from locations in 46 states, including Alaska and Hawaii.

At September 30, 2008, 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 its wholly owned subsidiary Petrolane Incorporated ("Petrolane," a predecessor company of the Partnership) also owned 24,691,209 Common Units of AmeriGas Partners. The remaining 32,318,742 Common Units are publicly held. The Common Units represent limited partner interests in AmeriGas Partners.

AmeriGas Partners holds a 99% limited partner interest in AmeriGas OLP. AmeriGas OLP, indirectly through subsidiaries, owns an effective 0.1% general partner interest and a direct approximate 99.8% limited partner interest in Eagle OLP. An unrelated third party ("minority partner") holds an approximate 0.1% limited partner interest in Eagle OLP.

AmeriGas Partners and the Operating Partnerships have no employees. Employees of the General Partner conduct, direct and manage our operations. The General Partner provides management and administrative services to AmeriGas Eagle Holdings, Inc. ("AEH"), the general partner of Eagle OLP, under a management services agreement. The General Partner is reimbursed monthly for all direct and indirect expenses it incurs on our behalf (see Note 12).

**Note 2 — Summary of Significant Accounting Policies**

**Accounting and Consolidation Principles.** Our financial statements are prepared in conformity with U.S. generally accepted accounting principles ("GAAP"). The consolidated financial statements include the accounts of AmeriGas Partners and its majority-owned subsidiaries. We eliminate all significant intercompany accounts and transactions when we consolidate. We account for the General Partner's 1.01% interest in AmeriGas OLP and the minority partner's 0.1% limited partner interest in Eagle OLP as minority interests in the consolidated financial statements.

**Finance Corps.** AmeriGas Finance Corp., AmeriGas Eagle Finance Corp. and AP Eagle Finance Corp. are wholly-owned finance subsidiaries of AmeriGas Partners. Their sole purpose is to serve as co-obligors for debt securities issued by AmeriGas Partners.

**Reclassifications.** We have reclassified certain prior-year balances to conform to the current-year presentation.

**Use of Estimates.** We make estimates and assumptions when preparing financial statements in conformity with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

**Revenue Recognition.** We recognize revenue from the sale of propane principally as product is delivered to customers. Revenue from the sale of appliances and equipment is recognized at the time of sale or installation. Revenue from repairs and maintenance is recognized upon completion of the service. Revenues from annually billed nonrefundable tank fees are recorded on a straight-line basis over one year. We present revenue-related taxes collected from customers and remitted to taxing authorities, principally sales and use taxes, on a net basis.

**Delivery Expenses.** Expenses associated with the delivery of propane to customers (including expenses of delivery personnel, vehicle repair and maintenance and general liability expenses) are classified as operating and administrative expenses on the Consolidated Statements of Operations. Depreciation expense associated with delivery vehicles is classified in depreciation and amortization on the Consolidated Statements of Operations.

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

**Property, Plant and Equipment and Related Depreciation.** We record property, plant and equipment at cost. The amounts we assign to property, plant and equipment of acquired businesses are based upon estimated fair value at date of acquisition. When plant and equipment are retired or otherwise disposed of, we eliminate the associated cost and accumulated depreciation from the appropriate accounts and recognize any resulting gain or loss in "Other income, net" in the Consolidated Statements of Operations (see Notes 4 and 15).

We include in property, plant and equipment costs associated with computer software we develop or obtain for use in our business. We amortize computer software costs on a straight-line basis over expected periods of benefit not exceeding seven years once the installed software is ready for its intended use.

We compute depreciation expense on plant and equipment using the straight-line method over estimated service lives generally ranging from 15 to 40 years for buildings and improvements; 7 to 30 years for storage and customer tanks and cylinders; and 2 to 10 years for vehicles, equipment and office furniture and fixtures. Costs to install Partnership-owned tanks at customer locations, net of amounts billed to customers, are capitalized and depreciated over the estimated period of benefit not exceeding ten years. Depreciation expense was $75,679 in Fiscal 2008, $71,555 in Fiscal 2007 and $67,793 in Fiscal 2006. No depreciation expense is included in cost of sales in the Consolidated Statements of Operations.

We evaluate the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We evaluate recoverability based upon undiscounted future cash flows expected to be generated by such assets. No provisions for impairments were recorded during Fiscal 2008, Fiscal 2007 or Fiscal 2006.

**Intangible Assets.** The Partnership's intangible assets comprise the following at September 30:

| | 2008 | 2007 |
|---|---|---|
| **Subject to amortization:** | | |
| Customer relationships and noncompete agreements | $ 47,612 | $ 59,062 |
| Accumulated amortization | (20,033) | (29,253) |
| | 27,579 | 29,809 |
| **Not subject to amortization:** | | |
| Goodwill | $ 640,843 | $ 640,664 |

The increase in intangible assets and goodwill during Fiscal 2008 is a result of business acquisitions (see Note 3). We amortize customer relationship and noncompete agreement intangibles over their estimated periods of benefit, which do not exceed 15 years. Amortization expense of intangible assets was $4,712 in Fiscal 2008, $4,037 in Fiscal 2007 and $4,460 in Fiscal 2006. No amortization expense is included in cost of sales in the Consolidated Statements of Operations. Estimated amortization expense of intangible assets during the next five fiscal years is as follows: Fiscal 2009 — $4,625; Fiscal 2010 — $4,205; Fiscal 2011 — $4,121; Fiscal 2012 — $4,050; Fiscal 2013 — $3,403.

Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that the value of goodwill might be impaired. For purposes of the goodwill impairment test, the Partnership has determined it has one reporting unit. Fair value of the reporting unit is estimated using a market value approach taking into account the quoted market price of AmeriGas Partners Common Units. Amortizable intangible assets are tested for impairment whenever events or circumstances indicate that the carrying value of these assets might not be recoverable. No provisions for impairments of goodwill or amortizable intangibles were recorded during Fiscal 2008, Fiscal 2007 or Fiscal 2006.

**Deferred Debt Issuance Costs.** Included in other assets are net deferred debt issuance costs of $8,845 and $10,721 at September 30, 2008 and 2007, respectively. We are amortizing these costs over the terms of the related debt.

**Customer Deposits.** We offer certain of our customers prepayment programs which require customers to pay a fixed periodic amount, or to otherwise prepay a portion of their anticipated propane purchases. Customer prepayments, which exceed associated billings, are classified as customer deposits and advances on the Consolidated Balance Sheets.

**Environmental and Other Legal Matters.** We accrue environmental investigation and clean-up costs when it is probable that a liability exists and the amount or range of amounts can be reasonably estimated. Amounts accrued generally reflect 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 response 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. We do not discount to present value the costs of future expenditures for environmental liabilities. At September 30, 2008, the Partnership's accrued liability for environmental investigation and cleanup costs was not material.

Similar to environmental issues, we accrue for other pending claims and legal actions investigation and other legal costs for other matters when it is probable a liability exists and the amount or range of amounts can be reasonably estimated.

**Income Taxes.** AmeriGas Partners and the Operating Partnerships are not directly subject to federal income taxes. Instead, their taxable income or loss is allocated to their individual partners. The Operating Partnerships have corporate subsidiaries which are directly subject to federal and state income taxes. Accordingly, our consolidated financial statements reflect income taxes related to these corporate subsidiaries. Legislation in certain states allows for taxation of partnerships income and the accompanying financial statements reflect state income taxes resulting from such legislation. Net income for financial statement purposes may differ significantly from taxable income reportable to unitholders. This is a result of (1) differences between the tax basis and financial reporting basis of assets and liabilities and (2) the taxable income allocation requirements of the Third Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., as amended ("Partnership Agreement") and the Internal Revenue Code. At September 30, 2008, the financial reporting basis of the Partnership's assets and liabilities exceeded the tax basis by approximately $246,000.

Effective October 1, 2007, we adopted Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainties in Income Taxes" ("FIN 48"). FIN 48 provides a comprehensive model for the recognition, measurement and disclosure in financial statements of uncertain income tax positions that an entity has taken or expects to take on a tax return. The adoption of FIN 48 did not have a significant effect on the Partnership.

**Equity-Based Compensation.** The Partnership adopted Statement of Financial Accounting Standards ("SFAS") No. 123 (Revised 2004), "Share-Based Payment" ("SFAS 123R"), effective October 1, 2005. Among other things, SFAS 123R requires expensing the fair value of stock options, a previously optional accounting method. We chose the modified prospective approach which requires that the new guidance be applied to the unvested portion of all outstanding option grants as of October 1, 2005 and to new grants after that date. We recognized total equity-based compensation expense of $3,162, $2,421 and $787 in Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively.

The General Partner may grant Common Unit awards to key employees under its executive and nonexecutive Common Unit plans, and certain key employees of the General Partner may be granted stock options for UGI Common Stock under UGI's 2004 Omnibus Equity Compensation Plan, as Amended and Restated on December 5, 2006 (the "UGI OECP"). In accordance with SFAS 123R, all of our equity-based compensation, comprising Common Unit awards and UGI stock options, is measured at fair value on the grant date, date of modification or at the end of the reporting period and recognized in earnings over the requisite service period. Depending upon the settlement terms of the awards, all or a portion of the fair value of the awards may be presented as a liability or as equity in the Consolidated Balance Sheets. We use a Black-Scholes option-pricing model to estimate the fair value of UGI stock options. We use a Monte Carlo valuation approach to estimate the fair value of our Common Unit awards. Equity-based compensation costs associated with the portion of Common Unit awards classified as equity are measured based upon their fair value on the date of grant or modification. Equity-based compensation costs associated with the portion of Common Unit awards classified as liabilities are measured based upon their fair value at the grant date and remeasured as of the end of each period.

During Fiscal 2006, the General Partner modified the settlement terms of Common Unit awards that were granted to key employees on January 1, 2006. As a result of this modification, the fair value of a portion of the modified awards was reclassified to partners' capital. The Partnership did not incur any incremental equity-based compensation cost as a result of the modification.

For a further description of our equity-based compensation plans and related disclosures, see Note 10.

**Allocation of Net Income.** Net income 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 ("incentive distributions"), if any, in accordance with the Partnership Agreement (see Note 5).

**Net Income Per Unit.** Income per limited partner unit is computed in accordance with Emerging Issues Task Force Issue No. 03-6, "Participating Securities and the Two-Class Method under FASB Statement No. 128" ("EITF 03-6"), by dividing the limited partners' interest in net income by the weighted average number of limited partner units outstanding. 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. Thus, in periods when our net income exceeds our aggregate distributions paid and undistributed earnings are above certain levels, the calculation according to the two-class method results in an increased allocation of undistributed earnings to the General Partner. Due to the seasonality of the propane business, the dilution effect of EITF 03-6 will typically impact net income per limited partner unit for periods in our first three fiscal quarters. Theoretical distributions of net income in accordance with EITF 03-6 for Fiscal 2008 resulted in an increased allocation of net income 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 $0.03. Theoretical distributions of net income in accordance with EITF 03-6 for Fiscal 2007 resulted in an increased allocation of net income 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 $0.11. EITF 03-6 did not impact net income per limited partner unit for Fiscal 2006.

Potentially dilutive Common Units included in the diluted limited partner units outstanding computation of approximately 39,000 in Fiscal 2008, 35,000 in Fiscal 2007 and 37,000 in Fiscal 2006 reflect the effects of Common Unit awards issued under AmeriGas Propane, Inc. incentive compensation plans.

**Derivative Instruments.** SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), as amended, establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that all derivative instruments be recognized as either assets or liabilities and measured at fair value. 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.

Substantially all of our derivative financial instruments qualify and are designated as cash flow hedges. Our cash flow hedges relate principally to the variability in cash flows associated with purchases of propane and variability of interest rates associated with anticipated issuances of long-term debt. For cash flow hedges, changes in the fair value of the derivatives are recorded in accumulated other comprehensive income, to the extent effective at offsetting changes in the hedged item, until earnings are affected by the hedged item. For cash flow hedges, we discontinue hedge accounting if the occurrence of the forecasted transaction is determined to be no longer probable.

Gains and losses on derivative financial instruments qualifying as cash flow hedges of variability in purchase prices of propane, when recognized, are recorded in cost of sales on the Consolidated Statements of Operations. Gains and losses on derivative financial instruments qualifying as cash flow hedges of variability in interest rates associated with anticipated issuances of long-term debt, when recognized, are recorded in interest expense. The portion of any gains or losses on cash flow hedges determined to be ineffective, or any portion of gains or losses excluded from the measurement of the hedging relationship's effectiveness, are recorded in other income, net. Cash flows from derivative financial instruments are included in cash flows from operating activities.

For a more detailed description of the derivative instruments we use, our objectives for using them and related supplemental information required by SFAS 133, see Note 14.

**Consolidated Statements of Cash Flows.** We define cash equivalents as all highly liquid investments with maturities of three months or less when purchased. We record cash equivalents at cost plus accrued interest, which approximates market value. We paid interest totaling $70,801 in Fiscal 2008, $69,451 in Fiscal 2007 and $77,802 in Fiscal 2006.

**Comprehensive Income.** Comprehensive income comprises net income and other comprehensive income (loss). Other comprehensive income (loss) results from gains and losses on derivative instruments qualifying as cash flow hedges.

**Segment Information.** We have determined that we have a single reportable operating segment that engages in the distribution of propane and related equipment and supplies. No single customer represents ten percent or more of consolidated revenues. In addition, substantially all of our revenues are derived from sources within the United States and substantially all of our long-lived assets are located in the United States.

**Recently Issued Accounting Pronouncements Not Yet Adopted.** In April 2008, the FASB issued FASB Staff Position ("FSP") No. SFAS 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP SFAS 142-3"). FSP SFAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). The intent of FSP SFAS 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141 (revised 2007), "Business Combinations" ("SFAS 141R") and other applicable accounting literature. FSP SFAS 142-3 is effective for financial statements issued for fiscal years beginning after December 15, 2008 (Fiscal 2010) and must be applied prospectively to intangible assets acquired after the effective date. We are currently evaluating the provisions of FSP SFAS 142-3.

In March 2008, the FASB ratified the consensus reached in EITF 07-4, "Application of the Two-Class Method under FAS 128 to Master Limited Partnerships" ("EITF 07-4"). EITF 07-4 addresses the application of the two-class method for master limited partnerships when incentive distribution rights are present and entitle the holder of such rights to a portion of the distributions. EITF 07-4 states that when earnings exceed distributions, the computation of earnings per unit should be based on the terms of the partnership agreement. Accordingly, any contractual limitations on the distributions to incentive distribution rights holders would need to be determined for each reporting period. If distributions are contractually limited to the holder of the incentive distribution rights holders' share of currently designated available cash as defined in the partnership agreement, undistributed earnings in excess of available cash should not be allocated with respect to the incentive distribution rights. EITF 07-4 is effective for fiscal periods that begin after December 15, 2008 (Fiscal 2010), and would be accounted for as a change in accounting principle and applied retrospectively. Early adoption of EITF 07-4 is not permitted. We are currently evaluating the impact of EITF 07-4 on our income (loss) per limited partner unit calculation.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("SFAS 161"). SFAS 161 requires enhanced disclosures in the following areas: (1) qualitative disclosures about the overall objectives and strategies for using derivatives; (2) quantitative disclosures on the fair value of the derivative instruments and related gains and losses in a tabular format; and (3) credit-risk-related contingent features in derivative instruments. SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008 (second quarter of Fiscal 2009). We are currently evaluating the impact of the provisions of SFAS 161 on our future disclosures.

In December 2007, the FASB issued SFAS 141R, "Business Combinations." SFAS 141R applies to all transactions or other events in which an entity obtains control of one or more businesses. SFAS 141R establishes, among other things, principles and requirements for how the acquirer (1) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; (2) recognizes and measures the goodwill acquired in a business combination or gain from a bargain purchase; and (3) determines what information with respect to a business combination should be disclosed. SFAS 141R applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after December 15, 2008 (Fiscal 2010). Among the more significant changes in accounting for acquisitions are (1) transaction costs will generally be expensed (rather than being included as costs of the acquisition), (2) contingencies, including contingent consideration, will generally be recorded at fair value with subsequent adjustments recognized in operations (rather than as adjustments to the purchase price) and (3) decreases in valuation allowances on acquired deferred tax assets will be recognized in operations (rather than decreases in goodwill). Generally, the effects of SFAS 141R will depend on future acquisitions.

Also in December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51" ("SFAS 160"). SFAS 160 is effective for us on October 1, 2009 (Fiscal 2010). This standard will change the accounting and reporting relating to noncontrolling interests in a consolidated subsidiary. After adoption, noncontrolling interests ($10,723 and $11,386 at September 30, 2008 and 2007, respectively) will be classified as partners' capital, a change from its current classification between liabilities and partners' capital. Earnings attributable to minority interests ($2,287, $2,613 and $1,540 in Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively) will be included in net income, although such income will continue to be deducted to measure income per limited partner unit. In addition, changes in a parent's ownership interest while retaining control will be accounted for as equity transactions and any retained noncontrolling equity investments in a former subsidiary will be initially measured at fair value.

In April 2007, the FASB issued FASB Staff Position No. FIN 39-1, "Amendment of FASB Interpretation No. 39" ("FSP 39-1"). FSP 39-1 permits companies to offset fair value amounts recognized for the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) against fair value amounts recognized for derivative instruments executed with the same counterparty under a master netting agreement. In addition, upon the adoption, companies are permitted to change their accounting policy to offset or not offset fair value amounts recognized for derivative instruments under master netting arrangements. FSP 39-1 requires retrospective application for all periods presented. FSP 39-1 was effective for us on October 1, 2008 (Fiscal 2009). FSP 39-1 did not have a material effect on our earnings or financial position and will have no effect on our future cash flows.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). Under SFAS 159, we may elect to report individual financial instruments and certain items at fair value with changes in fair value reported in earnings. Once made, this election is irrevocable for those items. SFAS 159 was effective for us on October 1, 2008 (Fiscal 2009). The adoption of SFAS 159 did not impact our financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. In February 2008, the FASB issued two final staff positions ("FSPs") amending SFAS 157. FSP SFAS 157-1 amends SFAS 157 to exclude SFAS No. 13, "Accounting for Leases," and its related interpretive accounting pronouncements that address leasing transactions. FSP SFAS 157-2 delays the effective date of SFAS 157 until Fiscal years beginning after November 15, 2008 for non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a non-recurring basis. The standard, as amended, applies prospectively to new fair value measurements for the Partnership as follows: on October 1, 2008 (Fiscal 2009) the standard applies to our measurements of fair values of financial instruments and recurring fair value measurements of non-financial assets and liabilities; on October 1, 2009 (Fiscal 2010) the standard will apply to all remaining fair value measurements including nonrecurring measurements of non-financial assets and liabilities such as measurement of potential impairments of goodwill, other intangible assets and other long-lived assets. It will also apply to non-financial assets acquired and liabilities assumed that are initially measured at fair value in a business combination but that are not subject to remeasurement at fair value in subsequent periods. SFAS 157 is not expected to have a material effect on our earnings or financial position and will have no effect on our future cash flows.

**Note 3 — Acquisitions**

During Fiscal 2008, the Partnership acquired several retail propane distribution businesses for total net cash consideration of $2,478. Also during Fiscal 2008, the Partnership received a working capital payment refund of $1,157 associated with a Fiscal 2007 acquisition. During Fiscal 2007, the Partnership acquired several retail propane distribution businesses, including the retail distribution businesses of All Star Gas Corporation and Shell Gas (LPG) USA, and several cylinder refurbishing businesses for total net cash consideration of $78,763. In addition, with respect to the 2007 acquisition of All Star Gas Corporation, the Partnership also issued 166,205 Common Units having a fair value of $5,698 to the General Partner (see Note 12). During Fiscal 2006, the Partnership acquired several retail distribution businesses and a cylinder refurbishing business for total cash consideration of $2,846. In conjunction with these acquisitions, liabilities of $2,445 in Fiscal 2008, $1,516 in Fiscal 2007 and $464 in Fiscal 2006 were incurred. The operating results of these businesses have been included in our operating results from their respective dates of acquisition.

The total purchase price of these acquisitions has been allocated to the assets acquired and liabilities assumed as follows:

| | 2008 | 2007 | 2006 |
|---|---|---|---|
| Net current (liabilities) assets | $ (1,010) | $ (2,208) | $ 172 |
| Property, plant and equipment | 2,731 | 59,439 | 1,626 |
| Goodwill | 751 | 19,449 | 884 |
| Customer relationships and noncompete agreements (estimated useful life of 10 and 5 years, respectively) | 2,451 | 8,238 | 632 |
| Other long-term assets and liabilities | — | (98) | (4) |
| Total | $ 4,923 | $ 84,820 | $ 3,310 |

The pro forma effect of these transactions is not material.

**Note 4 — Sales of Assets**

In July 2007, AmeriGas OLP sold its 3.5 million barrel liquefied petroleum gas storage terminal located near Phoenix, Arizona to Plains LPG Services, L.P. The Partnership recorded a pre-tax gain of $46,117 which is included in “Gain on sale of Arizona storage facility” in our Fiscal 2007 Consolidated Statement of Operations.

**Note 5 — Quarterly Distributions of Available Cash**

The Partnership makes distributions to its partners approximately 45 days after the end of each fiscal quarter in a total amount equal to its Available Cash (as defined in the Partnership Agreement) for such quarter. Available Cash generally means:

1. all cash on hand at the end of such quarter,
2. plus all additional cash on hand as of the date of determination resulting from borrowing after the end of such quarter,
3. less the amount of cash reserves established by the General Partner in its reasonable discretion.

The General Partner may establish reserves for the proper conduct of the Partnership’s business and for distributions during the next four quarters. In addition, certain of the Partnership’s debt agreements require reserves be established for the payment of debt principal and interest.

Distributions of Available Cash are made 98% to limited partners and 2% to the General Partner (giving effect to the 1.01% interest of the General Partner in distributions of Available Cash from AmeriGas OLP to AmeriGas Partners) until Available Cash exceeds the Minimum Quarterly Distribution of $0.55 and the First Target Distribution of $0.055 per Common Unit (or a total of $0.605 per Common Unit). If Available Cash exceeds $0.605 per Common Unit in any quarter, the General Partner will receive a greater percentage of the total Partnership distribution but only with respect to the amount by which the distribution per Common Unit to limited partners exceeds $0.605.

Quarterly distributions of Available Cash per limited partner unit during Fiscal 2008, Fiscal 2007 and Fiscal 2006 were as follows:

| | 2008 | 2007 | 2006 |
|---|---|---|---|
| 1st Quarter | $ 0.61 | $ 0.58 | $ 0.56 |
| 2nd Quarter | 0.61 | 0.58 | 0.56 |
| 3rd Quarter | 0.64 | 0.61 | 0.58 |
| 4th Quarter | 0.64 | 0.86 | 0.58 |

Because the Partnership made quarterly distributions to Common Unitholders in excess of $0.605 per limited partner unit beginning in the third quarter of Fiscal 2007, the General Partner has received a greater percentage of the total Partnership distribution than its aggregate 2% general partner interest in AmeriGas Partners and AmeriGas OLP. The total amount of distributions received by the General Partner with respect to its 1% general partner interest in AmeriGas Partners during Fiscal 2008 and Fiscal 2007 totaled $2,144 and $5,239 which amounts included incentive distributions of $698 and $3,692, respectively.

On July 30, 2007, the General Partner's Board of Directors approved a distribution of $0.86 per Common Unit payable on August 18, 2007 to unitholders of record on August 10, 2007. This distribution included the regular quarterly distribution of $0.61 per Common Unit and $0.25 per Common Unit reflecting a distribution of a portion of the proceeds from the Partnership's sale of its Arizona storage facility in July 2007.

**Note 6 — Debt**

Long-term debt comprises the following at September 30:

| | 2008 | 2007 |
|---|---|---|
| **AmeriGas Propane:** | | |
| AmeriGas Partners Senior Notes: | | |
| 8.875%, due May 2011 (including unamortized premium of $127 and $175, respectively, effective rate — 8.46%) | $ 14,767 | $ 14,815 |
| 7.25%, due May 2015 | 415,000 | 415,000 |
| 7.125%, due May 2016 | 350,000 | 350,000 |
| AmeriGas OLP First Mortgage Notes: | | |
| Series D, 7.11%, due March 2009 (including unamortized premium of $201 and $584, respectively, effective rate — 6.52%) | 70,201 | 70,584 |
| Series E, 8.50%, due July 2010 (including unamortized premium of $42 and $66, respectively, effective rate — 8.47%) | 80,042 | 80,066 |
| Other | 3,380 | 2,577 |
| Total long-term debt | 933,390 | 933,042 |
| Less current maturities (including net unamortized premium of $273 and $455, respectively) | (71,466) | (1,925) |
| Total long-term debt due after one year | $ 861,924 | $ 931,117 |

Scheduled principal repayments of long-term debt for each of the next five fiscal years ending September 30 are as follows: Fiscal 2009 — $71,193; Fiscal 2010 — $80,749; Fiscal 2011 — $15,174; Fiscal 2012 — $504; Fiscal 2013 — $399.

**AmeriGas Partners Senior Notes.** The 8.875% Senior Notes may be redeemed at our option; a redemption premium applies through May 19, 2009. The 7.25% and 7.125% Senior Notes generally cannot be redeemed at our option prior to May 20, 2010 and 2011, respectively. In January 2006, AmeriGas Partners refinanced AmeriGas OLP's Series A and Series C First Mortgage Notes totaling $228,800, $59,550 of AmeriGas Partners 10% Senior Notes, and an AmeriGas OLP $35,000 term loan with proceeds from the issuance of $350,000 of AmeriGas Partners 7.125% Senior Notes due 2016. AmeriGas Partners recognized a loss of $17,079 associated with this refinancing which amount is reflected in "Loss on extinguishments of debt" in the Fiscal 2006 Consolidated Statement of Operations. AmeriGas Partners may, under certain circumstances involving excess sales proceeds from the disposition of assets not reinvested in the business or a change of control, be required to offer to prepay the 7.25% and 7.125% Senior Notes.

**AmeriGas OLP First Mortgage Notes.** The General Partner is co-obligor of the Series D and E First Mortgage Notes. AmeriGas OLP may prepay the First Mortgage Notes, in whole or in part. These prepayments include a make whole premium. AmeriGas OLP may, under certain circumstances involving excess sales proceeds from the disposition of assets not reinvested in the business or a change of control, be required to offer to prepay the First Mortgage Notes, in whole or in part.

**AmeriGas OLP Credit Agreements.** AmeriGas OLP has a credit agreement ("Credit Agreement") consisting of (1) a Revolving Credit Facility and (2) an Acquisition Facility. The General Partner and Petrolane are guarantors of amounts outstanding under the Credit Agreement.

Under the Revolving Credit Facility, AmeriGas OLP may borrow up to $125,000 (including a $100,000 sublimit for letters of credit) which is subject to restrictions in the AmeriGas OLP First Mortgage Notes (see "Restrictive Covenants" below). The Revolving Credit Facility may be used for working capital and general purposes of AmeriGas OLP. The Revolving Credit Facility expires on October 15, 2011, but may be extended for additional one-year periods with the consent of the participating banks representing at least 80% of the commitments thereunder. There were no borrowings outstanding under AmeriGas OLP's Revolving Credit Facility at September 30, 2008 or 2007. Issued and outstanding letters of credit, which reduce available borrowings under the Revolving Credit Facility, totaled $42,874 and $58,034 at September 30, 2008 and 2007, respectively.

The Acquisition Facility provides AmeriGas OLP with the ability to borrow up to $75,000 to finance the purchase of propane businesses or propane business assets or, to the extent it is not so used, for working capital and general purposes, subject to restrictions in the AmeriGas Partners Senior Notes indentures. The Acquisition Facility operates as a revolving facility through October 15, 2011, at which time amounts then outstanding will be immediately due and payable. There were no amounts outstanding under the Acquisition Facility at September 30, 2008 and 2007.

The Revolving Credit Facility and the Acquisition Facility permit AmeriGas OLP to borrow at prevailing interest rates, including the base rate, defined as the higher of the Federal Funds rate plus 0.50% or the agent bank's prime rate (5.00% at September 30, 2008), or at a two-week, one-, two-, three-, or six-month Eurodollar Rate, as defined in the Credit Agreement, plus a margin. The margin on Eurodollar Rate borrowings (which ranges from 1.00% to 1.75%) and the Credit Agreement facility fee rate (which ranges from 0.25% to 0.375%) are dependent upon AmeriGas OLP's ratio of funded debt to earnings before interest expense, income taxes, depreciation and amortization ("EBITDA"), each as defined in the Credit Agreement.

In October 2008, UGI agreed to provide guarantees of up to $50,000 to AmeriGas OLP for propane suppliers through September 30, 2009. In addition, on November 14, 2008, AmeriGas OLP entered into a revolving credit agreement with two major banks ("Supplemental Credit Agreement"). The Supplemental Credit Agreement expires on May 14, 2009, and permits AmeriGas OLP to borrow up to $50,000 for working capital and general purposes. Except for more restrictive covenants regarding the incurrence of additional indebtedness by AmeriGas OLP, the Supplemental Credit Agreement has restrictive covenants substantially similar to the existing AmeriGas Credit Agreement.

**AmeriGas OLP Term Loan.** In April 2005, AmeriGas OLP entered into a $35,000 variable-rate term loan due October 1, 2006 ("AmeriGas OLP Term Loan"), which bore interest plus margin at the same rates as the Credit Agreement. Proceeds from the AmeriGas OLP Term Loan were used to repay a portion of the $53,750 maturing AmeriGas OLP First Mortgage Notes. As previously mentioned, the Partnership used a portion of the proceeds from the issuance of the 7.125% Senior Notes due 2016 to repay the AmeriGas OLP Term Loan in January 2006.

**Restrictive Covenants.** The 7.25% and 7.125% Senior Notes of AmeriGas Partners restrict the ability of the Partnership and AmeriGas OLP to, among other things, incur additional indebtedness, make investments, incur liens, issue preferred interests, prepay subordinated indebtedness, and effect mergers, consolidations and sales of assets. Under the 7.25% and 7.125% Senior Notes indentures, AmeriGas Partners is generally permitted to make cash distributions equal to available cash, as defined, as of the end of the immediately preceding quarter, if certain conditions are met. These conditions include:

1. no event of default exists or would exist upon making such distributions and

2. the Partnership's consolidated fixed charge coverage ratio, as defined, is greater than 1.75-to-1.

If the ratio in item 2 above is less than or equal to 1.75-to-1, the Partnership may make cash distributions in a total amount not to exceed $24,000 less the total amount of distributions made during the immediately preceding 16 Fiscal quarters. At September 30, 2008, The Partnership was not restricted by the consolidated fixed charge coverage ratio from making cash distributions. See the provisions of the Partnership Agreement relating to distributions of Available Cash in Note 5.

The credit agreements and the First Mortgage Notes restrict the incurrence of additional indebtedness and also restrict certain liens, guarantees, investments, loans and advances, payments, mergers, consolidations, asset transfers, transactions with affiliates, sales of assets, acquisitions and other transactions. The credit agreements and First Mortgage Notes require that AmeriGas OLP maintain a maximum ratio of total indebtedness, as defined, to EBITDA, as defined (calculated on a rolling four-quarter basis or eight- quarter basis divided by two), to be less than or equal to 4.0-to-1 with respect to the Credit Agreement and 5.25-to-1 with respect to the First Mortgage Notes. In addition, the credit agreements require that AmeriGas OLP maintain a ratio of EBITDA to interest expense, as defined, of at least 3.0-to-1 on a rolling four-quarter basis, and a minimum EBITDA. Generally, as long as no default exists or would result, AmeriGas OLP is permitted to make cash distributions not more frequently than quarterly in an amount not to exceed available cash, as defined, for the immediately preceding calendar quarter.

At September 30, 2008, the amount of net assets of the Partnership's subsidiaries that was restricted from transfer as a result of the amount of Available Cash, computed in accordance with the Partnership Agreement, the applicable debt agreements and the partnership agreements of the Partnership's subsidiaries, totaled approximately $900,000.

**Note 7 — Employee Retirement Plans**

The General Partner sponsors a 401(k) savings plan for eligible employees. Participants in the savings plan may contribute a portion of their compensation on a before-tax basis. Generally, employee contributions are matched on a dollar-for-dollar (100%) basis up to 5% of eligible compensation. The cost of benefits under our savings plan was $7,089 in Fiscal 2008, $7,039 in Fiscal 2007 and $5,813 in Fiscal 2006.

The General Partner sponsors a supplemental executive retirement plan, which is a non-qualified deferred compensation plan for executives. Under the plan, the General Partner credits to each participant's account annually an amount equal to 5 percent of the participant's compensation below the Internal Revenue Code compensation limits and 10% of compensation in excess of such limit. Costs associated with this plan were not material in Fiscal 2008, Fiscal 2007, and Fiscal 2006.

**Note 8 — Inventories**

Inventories comprise the following at September 30:

| | 2008 | 2007 |
|---|---|---|
| Propane gas | $ 121,365 | $ 103,587 |
| Materials, supplies and other | 19,296 | 16,186 |
| Appliances for sale | 3,545 | 5,067 |
| Total inventories | $ 144,206 | $ 124,840 |

In addition to inventories on hand, we also enter into contracts to purchase propane to meet a portion of our supply requirements. Generally, these contracts are one- to three-year agreements subject to annual review and call for payment based on either market prices at date of delivery or fixed prices.

**Note 9 — Property, Plant and Equipment**

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

| | 2008 | 2007 |
|---|---|---|
| Land | $ 66,153 | $ 66,391 |
| Buildings and improvements | 91,760 | 89,878 |
| Transportation equipment | 68,254 | 68,005 |
| Storage facilities | 118,650 | 109,934 |
| Equipment, primarily cylinders and tanks | 992,532 | 958,917 |
| Other | 22,582 | 19,934 |
| Gross property, plant and equipment | 1,359,931 | 1,313,059 |
| Less accumulated depreciation and amortization | (743,097) | (679,081) |
| Net property, plant and equipment | $ 616,834 | $ 633,978 |

**Note 10 — Partners' Capital and Incentive Compensation Plans**

In accordance with the Partnership Agreement, the General Partner may, in its sole discretion, cause the Partnership to issue an unlimited number of additional Common Units and other equity securities of the Partnership ranking on a parity with the Common Units. In September 2007, in conjunction with a propane business acquisition, the Partnership issued 166,205 Common Units to the General Partner having a fair value of $34.28 per Common Unit (see Note 12).

Under the AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan ("2000 Propane Plan"), the General Partner may award to key employees the right to receive a total of 500,000 AmeriGas Partners Common Units (comprising AmeriGas Performance Units), or cash equivalent to the fair market value of such Common Units. In addition, the 2000 Propane Plan authorizes the crediting of Common Unit distribution equivalents to participants' accounts. AmeriGas Performance Unit grant recipients are awarded a target number of AmeriGas Performance Units. The number of AmeriGas Performance Units ultimately paid at the end of the performance period (generally three years) may be higher or lower than the target amount based upon AmeriGas Partners' Total Unitholder Return ("TUR") percentile rank relative to entities in a peer group. Grantees of AmeriGas Performance Units will not receive any award if AmeriGas Partners' TUR is below the 40th percentile of the peer group, at the 40th percentile, the employee will be paid an award equal to 50% of the target award; and at the 100th percentile will receive 200% of the target award. The actual amount of the award is interpolated between these percentile rankings. Any distribution equivalents earned are paid in cash. Except in the event of retirement, death or disability, each grant, unless paid, will terminate when the participant ceases to be employed by the General Partner. There are certain change of control and retirement eligibility conditions that, if met, generally result in accelerated vesting or elimination of further service requirements.

Under SFAS 123R, AmeriGas Performance Units are equity awards with a market-based condition, which, if settled in Common Units, results in the recognition of compensation cost over the requisite employee service period regardless of whether the market-based condition is satisfied. The fair values of AmeriGas Performance Units awarded after Fiscal 2005 are estimated using a Monte Carlo valuation model. The fair value associated with the target award and the award above the target, if any, which will be paid in AmeriGas Units, is accounted for as equity and the fair value of all distribution equivalents, which will be paid in cash, is accounted for as a liability. The expected term of the AmeriGas Performance Unit awards is three years based on the performance period. Expected volatility is based upon the historical volatility of AmeriGas Partners Common Units over a three-year period. The risk-free interest rate is based on rates on U.S Treasury bonds at the time of grant. Volatility for all comparator entities in the peer group is based on historical volatility.

The following table summarizes the weighted-average assumptions used to determine the fair value of AmeriGas Performance Unit awards and related compensation costs:

| | Grants Awarded in Fiscal Year | | |
|---|---|---|---|
| | 2008 | 2007 | 2006 |
| Risk-free rate | 3.1% | 4.7% | 5.2% |
| Expected life | 3 years | 3 years | 3 years |
| Expected volatility | 17.7% | 17.6% | 18.1% |
| Dividend yield | 6.8% | 7.1% | 7.7% |

We also have a nonexecutive AmeriGas Partners Common Unit plan under which the General Partner may grant awards of up to a total of 200,000 Common Units (comprising AmeriGas Units) to key employees who do not participate in the 2000 Propane Plan. Generally, awards under the nonexecutive plan vest at the end of a three-year period and are paid in Common Units and cash. The General Partner granted awards under the 2000 Propane Plan and the nonexecutive plan representing 40,050, 49,650, and 38,350 Common Units in Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively, having weighted-average grant date fair values per Common Unit of $37.91, $33.63, and $29.62, respectively. At September 30, 2008 and 2007, awards representing 126,100 and 119,317 Common Units, respectively, were outstanding. At September 30, 2008, 281,586 and 138,800 Common Units were available for future grants under the 2000 Propane Plan and the nonexecutive plan, respectively.

The following table summarizes AmeriGas Unit and AmeriGas Performance Unit award activity for Fiscal 2008:

| | Total | | Vested | | Non-Vested | |
|---|---|---|---|---|---|---|
| | Number of Common Units | Weighted Average Grant Date Fair Value (per Unit) | Number of Common Units | Weighted Average Grant Date Fair Value (per Unit) | Number of Common Units | Weighted Average Grant Date Fair Value (per Unit) |
| September 30, 2007 | 119,317 | $ 30.63 | 12,583 | $ 29.87 | 106,734 | $ 30.72 |
| Granted | 40,050 | $ 37.91 | — | $ — | 40,050 | $ 37.91 |
| Forfeited | (750) | $ 32.54 | — | $ — | (750) | $ 32.54 |
| Vested | — | $ — | 59,900 | $ 31.10 | (59,900) | $ 31.10 |
| Units paid | (32,517) | $ 29.49 | (32,517) | $ 29.49 | — | $ — |
| September 30, 2008 | 126,100 | $ 33.44 | 39,966 | $ 32.03 | 86,134 | $ 34.10 |

During Fiscal 2008, the Partnership paid 32,517 AmeriGas Partners Common Units, comprising Common Units and $809 in cash, associated with 39,767 awards granted in Fiscal 2005. During Fiscal 2007, the Partnership paid 38,736 AmeriGas Partners Common Units, comprising Common Units and $600 in cash, associated with 51,200 awards granted in Fiscal 2004. During Fiscal 2006, the Partnership paid 6,750 AmeriGas Partners Common Units, comprising Common Units and $73 in cash, associated with 43,500 awards granted in Fiscal 2003.

As of September 30, 2008, there was $751 of unrecognized equity-based compensation expense related to non-vested UGI stock options that is expected to be recognized over a weighted average period of 1.7 years. As of September 30, 2008, there was a total of approximately $1,704 of unrecognized compensation cost associated with 126,100 Common Unit awards that is expected to be recognized over a weighted average period of 1.7 years. The total fair value of Common Units that vested during Fiscal 2008, Fiscal 2007, and Fiscal 2006 was $2,087, $1,213 and $646, respectively. As of September 30, 2008 and 2007, total liabilities of $1,023 and $1,769 associated with Common Unit awards are reflected in “Other current liabilities” and “Other noncurrent liabilities” in the Consolidated Balance Sheets. It is the Partnership’s practice to issue new AmeriGas Partners Common Units for the portion of any Common Unit awards paid out in AmeriGas Partners Common Units.

**Note 11 — Commitments and Contingencies**

We lease various buildings and other facilities and transportation, computer and office equipment under operating leases. Certain of the leases contain renewal and purchase options and also contain step-rent provisions. Our aggregate rental expense for such leases was $55,825 in Fiscal 2008, $56,342 in Fiscal 2007 and $53,085 in Fiscal 2006.

Minimum future payments under noncancelable operating leases are as follows:

| Year Ending September 30, | |
|---|---|
| 2009 | $ 45,417 |
| 2010 | 38,818 |
| 2011 | 32,691 |
| 2012 | 26,712 |
| 2013 | 21,373 |
| Thereafter | 56,985 |
| Total minimum operating lease payments | $ 221,996 |

The Partnership enters into fixed price contracts with suppliers to purchase a portion of its propane supply requirements. These contracts generally have terms of less than one year. As of September 30, 2008, contractual obligations under these contracts totaled $36,451.

The Partnership also enters into contracts to purchase propane to meet additional supply requirements. Generally, these contracts are one- to three-year agreements subject to annual review and call for payment based on either market prices at the date of delivery or fixed prices.

On August 21, 2001, AmeriGas Partners, through AmeriGas OLP, acquired the propane distribution businesses of Columbia Energy Group (the “2001 Acquisition”) pursuant to the terms of a purchase agreement (the “2001 Acquisition Agreement”) by and among Columbia Energy Group (“CEG”), Columbia Propane Corporation (“Columbia Propane”), Columbia Propane, L.P. (“CPLP”), CP Holdings, Inc. (“CPH,” and together with Columbia Propane and CPLP, the “Company Parties”), AmeriGas Partners, AmeriGas OLP and the General Partner (together with AmeriGas Partners and AmeriGas OLP, the “Buyer Parties”). As a result of the 2001 Acquisition, AmeriGas OLP acquired all of the stock of Columbia Propane and CPH and substantially all of the partnership interests of CPLP. Under the terms of an earlier acquisition agreement (the “1999 Acquisition Agreement”), the Company Parties agreed to indemnify the former general partners of National Propane Partners, L.P. (a predecessor company of the Columbia Propane businesses) and an affiliate (collectively, “National General Partners”) against certain income tax and other losses that they may sustain as a result of the 1999 acquisition by CPLP of National Propane Partners, L.P. (the “1999 Acquisition”) or the operation of the business after the 1999 Acquisition (“National Claims”). At September 30, 2008, the potential amount payable under this indemnity by the Company Parties was approximately $58,000. These indemnity obligations will expire on the date that CPH acquires the remaining outstanding partnership interest of CPLP, which is expected to occur on or after July 19, 2009. Under the terms of the 2001 Acquisition Agreement, CEG agreed to indemnify the Buyer Parties and the Company Parties against any losses that they sustain under the 1999 Acquisition Agreement and related agreements (“Losses”), including National Claims, to the extent such claims are based on acts or omissions of CEG or the Company Parties prior to the 2001 Acquisition. The Buyer Parties agreed to indemnify CEG against Losses, including National Claims, to the extent such claims are based on acts or omissions of the Buyer Parties or the Company Parties after the 2001 Acquisition. CEG and the Buyer Parties have agreed to apportion certain losses resulting from National Claims to the extent such losses result from the 2001 Acquisition itself. We believe that liability under such indemnity agreement is remote.

Samuel and Brenda Swiger and their son (the “Swigers”) sustained personal injuries and property damage as a result of a fire that occurred when propane that leaked from an underground line ignited. In July 1998, the Swigers filed a class action lawsuit against AmeriGas Propane, L.P. (named incorrectly as “UGI/AmeriGas, Inc.”), in the Circuit Court of Monongalia County, West Virginia, in which they sought to recover an unspecified amount of compensatory and punitive damages and attorney’s fees, for themselves and on behalf of persons in West Virginia for whom the defendants had installed propane gas lines, resulting from the defendants’ alleged failure to install underground propane lines at depths required by applicable safety standards. In 2003, we settled the individual personal injury and property damage claims of the Swigers. In 2004, the court granted the plaintiffs’ motion to include customers acquired from Columbia Propane in August 2001 as additional potential class members and the plaintiffs amended their complaint to name additional parties pursuant to such ruling. Subsequently, in March 2005, we filed a cross-claim against CEG, former owner of Columbia Propane, seeking indemnification for conduct undertaken by Columbia Propane prior to our acquisition. Class counsel has indicated that the class is seeking compensatory damages in excess of $12,000 plus punitive damages, civil penalties and attorneys’ fees.

In 2005, the Swigers filed what purports to be a class action in the Circuit Court of Harrison County, West Virginia against UGI, an insurance subsidiary of UGI, certain officers of UGI and the General Partner, and their insurance carriers and insurance adjusters. In the Harrison County lawsuit, the Swigers are seeking compensatory and punitive damages on behalf of the putative class for violations of the West Virginia Insurance Unfair Trade Practice Act, negligence, intentional misconduct, and civil conspiracy. The Swigers have also requested that the Court rule that insurance coverage exists under the policies issued by the defendant insurance companies for damages sustained by the members of the class in the Monongalia County lawsuit. The Circuit Court of Harrison County has not certified the class in the Harrison County lawsuit at this time and, in October 2008, stayed that lawsuit pending resolution of the class action lawsuit in Monongalia County. We believe we have good defenses to the claims in both actions.

By letter dated March 6, 2008, the New York State Department of Environmental Conservation (“DEC”) notified AmeriGas OLP that DEC had placed property owned by the Partnership in Saranac Lake, New York on its Registry of Inactive Hazardous Waste Disposal Sites. A site characterization study performed by DEC disclosed contamination related to former manufactured gas plant operations on the site. DEC has classified the site as a significant threat to public health or environment with further action required. The General Partner is researching the history of the site and is investigating DEC’s findings. The General Partner has reviewed the preliminary site characterization study prepared by the DEC and is in the early stages of investigating the extent of contamination and the possible existence of other potentially responsible parties. Due to the early stage of such investigation, the amount of expected clean up costs cannot be reasonably estimated. When such expected clean up costs can be reasonably estimated, it is possible that the amount could be material to the Partnership’s results of operations.

We also have other contingent liabilities, pending claims and legal actions arising in the normal course of our business. We cannot predict with certainty the final results of these and the aforementioned matters. However, it is reasonably possible that some of them could be resolved unfavorably to us and result in losses in excess of recorded amounts. We are unable to estimate any such possible excess losses. Although management currently believes, after consultation with counsel, that damages or settlements, if any, recovered by the plaintiffs in such claims or actions will not have a material adverse effect on our financial position, damages or settlements could be material to our operating results or cash flows in future periods depending on the nature and timing of future developments with respect to these matters and the amounts of future operating results and cash flows.

**Note 12 — Related Party Transactions**

Pursuant to the Partnership Agreement and a Management Services Agreement among AEH, the general partner of Eagle OLP, and the General Partner, 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 $345,460 in Fiscal 2008, $333,565 in Fiscal 2007 and $313,553 in Fiscal 2006 include employee compensation and benefit expenses of employees of the General Partner and general and administrative expenses.

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 comprising revenues, operating expenses and net assets employed and considers the Partnership's relative percentage of such items to the total of such items for UGI's other operating subsidiaries for which general and administrative services are provided. Management believes that this allocation method is reasonable and equitable to the Partnership. Such corporate expenses totaled $11,197 in Fiscal 2008, $10,820 in Fiscal 2007 and $10,350 in Fiscal 2006. In addition, UGI and certain of its subsidiaries provide office space and automobile liability insurance to the Partnership. These expenses totaled $2,328 in Fiscal 2008, $2,532 in Fiscal 2007 and $2,682 in Fiscal 2006.

AmeriGas OLP purchases propane from UGI Energy Services, Inc. and subsidiaries ("Energy Services"), which is owned by an affiliate of UGI, pursuant to a Product Sales Agreement whereby Energy Services has agreed to sell and AmeriGas OLP has agreed to purchase a specified amount of propane annually at a terminal located in Chesapeake, Virginia. The Product Sales Agreement took effect on April 1, 2005 and will continue for an initial term of five years with an option to extend the agreement for up to an additional five years. The price to be paid for product purchased under the agreement will be determined annually using a contractual formula that takes into account published index prices and the locational value of deliveries at the Atlantic Energy terminal. Purchases of propane by AmeriGas OLP from Energy Services totaled $47,307, $34,654 and $37,720 during Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively. Amounts due to Energy Services at September 30, 2008 and 2007 totaled $1,309 and $3,507, respectively, which are included in accounts payable — related parties in our Consolidated Balance Sheets.

During Fiscal 2007, the General Partner contributed to the Partnership the net assets of All Star Gas Corporation, a Missouri corporation that was acquired by the General Partner in August 2007. In consideration for the retention of certain income tax liabilities relating to All Star Gas Corporation, the Partnership issued 166,205 Common Units to the General Partner having a fair value of $5,698 ($34.28 per Common Unit).

The Partnership also sells propane to other affiliates of UGI. Such amounts were not material in Fiscal 2008, Fiscal 2007 or Fiscal 2006.

**Note 13 — Other Current Liabilities**

Other current liabilities comprise the following at September 30:

| | 2008 | 2007 |
|---|---|---|
| Property and casualty liability | $ 27,831 | $ 17,923 |
| Taxes other than income taxes | 6,411 | 6,718 |
| Propane exchange liability | 12,583 | 11,950 |
| Deferred tank fee revenue | 12,470 | 11,753 |
| Other | 9,347 | 7,813 |
| Total other current liabilities | $ 68,642 | $ 56,157 |

**Note 14 — Financial Instruments**

In accordance with its propane price risk management policy, the Partnership uses derivative instruments, including price swap and option contracts and contracts for the forward sale of propane, to manage the cost of a portion of its forecasted purchases of propane and to manage market risk associated with propane storage inventories. These derivative instruments have been designated by the Partnership as cash flow or fair value hedges under SFAS 133. The fair values of these derivative instruments are affected by changes in propane product prices. In addition to these derivative instruments, the Partnership may also enter into contracts for the forward purchase of propane as well as fixed-price supply agreements to manage propane market price risk. These contracts generally qualify for the normal purchases and normal sales exception of SFAS 133 and therefore are not adjusted to fair value.

On occasion, we enter into interest rate protection agreements (“IRPAs”) designed to manage interest rate risk associated with planned issuances of fixed-rate long-term debt. We designate these IRPAs as cash flow hedges. Gains or losses on IRPAs are included in accumulated other comprehensive income and are reclassified to interest expense as the interest expense on the associated debt issue affects earnings.

Certain of the Partnership’s over-the-counter derivative financial instruments have bilateral collateral provisions which require the transfer of cash collateral when the value of the derivative instruments reach certain threshold amounts. Although commodity propane prices increased through much of Fiscal 2008, a precipitous decline in prices in late Fiscal 2008 which continued into Fiscal 2009 has resulted in greater cash needed by the Partnership to fund counterparty collateral requirements. These collateral requirements are associated with derivative financial instruments used by the Partnership to manage market price risk associated with fixed sales price commitments to customers principally during the heating-season months of October to March. At September 30, 2008, the Partnership had made collateral deposits of $17,830 with counterparties. At November 20, 2008, such collateral deposits totaled $144,493.

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 which 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 many of these contracts have the requisite elements of a derivative instrument, these contracts are not subject to the accounting requirements of SFAS 133 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 or the value of the contract is directly associated with the price or value of a service.

During Fiscal 2008 and Fiscal 2007, there were no net losses recognized in earnings representing cash flow ineffectiveness. During Fiscal 2006, the net loss recognized in earnings representing cash flow hedge ineffectiveness was $445. Gains and losses included in accumulated other comprehensive income at September 30, 2008 relating to cash flow hedges will be reclassified into (1) cost of sales when the forecasted purchase of propane subject to the hedges impacts net income and (2) interest expense when interest on anticipated issuances of fixed-rate long-term debt is reflected in net income. Included in accumulated other comprehensive income at September 30, 2008 are net losses of approximately $5,719 from IRPAs associated with forecasted issuances of debt generally anticipated to occur during Fiscal 2009 and 2010. The amount of net loss that is expected to be reclassified into net income during the next twelve months is not material. The remaining net loss on derivative instruments included in accumulated other comprehensive income at September 30, 2008 of $53,486 is principally associated with future purchases of propane generally anticipated to occur during the next twelve months. The actual amount of gains or losses on unsettled derivative instruments that ultimately is reclassified into net income will depend upon the value of such derivative contracts when settled. The fair value of derivative instruments is included in “Derivative financial instruments”, “Other assets” and “Other noncurrent liabilities” in the Consolidated Balance Sheets.

The carrying amounts of financial instruments included in current assets and current liabilities (excluding unsettled derivative instruments and current maturities of long-term debt) approximate their fair values because of their short-term nature. The carrying amounts and estimated fair values of our remaining financial instrument assets and (liabilities) at September 30 (including unsettled derivative instruments) are as follows:

| | Asset (Liability) | |
|---|---|---|
| | Carrying Amount | Estimated Fair Value |
| 2008: | | |
| Propane swap and option contracts | $ (54,018) | $ (54,018) |
| Interest rate protection agreements | (5,778) | (5,778) |
| Long-term debt | (933,390) | (863,550) |
| | | |
| 2007: | | |
| Propane swap and option contracts | $ 18,290 | $ 18,290 |
| Interest rate protection agreements | 583 | 583 |
| Long-term debt | (933,042) | (923,505) |

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. Fair values of derivative instruments reflect the estimated amounts that we would receive or (pay) to terminate the contracts at the reporting date based upon quoted market prices of comparable contracts.

We have financial instruments such as short-term investments and trade accounts receivable which could expose us to concentrations of credit risk. We limit our credit risk from short-term investments by investing only in investment-grade commercial paper and U.S. Government securities. The credit risk from trade accounts receivable is limited because we have a large customer base which extends across many different U.S. markets. We attempt to minimize our credit risk associated with our derivative financial instruments through the application of credit policies.

**Note 15 — Other Income, Net**

Other income, net, comprises the following:

| | 2008 | 2007 | 2006 |
|---|---|---|---|
| Gain on sales of fixed assets | $ 1,698 | $ 862 | $ 2,801 |
| Finance charges | 11,822 | 10,208 | 8,371 |
| Other | 5,335 | 6,502 | 5,127 |
| Total other income, net | $ 18,855 | $ 17,572 | $ 16,299 |

**Note 16 — Quarterly Data (Unaudited)**

The following unaudited quarterly data includes all adjustments (consisting only of normal recurring adjustments), which we consider necessary for a fair presentation. Our quarterly results fluctuate because of the seasonal nature of our propane business.

| | December 31, | | March 31, | | June 30, | | September 30, | |
|---|---|---|---|---|---|---|---|---|
| | 2007 | 2006 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007(a) |
| Revenues | $748,168 | $616,591 | $1,006,656 | $809,808 | $535,129 | $433,917 | $525,236 | $417,059 |
| Operating income (loss) | $ 73,958 | $ 75,260 | $ 153,287 | $139,260 | $ 9,585 | $ 12,035 | $ (1,966) | $ 39,175 |
| Net income (loss) | $ 54,305 | $ 55,640 | $ 132,950 | $119,886 | $ (8,788) | $ (5,712) | $ (20,448) | $ 20,970 |
| Income (loss) per limited partner unit -basic and diluted (b) | $ 0.87 | $ 0.88 | $ 1.58 | $ 1.47 | $ (0.16) | $ (0.10) | $ (0.36) | $ 0.30 |

(a) Includes a gain on sale of the Partnership's 3.5 million barrel storage facility which increased net income by $45,651 or $0.79 per limited partner unit.

(b) Theoretical distributions of net income in accordance with EITF 03-6 resulted in an increased allocation of net income to the General Partner in the computation of income per limited partner unit which had the effect of decreasing quarterly earnings per limited partner unit for the quarters ended December 31 and March 31 as follows:

| | December 31, | | March 31, | |
|---|---|---|---|---|
| Quarter ended: | 2007 | 2006 | 2008 | 2007 |
| Decrease in income per limited partner unit | $ (0.07) | $ (0.09) | $ (0.73) | $ (0.62) |

**Note 17 — Subsequent Events**

On October 1, 2008, AmeriGas OLP acquired all of the assets of Penn Fuel Propane, LLC (now named UGI Central Penn Propane, LLC, "CPP") from CPP, a subsidiary of UGI Central Penn Gas, Inc, for $32,000 cash plus estimated working capital of $1,621. CPP sells propane to customers primarily in eastern Pennsylvania. AmeriGas OLP funded the acquisition of the assets of CPP principally from borrowings under its Credit Agreement.

On November 13, 2008, AmeriGas OLP sold its 600,000 barrel refrigerated, above-ground storage facility located on leased property in California for approximately $43,000 in cash. We expect to record a pre-tax gain of approximately $40,000 associated with this transaction during our first quarter of Fiscal 2009.

**Report of Independent Registered Public Accounting Firm**

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of partners' capital and of cash flows present fairly, in all material respects, the financial position of AmeriGas Partners, L.P. and its subsidiaries at September 30, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2008 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing under Item 15(a)(2) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of September 30, 2008 based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Partnership's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedules and the Partnership's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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

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

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
November 21, 2008

**General Partner's Report**

**Financial Statements**

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

The Audit Committee of the Board of Directors of the General Partner is composed of three members, none of whom is an employee of the General Partner. This Committee is responsible for overseeing the financial reporting process and the adequacy of controls, and for monitoring the independence and performance of the Partnership's independent registered public accounting firm and internal auditors. The Committee is also responsible for maintaining direct channels of communication among the Board of Directors, management and both the independent registered public accounting firm and internal auditors.

PricewaterhouseCoopers LLP, our independent registered public accounting firm, is engaged to perform audits of our consolidated financial statements. These audits are performed in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our independent registered public accounting firm was given unrestricted access to all financial records and related data, including minutes of all meetings of the Board of Directors and committees of the Board. The Partnership believes that all representations made to the independent registered public accounting firm during their audits were valid and appropriate.

**Management's Report on Internal Control over Financial Reporting**

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Partnership. In order to evaluate the effectiveness of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002, management has conducted an assessment, including testing, of the Partnership's internal control over financial reporting using the criteria in *Internal Control — Integrated Framework,* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO Framework").

Internal control over financial reporting refers to the process designed under the supervision and participation of management including our Chief Executive Officer and Chief Financial Officer, to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States and includes policies and procedures that, among other things, provide reasonable assurance that assets are safeguarded and that transactions are executed in accordance with management's authorization and are properly recorded to permit the preparation of reliable financial information. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changing conditions, or the degree of compliance with the policies or procedures may deteriorate.

Based on its assessment, management has concluded that the Partnership maintained effective internal control over financial reporting as of September 30, 2008, based on the COSO Framework.

Eugene V. N. Bissell
Chief Executive Officer

Jerry E. Sheridan
Chief Financial Officer

William J. Stanczak
Chief Accounting Officer

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

**SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)**

BALANCE SHEETS
(Thousands of dollars)

| | September 30, 2008 | September 30, 2007 |
|---|---|---|
| **ASSETS** | | |
| Current assets: | | |
| Cash | $ 959 | $ 180 |
| Total current assets | 959 | 180 |
| Investment in AmeriGas Propane, L.P. | 1,043,285 | 1,107,649 |
| Other assets | 8,207 | 9,474 |
| Total assets | $ 1,052,451 | $ 1,117,303 |
| **LIABILITIES AND PARTNERS' CAPITAL** | | |
| Current liabilities: | | |
| Accounts payable and other liabilities | $ 4,812 | $ 5,764 |
| Accrued interest | 20,496 | 20,496 |
| Total current liabilities | 25,308 | 26,260 |
| Long-term debt | 779,768 | 779,815 |
| Commitments and contingencies | | |
| Partners' capital: | | |
| Common unitholders | 308,186 | 293,245 |
| General partner | 3,094 | 2,952 |
| Accumulated other comprehensive (loss) income | (63,905) | 15,031 |
| Total partners' capital | 247,375 | 311,228 |
| Total liabilities and partners' capital | $ 1,052,451 | $ 1,117,303 |

Commitments and Contingencies:

The only scheduled principal repayment of long-term debt during the next five fiscal years ending September 30 is $14,640 due May 2011.

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

**SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)**

STATEMENTS OF OPERATIONS
(Thousands of dollars)

| | Year Ended September 30, | | |
|---|---|---|---|
| | 2008 | 2007 | 2006 |
| Operating (income) expenses, net | $ (49) | $ 78 | $ 151 |
| Loss on extinguishments of debt | — | — | (2,702) |
| Interest expense | (58,003) | (58,006) | (51,648) |
| Loss before income taxes | (58,052) | (57,928) | (54,199) |
| Income tax expense | 3 | 30 | 40 |
| Loss before equity in income of AmeriGas Propane, L.P. | (58,055) | (57,958) | (54,239) |
| Equity in income of AmeriGas Propane, L.P. | 216,074 | 248,742 | 145,397 |
| Net income | $ 158,019 | $ 190,784 | $ 91,158 |
| General partner's interest in net income | $ 2,278 | $ 5,600 | $ 912 |
| Limited partners' interest in net income | $ 155,741 | $ 185,184 | $ 90,246 |
| Income per limited partner unit — basic and diluted: | $ 2.70 | $ 3.15 | $ 1.59 |
| Average limited partner units outstanding — basic (thousands) | 57,005 | 56,826 | 56,797 |
| Average limited partner units outstanding — diluted (thousands) | 57,044 | 56,862 | 56,835 |

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

**SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF REGISTRANT (PARENT COMPANY)**

STATEMENTS OF CASH FLOWS
(Thousands of dollars)

| | Year Ended September 30, | | |
|---|---|---|---|
| | 2008 | 2007 (b) | 2006 |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES (a)** | $ 144,664 | $ 152,752 | $ 121,668 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | | |
| Contributions to AmeriGas Propane, L.P. | — | (264) | (282,207) |
| Net cash used by investing activities | 0 | (264) | (282,207) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | | |
| Distributions | (144,659) | (154,672) | (130,805) |
| Issuance of long-term debt | — | — | 343,875 |
| Repayments of long-term debt | — | — | (60,000) |
| Proceeds from issuance of Common Units | 766 | 814 | 146 |
| Capital contribution from General Partner | 8 | 66 | 1 |
| Net cash (used) provided by financing activities | (143,885) | (153,792) | 153,217 |
| Increase (decrease) in cash and cash equivalents | $ 779 | $ (1,304) | $ (7,322) |
| CASH AND CASH EQUIVALENTS: | | | |
| End of year | $ 959 | $ 180 | $ 1,484 |
| Beginning of year | 180 | 1,484 | 8,806 |
| Increase (decrease) | $ 779 | $ (1,304) | $ (7,322) |

(a) Includes distributions received from AmeriGas Propane, L.P. of $200,983, $210,996 and $171,510 for the years ended September 30, 2008, 2007 and 2006, respectively.

(b) During the year ended September 30, 2007, the Partnership issued Common Units to the General Partner having a fair value of $34.28 per Common Unit in consideration for the retention of certain income tax liabilities relating to the acquisition of All Star Gas Corporation.

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

**SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS**
(Thousands of dollars)

| | Balance at beginning of year | Charged (credited) to costs and expenses | Other | Balance at end of year |
|---|---|---|---|---|
| **Year Ended September 30, 2008** | | | | |
| Reserves deducted from assets in the consolidated balance sheet: | | | | |
| Allowance for doubtful accounts | $ 15,149 | $ 15,852 | $ (10,786)(1) | $ 20,215 |
| Other reserves: | | | | |
| Property and casualty liability | $ 57,714 | $ 31,498 | $ (18,040)(2) | $ 71,172(5) |
| Environmental, litigation and other | $ 12,056 | $ 4,559 | $ (2,280)(2) | $ 14,481 |
| | | | 146(3) | |
| **Year Ended September 30, 2007** | | | | |
| Reserves deducted from assets in the consolidated balance sheet: | | | | |
| Allowance for doubtful accounts | $ 14,460 | $ 9,544 | $ (10,131)(1) | $ 15,149 |
| | | | 1,276(4) | |
| Other reserves: | | | | |
| Property and casualty liability | $ 58,550 | $ 10,987 | $ (11,823)(2) | $ 57,714(5) |
| Environmental, litigation and other | $ 12,680 | $ 90 | $ (685)(2) | $ 12,056 |
| | | | (29)(3) | |

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

**SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS (continued)**
(Thousands of dollars)

| | Balance at beginning of year | Charged (credited) to costs and expenses | Other | Balance at end of year |
|---|---|---|---|---|
| **Year Ended September 30, 2006** | | | | |
| Reserves deducted from assets in the consolidated balance sheet: | | | | |
| Allowance for doubtful accounts | $ 13,143 | $ 10,768 | $ (9,451)(1) | $ 14,460 |
| Other reserves: | | | | |
| Property and casualty liability | $ 60,620 | $ 11,856 | $ (13,926)(2) | $ 58,550(5) |
| Environmental, litigation and other | $ 8,303 | $ 5,140 | $ (528)(2) | $ 12,680 |
| | | | (235)(3) | |

(1) Uncollectible accounts written off, net of recoveries

(2) Payments, net of any refunds

(3) Other adjustments, primarily reclassifications

(4) Acquisitions

(5) At September 30, 2008, 2007 and 2006, the Partnership had insurance indemnification receivables associated with its property and casualty liabilities totaling $17,926, $0, and $246, respectively.

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## EXHIBIT INDEX

| Exhibit No. | Description |
|---|---|
| 3.1 | Third Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. dated as of December 1, 2004, and Amendment No. 1 effective October 15, 2007 thereto |
| 10.4 | AmeriGas Propane, Inc. Executive Employee Severance Plan, in effect January 1, 2008 |
| 10.6 | AmeriGas Propane, Inc. Discretionary Long-Term Incentive Plan for Non-Executive Key Employees effective July 1, 2000 and Amended as of January 1, 2005 |
| 10.7 | AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., as amended and restated effective January 1, 2005 |
| 10.44 | AmeriGas Propane, Inc. Non-Qualified Deferred Compensation Plan, as amended and restated effective January 1, 2009 |
| 21 | Subsidiaries of the Registrant |
| 23 | Consent of PricewaterhouseCoopers LLP |
| 31.1 | Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act |
| 31.2 | Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act |
| 32 | Certification by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act |
| 99 | UGI Corporation Incentive Stock Award Information |

EXHIBIT 3.1

# THIRD AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF AMERIGAS PARTNERS, L.P.

DATED AS OF DECEMBER 1, 2004

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THIRD AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF
AMERIGAS PARTNERS, L.P.

THIS THIRD AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF AMERIGAS PARTNERS, L.P., dated as of December 1, 2004, is entered into by and among AmeriGas Propane, Inc., a Pennsylvania corporation, as the General Partner, and those persons who become Partners in the Partnership or parties hereto as provided herein. In consideration of the covenants, conditions and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

ORGANIZATIONAL MATTERS

1.1 FORMATION. The General Partner and the Organizational Limited Partner have previously formed the Partnership as a limited partnership pursuant to the provisions of the Delaware Act. The General Partner hereby amends and restates the Second Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., dated as of September 30, 2000, in its entirety. Except as expressly provided to the contrary in this Agreement, the rights and obligations of the Partners and the administration, dissolution and termination of the Partnership shall be governed by the Delaware Act. All Partnership Interests shall constitute personal property of the owner thereof for all purposes.

1.2 NAME. The name of the Partnership shall be "AmeriGas Partners, L.P." The Partnership's business may be conducted under any other name or names deemed necessary or appropriate by the General Partner, including the name of the General Partner. The words "Limited Partnership," "L.P.," "Ltd." or similar words or letters shall be included in the Partnership's name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole discretion may change the name of the Partnership at any time and from time to time and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

1.3 REGISTERED OFFICE; PRINCIPAL OFFICE. Unless and until changed by the General Partner, the registered office of the Partnership in the State of Delaware shall be located at 32 Loockerman Square, Suite L-100, Dover, Delaware 19904, and the registered agent for service of process on the Partnership in the State of Delaware at such registered office shall be The Prentice-Hall Corporation System, Inc. The principal office of the Partnership shall be located at, and the address of the General Partner shall be, 460 North Gulph Road, King of Prussia, Pennsylvania 19406, or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places within or outside the State of Delaware as the General Partner deems necessary or appropriate.

1.4 POWER OF ATTORNEY. (a) Each Limited Partner and each Assignee hereby constitutes and appoints each of the General Partner and, if a Liquidator shall have been selected pursuant to Section 14.3, the Liquidator severally (and any successor to either thereof by merger, transfer, assignment, election or otherwise) and each of their authorized officers and attorneys-in-fact, with full power of substitution, as his true and lawful agent and attorney-in-fact, with full power and authority in his name, place and stead, to:

(i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) all certificates, documents and other instruments (including this Agreement and the Certificate of Limited Partnership and all amendments or restatements thereof) that the General Partner or the Liquidator deems necessary or appropriate to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (B) all certificates, documents and other instruments that the General Partner or the Liquidator deems necessary or appropriate to reflect, in accordance with its terms, any amendment, change, modification or restatement of this Agreement; (C) all certificates, documents and other instruments (including conveyances and a certificate of cancellation) that the General Partner or the Liquidator deems necessary or appropriate to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement; (D) all certificates, documents and other instruments relating to the admission, withdrawal, removal or substitution of any Partner pursuant to, or other events described in, Article XI, XII, XIII or XIV; (E) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges of any class or

series of Partnership Securities issued pursuant to Section 4.4; and (F) all certificates, documents and other instruments (including agreements and a certificate of merger) relating to a merger or consolidation of the Partnership pursuant to Article XVI; and

(ii) execute, swear to, acknowledge, deliver, file and record all ballots, consents, approvals, waivers, certificates, documents and other instruments necessary or appropriate, in the sole discretion of the General Partner or the Liquidator, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement or is necessary or appropriate, in the sole discretion of the General Partner or the Liquidator, to effectuate the terms or intent of this Agreement; provided, that when required by Section 15.3 or any other provision of this Agreement that establishes a percentage of the Limited Partners or of the Limited Partners of any class or series required to take any action, the General Partner or the Liquidator may exercise the power of attorney made in this Section 1.4(a)(ii) only after the necessary vote, consent or approval of the Limited Partners or of the Limited Partners of such class or series, as applicable.

Nothing contained in this Section 1.4(a) shall be construed as authorizing the General Partner to amend this Agreement except in accordance with Article XV or as may be otherwise expressly provided for in this Agreement.

(b) The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive and not be affected by the subsequent death, incompetency, disability, incapacity, dissolution, bankruptcy or termination of any Limited Partner or Assignee and the transfer of all or any portion of such Limited Partner's or Assignee's Partnership Interest and shall extend to such Limited Partner's or Assignee's heirs, successors, assigns and personal representatives. Each such Limited Partner or Assignee hereby agrees to be bound by any representation made by the General Partner or the Liquidator acting in good faith pursuant to such power of attorney; and each such Limited Partner or Assignee hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator taken in good faith under such power of attorney. Each Limited Partner or Assignee shall execute and deliver to the General Partner or the Liquidator, within 15 days after receipt of the General Partner's or the Liquidator's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator deems necessary to effectuate this Agreement and the purposes of the Partnership.

1.5 TERM. The Partnership commenced upon the filing of the Certificate of Limited Partnership in accordance with the Delaware Act and shall continue in existence until the close of Partnership business on December 31, 2093, or until the earlier dissolution of the Partnership in accordance with the provisions of Article XIV.

1.6 POSSIBLE RESTRICTIONS ON TRANSFER. The General Partner may impose restrictions on the transfer of Partnership Interests if a subsequent Opinion of Counsel determines that such restrictions are necessary to avoid a substantial risk of the Partnership's becoming taxable as a corporation or otherwise as an entity for federal income tax purposes. The restrictions may be imposed by making such amendments to this Agreement as the General Partner in its sole discretion may determine to be necessary or appropriate to impose such restrictions; provided, however, that any amendment that the General Partner believes, in the exercise of its reasonable discretion, could result in the delisting or suspension of trading of any class of Units on any National Securities Exchange on which such class of Units is then traded must be approved by the holders of at least a majority of the Outstanding Units of such class.

ARTICLE II

DEFINITIONS

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"ACQUISITION" means any transaction in which any Group Member acquires (through an asset acquisition, merger, stock acquisition or other form of investment) control over all or a portion of the assets, properties or business of another Person for the purpose of increasing the operating capacity of the Partnership Group from the operating capacity of the Partnership Group existing immediately prior to such transaction.

"ADDITIONAL LIMITED PARTNER" means a Person admitted to the Partnership as a Limited Partner pursuant to Section 12.4 and who is shown as such on the books and records of the Partnership.

"ADJUSTED OPERATING SURPLUS" for any period means Operating Surplus generated during such period as adjusted to (a) exclude Operating Surplus attributable to (i) any net increase in working capital borrowings during such period and (ii) any net reduction in cash reserves during such period, and (b) include any net increases in reserves to provide funds for distributions resulting from Operating Surplus generated during such period. Adjusted Operating Surplus does not include that portion of Operating Surplus included in clause (a)(i) of the definition of Operating Surplus.

"AFFILIATE" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"AGREEMENT" means this Third Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., as it may be amended, supplemented or restated from time to time.

"AMERIGAS" means AmeriGas Propane, Inc., a Pennsylvania corporation and a wholly owned subsidiary of AmeriGas, Inc., a Pennsylvania corporation.

"ARREARAGE BALANCE" means, as to each Common Unit as of the end of a Quarter, the excess of the sum of the Minimum Quarterly Distribution for an Initial Common Unit for each prior Quarter over the sum of the amounts distributed pursuant to Sections 5.3(a) and 5.3(b) for such prior Quarter and all prior Quarters in respect of an Initial Common Unit; except that no increases shall be made after the Subordination Period and all Arrearage Balances shall in all events be zero if the General Partner is removed as general partner of the Partnership upon the requisite vote by Limited Partners under circumstances where Cause does not exist.

"ASSIGNEE" means a Non-citizen Assignee or a Person to whom one or more Units have been transferred in a manner permitted under this Agreement and who has executed and delivered a Transfer Application as required by this Agreement, but who has not become a Substituted Limited Partner.

"ASSOCIATE" means, when used to indicate a relationship with any Person, (a) any corporation or organization of which such Person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock; (b) any trust or other estate in which such Person has at least a 20% beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity; and (c) any relative or spouse of such Person, or any relative of such spouse, who has the same residence as such Person.

"AUDIT COMMITTEE" means a committee of the Board of Directors of the General Partner composed entirely of two or more directors who are neither officers nor employees of the General Partner or any of its Affiliates.

"AVAILABLE CASH," as to any Quarter ending before the Liquidation Date, means

(a) the sum of (i) all cash of the Partnership Group on hand at the end of such Quarter and (ii) all additional cash of the Partnership Group on hand on the date of determination of Available Cash with respect to such Quarter resulting from borrowings subsequent to the end of such Quarter, less

(b) the amount of cash reserves that is necessary or appropriate in the reasonable discretion of the General Partner to (i) provide for the proper conduct of the business of the Partnership Group (including reserves for future capital expenditures) subsequent to such Quarter, (ii) provide funds for distributions under Sections 5.3(a), (b) and (c) or 5.4(a) in respect of any one or more of the next four Quarters, or (iii) comply with applicable law or any debt instrument or other agreement or obligation to which any member of the Partnership Group is a party or its assets are subject.

"BUSINESS DAY" means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States or the states of New York or Pennsylvania shall not be regarded as a Business Day.

"CAPITAL IMPROVEMENTS" means (a) additions or improvements to the capital assets owned by any Group Member or (b) the acquisition of existing or the construction of new capital assets (including retail distribution outlets, propane tanks, pipeline systems, storage facilities and related assets), made to increase the operating capacity of the Partnership Group from the operating capacity of the Partnership Group existing immediately prior to such addition, improvement, acquisition or construction.

"CAPITAL SURPLUS" has the meaning assigned to such term in Section 5.5.

"CAUSE" means a court of competent jurisdiction has entered a final, non-appealable judgment finding the General Partner liable for actual fraud, gross negligence or willful or wanton misconduct in its capacity as general partner of the Partnership.

"CERTIFICATE" means a certificate, substantially in the form of Exhibit A to this Agreement or in such other form as may be adopted by the General Partner in its sole discretion, issued by the Partnership evidencing ownership of one or more Common Units, or a certificate, in such form as may be adopted by the General Partner in its sole discretion, issued by the Partnership evidencing ownership of one or more other Units.

"CERTIFICATE OF LIMITED PARTNERSHIP" means the Certificate of Limited Partnership filed with the Secretary of State of the State of Delaware as referenced in Section 6.2, as such Certificate of Limited Partnership may be amended, supplemented or restated from time to time.

"CITIZENSHIP CERTIFICATION" means a properly completed certificate in such form as may be specified by the General Partner by which an Assignee or a Limited Partner certifies that he (and if he is a nominee holding for the account of another Person, that to the best of his knowledge such other Person) is an Eligible Citizen.

"CLAIM" has the meaning assigned to such term in Section 6.13(c).

"CLOSING DATE" means the first date on which Common Units are sold by the Partnership to the Underwriters pursuant to the provisions of the Underwriting Agreement.

"CLOSING PRICE" has the meaning assigned to such term in Section 17.1(a).

"CODE" means the Internal Revenue Code of 1986, as amended and in effect from time to time. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

"COMBINED INTEREST" has the meaning assigned to such term in Section 13.3(a).

"COMMISSION" means the Securities and Exchange Commission.

"COMMON UNIT" means a Unit representing a fractional part of the Partnership Interests of all Limited Partners and Assignees and having the rights and obligations specified with respect to Common Units in this Agreement.

"CONTRIBUTION" means any cash, cash equivalents or the Net Agreed Value of any other property or asset that a Partner contributes to the Partnership pursuant to the Conveyance and Contribution Agreement, the Merger and Contribution Agreement, Article IV or Section 13.3(c).

"CONVEYANCE AND CONTRIBUTION AGREEMENT" means that certain Conveyance and Contribution Agreement, dated as of the Closing Date, between Petrolane, the Partnership, the Operating Partnership and certain other parties, together with the additional conveyance documents and instruments contemplated or referenced thereunder.

"CURRENT MARKET PRICE" has the meaning assigned to such term in Section 17.1(a).

"DELAWARE ACT" means the Delaware Revised Uniform Limited Partnership Act, 6 Del C. ss. 17-101, et seq., as amended, supplemented or restated from time to time, and any successor to such statute.

"DEPARTING PARTNER" means a former General Partner from and after the effective date of any withdrawal or removal of such former General Partner pursuant to Section 13.1 or 13.2.

"DISTRIBUTION LEVELS" means the levels of distribution provided in Section 5.2.

"ELIGIBLE CITIZEN" means a Person qualified to own interests in real property in jurisdictions in which any Group Member does business or proposes to do business from time to time, and whose status as a Limited Partner or Assignee does not or would not subject such Group Member to a substantial risk of cancellation or forfeiture of any of its properties or any interest therein.

"EVENT OF WITHDRAWAL" has the meaning assigned to such term in Section 13.1(a).

"FIRST TARGET DISTRIBUTION" has the meaning assigned to such term in Section 5.2.

"GENERAL PARTNER" means AmeriGas and its successor as general partner of the Partnership.

"GROUP" means a Person that with or through any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent given to such Person in response to a proxy or consent solicitation made to 10 or more Persons) or disposing of any Partnership Securities with any other Person that beneficially owns, or whose Affiliates or Associates beneficially own, directly or indirectly, Partnership Interests.

"GROUP MEMBER" means a member of the Partnership Group.

"HOLDER" has the meaning assigned to such term in Section 6.13(a).

"INCLUDES" means includes, without limitation, and "INCLUDING" means including, without limitation.

"INDEMNIFIED PERSONS" has the meaning assigned to such term in Section 6.13(c).

"INDEMNITEE" means (a) the General Partner, any Departing Partner, any Person who is or was an Affiliate of the General Partner or any Departing Partner, (b) any Person who is or was an officer, director, employee, partner, agent or trustee of the General Partner or any Departing Partner or any such Affiliate, or (c) any Person who is or was serving at the request of the General Partner or any Departing Partner or any such Affiliate as a director, officer, employee, partner, agent, fiduciary or trustee of another Person; provided, that a Person shall not be an Indemnitee pursuant to this clause (c) by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services.

"INITIAL COMMON UNITS" means the Common Units sold in the Initial Offering.

"INITIAL LIMITED PARTNERS" means AmeriGas and Petrolane (with respect to the Common Units and Subordinated Units received by them pursuant to Section 4.2) and the Underwriters, in each case upon being admitted to the

Partnership in accordance with Section 12.1.

"INITIAL OFFERING" means the initial offering and sale of Common Units to the public, as described in the Registration Statement.

"INITIAL UNIT PRICE" means (a) the initial public offering price per Common Unit at which the Underwriters offered the Common Units to the public for sale as set forth on the cover page of the prospectus first issued at or after the time the Registration Statement first became effective or (b) with respect to any other class or series of Units, the price per Unit at which such class or series of Units is initially sold by the Partnership, as determined by the General Partner.

"INTERIM CAPITAL TRANSACTIONS" means the following transactions if they occur prior to the Liquidation Date: (a) borrowings, refinancings or refundings of indebtedness and sales of debt securities (other than for working capital purposes and other than for items purchased on open account in the ordinary course of business) by any Group Member; (b) sales of equity interests (including Common Units sold to the Underwriters pursuant to the exercise of the Overallotment Option) by any Group Member; and (c) sales or other voluntary or involuntary dispositions of any assets of any Group Member other than (x) sales or other dispositions of inventory in the ordinary course of business, (y) sales or other dispositions of other current assets, including receivables and accounts, and (z) sales or other dispositions of assets as part of normal retirements or replacements.

"INVESTMENT BALANCE" means, as to each Unit at the end of each Quarter, the Initial Unit Price for each Initial Common Unit reduced (but not below zero) by distributions of Capital Surplus under Section 5.5 and by liquidating distributions under Sections 5.6 or 5.7.

"ISSUE PRICE" means the price at which a Unit is purchased from the Partnership, after taking into account any sales commission or underwriting discount charged to the Partnership.

"LIMITED PARTNER" means, unless the context otherwise requires, (a) the Organizational Limited Partner, each Initial Limited Partner, each Substituted Limited Partner, each Additional Limited Partner and any Departing Partner upon the change of its status from General Partner to Limited Partner pursuant to Section 13.3; and (b) solely for purposes of Articles IV, V, VI and IX and Sections 14.3 and 14.4, each Assignee.

"LIQUIDATION DATE" means (a) in the case of an event giving rise to the dissolution of the Partnership of the type described in clauses (a) and (b) of the first sentence of Section 14.2, the date on which the applicable time period during which the holders of Outstanding Units have the right to elect to reconstitute the Partnership and continue its business has expired without such an election being made, and (b) in the case of any other event giving rise to the dissolution of the Partnership, the date on which such event occurs.

"LIQUIDATOR" means the General Partner or other Person approved pursuant to Section 14.3 who performs the functions described therein.

"MAINTENANCE CAPITAL EXPENDITURES" means cash capital expenditures made to maintain, up to the level thereof that existed at the time of such expenditure, the operating capacity of the capital assets of the Partnership Group, as such assets existed at the time of such expenditure and shall, therefore, not include cash capital expenditures made in respect of Acquisitions and Capital Improvements. Where cash capital expenditures are made in part to maintain the operating capacity level referred to in the immediately preceding sentence and in part for other purposes, the General Partner's good faith allocation thereof between the portion used to maintain such operating capacity level and the portion used for other purposes shall be conclusive.

"MERGER AGREEMENT" has the meaning assigned to such term in Section 16.1.

"MERGER AND CONTRIBUTION AGREEMENT" means that certain Merger and Contribution Agreement, dated as of the Closing Date, between AmeriGas, the Partnership, the Operating Partnership and certain other parties, together with the additional conveyance documents and instruments contemplated or referenced thereunder.

"MINIMUM QUARTERLY DISTRIBUTION" has the meaning assigned to such term in Section 5.2.

"NATIONAL SECURITIES EXCHANGE" means an exchange registered with the Commission under Section 6(a) of the Securities Exchange Act of 1934, as amended, supplemented or restated from time to time, and any successor to such statute, or the NASDAQ Stock Market or any successor thereto.

"NET AGREED VALUE" means the fair market value of any asset or property contributed to the Partnership reduced by any liabilities either assumed by the Partnership upon such contribution or to which the asset or property is subject when contributed, in each case as determined by the General Partner using such reasonable method of valuation as it may adopt.

"NET LIQUIDATION GAIN" means the excess of all the gains realized after the Liquidation Date from the sale or other disposition of Partnership assets over all the losses realized from such dispositions, determined separately for each asset in accordance with generally accepted accounting principles, except that the initial basis of each contributed property shall be deemed to equal its fair market value when contributed, and each intangible asset shall be amortized only if and at the rate amortizable for federal income tax purposes.

"1989 CUSTOMER LIST" means a customer list established in 1989 on the books of Petrolane Gas Services LP, a partnership which was merged into Petrolane on July 15, 1993.

"NON-CITIZEN ASSIGNEE" means a Person whom the General Partner has determined in its sole discretion does not constitute an Eligible Citizen and as to whose Partnership Interest the General Partner has become the Substituted Limited Partner, pursuant to Section 11.5.

"NOTICE OF ELECTION TO PURCHASE" has the meaning assigned to such term in Section 17.1(b).

"OPERATING EXPENDITURES" means all Partnership Group expenditures, including taxes, reimbursements of the General Partner, debt service payments, and capital expenditures, subject to the following:

(a) Payments (including prepayments) of principal and premium on a debt shall not be an Operating Expenditure if the payment is (i) required in connection with the sale or other disposition of assets or (ii) made in connection with the refinancing or refunding of indebtedness with the proceeds from new indebtedness or from the sale of equity interests. For purposes of the foregoing, at the election and in the reasonable discretion of the General Partner, any payment of principal or premium shall be deemed to be refunded or refinanced by any indebtedness incurred or to be incurred by the Partnership Group within 180 days before or after such payment to the extent of the principal amount of such indebtedness.

(b) Operating Expenditures shall not include (i) capital expenditures made for Acquisitions or for Capital Improvements or (ii) payment of transaction expenses relating to Interim Capital Transactions. Where capital expenditures are made in part for Acquisitions or Capital Improvements and in part for other purposes, the General Partner's good faith allocation between the amounts paid for each shall be conclusive.

"OPERATING PARTNERSHIP" means AmeriGas Propane, L.P., a Delaware limited partnership, and any successors

thereto.

"OPERATING PARTNERSHIP AGREEMENT" means the Agreement of Limited Partnership of the Operating Partnership, as it may be amended, supplemented or restated from time to time.

"OPERATING SURPLUS," as to any Quarter ending before the Liquidation Date, means

(a) the sum of (i) $40 million plus all cash of the Partnership Group on hand as of the close of business on the Closing Date, (ii) all the cash receipts of the Partnership Group for the period beginning on the Closing Date and ending with the last day of such Quarter, other than cash receipts from Interim Capital Transactions and (iii) all cash receipts of the Partnership Group after the end of such period but on or before the date of determination of Operating Surplus with respect to such period resulting from working capital borrowings, less

(b) the sum of (i) Operating Expenditures for the period beginning on the Closing Date and ending with the last day of such Quarter, (ii) all distributions made pursuant to Sections 5.3 or 5.4 in respect of all prior Quarters, and (iii) the amount of cash reserves that is necessary or advisable in the reasonable discretion of the General Partner to provide funds for future Operating Expenditures.

"OPINION OF COUNSEL" means a written opinion of counsel (who may be regular counsel to AmeriGas, any Affiliate of AmeriGas, the Partnership or the General Partner) acceptable to the General Partner in its reasonable discretion.

"ORGANIZATIONAL LIMITED PARTNER" means Barton D. Whitman, in his capacity as the organizational limited partner of the Partnership pursuant to this Agreement.

"OUTSTANDING" means, with respect to Partnership Securities, all Partnership Securities that are issued by the Partnership and reflected as outstanding on the Partnership's books and records as of the date of determination; provided that, if at any time any Person or Group (other than AmeriGas and its Affiliates) owns beneficially 20% or more of all Common Units, such Common Units so owned shall not be voted on any matter and shall not be considered to be Outstanding when sending notices of a meeting of Limited Partners (unless otherwise required by law), calculating required votes, determining the presence of a quorum or for other similar purposes under this Agreement, except that such Common Units shall be considered to be Outstanding for purposes of Section 13.1(b)(iv) (such Common Units shall not, however, be treated as a separate class of Partnership Securities for purposes of this Agreement).

"OVERALLOTMENT OPTION" means the overallotment option granted to the Underwriters by the Partnership pursuant to the Underwriting Agreement.

"PARITY UNITS" means Common Units and all other Units having rights to distributions or in liquidation ranking on a parity with the Common Units.

"PARTNERS" means the General Partner and the Limited Partners.

"PARTNERSHIP" means AmeriGas Partners, L.P., a Delaware limited partnership, and any successors thereto.

"PARTNERSHIP GROUP" means the Partnership, the Operating Partnership and any partnership Subsidiary of either such entity, treated as a single consolidated partnership.

"PARTNERSHIP INTEREST" means an interest in the Partnership, which shall include general partner interests, Common Units, Subordinated Units or other Partnership Securities, or a combination thereof or interest therein, as the case may be.

"PARTNERSHIP SECURITY" means any class or series of Unit, any option, right, warrant or appreciation rights relating thereto, or any other type of equity interest that the Partnership may lawfully issue, or any unsecured or secured debt obligation of the Partnership that is convertible into any class or series of equity interests of the Partnership.

"PERCENTAGE INTEREST" means as of the date of such determination (a) as to the General Partner, 1%, (b) as to any

Limited Partner or Assignee holding Units, the product of (i) 99% less the percentage applicable to paragraph (c) multiplied by (ii) the quotient of the number of Units held by such Limited Partner or Assignee divided by the total number of all Outstanding Units, and (c) as to the holders of additional Partnership Securities issued by the Partnership in accordance with Section 4.3, the percentage established as a part of such issuance.

"PERSON" means an individual or a corporation, partnership, trust, unincorporated organization, association or other entity.

"PETROLANE" means Petrolane Incorporated, a California corporation.

"PRO RATA", when modifying Units or any class thereof, means apportioned equally among all designated Units, and when modifying Partners means 1% to the General Partner and 99% to the Unitholders Pro Rata.

"PURCHASE DATE" means the date determined by the General Partner as the date for purchase of all Outstanding Units (other than Units owned by the General Partner and its Affiliates) pursuant to Article XVII.

"QUARTER" means, unless the context requires otherwise, a three-month period of time ending on March 31, June 30, September 30, or December 31.

"RECORD DATE" means the date established by the General Partner for determining (a) the identity of the Record Holder entitled to notice of, or to vote at, any meeting of Limited Partners or entitled to vote by ballot or give approval of Partnership action in writing without a meeting or entitled to exercise rights in respect of any lawful action of Limited Partners or (b) the identity of Record Holders entitled to receive any report or distribution.

"RECORD HOLDER" means the Person in whose name a Unit is registered on the books of the Transfer Agent as of the opening of business on a particular Business Day, or with respect to a holder of a general partner interest, the Person in whose name such general partner interest is registered on the books of the General Partner as of the opening of business on such Business Day.

"REDEEMABLE UNITS" means any Units for which a redemption notice has been given, and has not been withdrawn, pursuant to Section 11.6.

"REGISTRATION STATEMENT" means the Registration Statement on Form S-1 (Registration No. 33-86028), as it has been or as it may be amended or supplemented from time to time, filed by the Partnership with the Commission under the Securities Act to register the offering and sale of the Common Units in the Initial Offering.

"RESTRICTED ACTIVITIES" means the retail sales of propane to end users in the continental United States in the manner engaged in by AmeriGas and Petrolane immediately prior to the Closing Date.

"SECOND TARGET DISTRIBUTION" has the meaning assigned to such term in Section 5.2.

"SECURITIES ACT" means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute.

"SPECIAL APPROVAL" means approval by the Audit Committee.

"SPECIAL PROPANE CORPORATION" means any corporation that is engaged in Restricted Activities, is not an S Corporation within the meaning of Section 1361 of the Code, and whose tax basis in its assets is in the aggregate substantially less than the fair market value of such assets.

"SUBORDINATED UNIT" means a Unit representing a fractional part of the Partnership Interests of all Limited Partners and Assignees and having the rights and obligations specified with respect to Subordinated Units in this Agreement.

"SUBORDINATION PERIOD" means the period commencing on the Closing Date and ending on the first to occur of the following dates:

(a) the first day of any Quarter beginning on or after April 1, 2000 in respect of which (i) distributions of Available Cash from Operating Surplus on each of the Common Units and Subordinated Units equaled or exceeded the Minimum Quarterly Distribution for each of the four consecutive non-overlapping four-Quarter periods immediately preceding such date, (ii) the Adjusted Operating Surplus generated during both (A) each of the two immediately preceding non-overlapping four-Quarter periods and (B) the immediately preceding sixteen-Quarter period equaled or exceeded the Minimum Quarterly Distribution on each of the Common Units and Subordinated Units during such periods, and (iii) there are no Arrearage Balances on the Common Units; and

(b) the date on which the General Partner is removed as general partner of the Partnership upon the requisite vote by Limited Partners under circumstances where Cause does not exist.

"SUBSIDIARY" means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned or controlled, directly or indirectly, by such Person, by one or more Subsidiaries of such Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such Person, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"SUBSTITUTED LIMITED PARTNER" means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 12.2 in place of and with all the rights of a Limited Partner and who is shown as a Limited Partner on the books and records of the Partnership.

"SURVIVING BUSINESS ENTITY" has the meaning assigned to such term in Section 16.2(b).

"THIRD TARGET DISTRIBUTION" has the meaning assigned to such term in Section 5.2.

"TRADING DAY" has the meaning assigned to such term in Section 17.1(a).

"TRANSFER" has the meaning assigned to such term in Section 11.1(a).

"TRANSFER AGENT" means such bank, trust company or other Person (including the General Partner or one of its Affiliates) as shall be appointed from time to time by the Partnership to act as registrar and transfer agent for the Units.

"TRANSFER APPLICATION" means an application and agreement for transfer of Units in the form set forth on the back of a Certificate or in a form substantially to the same effect in a separate instrument.

"UNDERWRITER" means each Person named as an underwriter in Schedule 1 to the Underwriting Agreement who purchases Common Units pursuant thereto.

"UNDERWRITING AGREEMENT" means the Underwriting Agreement dated April 12, 1995, among the Underwriters, the Partnership and other parties providing for the purchase of Common Units by such Underwriters.

"UNIT" means a Partnership Interest of a Limited Partner or Assignee in the Partnership representing a fractional part of the Partnership Interests of all Limited Partners and Assignees and shall include, without limitation, Common Units and Subordinated Units; provided, that each Common Unit at any time Outstanding shall represent the same fractional part of the Partnership Interests of all Limited Partners and Assignees holding Common Units as each other Common Unit and each Subordinated Unit at any time Outstanding shall represent the same fractional part of the Partnership Interests of all Limited Partners and Assignees holding Subordinated Units as each other Subordinated Unit.

"UNIT MAJORITY" means, during the Subordination Period, at least a majority of the Outstanding Units of each class and, thereafter, at least a majority of the Outstanding Units.

"WITHDRAWAL OPINION OF COUNSEL" has the meaning assigned to such term in Section 13.1(b).

ARTICLE III

PURPOSE

3.1 PURPOSE AND BUSINESS. The purpose and nature of the business to be conducted by the Partnership shall be to (a) serve as a limited partner in the Operating Partnership and, in connection therewith, to exercise all the rights and powers conferred upon the Partnership as a limited partner in the Operating Partnership pursuant to the Operating Partnership Agreement or otherwise, (b) engage directly in, or to enter into or form any corporation, partnership, joint venture, limited liability company or other arrangement to engage indirectly in, any business activity that the Operating Partnership is permitted to engage in by the Operating Partnership Agreement and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity, (c) engage directly in, or to enter into or form any corporation, partnership, joint venture, limited liability company or other arrangement to engage indirectly in, any business activity that is approved by the General Partner and which lawfully may be conducted by a limited partnership organized pursuant to the Delaware Act and, in connection therewith, to exercise all of the rights and powers conferred upon the Partnership pursuant to the agreements relating to such business activity, and (d) do anything necessary or appropriate to the foregoing, including the making of capital contributions or loans to the Operating Partnership. The General Partner has no obligation or duty to the Partnership, the Limited Partners, or the Assignees to propose or approve, and in its sole discretion may decline to propose or approve, the conduct by the Partnership of any business.

3.2 POWERS. The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described in Section 3.1 and for the protection and benefit of the Partnership.

ARTICLE IV

CONTRIBUTIONS AND UNITS

4.1 ORGANIZATION CONTRIBUTIONS AND RETURN. In connection with the formation of the Partnership under the Delaware Act, the General Partner made a Contribution to the Partnership in the amount of $10 for an interest in the Partnership and has been admitted as the general partner of the Partnership, and the Organizational Limited Partner made a Contribution to the Partnership in the amount of $990 for an interest in the Partnership and has been admitted as a limited partner of the Partnership. As of the Closing Date, after giving effect to the transactions contemplated by Sections 4.2 and 4.3, the interest of the Organizational Limited Partner shall be terminated; the Contributions of each partner shall be refunded; and the Organizational Limited Partner shall cease to be a Limited Partner of the Partnership. Ninety-nine percent of any interest or other profit that may have resulted from the investment or other use of such initial Contributions shall be allocated and distributed to the Organizational Limited Partner, and the balance thereof shall be allocated and distributed to the General Partner.

4.2 GENERAL PARTNER AND PETROLANE CONTRIBUTIONS. (a) On the Closing Date and pursuant to the Merger and Contribution Agreement, the General Partner shall contribute to the Partnership a limited partner interest in the Operating Partnership in exchange for (i) the continuation of its Partnership Interest as general partner in the Partnership, (ii) 2,922,235 Common Units, and (iii) 13,350,146 Subordinated Units. On the Closing Date and pursuant to the Conveyance and Contribution Agreement, Petrolane, or Petrolane and one of its Subsidiaries, shall contribute to the Partnership limited partner interests in the Operating Partnership in exchange for an aggregate of 1,407,911 Common Units and 6,432,000 Subordinated Units. The limited partner interests in the Operating Partnership contributed by the General Partner and Petrolane, together with the interest previously held by the Partnership, will represent a 98.9899% Percentage Interest (as defined in the Operating Partnership Agreement) in the Operating Partnership.

(b) Upon the making of any Contribution to the Partnership by any person, the General Partner shall be required to make an additional Contribution in an amount equal to 1/99th of the Net Agreed Value of the additional Contribution made by such Person.

4.3 CONTRIBUTIONS BY INITIAL LIMITED PARTNERS. On the Closing Date, subject to completion of the Contributions referred to in Section 4.2, each Underwriter shall contribute to the Partnership cash in an amount equal to the Issue Price per Common Unit, multiplied by the number of Common Units specified in the Underwriting Agreement to be purchased by such Underwriter at the "First Closing Date," as such term is defined in the Underwriting Agreement. In exchange for such Contributions by the Underwriters, the Partnership shall issue Common Units to each Underwriter on whose behalf such Contribution is made in an amount equal to the quotient obtained by dividing (i) the cash contribution to the Partnership by or on behalf of such Underwriter by (ii) the Issue Price per Common Unit.

4.4 ISSUANCES OF ADDITIONAL PARTNERSHIP SECURITIES. (a) Subject to Section 4.5, the General Partner is authorized to cause the Partnership to issue additional Partnership Securities for any Partnership purpose at any time and from time to time to such Persons for such consideration and on such terms and conditions as shall be established by the General Partner in its sole discretion, all without the approval of any Limited Partners.

(b) Each additional Partnership Security authorized to be issued by the Partnership pursuant to Section 4.4(a) may be issued in one or more classes, or one or more series of any such classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of Partnership Securities), as shall be fixed by the General Partner in the exercise of its sole discretion, including (i) the right to share Partnership profit and losses or items thereof; (ii) the right to share in Partnership distributions; (iii) the rights upon dissolution and liquidation of the Partnership; (iv) whether, and the terms and conditions upon which, the Partnership may redeem the Partnership Security; (v) whether such Partnership Security is issued with the privilege of conversion and, if so, the terms and conditions of such conversion; (vi) the terms and conditions upon which each Partnership Security will be issued, evidenced by certificates and assigned or transferred; and (vii) the right, if any, of each such Partnership Security to vote on Partnership matters, including matters relating to the relative rights, preferences and privileges of such Partnership Security.

(c) The General Partner is hereby authorized and directed to take all actions that it deems necessary or appropriate in connection with each issuance of Partnership Securities pursuant to Section 4.4 and to amend this Agreement in any

manner that it deems necessary or appropriate to provide for each such issuance, to admit Additional Limited Partners in connection therewith and to specify the relative rights, powers and duties of the holders of the Units or other Partnership Securities being so issued. The General Partner shall do all things necessary to comply with the Delaware Act and is authorized and directed to do all things it deems to be necessary or advisable in connection with any future issuance of Partnership Securities, including compliance with any statute, rule, regulation or guideline of any federal, state or other governmental agency or any National Securities Exchange on which the Units or other Partnership Securities are listed for trading.

4.5 LIMITATIONS ON ISSUANCE OF ADDITIONAL PARTNERSHIP SECURITIES. The issuance of Partnership Securities pursuant to Section 4.4 shall be subject to the following restrictions and limitations:

(a) During the Subordination Period, the Partnership shall not issue an aggregate of more than 9,400,000 additional Parity Units without the prior approval of holders of at least a majority of the Outstanding Common Units, except as provided in Sections 4.5(b) and (c). In applying this limitation, there shall be excluded Common Units issued in connection with (i) the exercise of the Overallotment Option, (ii) conversion of Subordinated Units pursuant to Section 4.6, and (iii) any employee benefit plan, employee program or employee practice maintained or sponsored by the Partnership or the General Partner or any of its Affiliates as provided in Section 6.4(c).

(b) The Partnership may also issue an unlimited number of Parity Units prior to the end of the Subordination Period and without the approval of the Unitholders if such issuance occurs (i) in connection with an Acquisition or a Capital Improvement or (ii) within 270 days of, and the net proceeds from such issuance are used to repay debt incurred in connection with, an Acquisition or a Capital Improvement, in each case where such Acquisition or Capital Improvement involves assets that, if acquired by the Partnership as of the date that is one year prior to the first day of the Quarter in which such Acquisition is to be consummated or such Capital Improvement is to be completed, would have resulted in an increase in

(i) the amount of Adjusted Operating Surplus generated by the Partnership on a per-Unit basis (for all Outstanding Units) with respect to each of the four most recently completed Quarters over

(ii) the actual amount of Adjusted Operating Surplus generated by the Partnership on a per-Unit basis (for all Outstanding Units) with respect to each of such four Quarters.

The amount in clause (i) shall be determined on a pro forma basis assuming that (A) all of the Parity Units to be issued in connection with or within 270 days of such Acquisition or Capital Addition and Improvement had been issued and outstanding, (B) all indebtedness for borrowed money to be incurred or assumed in connection with such Acquisition or Capital Improvement (other than any such indebtedness that is to be repaid with the proceeds of such offering) had been incurred or assumed, in each case as of the commencement of such four-Quarter period, (C) the personnel expenses that would have been incurred by the Partnership in the operation of the acquired assets are the personnel expenses for employees to be retained by the Partnership in the operation of the acquired assets, and (D) the non-personnel costs and expenses are computed on the same basis as those incurred by the Partnership in the operation of the Partnership's business at similarly situated Partnership facilities.

(c) The Partnership may also issue an unlimited number of Parity Units prior to the end of the Subordination Period and without the approval of the Unitholders if the use of proceeds from such issuance is exclusively to repay up to an aggregate of $150,000,000 of long-term indebtedness of the Partnership or the Operating Partnership, in each case only where the aggregate amount of distributions that would have been paid with respect to such newly issued Units and the related additional distributions that would have been made to the General Partner in respect of the four-Quarter period ending prior to the first day of the Quarter in which the issuance is to be consummated (assuming such Units had been outstanding throughout such period and that distributions equal to the distributions that were actually paid on the outstanding Units during the period were paid on such Units) did not exceed the interest costs actually incurred during such period on the indebtedness that is to be repaid (or, if such indebtedness was not outstanding throughout the entire period, would have been incurred had such indebtedness been outstanding for the entire period).

(d) During the Subordination Period, the Partnership shall not issue additional Partnership Securities having rights to distributions or in liquidation ranking prior or senior to the Common Units, without the prior approval of holders of at least a majority of the Outstanding Common Units.

(e) No fractional Units shall be issued by the Partnership.

4.6 CONVERSION OF SUBORDINATED UNITS. (a) A total of 4,945,537 Subordinated Units will convert into Common Units on the first day after the Record Date for distribution in respect of any Quarter ending on or after March 31, 1998, and an additional 4,945,537 Subordinated Units will convert into Common Units on the first day after the Record Date for distributions in respect of any Quarter ending on or after March 31, 1999, in respect of which

(i) for each of the three consecutive non-overlapping four-Quarter periods immediately preceding such date, distributions under Section 5.3 at least equal the sum of the Minimum Quarterly Distributions for each Quarter (as prorated for the actual length of the period from the Closing Date through March 30, 1996) on all Outstanding Common Units and Subordinated Units during such period;

(ii) the Adjusted Operating Surplus generated during the immediately preceding twelve-Quarter period at least equals the sum of the Minimum Quarterly Distributions for each Quarter (as prorated for the actual length of the period from the Closing Date through March 30, 1996) on all Outstanding Common Units and Subordinated Units during such period;

(iii) the Arrearages Balances on the Common Units are zero;

(iv) the General Partner makes a good faith estimate (in connection with which the General Partner shall be entitled to make such assumptions as in its sole discretion it believes are reasonable) that the Partnership will, with respect to the four-Quarter period commencing with such date, generate Adjusted Operating Surplus in an amount at least equal to the sum of the Minimum Quarterly Distributions on all Outstanding Common Units and Subordinated Units; and

(v) the General Partner shall obtain Special Approval that it has complied with the provisions of Section 4.6(a)(iv).

In the event less than all of the Outstanding Subordinated Units shall convert into Common Units pursuant to this Section 4.6(a) at a time when there shall be more than one holder of Subordinated Units, then, unless all of the holders of Subordinated Units shall agree to a different allocation, the Subordinated Units that are to be converted into Common Units shall be allocated among the holders of Subordinated Units pro rata in respect of the number of Subordinated Units held by each such holder.

(b) The remaining Subordinated Units shall convert into Common Units on the first day following the Record Date for distributions in respect of the final quarter of the Subordination Period.

(c) On the date a Subordination Unit is converted, it shall possess all the rights and obligations of Common Units. Prior to such time, a Subordinated Unit shall have all of the rights and obligations of a Common Unit, except with respect to the right to vote on or approve matters requiring the vote or approval of a percentage of the holders of Outstanding Common Units and the right to participate in distributions made with respect to Common Units.

4.7 LIMITED PREEMPTIVE RIGHTS. No Person shall have any preemptive, preferential or other similar right with respect to the issuance of any Partnership Security, whether unissued, held in the treasury or hereafter created, except that the General Partner shall have the right, which it may from time to time assign in whole or in part to any of its Affiliates, to purchase Partnership Securities from the Partnership whenever, and on the same terms that, the Partnership issues Partnership Securities to Persons other than the General Partner and its Affiliates, to the extent necessary to maintain the Percentage Interests of the General Partner and its Affiliates equal to that which existed immediately prior to the issuance of such Partnership Securities.

4.8 SPLITS AND COMBINATIONS. (a) Subject to Sections 4.8(d) and 5.8 (dealing with adjustments of distribution levels), the General Partner may make a pro rata distribution of Partnership Securities to all Record Holders or may effect a subdivision or combination of Partnership Securities so long as, after any such event, each Partner shall have the same Percentage Interest in the Partnership as before such event, and the Investment Balance, Arrearage Balance, Initial Unit Price and other amounts calculated on a per Unit basis are proportionately adjusted retroactive to the beginning of the Partnership.

(b) Whenever such a distribution, subdivision or combination of Partnership Securities is declared, the General Partner shall select a Record Date as of which the distribution, subdivision or combination shall be effective and shall send notice thereof at least 20 days prior to such Record Date to each Record Holder as of the date not less than 10 days prior to the date of such notice. The General Partner also may cause a firm of independent public accountants selected by it to calculate the number of Units to be held by each Record Holder after giving effect to such distribution, subdivision or combination. The General Partner shall be entitled to rely on any certificate provided by such firm as conclusive evidence of the accuracy of such calculation.

(c) Promptly following any such distribution, subdivision or combination, the General Partner may cause Certificates to be issued to the Record Holders of Units as of the applicable Record Date representing the new number of Units held by such Record Holders, or the General Partner may adopt such other procedures as it may deem appropriate to reflect such changes. If any such combination results in a smaller total number of Units Outstanding, the General Partner shall require, as a condition to the delivery to a Record Holder of such new Certificate, the surrender of any Certificate held by such Record Holder immediately prior to such Record Date.

(d) The Partnership shall not issue fractional Units upon any distribution, subdivision or combination of Units. If a distribution, subdivision or combination of Units would result in the issuance of fractional Units but for the provisions this Section 4.8(d), each fractional Unit shall be rounded to the nearest whole Unit (and a 0.5 Unit shall be rounded to the next higher Unit).

4.9 INTEREST AND WITHDRAWAL. No interest shall be paid by the Partnership on Contributions, and no Partner shall be entitled to withdraw any part of its Contributions or otherwise to receive any distribution from the Partnership, except as provided in Section 4.1 and Articles V, VII, XIII and XIV.

## ARTICLE V

## DISTRIBUTIONS

5.1 GENERAL PROVISIONS. The General Partner shall determine each date on which a distribution will be made, the Available Cash or other applicable amount to be distributed on such date, and the Record Holders for such distribution, subject to the following:

(a) Amount of Available Cash and Operating Surplus. The General Partner shall determine the amount of Available Cash and Operating Surplus with respect to each Quarter ending before the Liquidation Date within 45 days following the end of such Quarter. Such determination shall be made by reference to the books and records of the Partnership Group and, if made in good faith, shall be conclusive. Promptly following such determination, the amount distributable pursuant to Section 5.3, 5.4 or 5.5 hereof with respect to such prior Quarter shall be distributed to the Partners.

(b) Source of Distributions. All distributions for each Quarter prior to the Liquidation Date shall be deemed to be out of Operating Surplus until such surplus is reduced to zero. Available Cash in excess of Operating Surplus shall be distributed as provided in Section 5.5.

(c) Payments Other Than Distributions. Amounts payable as compensation or reimbursement to the General Partner, or amounts payable to any person other than in his capacity as a Partner, such as for goods or services, shall not be treated as distributions.

(d) Record Holder Identification. Any amount otherwise distributable to a Record Holder may be withheld without interest until ten days after such Record Holder has provided the Partnership with his taxpayer identification number (and if such Record Holder is a nominee holding for the account of another Person, the taxpayer identification number of such other Person).

(e) Gross Income Limitation. Distributions for a Quarter shall be made other than to the Partners Pro Rata only if and to the extent that the Partnership has gross income for such Quarter equal to the amount that is not being distributed to the Partners Pro Rata. Any amount not distributed for a Quarter because of the foregoing limitation shall be distributed in the next succeeding Quarter(s) in which gross income exceeds non-Pro Rata distributions.

(f) Entity-Level Tax Payments. The General Partner is authorized to take any action it determines in its sole discretion to be necessary or appropriate to cause the Partnership to comply with any withholding requirements established under the Code or any other law. Whether or not pursuant to any withholding requirement, if the Partnership is required or elects to pay any tax on behalf of the General Partner, current Unitholder, or former Unitholder that is attributable to the Partnership, the General Partner is authorized to pay such taxes from Partnership funds. To the extent feasible, each such payment shall be treated as a distribution pursuant to Article V in respect of the person on whose behalf the payment was made. If the payment is made on behalf of a person whose identity cannot be determined, the General Partner is authorized to treat the payment as a distribution to current Unitholders of the same class as the obligor, or if the class is not known, to all Unitholders. Alternatively, the General Partner may elect to treat an amount paid on behalf of the General Partner and Unitholders as an expenditure of the Partnership if the amount paid on behalf of the General Partner is not substantially greater per Percentage Interest than that paid on behalf of Unitholders.

5.2 DISTRIBUTION LEVELS. Subject to the adjustments provided in Section 5.8, each defined distribution level ("Distribution Level") for a Quarter means the following:

(a) Minimum Quarterly Distribution means $.550 per Unit.

(b) First Target Distribution means $.055 per Unit.

(c) Second Target Distribution means $.091 per Unit.

(d) Third Target Distribution means $.208 per Unit.

5.3 OPERATING DISTRIBUTIONS DURING SUBORDINATION PERIOD. Subject to Section 5.1, for each Quarter during the Subordination Period and prior to the Liquidation Date, Available Cash not in excess of Operating Surplus shall be distributed in the following priorities:

(a) first, 1% to the General Partner and 99% in respect of Common Units Pro Rata until the amount distributed per Common Unit equals the Minimum Quarterly Distribution;

(b) then, 1% to the General Partner and 99% in respect of Common Units Pro Rata until the amount distributed for each Common Unit equals its Arrearage Balance as of the end of such Quarter;

(c) then, 1% to the General Partner and 99% in respect of Subordinated Units until the amount distributed per Subordinated Unit equals the Minimum Quarterly Distribution; and

(d) thereafter, in the percentages, priorities and amounts provided in Sections 5.4(b) through (e).

5.4 OPERATING DISTRIBUTIONS AFTER SUBORDINATION PERIOD. Subject to Section 5.1, for each Quarter after the Subordination Period and before the Liquidation Date, Available Cash not in excess of Operating Surplus shall be distributed in the following priorities:

(a) first, 1% to the General Partner and 99% in respect of all Units Pro Rata until the amount distributed per Unit equals the Minimum Quarterly Distribution;

(b) then, 1% to the General Partner and 99% in respect of all Units Pro Rata until the amount distributed per Unit pursuant to this Section 5.4(b) equals the First Target Distribution;

(c) then, 14.1327% to the General Partner and 85.8673% in respect of all Units Pro Rata until the amount distributed per Unit pursuant to this Section 5.4(c) equals the Second Target Distribution;

(d) then, 24.2347% to the General Partner and 75.7653% in respect of all Units Pro Rata until the amount distributed per Unit pursuant to this Section 5.4(d) equals the Third Target Distribution; and

(e) then, 49.4898% to the General Partner and 50.5102% in respect of all Units Pro Rata.

5.5 CAPITAL DISTRIBUTIONS. Available Cash in excess of Operating Surplus as of the end of a Quarter ending prior to the Liquidation Date ("Capital Surplus") shall be distributed to the Partners Pro Rata until the aggregate amount distributed under this Section 5.5 with respect to an Initial Common Unit equals the Initial Unit Price. Thereafter, all Available Cash shall be distributed pursuant to Sections 5.3 and 5.4, as applicable.

5.6 LIQUIDATING DISTRIBUTIONS DURING SUBORDINATION PERIOD. If the Liquidation Date occurs before the end of the Subordination Period, the amounts available for distribution pursuant to Section 14.4(c) shall be distributed after the Liquidation Date in the following priorities:

(a) first, 1% to the General Partner and 99% in respect of Common Units Pro Rata until the amounts distributed for all Quarters after the Liquidation Date in respect of each Common Unit equals

(i) the sum of its Investment Balance, Arrearage Balance, and Minimum Quarterly Distribution for the current Quarter, or, if less,

(ii) the sum of (A) the amount that would be distributable in respect of a Common Unit if 99% of all distributions were made in respect of all Units Pro Rata, plus (B) the amount that would be allocable to a Common Unit if 99% of the Net Liquidation Gain were allocated to all Common Units Pro Rata;

(b) then, 1% to the General Partner and 99% in respect of Subordinated Units Pro Rata until the amounts distributed in respect of each Subordinated Unit equals the amount distributed to each Common Unit under Section 5.6(a) to the extent of the Common Unit's Investment Balance and the Minimum Quarterly Distribution for such Quarter; and

(c) thereafter, in the percentages, priorities and amounts provided in Sections 5.7(c) through (f).

5.7 LIQUIDATING DISTRIBUTIONS AFTER SUBORDINATION PERIOD. If the Liquidation Date occurs after the Subordination Period, the amounts available for distribution pursuant to Section 14.4(c) shall be distributed after the Liquidation Date in the following priorities:

(a) first, 1% to the General Partner and 99% in respect of all Units Pro Rata until the amounts distributed in respect of each Common Unit equals its Investment Balance;

(b) then, 1% to the General Partner and 99% in respect of all Units Pro Rata until the aggregate amount distributed in respect of all Units outstanding on the Liquidation Date equals the sum of the Minimum Quarterly Distribution for each Quarter that each such Unit has been outstanding, less the amounts previously distributed pursuant to Section 5.3(a) or (b) or Section 5.4(a) (Minimum Quarterly Distributions and Arrearage Balances) or this Section 5.7(b) in respect of all such Units for all such Quarters;

(c) then, 1% to the General Partner and 99% in respect of all Units Pro Rata until the aggregate amount distributed in respect of all Units outstanding on the Liquidation Date equals the sum of the First Target Distribution for each Quarter that each such Unit has been outstanding, less the amounts previously distributed pursuant to Section 5.4(b) (First Target Distributions) or this Section 5.7(c) in respect of all such Units for all such Quarters;

(d) then, 14.1327% to the General Partner and 85.8673% in respect of all Units Pro Rata until the aggregate amount distributed in respect of all Units outstanding on the Liquidation Date equals the sum of the Second Target Distribution for each Quarter that each such Unit has been outstanding, less the amounts previously distributed pursuant to Section 5.4(c) (Second Target Distributions) or this Section 5.7(d) in respect of all such Units for all such Quarters;

(e) then, 24.2347% to the General Partner and 75.7653% in respect of all Units Pro Rata until the aggregate amount distributed in respect of all Units outstanding on the Liquidation Date equals the sum of the Third Target Distribution for each Quarter that each such Unit has been outstanding, less the amounts previously distributed pursuant to Section 5.4(d) (Third Target Distributions) or this Section 5.7(e) in respect of all such Units for all such Quarters; and

(f) then, 49.4898% to the General Partner and 50.5102% in respect of all Units Pro Rata.

5.8 ADJUSTMENTS TO DISTRIBUTION LEVELS.

(a) First Quarter Proration. For the period commencing on the Closing Date and ending on June 30, 1995, the stated amount for each Distribution Level shall be multiplied by a fraction whose numerator is the number of days in such period and whose denominator is 90.

(b) Capital Distribution Adjustment. Upon a distribution under Section 5.5, each Distribution Level shall be multiplied by a fraction whose numerator is the Investment Balance of the Common Units immediately after giving effect to such distribution and whose denominator is such Investment Balance immediately before giving effect to such distribution. Each reduction shall apply to the Quarter following the Quarter in which the distribution is made and to each Quarter thereafter until further adjusted, but shall not reduce the level applicable to any prior Quarter.

(c) Splits and Combinations. Upon any distribution, split or combination of Units provided under Section 4.8, each Distribution Level shall be proportionately adjusted retroactive to the beginning of the Partnership.

(d) Entity Level Taxation. If any federal, state or local income tax is at any time imposed on the Partnership as a result of the enactment of legislation or a modification in the interpretation by the relevant governmental authority of existing language, then, beginning with the Quarter for which such tax is first imposed, each Distribution Level will be multiplied by a percentage equal to one minus the sum of (i) the maximum marginal federal income tax rate to which the Partnership is subject as an entity plus (ii) any increase in the effective overall state and local income tax rate to which the Partnership is subject as a result of the new imposition of the entity level tax (after taking into account the benefit of any deduction allowable for federal income tax purposes with respect to the payment of state and local income taxes).

## ARTICLE VI

## MANAGEMENT AND OPERATION OF BUSINESS

6.1 MANAGEMENT. (a) The General Partner shall conduct, direct and manage all activities of the Partnership. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and no Limited Partner or Assignee shall have any management power over the business and affairs of the Partnership. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or which are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to Section 6.3, shall have full power and authority to do all things and on such terms as it, in its sole discretion, may deem necessary or appropriate to conduct the business of the Partnership, to exercise all powers set forth in Section 3.2 and to effectuate the purposes set forth in Section 3.1, including the following:

(i) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness and the incurring of any other obligations;

(ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(iii) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Partnership or the merger or other combination of the Partnership with or into another Person;

(iv) the use of the assets of the Partnership (including cash on hand) for any purpose consistent with the terms of this Agreement, including the financing of the conduct of the operations of the Partnership or the Operating Partnership, the lending of funds to other Persons (including the Operating Partnership, the General Partner and its Affiliates), the repayment of obligations of the Partnership and the Operating Partnership and the making of capital contributions to the Operating Partnership;

(v) the negotiation, execution and performance of any contracts, conveyances or other instruments (including instruments that limit the liability of the Partnership under contractual arrangements to all or particular assets of the Partnership, with the other party to the contract to have no recourse against the General Partner or its assets other than its interest in the Partnership, even if same results in the terms of the transaction being less favorable to the Partnership than would otherwise be the case);

(vi) the distribution of Partnership cash;

(vii) the selection and dismissal of employees (including employees having titles such as "president," "vice president," "secretary" and "treasurer") and agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring;

(viii) the maintenance of such insurance for the benefit of the Partnership Group and the Partners as it deems necessary or appropriate;

(ix) the formation of, or acquisition of an interest in, and the contribution of property and the making of loans to, any further limited or general partnerships, joint ventures, corporations or other relationships (including the acquisition of interests in, and the contributions of property to, the Operating Partnership from time to time);

(x) the control of any matters affecting the rights and obligations of the Partnership, including the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation;

(xi) the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(xii) the entering into of listing agreements with The New York Stock Exchange, Inc. and any other National Securities Exchange and the delisting of some or all of the Units from, or requesting that trading be suspended on, any such exchange (subject to any prior approval that may be required under Section 1.6);

(xiii) the purchase, sale or other acquisition or disposition of Units; and

(xiv) the undertaking of any action in connection with the Partnership's participation in the Operating Partnership as the limited partner.

(b) Notwithstanding any other provision of this Agreement, the Operating Partnership Agreement, the Delaware Act or any applicable law, rule or regulation, each of the Partners and Assignees and each other Person who may acquire an interest in Units hereby (i) approves, ratifies and confirms the execution, delivery and performance by the parties thereto of the Operating Partnership Agreement, the Underwriting Agreement, the Conveyance and Contribution Agreement, the Merger and Contribution Agreement, the agreements and other documents filed as exhibits to the Registration Statement, and the other agreements described in or filed as a part of the Registration Statement; (ii) agrees that the General Partner (on its own or through any officer of the Partnership) is authorized to execute, deliver and perform the agreements referred to in clause (i) of this sentence and the other agreements, acts, transactions and matters described in or contemplated by the Registration Statement on behalf of the Partnership without any further act, approval or vote of the Partners or the Assignees or the other Persons who may acquire an interest in Units; and (iii) agrees that the execution, delivery or performance by the General Partner, any Group Member or any Affiliate of any of them, of this Agreement or any agreement authorized or permitted under this Agreement (including the exercise by the General Partner or any Affiliate of the General Partner of the rights accorded pursuant to Article XVII), shall not constitute a breach by the General Partner of any duty that the General Partner may owe the Partnership or the Limited Partners or the Assignees or any other Persons under this Agreement (or any other agreements) or of any duty stated or implied by law or equity.

6.2 CERTIFICATE OF LIMITED PARTNERSHIP. The General Partner has caused the Certificate of Limited Partnership to be filed with the Secretary of State of the State of Delaware as required by the Delaware Act and shall use all reasonable efforts to cause to be filed such other certificates or documents as may be determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability) in the State of

Delaware or any other state in which the Partnership may elect to do business or own property. To the extent that such action is determined by the General Partner in its sole discretion to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate of Limited Partnership and do all things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware or of any other state in which the Partnership may elect to do business or own property. Subject to the terms of Section 7.5(a), the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate of Limited Partnership, any qualification document or any amendment thereto to any Limited Partner or Assignee.

6.3 RESTRICTIONS ON GENERAL PARTNER'S AUTHORITY. (a) The General Partner may not, without written approval of the specific act by all of the Outstanding Units or by other written instrument executed and delivered by all of the Outstanding Units subsequent to the date of this Agreement, take any action in contravention of this Agreement, including, except as otherwise provided in this Agreement, (i) committing any act that would make it impossible to carry on the ordinary business of the Partnership; (ii) possessing Partnership property, or assigning any rights in specific Partnership property, for other than a Partnership purpose; (iii) admitting a Person as a Partner; (iv) amending this Agreement in any manner; or (v) transferring its interest as general partner of the Partnership.

(b) Except as provided in Articles XIV and XVI, the General Partner may not sell, exchange or otherwise dispose of all or substantially all of the Partnership's assets in a single transaction or a series of related transactions or approve on behalf of the Partnership the sale, exchange or other disposition of all or substantially all of the assets of the Operating Partnership, without the approval of holders of at least a Unit Majority; provided, however, that this provision shall not preclude or limit the General Partner's ability to mortgage, pledge, hypothecate or grant a security interest in all or substantially all of the Partnership's assets and shall not apply to any forced sale of any or all of the Partnership's assets pursuant to the foreclosure of, or other realization upon, any such encumbrance. Without the approval of holders of at least a Unit Majority, the General Partner shall not, on behalf of the Partnership, (i) consent to any amendment to the Operating Partnership Agreement or, except as expressly permitted by Section 6.9(d), take any action permitted to be taken by a partner of the Operating Partnership, in either case, that would have a material adverse effect on the Partnership as a partner of the Operating Partnership or (ii) except as permitted under Sections 11.2, 13.1 and 13.2, elect or cause the Partnership to elect a successor general partner of the Operating Partnership.

(c) At all times while serving as the general partner of the Partnership, the General Partner shall not make any dividend or distribution on, or repurchase any shares of, its stock or take any other action within its control if the effect of such action would cause its net worth, independent of its interest in the Partnership Group, to be less than $10 million.

6.4 REIMBURSEMENT OF THE GENERAL PARTNER. (a) Except as provided in this Section 6.4 and elsewhere in this Agreement or in the Operating Partnership Agreement, the General Partner shall not be compensated for its services as general partner of any Group Member.

(b) The General Partner shall be reimbursed on a monthly basis, or such other basis as the General Partner may determine in its sole discretion, for (i) all direct and indirect expenses it incurs or payments it makes on behalf of the Partnership (including salary, bonus, incentive compensation and other amounts paid to any Person to perform services for the Partnership or for the General Partner in the discharge of its duties to the Partnership), and (ii) all other necessary or appropriate expenses allocable to the Partnership or otherwise reasonably incurred by the General Partner in connection with operating the Partnership's business (including expenses allocated to the General Partner by its Affiliates). The General Partner shall determine the expenses that are allocable to the Partnership in any reasonable manner determined by the General Partner in its sole discretion. Reimbursements pursuant to this Section 6.4 shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 6.7.

(c) Subject to Section 4.5, the General Partner, in its sole discretion and without the approval of the Limited Partners (who shall have no right to vote in respect thereof), may propose and adopt on behalf of the Partnership employee benefit plans, employee programs and employee practices (including plans, programs and practices involving the issuance of Units), or issue Partnership Securities pursuant to any employee benefit plan, employee program or employee practice maintained or sponsored by the General Partner or any of its Affiliates, in each case for the benefit of employees of the General Partner, any Group Member or any Affiliate, or any of them, in respect of services performed, directly or indirectly, for the benefit of the Partnership Group. The Partnership agrees to issue and sell to the General Partner or any of its Affiliates any Units or other Partnership Securities that the General Partner or such

Affiliate is obligated to provide to any employees pursuant to any such employee benefit plans, employee programs or employee practices. Expenses incurred by the General Partner in connection with any such plans, programs and practices (including the net cost to the General Partner or such Affiliate of Units or other Partnership Securities purchased by the General Partner or such Affiliate from the Partnership to fulfill options or awards under such plans, programs and practices) shall be reimbursed in accordance with Section 6.4(b). Any and all obligations of the General Partner under any employee benefit plans, employee programs or employee practices adopted by the General Partner as permitted by this Section 6.4(c) shall constitute obligations of the General Partner hereunder and shall be assumed by any successor General Partner approved pursuant to Section 13.1 or 13.2 or the transferee of or successor to all of the General Partner's Partnership Interest as a general partner in the Partnership pursuant to Section 11.2.

6.5 OUTSIDE ACTIVITIES. (a) After the Closing Date, the General Partner, for so long as it is the general partner of the Partnership, shall not engage in any business or activity or incur any debts or liabilities except in connection with or incidental to (i) its performance as general partner of one or more Group Members or as described in or contemplated by the Registration Statement, (ii) the acquiring, owning or disposing of debt or equity securities in any Group Member, (iii) engaging in an activity permitted by Section 6.5(b), and (iv) permitting its employees to perform services for its Affiliates, including Affiliates engaging in an activity permitted by Section 6.5(b).

(b) The General Partner or any of its Affiliates may engage in an activity that is a Restricted Activity only if

(i) the General Partner determines, prior to commencing such activity, that it is inadvisable for the Partnership to engage in such activity either because (A) of the financial commitments associated with such activity or (B) such activity is not consistent with the Partnership's business strategy or cannot otherwise be integrated with the Partnership's operations on a beneficial basis, and such determination is approved by Special Approval;

(ii) such activity arises as a result of an acquisition utilizing primarily equity securities of a corporate Affiliate of the Partnership, and the aggregate consideration paid in connection with such acquisition and all other acquisitions of then-owned entities made pursuant to the exception provided by this Section 6.5(b)(ii) does not exceed $50 million; or

(iii) such activity arises as a result of an acquisition of stock of one or more Special Propane Corporations, and the aggregate total assets of all then-owned Special Propane Corporations acquired pursuant to the exception provided by this Section 6.5(b)(iii) and owned for more than 24 months does not exceed 10% of the total assets of the Partnership (in each case as such assets shall be determined in accordance with generally accepted accounting principles).

Subject to the restrictions of Section 6.5(c), the General Partner or its Affiliates may engage in the activity described in Section 6.5(b), either through the direct ownership of the assets of a business or indirectly through the ownership of equity interests in a business, may sell or otherwise transfer such assets or equity interests to any Group Member or any third person, and may retain all the profits derived from any of the foregoing.

(c) During the period the activity being undertaken pursuant to Section 6.5(b), is being carried on directly or indirectly by the General Partner or an Affiliate, the personnel engaged in such activity shall not (A) attempt to sell propane to persons to whom any Group Member is selling propane or (B) seek new customers in geographical areas in which any Group Member is engaged in the retail propane business and in which the business was not engaged at the time it was acquired by the General Partner or an Affiliate.

(d) Except as restricted by Sections 6.5(a), (b) or (c), each Indemnitee shall have the right to engage in businesses of every type and description and other activities for profit and to engage in and possess an interest in other business ventures of any and every type or description, whether in businesses engaged in or anticipated to be engaged in by any Group Member, independently or with others, including business interests and activities in direct competition with the business and activities of any Group Member, and none of the same shall constitute a breach of this Agreement or any duty to any Group Member or any Partner or Assignee. Neither any Group Member, any Limited Partner nor any other Person shall have any rights by virtue of this Agreement, the Operating Partnership Agreement or the partnership relationship established hereby or thereby in any business ventures of any Indemnitee.

(e) Notwithstanding anything to the contrary in this Agreement, (i) the engaging in competitive activities by any Indemnitees in accordance with the provisions of this Section 6.5 is hereby approved by the Partnership and all Partners and (ii) it shall be deemed not to be a breach of the General Partner's fiduciary duty or any other obligation of any type whatsoever of the General Partner for the Indemnitees to engage in such business interests and activities in preference

to or to the exclusion of the Partnership.

(f) The General Partner and any of its Affiliates may acquire Units or other Partnership Securities in addition to those acquired on the Closing Date and, except as otherwise provided in this Agreement, shall be entitled to exercise all rights of an Assignee or Limited Partner, as applicable, relating to such Units or Partnership Securities.

(g) The term "Affiliates" when used in Section 6.5(b) or (c) with respect to the General Partner shall not include any Group Member or any Subsidiary of the Group Member.

6.6 LOANS TO AND FROM THE GENERAL PARTNER; CONTRACTS WITH AFFILIATES. (a) The General Partner or any Affiliate thereof may lend to any Group Member, and any Group Member may borrow, funds needed or desired by the Group Member for such periods of time as the General Partner may determine, and the General Partner or any Affiliate thereof may borrow from any Group Member, and any Group Member may lend to the General Partner or such Affiliate, excess funds of the Group Member for such periods of time and in such amounts as the General Partner may determine; provided, however, that in either such case the lending party may not charge the borrowing party interest at a rate greater than the rate that would be charged the borrowing party (without reference to the lending party's financial abilities or guarantees), by the unrelated lenders on comparable loans. The borrowing party shall reimburse the lending party for any costs (other than any additional interest costs) incurred by the lending party in connection with the borrowing of such funds. For purposes of this Section 6.6(a) and Section 6.6(b), the term "Group Member" shall include any Affiliate of the Group Member that is controlled by the Group Member.

(b) The Partnership may lend or contribute to any Group Member, and any Group Member may borrow, funds on terms and conditions established in the sole discretion of the General Partner; provided, however, that the Partnership may not charge the Group Member interest at a rate greater than the rate that would be charged to the Group Member (without reference to the General Partner's financial abilities or guarantees), by unrelated lenders on comparable loans. The foregoing authority shall be exercised by the General Partner in its sole discretion and shall not create any right or benefit in favor of any Group Member or any other Person.

(c) The General Partner may itself, or may enter into an agreement with any of its Affiliates to, render services to the Partnership or to the General Partner in the discharge of its duties as general partner of the Partnership. Any services rendered to the Partnership by the General Partner or any of its Affiliates shall be on terms that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 6.6(c) shall be deemed satisfied as to (i) any transaction approved by Special Approval, (ii) any transaction, the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties or (iii) any transaction that, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership), is equitable to the Partnership. The provisions of Section 6.4 shall apply to the rendering of services described in this Section 6.6(c).

(d) The Partnership may transfer assets to joint ventures, other partnerships, corporations, limited liability companies or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions as are consistent with this Agreement and applicable law.

(e) Neither the General Partner nor any of its Affiliates shall sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, except pursuant to transactions that are fair and reasonable to the Partnership; provided, however, that the requirements of this Section 6.6(e) shall be deemed to be satisfied as to (i) the transactions effected pursuant to Sections 4.1, 4.2 and 4.3, the Conveyance and Contribution Agreement, the Merger and Contribution Agreement and any other transactions described in or contemplated by the Registration Statement, (ii) any transaction approved by Special Approval, (iii) any transaction, the terms of which are no less favorable to the Partnership than those generally being provided to or available from unrelated third parties, or (iv) any transaction that, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership), is equitable to the Partnership. With respect to any contribution of assets to the Partnership in exchange for Units, the Audit Committee, in determining whether the appropriate number of Units are being issued, should take into account, among other things, the fair market value of the assets, the liquidated and contingent liabilities assumed, the tax basis in the assets, the extent to which tax-only allocations to the transferor will protect the existing partners of the Partnership against a low tax basis, and such other factors as the Audit Committee deems relevant under the circumstances.

(f) The General Partner and its Affiliates will have no obligation to permit any Group Member to use any facilities or assets of the General Partner and its Affiliates, except as may be provided in contracts entered into from time to time specifically dealing with such use and except as set forth in the Registration Statement with respect to the "FAST" propane purchase optimization and fuel accounting system, nor shall there be any obligation on the part of the General Partner or its Affiliates to enter into such contracts.

(g) Without limitation of Sections 6.6(a) through 6.6(f), and notwithstanding anything to the contrary in this Agreement, the existence of the conflicts of interest described in the Registration Statement are hereby approved by all Partners.

6.7 INDEMNIFICATION. (a) To the fullest extent permitted by law but subject to the limitations expressly provided in this Agreement, all Indemnitees shall be indemnified and held harmless by the Partnership from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, by reason of its status as an Indemnitee, provided, that in each case the Indemnitee acted in good faith and in a manner that such Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Partnership and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful; provided, further, no indemnification pursuant to this Section 6.7 shall be available to the General Partner with respect to its obligations incurred pursuant to the Underwriting Agreement or the Merger and Contribution Agreement (other than obligations incurred by the General Partner on behalf of the Partnership or the Operating Partnership), or to Petrolane with respect to its obligations incurred pursuant to the Conveyance and Contribution Agreement. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that the Indemnitee acted in a manner contrary to that specified above. Any indemnification pursuant to this Section 6.7 shall be made only out of the assets of the Partnership, it being agreed that the General Partner shall not be personally liable for such indemnification and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate such indemnification.

(b) To the fullest extent permitted by law, expenses (including legal fees and expenses) incurred by an Indemnitee who is indemnified pursuant to Section 6.7(a) in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Partnership prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Partnership of any undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 6.7.

(c) The indemnification provided by this Section 6.7 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the holders of Outstanding Units, as a matter of law or otherwise, both as to actions in the Indemnitee's capacity as an Indemnitee and as to actions in any other capacity (including any capacity under the Underwriting Agreement), and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.

(d) The Partnership may purchase and maintain (or reimburse the General Partner or its Affiliates for the cost of) insurance, on behalf of the General Partner and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expense that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 6.7, the Partnership shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by it of its duties to the Partnership also imposes duties on, or otherwise involves services by, it to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 6.7(a); and action taken or omitted by it with respect to any employee benefit plan in the performance of its duties for a purpose reasonably believed by it to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is in, or not opposed to, the best interests of the Partnership.

(f) In no event may an Indemnitee subject the Limited Partners to personal liability by reason of the indemnification provisions set forth in this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 6.7 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 6.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 6.7 or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitee to be indemnified by the Partnership, nor the obligations of the Partnership to indemnify any such Indemnitee under and in accordance with the provisions of this Section 6.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

6.8 LIABILITY OF INDEMNITEES. (a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable for monetary damages to the Partnership, the Limited Partners, the Assignees or any other Persons who have acquired interests in the Units, for losses sustained or liabilities incurred as a result of any act or omission if such Indemnitee acted in good faith.

(b) Subject to its obligations and duties as General Partner set forth in Section 6.1(a), the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its agents, and the General Partner shall not be responsible for any misconduct or negligence on the part of any such agent appointed by the General Partner in good faith.

(c) Any amendment, modification or repeal of this Section 6.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability to the Partnership and the Limited Partners of the General Partner, its directors, officers and employees and any other Indemnitees under this Section 6.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

6.9 RESOLUTION OF CONFLICTS OF INTEREST. (a) Unless otherwise expressly provided in this Agreement or the Operating Partnership Agreement, whenever a potential conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership, the Operating Partnership, any Partner or any Assignee, on the other, any resolution or course of action in respect of such conflict of interest shall be permitted and deemed approved by all Partners, and shall not constitute a breach of this Agreement, of the Operating Partnership Agreement, of any agreement contemplated herein or therein, or of any duty stated or implied by law or equity, if the resolution or course of action is, or by operation of this Agreement is deemed to be, fair and reasonable to the Partnership. The General Partner shall resolve such conflict and be authorized but not required in connection with its resolution of such conflict of interest to seek Special Approval of a resolution of such conflict or course of action. Any conflict of interest and any resolution of such conflict of interest shall be conclusively deemed fair and reasonable to the Partnership if such conflict of interest or resolution is (i) approved by Special Approval, (ii) on terms no less favorable to the Partnership than those generally being provided to or available from unrelated third parties or (iii) fair to the Partnership, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favorable or advantageous to the Partnership). The General Partner may also adopt a resolution or course of action that has not received Special Approval. The General Partner (including the Audit Committee in connection with Special Approval) shall be authorized in connection with its determination of what is “fair and reasonable” to the Partnership and in connection with its resolution of any conflict of interest to consider (A) the relative interests of any party to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interest; (B) any customary or accepted industry practices and any customary or historical dealings with a particular Person; (C) any applicable generally accepted accounting or engineering practices or principles; and (D) such additional factors as the General Partner (including the Audit Committee) determines in its sole discretion to be relevant, reasonable or appropriate under the circumstances. Nothing contained in this Agreement, however, is intended to nor shall it be construed to require the General Partner (including the Audit Committee) to consider the interests of

any Person other than the Partnership. In the absence of bad faith by the General Partner, the resolution, action or terms so made, taken or provided by the General Partner with respect to such matter shall not constitute a breach of this Agreement or any other agreement contemplated herein or a breach of any standard of care or duty imposed herein or therein or, to the extent permitted by law, under the Delaware Act or any other law, rule or regulation.

(b) Whenever this Agreement or any other agreement contemplated hereby provides that the General Partner or any of its Affiliates is permitted or required to make a decision (i) in its "sole discretion" or "discretion," that it deems "necessary or appropriate" or "necessary or advisable" or under a grant of similar authority or latitude, the General Partner or such Affiliate shall be entitled to consider only such interests and factors as it desires and shall have no duty or obligation to give any consideration to any interest of, or factors affecting, the Partnership, the Operating Partnership, any Limited Partner or any Assignee, (ii) it may make such decision in its sole discretion (regardless of whether there is a reference to "sole discretion" or "discretion") unless another express standard is provided for, or (iii) in "good faith" or under another express standard, the General Partner or such Affiliate shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement, the Operating Partnership Agreement, any other agreement contemplated hereby or under the Delaware Act or any other law, rule or regulation. In addition, any actions taken by the General Partner or such Affiliate consistent with the standards of "reasonable discretion" set forth in the definitions of Available Cash or Operating Surplus shall not constitute a breach of any duty of the General Partner to the Partnership or the Limited Partners. The General Partner shall have no duty, express or implied, to sell or otherwise dispose of any asset of the Partnership Group, other than in the ordinary course of business. No borrowing by any Group Member or the approval thereof by the General Partner shall be deemed to constitute a breach of any duty of the General Partner to the Partnership or the Limited Partners by reason of the fact that the purpose or effect of such borrowing is directly or indirectly to (A) enable distributions in respect of the general partner interest to exceed 1% of the total amount distributed or (B) hasten the expiration of the Subordination Period or the conversion of any Subordinated Units into Common Units.

(c) Whenever a particular transaction, arrangement or resolution of a conflict of interest is required under this Agreement to be "fair and reasonable" to any Person, the fair and reasonable nature of such transaction, arrangement or resolution shall be considered in the context of all similar or related transactions.

(d) The Limited Partners hereby authorize the General Partner, on behalf of the Partnership as a partner of a Group Member, to approve of actions by the general partner of such Group Member similar to those actions permitted to be taken by the General Partner pursuant to this Section 6.9.

6.10 OTHER MATTERS CONCERNING THE GENERAL PARTNER. (a) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion (including an Opinion of Counsel) of such Persons as to matters that the General Partner reasonably believes to be within such Person's professional or expert competence shall be conclusively presumed to have been done or omitted in good faith and in accordance with such opinion.

(c) The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any of its duly authorized officers, a duly appointed attorney or attorneys-in-fact or the duly authorized officers of the Partnership.

(d) Any standard of care and duty imposed by this Agreement or under the Delaware Act or any applicable law, rule or regulation shall be modified, waived or limited, to the extent permitted by law, as required to permit the General Partner to act under this Agreement or any other agreement contemplated by this Agreement and to make any decision pursuant to the authority prescribed in this Agreement, so long as such action is reasonably believed by the General Partner to be in, or not inconsistent with, the best interests of the Partnership.

6.11 TITLE TO PARTNERSHIP ASSETS. Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner or Assignee, individually or collectively, shall have any ownership interest in such Partnership assets or any portion thereof. Title to

any or all of the Partnership assets may be held in the name of the Partnership, the General Partner, one or more of its Affiliates or one or more nominees, as the General Partner may determine. The General Partner hereby declares and warrants that any Partnership assets for which record title is held in the name of the General Partner or one or more of its Affiliates or one or more nominees shall be held by the General Partner or such Affiliate or nominee for the use and benefit of the Partnership in accordance with the provisions of this Agreement; provided, however, that the General Partner shall use its reasonable efforts to cause record title to such assets (other than those assets in respect of which the General Partner determines that the expense and difficulty of conveyancing makes transfer of record title to the Partnership impracticable) to be vested in the Partnership as soon as reasonably practicable; provided that, prior to the withdrawal or removal of the General Partner or as soon thereafter as practicable, the General Partner shall use reasonable efforts to effect the transfer of record title to the Partnership and, prior to any such transfer, will provide for the use of such assets in a manner satisfactory to the Partnership. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which record title to such Partnership assets is held. The General Partner covenants and agrees that at the Closing Date, the Partnership Group shall have all licenses, permits, certificates, franchises, or other governmental authorizations or permits necessary for the ownership of their properties or for the conduct of their businesses, except for such licenses, permits, certificates, franchises, or other governmental authorizations or permits, failure to have obtained which will not, individually or in the aggregate, have a material adverse effect on the Partnership Group.

6.12 PURCHASE OR SALE OF UNITS. The General Partner may cause the Partnership to purchase or otherwise acquire Units; provided that, except as permitted pursuant to Section 11.6, the General Partner may not cause the Partnership to purchase Subordinated Units during the Subordination Period. As long as Units are held by any Group Member, such Units shall not be considered Outstanding for any purpose, except as otherwise provided herein. The General Partner or any Affiliate of the General Partner may also purchase or otherwise acquire and sell or otherwise dispose of Units for its own account, subject to the provisions of Articles XI and XII.

6.13 REGISTRATION RIGHTS OF AMERIGAS AND ITS AFFILIATES. (a) If (i) AmeriGas or any Affiliate of AmeriGas (including for purposes of this Section 6.13, any Person that is an Affiliate of AmeriGas at the date hereof notwithstanding that it may later cease to be an Affiliate of AmeriGas) holds Units or other Partnership Securities that it desires to sell and (ii) Rule 144 of the Securities Act (or any successor rule or regulation to Rule 144) or another exemption from registration is not available to enable such holder of Units (the "HOLDER") to dispose of the number of Units or other securities it desires to sell at the time it desires to do so without registration under the Securities Act, then upon the request of AmeriGas or any of its Affiliates, the Partnership shall file with the Commission as promptly as practicable after receiving such request, and use all reasonable efforts to cause to become effective and remain effective for a period of not less than six months following its effective date or such shorter period as shall terminate when all Units or other Partnership Securities covered by such registration statement have been sold, a registration statement under the Securities Act registering the offering and sale of the number of Units or other securities specified by the Holder; provided, however, that the Partnership shall not be required to effect more than three registrations pursuant to this Section 6.13(a); and provided further, however, that if the Audit Committee determines in its good faith judgment that a postponement of the requested registration for up to six months would be in the best interests of the Partnership and its Partners due to a pending transaction, investigation or other event, the filing of such registration statement or the effectiveness thereof may be deferred for up to six months, but not thereafter. In connection with any registration pursuant to the immediately preceding sentence, the Partnership shall promptly prepare and file (x) such documents as may be necessary to register or qualify the securities subject to such registration under the securities laws of such states as the Holder shall reasonably request; provided, however, that no such qualification shall be required in any jurisdiction where, as a result thereof, the Partnership would become subject to general service of process or to taxation or qualification to do business as a foreign corporation or partnership doing business in such jurisdiction, and (y) such documents as may be necessary to apply for listing or to list the securities subject to such registration on such National Securities Exchange as the Holder shall reasonably request, and do any and all other acts and things that may reasonably be necessary or advisable to enable the Holder to consummate a public sale of such Units in such states. Except as set forth in Section 6.13(c), all costs and expenses of any such registration and offering (other than the underwriting discounts and commissions) shall be paid by the Partnership, without reimbursement by the Holder.

(b) If the Partnership shall at any time propose to file a registration statement under the Securities Act for an offering of equity securities of the Partnership for cash (other than an offering relating solely to an employee benefit plan), the Partnership shall use all reasonable efforts to include such number or amount of securities held by the Holder in such registration statement as the Holder shall request. If the proposed offering pursuant to this Section 6.13(b) shall be an underwritten offering, then, in the event that the managing underwriter of such offering advises the Partnership

and the Holder in writing that in its opinion the inclusion of all or some of the Holder's securities would adversely and materially affect the success of the offering, the Partnership shall include in such offering only that number or amount, if any, of securities held by the Holder which, in the opinion of the managing underwriter, will not so adversely and materially affect the offering. Except as set forth in Section 6.13(c), all costs and expenses of any such registration and offering (other than the underwriting discounts and commissions) shall be paid by the Partnership, without reimbursement by the Holder.

(c) If underwriters are engaged in connection with any registration referred to in this Section 6.13, the Partnership shall provide indemnification, representations, covenants, opinions and other assurance to the underwriters in form and substance reasonably satisfactory to such underwriters. Further, in addition to and not in limitation of the Partnership's obligation under Section 6.7, the Partnership shall, to the fullest extent permitted by law, indemnify and hold harmless the Holder, its officers, directors and each Person who controls the Holder (within the meaning of the Securities Act) and any agent thereof (collectively, "INDEMNIFIED PERSONS") against any losses, claims, demands, actions, causes of action, assessments, damages, liabilities (joint or several), costs and expenses (including interest, penalties and reasonable attorneys' fees and disbursements), resulting to, imposed upon, or incurred by the Indemnified Persons, directly or indirectly, under the Securities Act or otherwise (hereinafter referred to in this Section 6.13(c) as a "CLAIM" and in the plural as "CLAIMS"), based upon, arising out of, or resulting from any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which any Units were registered under the Securities Act or any state securities or Blue Sky laws, in any preliminary prospectus (if used prior to the effective date of such registration statement), or in any summary or final prospectus or in any amendment or supplement thereto (if used during the period the Partnership is required to keep the registration statement current), or arising out of, based upon or resulting from the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements made therein not misleading; provided, however, that the Partnership shall not be liable to any Indemnified Person to the extent that any such claim arises out of, is based upon or results from an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, such preliminary, summary or final prospectus or such amendment or supplement, in reliance upon and in conformity with written information furnished to the Partnership by or on behalf of such Indemnified Person specifically for use in the preparation thereof.

(d) The provisions of Section 6.13(a) and 6.13(b) shall continue to be applicable with respect to AmeriGas (and any of AmeriGas' Affiliates) after it ceases to be a Partner of the Partnership, during a period of two years subsequent to the effective date of such cessation and for so long thereafter as is required for the Holder to sell all of the Units or other securities of the Partnership with respect to which it has requested during such two-year period that a registration statement be filed; provided, however, that the Partnership shall not be required to file successive registration statements covering the same securities for which registration was demanded during such two-year period. The provisions of Section 6.13(c) shall continue in effect thereafter.

(e) Any request to register Partnership Securities pursuant to this Section 6.13 shall (i) specify the Partnership Securities intended to be offered and sold by the Person making the request, (ii) express such Person's present intent to offer such shares for distribution, (iii) describe the nature or method of the proposed offer and sale of Partnership Securities, and (iv) contain the undertaking of such Person to provide all such information and materials and take all action as may be required in order to permit the Partnership to comply with all applicable requirements in connection with the registration of such Partnership Securities.

6.14 RELIANCE BY THIRD PARTIES. Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner and any officer of the Partnership authorized by the General Partner to act on behalf and in the name of the Partnership has full power and authority to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner or any such officer as if it were the Partnership's sole party in interest, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies that may be available against such Person to contest, negate or disaffirm any action of the General Partner or any such officer in connection with any such dealing. In no event shall any Person dealing with the General Partner or any such officer or its representatives be obligated to ascertain that the terms of the Agreement have been complied with or to inquire into the necessity or expedience of any act or action of the General Partner or any such officer or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or any such officer or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (a) at the time of the execution and delivery of such

certificate, document or instrument, this Agreement was in full force and effect, (b) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (c) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

## ARTICLE VII

## RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

7.1 LIMITATION OF LIABILITY. The Limited Partners, the Organizational Limited Partner and the Assignees shall have no liability under this Agreement except as expressly provided in this Agreement or the Delaware Act.

7.2 MANAGEMENT OF BUSINESS. No Limited Partner or Assignee (other than the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner or any of its Affiliates, in its capacity as such, if such Person shall also be a Limited Partner or Assignee) shall participate in the operation, management or control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, any of its Affiliates or any officer, director, employee, partner, agent or trustee of the General Partner or any of its Affiliates, in its capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

7.3 OUTSIDE ACTIVITIES. Subject to the provisions of Section 6.5, which shall continue to be applicable to the Persons referred to therein, regardless of whether such Persons shall also be Limited Partners or Assignees, any Limited Partner or Assignee shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities in direct competition with the Partnership Group. Neither the Partnership nor any of the other Partners or Assignees shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee.

7.4 RETURN OF CAPITAL. No Limited Partner or Assignee shall be entitled to the withdrawal or return of its Contribution, except to the extent, if any, that distributions made pursuant to this Agreement or upon termination of the Partnership may be considered as such by law and then only to the extent provided for in this Agreement. Except to the extent provided by Article V or as otherwise expressly provided in this Agreement, no Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee either as to the return of Contributions or as to profits, losses or distributions. Any such return shall be a compromise to which all Partners and Assignees agree within the meaning of Section 17-502(b) of the Delaware Act.

7.5 RIGHTS OF LIMITED PARTNERS TO THE PARTNERSHIP. (a) In addition to other rights provided by this Agreement or by applicable law, and except as limited by Section 7.5(b), each Limited Partner shall have the right, for a purpose reasonably related to such Limited Partner's interest as a limited partner in the Partnership, upon reasonable demand and at such Limited Partner's own expense:

(i) to obtain true and full information regarding the status of the business and financial condition of the Partnership;

(ii) promptly after becoming available, to obtain a copy of the Partnership's federal, state and local tax returns for each year;

(iii) to have furnished to him, upon notification of the General Partner, a current list of the name and last known business, residence or mailing address of each Partner;

(iv) to have furnished to him, upon notification to the General Partner, a copy of this Agreement and the Certificate of Limited Partnership and all amendments thereto, together with a copy of the executed copies of all powers of attorney pursuant to which this Agreement, the Certificate of Limited Partnership and all amendments thereto have been executed;

(v) to obtain true and full information regarding the amount of cash and a description and statement of the

Net Agreed Value of any other Contribution by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a Partner; and

(vi) to obtain such other information regarding the affairs of the Partnership as is just and reasonable.

(b) The General Partner may keep confidential from the Limited Partners and Assignees, for such period of time as the General Partner deems reasonable, (i) any information that the General Partner reasonably believes to be in the nature of trade secrets or (ii) other information the disclosure of which the General Partner in good faith believes (A) is not in the best interests of the Partnership Group, (B) could damage the Partnership Group or (C) that any Group Member is required by law or by agreements with third parties to keep confidential (other than agreements with Affiliates the primary purpose of which is to circumvent the obligations set forth in this Section 7.5).

ARTICLE VIII

BOOKS, RECORDS, ACCOUNTING AND REPORTS

8.1 RECORDS AND ACCOUNTING. The General Partner shall keep or cause to be kept at the principal office of the Partnership appropriate books and records with respect to the Partnership's business, including all books and records necessary to provide to the Limited Partners any information required to be provided pursuant to Section 7.5(a). Any books and records maintained by or on behalf of the Partnership in the regular course of its business, including the record of the Record Holders and Assignees of Units or other Partnership Securities, books of account and records of Partnership proceedings, may be kept on, or be in the form of, computer disks, hard drives, punch cards, magnetic tape, photographs, micrographics or any other information storage device, provided, that the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Partnership shall be maintained, for financial reporting purposes, on an accrual basis in accordance with generally accepted accounting principles.

8.2 FISCAL YEAR. The fiscal year of the Partnership for financial accounting purposes shall be October 1 to September 30.

8.3 REPORTS. (a) As soon as practicable, but in no event later than 120 days after the close of each fiscal year of the Partnership, the General Partner shall cause to be mailed to each Record Holder of a Unit as of a date selected by the General Partner in its sole discretion, an annual report containing financial statements of the Partnership for such fiscal year of the Partnership, presented in accordance with generally accepted accounting principles, including a balance sheet and statements of operations, Partners' equity and cash flows, such statements to be audited by a firm of independent public accountants selected by the General Partner.

(b) As soon as practicable, but in no event later than 90 days after the close of each Quarter except the last quarter of each fiscal year, the General Partner shall cause to be mailed to each Record Holder of a Unit, as of a date selected by the General Partner in its sole discretion, unaudited selected summary financial data of the Partnership and such other information as may be required by applicable law, regulation or rule of any National Securities Exchange on which the Units are listed for trading, or as the General Partner determines to be necessary or appropriate.

(c) The foregoing requirements of this Section 8.3 that certain annual reports and quarterly financial data (each of which is referred to in this Section 8.3(c) as "Partnership Information") be mailed to each Record Holder of a Unit shall be satisfied if, to the extent permitted by applicable law and applicable rules, regulations and other promulgations of the Commission, applicable National Securities Exchanges and other entities (if any) with jurisdiction over the provision of such reports, the General Partner, in lieu of mailing such Partnership Information, (i) first notifies all Record Holders by written communication, delivered by mail, courier or other means of physically transmitting a printed copy of such notification, (x) of the availability of such Partnership Information, (y) that such Partnership Information will be mailed, if specifically requested by such Record Holder, but otherwise will be delivered by other means of written communication selected by the General Partner in accordance with Section 18.1, and (z) of a toll-free number, or other means of notifying the General Partner, of such Record Holder's request, and (ii) thereafter, the General Partner either (x) mails such Partnership Information to each Record Holder or (y) mails such Partnership Information to each Record Holder who has specifically requested to receive Partnership Information by mail and delivers such Partnership Information to each other Record Holder (including all Persons who become Record Holders subsequent to the notification referred to in clause (i)) by other means of written communication in accordance with Section 18.1. Nothing in the preceding sentence shall be deemed to limit the right of any Record Holder, upon notification to the General Partner by such means as the General Partner shall deem reasonable, to request to receive Partnership Information by mail, and thereafter the General Partner shall deliver Partnership Information to such Record Holder by mail.

ARTICLE IX

TAX MATTERS

9.1 TAX ALLOCATIONS. The Partnership shall allocate all taxable items of income, deduction, and credit of the Partnership among the Partners Pro Rata at the time such items are taken into account by the Partnership, subject to the following:

(a) Non-Pro Rata Operating Distributions. For any quarter in which the per-Unit amount to be distributed in respect of Common Units as of a Record Date exceeds the per-Unit amount to be distributed in respect of Subordinated Units as of such Record Date, income of the Partnership for such Quarter otherwise allocable to Unitholders Pro Rata shall be allocated in respect of the Common Units in an amount equal to such excess.

(b) Non-Pro Rata Liquidating Distributions. If the per-Unit amounts distributable in liquidation pursuant to Section 5.6 in respect of the Common Units exceeds the per-Unit amount distributable in respect of the Subordinated Units, income shall be allocated to the Common Units, and deductions shall be allocated to the Subordinated Units until the net income per-Unit allocated to the Common Units exceeds the net income per-Unit allocated to the Subordinated Units by an amount equal to such excess.

(c) Incentive General Partner Distributions. For any Quarter in respect of which the amount distributed to the General Partner exceeds 1% of total distributions, income of the Partnership for such Quarter and any subsequent Quarter that would otherwise be allocated to the Partners Pro Rata shall be allocated to the General Partner in an amount equal to such excess.

(d) Special Intangibles Allocation. There shall be allocated to the General Partner all deductions attributable to the ownership of, and any gain or loss on the distribution or other disposition of, the 1989 Customer List and the rights of the Partnership Group to use without cost the “FAST” propane purchase optimization and fuel accounting system, the trademark, trade name, or similar intangible rights of Petrolane, the General Partner or its other Affiliates.

(e) Section 754 Election. Income and deductions of the Partnership that are attributable to the Section 754 Election (“754 allocations”) shall be allocated to the Partners entitled thereto. However, if the amounts allocable to the Unitholder depend on the person from whom he bought his Units, the Unitholder will be responsible for tracing Unit ownership. Otherwise, the General Partner may make such assumption as it decides is appropriate in computing the Unitholder’s 754 allocations.

(f) Assignor-Assignee Allocations. Taxable items attributable to a Unit that is assigned during a year shall be allocated between the assignor and assignee of such Unit in accordance with the method selected from time to time by the General Partner.

(g) Contributed Property. Income and deductions attributable to each property contributed to the Partnership shall be shared among the Partners so as to take into account the variation between the tax basis of such property to the Partnership at the time of contribution and its fair market value at such time (“704(c) allocations”). In addition, the General Partner will make curative allocations permitted by the Code with respect to the assets contributed to the Partnership on the Closing Date to the extent that the General Partner determines, as of the Closing Date and in light of the General Partner’s estimates of its other income and deductions and its expected distributions, are necessary to cause the cumulative taxable income allocated in respect of the Common Units during the first four taxable years of the Partnership not to exceed 30% of the cumulative distributions in respect of such Units during such period. Subject to the foregoing, the General Partner will from time to time make curative, remedial, or reverse 704(c) allocations that are permitted but not required by the Code only if and to the extent that the General Partner determines that one or more such allocations are in the best interest of the Partnership and will not cause material adverse tax consequences to the General Partner. In any event, the General Partner may change the method if necessary to avoid or settle a controversy with the Internal Revenue Service.

(h) General Partner Authority. The General Partner may change any of the above allocations if and to the extent it determines that such change is required by the Code. Moreover, if, as to one or more classes of tax items, the General Partner determines that more than one method is permitted or that the correct method is uncertain, the General Partner may adopt such method for reporting purposes that it thinks is in the best interest of the Partnership, taking into

account ease of administration, the desire to match taxable income and deductions with economic income and deductions, the economic interests of the Partners in the Partnership, and the risk of proposed adjustments by the Internal Revenue Service and the consequences thereof.

9.2 TAX RETURNS AND INFORMATION. The General Partner shall timely file all returns of the Partnership that are required for federal, state and local income tax purposes on the basis of the accrual method and a taxable year ending on December 31. The General Partner shall use all reasonable efforts to furnish all Record Holders the tax information reasonably required by them for federal and state income tax reporting purposes with respect to a taxable year within 90 days of the close of the calendar year in which the Partnership's taxable year ends.

9.3 TAX ELECTIONS.

(a) The Partnership shall make the Section 754 Election in accordance with applicable regulations thereunder, subject to the reservation of the right to seek to revoke any such election upon the General Partner's determination that such revocation is in the best interests of the Limited Partners.

(b) The Partnership shall elect to deduct expenses incurred in organizing the Partnership ratably over a sixty-month period as provided in Section 709 of the Code.

(c) Except as otherwise provided herein, the General Partner shall determine whether the Partnership should make any other elections permitted by the Code.

9.4 TAX CONTROVERSIES. Subject to the provisions hereof, the General Partner is designated as the Tax Matters Partner (as defined in the Code) and is authorized and required to represent the Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each Partner agrees to cooperate with the General Partner and to do or refrain from doing any or all things reasonably required by the General Partner to conduct such proceedings.

## ARTICLE X

## CERTIFICATES

10.1 CERTIFICATES. Upon the Partnership's issuance of Common Units or Subordinated Units to any Person, the Partnership shall issue one or more Certificates in the name of such Person evidencing the number of such Units being so issued. Certificates shall be executed on behalf of the Partnership by the General Partner. No Common Unit Certificate shall be valid for any purpose until it has been countersigned by the Transfer Agent. The Partners holding Certificates evidencing Subordinated Units may exchange such Certificates for Certificates evidencing Common Units on or after the date on which such Subordinated Units are converted into Common Units pursuant to the terms of Section 4.6.

10.2 REGISTRATION, REGISTRATION OF TRANSFER AND EXCHANGE. (a) The General Partner shall cause to be kept on behalf of the Partnership a register in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 10.2(b), the General Partner will provide for the registration and transfer of Units. The Transfer Agent is hereby appointed registrar and transfer agent for the purpose of registering Units and transfers of such Units as herein provided. The Partnership shall not recognize transfers of Certificates representing Units unless same are effected in the manner described in this Section 10.2. Upon surrender for registration of transfer of any Units evidenced by a Certificate, and subject to the provisions of Section 10.2(b), the General Partner on behalf of the Partnership shall execute, and the Transfer Agent shall countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Certificates evidencing the same aggregate number of Units as was evidenced by the Certificate so surrendered.

(b) Except as otherwise provided in Section 11.5, the Partnership shall not recognize any transfer of Units until the Certificates evidencing such Units are surrendered for registration of transfer and such Certificates are accompanied by a Transfer Application duly executed by the transferee (or the transferee's attorney-in-fact duly authorized in writing). No charge shall be imposed by the Partnership for such transfer; provided, that as a condition to the issuance of any

new Certificate under this Section 10.2, the General Partner may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed with respect thereto.

10.3 MUTILATED, DESTROYED, LOST OR STOLEN CERTIFICATES. (a) If any mutilated Certificate is surrendered to the Transfer Agent, the General Partner on behalf of the Partnership shall execute, and upon its request the Transfer Agent shall countersign and deliver in exchange therefor, a new Certificate evidencing the same number of Units as the Certificate so surrendered.

(b) The General Partner on behalf of the Partnership shall execute, and upon its request the Transfer Agent shall countersign and deliver a new Certificate in place of any Certificate previously issued if the Record Holder of the Certificate:

(i) makes proof by affidavit, in form and substance satisfactory to the General Partner, that a previously issued Certificate has been lost, destroyed or stolen;

(ii) requests the issuance of a new Certificate before the Partnership has notice that the Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim;

(iii) if requested by the General Partner, delivers to the Partnership a bond, in form and substance satisfactory to the General Partner, with surety or sureties and with fixed or open penalty as the General Partner may reasonably direct, in its sole discretion, to indemnify the Partnership, the General Partner and the Transfer Agent against any claim that may be made on account of the alleged loss, destruction or theft of the Certificate; and

(iv) satisfies any other reasonable requirements imposed by the General Partner.

If a Limited Partner or Assignee fails to notify the Partnership within a reasonable time after he has notice of the loss, destruction or theft of a Certificate, and a transfer of the Units represented by the Certificate is registered before the Partnership, the General Partner or the Transfer Agent receives such notification, the Limited Partner or Assignee shall be precluded from making any claim against the Partnership, the General Partner or the Transfer Agent for such transfer or for a new Certificate.

(c) As a condition to the issuance of any new Certificate under this Section 10.3, the General Partner may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Transfer Agent) reasonably connected therewith.

10.4 RECORD HOLDER. In accordance with Section 10.2(b), the Partnership shall be entitled to recognize the Record Holder as the Limited Partner or Assignee with respect to any Units and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such Units on the part of any other Person, regardless of whether the Partnership shall have actual or other notice thereof, except as otherwise provided by law or any applicable rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are listed for trading. Without limiting the foregoing, when a Person (such as a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing) is acting as nominee, agent or in some other representative capacity for another Person in acquiring and/or holding Units, as between the Partnership on the one hand, and such other Persons, on the other, such representative Person (a) shall be the Limited Partner or Assignee (as the case may be) of record and beneficially, (b) must execute and deliver a Transfer Application and (c) shall be bound by this Agreement and shall have the rights and obligations of a Limited Partner or Assignee (as the case may be) hereunder and as provided for herein.

## ARTICLE XI

## TRANSFER OF INTERESTS

11.1 TRANSFER. (a) The term “transfer,” when used in this Article XI with respect to a Partnership Interest, shall be deemed to refer to a transaction by which the General Partner assigns its Partnership Interest as a general partner in the Partnership to another Person or by which the holder of a Unit assigns such Unit to another Person who is or becomes an Assignee, and includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition by law or otherwise.

(b) No Partnership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article XI. Any transfer or purported transfer of a Partnership Interest not made in accordance with this Article XI shall be null and void.

(c) Nothing contained in this Article XI shall be construed to prevent a disposition by the parent entity of the General Partner of any or all of the issued and outstanding capital stock of the General Partner.

(d) Nothing contained in this Article XI, or elsewhere in this Partnership Agreement, shall preclude the settlement of any transactions involving Common Units entered into through the facilities of any National Securities Exchange on which the Units listed for trading.

11.2 TRANSFER OF A GENERAL PARTNER'S PARTNERSHIP INTEREST. Except for a transfer by the General Partner of all, but not less than all, of its Partnership Interest as a general partner in the Partnership to (a) an Affiliate of the General Partner or (b) another Person in connection with the merger or consolidation of the General Partner with or into another Person, the transfer by the General Partner of all or any part of its Partnership Interest as a general partner in the Partnership to a Person prior to December 31, 2004 shall be subject to the prior approval of holders of at least a Unit Majority. Notwithstanding anything herein to the contrary, no transfer by the General Partner of all or any part of its Partnership Interest as a general partner in the Partnership to another Person shall be permitted unless (i) the transferee agrees to assume the rights and duties of the General Partner under this Agreement and the Operating Partnership Agreement and to be bound by the provisions of this Agreement and the Operating Partnership Agreement, (ii) the Partnership receives an Opinion of Counsel that such transfer would not result in the loss of limited liability of any Limited Partner or of any limited partner of any Group Member or cause any Group Member to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes and (iii) such transferee also agrees to purchase all (or the appropriate portion thereof, if applicable) of the partnership interest of the General Partner as the general partner of each Group Member. In the case of a transfer pursuant to and in compliance with this Section 11.2, the transferee or successor (as the case may be) shall, subject to compliance with the terms of Section 12.3, be admitted to the Partnership as a General Partner immediately prior to the transfer of the Partnership Interest, and the business of the Partnership shall continue without dissolution.

11.3 TRANSFER OF UNITS. (a) Units may be transferred only in the manner described in Section 10.2. The transfer of any Units and the admission of any new Partner shall not constitute an amendment to this Agreement.

(b) Until admitted as a Substituted Limited Partner pursuant to Article XII, the Record Holder of a Unit shall be an Assignee in respect of such Unit. Limited Partners may include custodians, nominees, or any other individual or entity in its own or any representative capacity.

(c) Each distribution in respect of Units shall be paid by the Partnership, directly or through the Transfer Agent or through any other Person or agent, only to the Record Holders thereof as of the Record Date set for the distribution. Such payment shall constitute full payment and satisfaction of the Partnership's liability in respect of such payment, regardless of any claim of any Person who may have an interest in such payment by reason of an assignment or otherwise.

(d) A transferee who has completed and delivered a Transfer Application shall be deemed to have (i) requested admission as a Substituted Limited Partner, (ii) agreed to comply with and be bound by and to have executed this Agreement, (iii) represented and warranted that such transferee has the right, power and authority and, if an individual, the capacity to enter into this Agreement, (iv) granted the powers of attorney set forth in this Agreement and (v) given the consents and approvals and made the waivers contained in this Agreement.

11.4 RESTRICTIONS ON TRANSFERS. Notwithstanding the other provisions of this Article XI, no transfer of any Unit or interest therein of any Limited Partner or Assignee shall be made if such transfer would (a) violate the then applicable federal or state securities laws or rules and regulations of the Securities and Exchange Commission, any state securities commission or any other governmental authorities with jurisdiction over such transfer, (b) affect any Group Member's existence or qualification as a limited partnership under the laws of the jurisdiction of its formation, or (c) result in entity-level taxation for federal income tax purposes of the Partnership or the Operating Partnership.

11.5 CITIZENSHIP CERTIFICATES; NON-CITIZEN ASSIGNEES. (a) If any Group Member is or becomes subject to any

federal, state or local law or regulation that, in the reasonable determination of the General Partner, creates a substantial risk of cancellation or forfeiture of any property in which the Group Member has an interest based on the nationality, citizenship or other related status of a Limited Partner or Assignee, the General Partner may request any Limited Partner or Assignee to furnish to the General Partner, within 30 days after receipt of such request, an executed Citizenship Certification or such other information concerning his nationality, citizenship or other related status (or, if the Limited Partner or Assignee is a nominee holding for the account of another Person, the nationality, citizenship or other related status of such Person) as the General Partner may request. If a Limited Partner or Assignee fails to furnish to the General Partner within the aforementioned 30-day period such Citizenship Certification or other requested information or if upon receipt of such Citizenship Certification or other requested information the General Partner determines, with the advice of counsel, that a Limited Partner or Assignee is not an Eligible Citizen, the Units owned by such Limited Partner or Assignee shall be subject to redemption in accordance with the provisions of Section 11.6. In addition, the General Partner may require that the status of any such Limited Partner or Assignee be changed to that of a Non-citizen Assignee and, thereupon, the General Partner shall be substituted for such Non-citizen Assignee as the Limited Partner in respect of his Units.

(b) The General Partner shall, in exercising voting rights in respect of Units held by it on behalf of Non-citizen Assignees, distribute the votes in the same ratios as the votes of Limited Partners in respect of Units other than those of Non-citizen Assignees are cast, either for, against or abstaining as to the matter.

(c) Upon dissolution of the Partnership, a Non-citizen Assignee shall have no right to receive a distribution in kind pursuant to Section 14.4 but shall be entitled to the cash equivalent thereof, and the General Partner shall provide cash in exchange for an assignment of the Non-citizen Assignee's share of the distribution in kind. Such payment and assignment shall be treated for Partnership purposes as a purchase by the General Partner from the Non-citizen Assignee of his Partnership Interest (representing his right to receive his share of such distribution in kind).

(d) At any time after he can and does certify that he has become an Eligible Citizen, a Non-citizen Assignee may, upon application to the General Partner, request admission as a Substituted Limited Partner with respect to any Units of such Non-citizen Assignee not redeemed pursuant to Section 11.6, and upon his admission pursuant to Section 12.2, the General Partner shall cease to be deemed to be the Limited Partner in respect of the Non-citizen Assignee's Units.

11.6 REDEMPTION OF INTERESTS. (a) If at any time a Limited Partner or Assignee fails to furnish a Citizenship Certification or other information requested within the 30-day period specified in Section 11.5(a), or if upon receipt of such Citizenship Certification or other information the General Partner determines, with the advice of counsel, that a Limited Partner or Assignee is not an Eligible Citizen, the Partnership may, unless the Limited Partner or Assignee establishes to the satisfaction of the General Partner that such Limited Partner or Assignee is an Eligible Citizen or has transferred his Units to a Person who furnishes a Citizenship Certification to the General Partner prior to the date fixed for redemption as provided below, redeem the Partnership Interest of such Limited Partner or Assignee as follows:

(i) The General Partner shall, not later than the 30th day before the date fixed for redemption, give notice of redemption to the Limited Partner or Assignee, at his last address designated on the records of the Partnership or the Transfer Agent, by registered or certified mail, postage prepaid. The notice shall be deemed to have been given when so mailed. The notice shall specify the Redeemable Units, the date fixed for redemption, the place of payment, that payment of the redemption price will be made upon surrender of the Certificate evidencing the Redeemable Units and that on and after the date fixed for redemption no further allocations or distributions to which the Limited Partner or Assignee would otherwise be entitled in respect of the Redeemable Units will accrue or be made.

(ii) The aggregate redemption price for Redeemable Units shall be an amount equal to the Current Market Price (the date of determination of which shall be the date fixed for redemption) of Units of the class to be so redeemed multiplied by the number of Units of each such class included among the Redeemable Units. The redemption price shall be paid, in the sole discretion of the General Partner, in cash or by delivery of a promissory note of the Partnership in the principal amount of the redemption price, bearing interest at the rate of 10% annually and payable in three equal annual installments of principal together with accrued interest, commencing one year after the redemption date.

(iii) Upon surrender by or on behalf of the Limited Partner or Assignee, at the place specified in the notice of redemption, of the Certificate evidencing the Redeemable Units, duly endorsed in blank or accompanied by an assignment duly executed in blank, the Limited Partner or Assignee or his duly authorized representative shall be entitled to receive the payment therefor.

(iv) After the redemption date, Redeemable Units shall no longer constitute issued and Outstanding Units.

(b) The provisions of this Section 11.6 shall also be applicable to Units held by a Limited Partner or Assignee as nominee of a Person determined to be other than an Eligible Citizen.

(c) Nothing in this Section 11.6 shall prevent the recipient of a notice of redemption from transferring his Units before the redemption date if such transfer is otherwise permitted under this Agreement. Upon receipt of notice of such a transfer, the General Partner shall withdraw the notice of redemption, provided the transferee of such Units certifies in the Transfer Application that he is an Eligible Citizen. If the transferee fails to make such certification, such redemption shall be effected from the transferee on the original redemption date.

## ARTICLE XII

## ADMISSION OF PARTNERS

12.1 ADMISSION OF INITIAL LIMITED PARTNERS. Upon the issuance by the Partnership of Common Units and Subordinated Units to the General Partner and Petrolane as described in Section 4.2, the General Partner and Petrolane shall each be deemed to have been admitted to the Partnership as a Limited Partner in respect of the Common Units and the Subordinated Units issued to it. Upon the issuance by the Partnership of Common Units to the Underwriters as described in Section 4.2 in connection with the Initial Offering and the execution by each Underwriter of a Transfer Application, the General Partner shall admit the Underwriters to the Partnership as Initial Limited Partners in respect of the Common Units purchased by them.

12.2 ADMISSION OF SUBSTITUTED LIMITED PARTNERS. By transfer of a Unit in accordance with Article XI, the transferor shall be deemed to have given the transferee the right to seek admission as a Substituted Limited Partner subject to the conditions of, and in the manner permitted under, this Agreement. A transferor of a Certificate shall, however, only have the authority to convey to a purchaser or other transferee who does not execute and deliver a Transfer Application (a) the right to negotiate such Certificate to a purchaser or other transferee and (b) the right to transfer the right to request admission as a Substituted Limited Partner to such purchaser or other transferee in respect of the transferred Units. Each transferee of a Unit (including any nominee holder or an agent acquiring such Unit for the account of another Person) who executes and delivers a Transfer Application shall, by virtue of such execution and delivery, be an Assignee and be deemed to have applied to become a Substituted Limited Partner with respect to the Units so transferred to such Person. Such Assignee shall become a Substituted Limited Partner (x) at such time as the General Partner consents thereto, which consent may be given or withheld in the General Partner's sole discretion, and (y) when any such admission is shown on the books and records of the Partnership. If such consent is withheld, such transferee shall be an Assignee. An Assignee shall have an interest in the Partnership equivalent to that of a Limited Partner with respect to allocations and distributions, including liquidating distributions, of the Partnership. With respect to voting rights attributable to Units that are held by Assignees, the General Partner shall be deemed to be the Limited Partner with respect thereto and shall, in exercising the voting rights in respect of such Units on any matter, vote such Units at the written direction of the Assignee who is the Record Holder of such Units. If no such written direction is received, such Units will not be voted. An Assignee shall have no other rights of a Limited Partner.

12.3 ADMISSION OF SUCCESSOR GENERAL PARTNER. A successor General Partner approved pursuant to Section 13.1 or 13.2 or the transferee of or successor to all of the General Partner's Partnership Interest as a general partner in the Partnership pursuant to Section 11.2 who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately prior to the withdrawal or removal of the General Partner pursuant to Section 13.1 or 13.2 or the transfer of the General Partner's Partnership Interest as a general partner in the Partnership pursuant to Section 11.2; provided, however, that no such successor shall be admitted to the Partnership until compliance with the terms of Section 11.2 has occurred and such successor has executed and delivered such other documents or instruments as may be required to effect such admission. Any such successor shall, subject to the terms hereof, carry on the business of the Partnership and Operating Partnership without dissolution.

12.4 ADMISSION OF ADDITIONAL LIMITED PARTNERS. (a) A Person (other than the General Partner, an Initial Limited Partner or a Substituted Limited Partner) who makes a Contribution to the Partnership in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General

Partner (i) evidence of acceptance in form satisfactory to the General Partner of all of the terms and conditions of this Agreement, including the power of attorney granted in Section 1.4, and (ii) such other documents or instruments as may be required in the discretion of the General Partner to effect such Person's admission as an Additional Limited Partner.

(b) Notwithstanding anything to the contrary in this Section 12.4, no Person shall be admitted as an Additional Limited Partner without the consent of the General Partner, which consent may be given or withheld in the General Partner's sole discretion. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded as such in the books and records of the Partnership, following the consent of the General Partner to such admission.

12.5 AMENDMENT OF AGREEMENT AND CERTIFICATE OF LIMITED PARTNERSHIP. To effect the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Delaware Act to amend the records of the Partnership to reflect such admission and, if necessary, to prepare as soon as practical an amendment of this Agreement and, if required by law, to prepare and file an amendment to the Certificate of Limited Partnership, and the General Partner may for this purpose, among others, exercise the power of attorney granted pursuant to Section 1.4.

ARTICLE XIII

WITHDRAWAL OR REMOVAL OF PARTNERS

13.1 WITHDRAWAL OF THE GENERAL PARTNER. (a) The General Partner shall be deemed to have withdrawn from the Partnership upon the occurrence of any one of the following events (each such event herein referred to as an "EVENT OF WITHDRAWAL");

(i) the General Partner voluntarily withdraws from the Partnership by giving written notice to the other Partners (and it shall be deemed that the General Partner has withdrawn pursuant to this Section 13.l(a)(i) if the General Partner voluntarily withdraws as general partner of the Operating Partnership);

(ii) the General Partner transfers all of its rights as General Partner pursuant to Section 11.2;

(iii) the General Partner is removed pursuant to Section 13.2;

(iv) the General Partner (A) makes a general assignment for the benefit of creditors; (B) files a voluntary bankruptcy petition for relief under Chapter 7 of the United States Bankruptcy Code; (C) files a petition or answer seeking for itself a liquidation, dissolution or similar relief (but not a reorganization) under any law; (D) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in a proceeding of the type described in clauses (A)-(C) of this Section 13.1(a)(iv); or (E) seeks, consents to or acquiesces in the appointment of a trustee (but not a debtor in possession), receiver or liquidator of the General Partner or of all or any substantial part of its properties;

(v) a final and non-appealable order of relief under Chapter 7 of the United States Bankruptcy Code is entered by a court with appropriate jurisdiction pursuant to a voluntary or involuntary petition by or against the General Partner; or

(vi) a certificate of dissolution or its equivalent is filed for the General Partner, or 90 days expire after the date of notice to the General Partner of revocation of its charter without a reinstatement of its charter, under the laws of its state of incorporation.

If an Event of Withdrawal specified in Section 13.1(a)(iv), (v) or (vi) occurs, the withdrawing General Partner shall give notice to the Limited Partners within 30 days after such occurrence. The Partners hereby agree that only the Events of Withdrawal described in this Section 13.1 shall result in the withdrawal of the General Partner from the Partnership.

(b) Withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal shall not constitute a breach of this Agreement under the following circumstances: (i) at any time during the period beginning on the Closing Date and ending at 12:00 midnight, Eastern Standard Time, on December 31, 2004, the General Partner voluntarily withdraws by giving at least 90 days' advance notice of its intention to withdraw to the Limited Partners, provided that prior to the effective date of such withdrawal, the withdrawal is approved by Limited Partners holding at least a Unit Majority and the General Partner delivers to the Partnership an Opinion of Counsel ("WITHDRAWAL OPINION OF COUNSEL") that such withdrawal (following the selection of the successor General Partner) would not result in the loss of the limited liability of any Limited Partner or of the limited partner of any Group Member or cause any Group Member to be treated as an association taxable as a corporation or otherwise to be taxed as an entity for federal income tax purposes; (ii) at any time after 12:00 midnight, Eastern Standard Time, on December 31, 2004, the General Partner voluntarily withdraws by giving at least 90 days' advance notice to the Limited Partners, such withdrawal to take effect on the date specified in such notice; (iii) at any time that the General Partner ceases to be a General Partner pursuant to Section 13.1(a)(ii) or is removed pursuant to Section 13.2; or (iv) notwithstanding clause (i) of this sentence, at any time that the General Partner voluntarily withdraws by giving at least 90 days' advance notice of its intention to withdraw to the Limited Partners, such withdrawal to take effect on the date specified in the notice, if at the time such notice is given one Person and its Affiliates (other than the General Partner and its Affiliates) own beneficially or of record or control at least 50% of the Outstanding Units. The withdrawal of the General Partner from the Partnership upon the occurrence of an Event of Withdrawal shall also constitute the withdrawal of the General Partner as general partner of the other Group Members. If the General Partner gives a notice of withdrawal pursuant to Section 13.1(a)(i), holders of at least a majority of the Outstanding Units (excluding for purposes of such determination Units owned by the General Partner and its Affiliates) may, prior to the effective date of such withdrawal, elect a

successor General Partner. The Person so elected as successor General Partner shall automatically become the successor general partner of the other Group Members. If, prior to the effective date of the General Partner's withdrawal, a successor is not selected by the Limited Partners as provided herein or the Partnership does not receive a Withdrawal Opinion of Counsel, the Partnership shall be dissolved in accordance with Section 14.1. Any successor General Partner elected in accordance with the terms of this Section 13.1 shall be subject to the provisions of Section 12.3.

13.2 REMOVAL OF THE GENERAL PARTNER. The General Partner may be removed if such removal is approved by Limited Partners holding at least two-thirds of the Outstanding Units. Any such action by such Limited Partners for removal of the General Partner must also provide for the election of a successor General Partner by Limited Partners holding at least a majority of the Outstanding Units. Such removal shall be effective immediately following the admission of a successor General Partner pursuant to Article XII. The removal of the General Partner shall also automatically constitute the removal of the General Partner as general partner of the other Group Members. If a person is elected as a successor General Partner in accordance with the terms of this Section 13.2, such person shall, upon admission pursuant to Article XII, automatically become the successor general partner of the other Group Members. The right of the Limited Partners holding Outstanding Units to remove the General Partner shall not exist or be exercised unless the Partnership has received an opinion opining as to the matters covered by a Withdrawal Opinion of Counsel. Any successor General Partner elected in accordance with the terms of this Section 13.2 shall be subject to the provisions of Section 12.3.

13.3 INTEREST OF DEPARTING PARTNER AND SUCCESSOR GENERAL PARTNER. (a) In the event of (i) withdrawal of the General Partner under circumstances where such withdrawal does not violate this Agreement or (ii) removal of the General Partner by the Limited Partners under circumstances where Cause does not exist, if a successor General Partner is elected in accordance with the terms of Section 13.1 or 13.2, the Departing Partner shall have the option exercisable prior to the effective date of the departure of such Departing Partner to require its successor to purchase its Partnership Interest as a general partner in the Partnership and its partnership interest as the general partner in the other Group Members (collectively, the "COMBINED INTEREST") in exchange for an amount in cash equal to the fair market value of such Combined Interest, such amount to be determined and payable as of the effective date of its departure. If the General Partner is removed by the Limited Partners under circumstances where Cause exists or if the General Partner withdraws under circumstances where such withdrawal violates this agreement, and if a successor General Partner is elected in accordance with the terms of Section 13.1 or 13.2, such successor shall have the option, exercisable prior to the effective date of the departure of such Departing Partner, to purchase the Combined Interest of the Departing Partner for such fair market value of such Combined Interest. In either event, the Departing Partner shall be entitled to receive all reimbursements due such Departing Partner pursuant to Section 6.4, including any employee-related liabilities (including severance liabilities), incurred in connection with the termination of any employees employed by the General Partner for the benefit of the Partnership or the other Group Members.

For purposes of this Section 13.3(a), the fair market value of the Departing Partner's Combined Interest shall be determined by agreement between the Departing Partner and its successor or, failing agreement within 30 days after the effective date of such Departing Partner's departure, by an independent investment banking firm or other independent expert selected by the Departing Partner and its successor, which, in turn, may rely on other experts, and the determination of which shall be conclusive as to such matter. If such parties cannot agree upon one independent investment banking firm or other independent expert within 45 days after the effective date of such departure, then the Departing Partner shall designate an independent investment banking firm or other independent expert, the Departing Partner's successor shall designate an independent investment banking firm or other independent expert, and such firms or experts shall mutually select a third independent investment banking firm or independent expert, which shall determine the fair market value of the Combined Interest. In making its determination, such independent investment banking firm or other independent expert shall consider the then current trading price of Units on any National Securities Exchange on which Units are then listed, the value of the Partnership's assets, the rights and obligations of the General Partner and other factors it may deem relevant.

(b) If the Combined Interest is not purchased in the manner set forth in Section 13.3(a), the Departing Partner shall become a Limited Partner and the Combined Interest shall be converted into Common Units pursuant to a valuation made by an investment banking firm or other independent expert selected pursuant to Section 13.3(a), without reduction in such Partnership Interest (but subject to proportionate dilution by reason of the admission of its successor). Any successor General Partner shall indemnify the Departing Partner as to all debts and liabilities of the Partnership arising on or after the date on which the Departing Partner becomes a Limited Partner. For purposes of this Agreement, conversion of the General Partner's Combined Interest to Common Units will be characterized as if the General Partner

contributed its Combined Interest to the Partnership in exchange for the newly issued Common Units.

(c) If a successor General Partner is elected in accordance with the terms of Section 13.1 or 13.2 and the option described in Section 13.3(a) is not exercised by the party entitled to do so, the successor General Partner shall, at the effective date of its admission to the Partnership, contribute to the Partnership cash in an amount equal to 1.01% of the Net Agreed Value of the Partnership's assets on such date. In such event, such successor General Partner shall, subject to the following sentence, be entitled to such Percentage Interest of all Partnership allocations and distributions and any other allocations and distributions to which the Departing Partner was entitled. In addition, such successor General Partner shall cause this Agreement to be amended to reflect that, from and after the date of such successor General Partner's admission, the successor General Partner's interest in all Partnership distributions and allocations shall be 1%, and that of the holders of Outstanding Unit shall be 99%.

(d) If the General Partner is removed as general partner of the Partnership under circumstances where Cause does not exist, the General Partner will, at the option of the Partnership, license its proprietary propane purchase optimization and fuel accounting system, known as "FAST" (and any successor technology of a similar nature utilized in the day-to-day operations of the Partnership) to the Partnership on a royalty-free basis for a nine-month period. If the General Partner ceases to serve as the general partner of the Partnership for any other reason, such royalty-free licensing period will be increased to 36 months and thereafter the Partnership will have the option to continue licensing such technology upon payment of a fee equal to the fair market value of the license.

13.4 WITHDRAWAL OF LIMITED PARTNERS. No Limited Partner shall have any right to withdraw from the Partnership; provided, however, that when a transferee of a Limited Partner's Units becomes a Record Holder, such transferring Limited Partner shall cease to be a Limited Partner with respect to the Units so transferred.

## ARTICLE XIV

## DISSOLUTION AND LIQUIDATION

14.1 DISSOLUTION. The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the removal or withdrawal of the General Partner, if a successor General Partner is elected pursuant to Section 13.1 or 13.2, the Partnership shall not be dissolved and such successor General Partner shall continue the business of the Partnership. The Partnership shall dissolve, and (subject to Section 14.2) its affairs shall be wound up, upon:

(a) the expiration of its term as provided in Section 1.5;

(b) an Event of Withdrawal of the General Partner as provided in Section 13.1(a) (other than Section 13.1(a)(ii)), unless a successor is elected and an Opinion of Counsel is received as provided in Section 13.1(b) or 13.2 and such successor is admitted to the Partnership pursuant to Section 12.3;

(c) an election to dissolve the Partnership by the General Partner that is approved by holders of at least a Unit Majority;

(d) entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Delaware Act; or

(e) the sale of all or substantially all of the assets and properties of the Partnership Group.

14.2 CONTINUATION OF THE BUSINESS OF THE PARTNERSHIP AFTER DISSOLUTION. Upon (a) dissolution of the Partnership following an Event of Withdrawal caused by the withdrawal or removal of the General Partner as provided in Section 13.1(a)(i) or (iii) and the failure of the Partners to select a successor to such Departing Partner pursuant to Section 13.1 or 13.2, then within 90 days thereafter, or (b) dissolution of the Partnership upon an event constituting an Event of Withdrawal as defined in Section 13.1(a)(iv), (v) or (vi), then within 180 days thereafter, holders of at least a majority of the Outstanding Units may elect to reconstitute the Partnership and continue its business on the same terms and conditions set forth in this Agreement by forming a new limited partnership on terms identical to those set forth in this

Agreement and having as the successor general partner a Person approved by holders of at least a majority of the Outstanding Units. Unless such an election is made within the applicable time period as set forth above, the Partnership shall conduct only activities necessary to wind up its affairs. If such an election is so made, then:

(i) the reconstituted Partnership shall continue until the end of the term set forth in Section 1.5 unless earlier dissolved in accordance with this Article XIV;

(ii) if the successor General Partner is not the former General Partner, then the interest of the former General Partner shall be dealt with in the manner provided in Section 13.3(b); and

(iii) all necessary steps shall be taken to cancel this Agreement and the Certificate of Limited Partnership and to enter into and, as necessary, to file a new partnership agreement and certificate of limited partnership, and the successor general partner may for this purpose exercise the powers of attorney granted the General Partner pursuant to Section 1.4; provided, that the right of holders of at least a majority of Outstanding Units to approve a successor General Partner and to reconstitute and to continue the business of the Partnership shall not exist and may not be exercised unless the Partnership has received an Opinion of Counsel that (x) the exercise of the right would not result in the loss of limited liability of any Limited Partner and (y) neither the Partnership, the reconstituted limited partnership nor any other Group Member would be treated as an association taxable as a corporation or otherwise be taxable as an entity for federal income tax purposes upon the exercise of such right to continue.

14.3 LIQUIDATOR. Upon dissolution of the Partnership, unless the Partnership is continued under an election to reconstitute and continue the Partnership pursuant to Section 14.2, the General Partner, or in the event the dissolution is the result of an Event of Withdrawal, a liquidator or liquidating committee approved by holders of at least a majority of the Outstanding Units, shall be the Liquidator. The Liquidator (if other than the General Partner) shall be entitled to receive such compensation for its services as may be approved by holders of at least a majority of the Outstanding Units. The Liquidator shall agree not to resign at any time without 15 days' prior notice and (if other than the General Partner) may be removed at any time, with or without cause, by notice of removal approved by holders of at least a majority of the Outstanding Units. Upon dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all rights, powers and duties of the original Liquidator) shall within 30 days thereafter be approved by holders of at least a majority of the Outstanding Units. The right to approve a successor or substitute Liquidator in the manner provided herein shall be deemed to refer also to any such successor or substitute Liquidator approved in the manner herein provided. Except as expressly provided in this Article XIV, the Liquidator approved in the manner provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers, other than the limitation on sale set forth in Section 6.3(b)) to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator hereunder for and during such period of time as shall be reasonably required in the good faith judgment of the Liquidator to complete the winding up and liquidation of the Partnership as provided for herein.

14.4 LIQUIDATION. The Liquidator shall proceed to dispose of the assets of the Partnership, discharge its liabilities, and otherwise wind up its affairs in such manner and over such period as the Liquidator determines to be in the best interest of the Partners, subject to the following:

(a) Disposition of Assets. The assets may be disposed of by public or private sale or by distribution in kind to one or more Partners on such terms as the Liquidator and the receiving Partner may agree. If any property is distributed in kind, the Partner receiving the property shall be deemed for purposes of Section 14.4(c) to have received cash equal to its fair market value; and contemporaneously therewith, appropriate cash distributions must be made to the other Partners. For purposes of computing Net Liquidation Gain, gain or loss on distributed property shall be recognized as if such property had been sold for its fair market value.

(b) Discharge of Liabilities. Liabilities of the Partnership include amounts owed to Partners otherwise in respect of their distribution rights under Article V. With respect to any liability that is contingent or is otherwise not yet due and payable, the Liquidator shall either settle such claim for such amount as it thinks appropriate or establish a reserve of cash or other assets to provide for its payment. When paid, any unused portion of the reserve shall be distributed as additional liquidation proceeds.

(c) Liquidation Distributions. The Liquidator shall reassign the 1989 Customer List and other assets described in Section 9.1(d) to the General Partner. Subject to Section 14.4(a), all other property and all cash in excess of that required to discharge liabilities as provided in Section 14.4(b) shall be distributed to the Partners in the priorities provided in Section 5.6 or Section 5.7, as applicable. The distribution may be made in one or more Quarters, but the amount distributed in respect of each priority shall be determined on a cumulative basis.

14.5 CANCELLATION OF CERTIFICATE OF LIMITED PARTNERSHIP. Upon the completion of the distribution of Partnership cash and property as provided in Sections 14.3 and 14.4 in connection with the liquidation of the Partnership, the Partnership shall be terminated and the Certificate of Limited Partnership and all qualifications of the Partnership as a foreign limited partnership in jurisdictions other than the State of Delaware shall be cancelled and such other actions as may be necessary to terminate the Partnership shall be taken.

14.6 RETURN OF CONTRIBUTIONS. The General Partner shall not be personally liable for, and shall have no obligation to contribute or loan any monies or property to the Partnership to enable it to effectuate, the return of the Contributions of the Limited Partners, or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

14.7 WAIVER OF PARTITION. Each Partner hereby waives any right to partition of the Partnership property.

## ARTICLE XV

## AMENDMENT OF PARTNERSHIP AGREEMENT; MEETINGS; RECORD DATE

15.1 AMENDMENT TO BE ADOPTED SOLELY BY GENERAL PARTNER. Each Limited Partner agrees that the General Partner (pursuant to its powers of attorney from the Limited Partners and Assignees), without the approval of any Limited Partner or Assignee, may amend any provision of this Agreement, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership;

(b) admission, substitution, withdrawal or removal of Partners in accordance with this Agreement;

(c) a change that, in the sole discretion of the General Partner, is necessary or advisable to qualify or continue the qualification of the Partnership as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any state or to ensure that the Partnership and the Operating Partnership will not be treated as an association taxable as a corporation or otherwise taxed as an entity for federal income tax purposes;

(d) a change that, in the sole discretion of the General Partner, (i) does not adversely affect the Limited Partners in any material respect, (ii) is necessary or advisable to (A) satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including the Delaware Act) or (B) facilitate the trading of the Units (including the division of Outstanding Units into different classes to facilitate uniformity of tax consequences within such classes of Units) or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are or will be listed for trading, compliance with any of which the General Partner determines in its sole discretion to be in the best interests of the Partnership and the Limited Partners, (iii) is necessary or advisable in connection with action taken by the General Partner pursuant to Section 4.8, or (iv) is required to effect the intent of the provisions of this Agreement or is otherwise contemplated by this Agreement;

(e) a change in the fiscal year and taxable year of the Partnership and any changes that, in the sole discretion of the General Partner, are necessary or advisable as a result of a change in the fiscal year and taxable year of the Partnership including, if the General Partner shall so determine, a change in the definition of “Quarter” and the dates on which distributions are to be made by the Partnership;

(f) an amendment that is necessary, in the Opinion of Counsel, to prevent the Partnership or the General Partner or its directors or officers from in any manner being subjected to the provisions of the Investment Company Act

of 1940, as amended, the Investment Advisers Act of 1940, as amended, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, as amended, regardless of whether such are substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(g) subject to the terms of Section 4.4, an amendment that, in the sole discretion of the General Partner, is necessary or advisable in connection with the authorization of issuance of any class or series of Partnership Securities pursuant to Section 4.4;

(h) any amendment expressly permitted in this Agreement to be made by the General Partner acting alone;

(i) an amendment effected, necessitated or contemplated by a Merger Agreement approved in accordance with Section 16.3;

(j) an amendment that, in the sole discretion of the General Partner, is necessary or advisable to reflect, account for and deal with appropriately the formation by the Partnership of, or investment by the Partnership in, any corporation, partnership, joint venture, limited liability company or other entity other than the Operating Partnership, in connection with the conduct by the Partnership of activities permitted by the terms of Section 3.1; or

(k) any other amendments substantially similar to the foregoing.

15.2 AMENDMENT PROCEDURES. Except as provided in Sections 15.1 and 15.3, all amendments to this Agreement shall be made in accordance with the following requirements. Amendments to this Agreement may be proposed only by or with the consent of the General Partner. A proposed amendment shall be effective upon its approval by the holders of at least a Unit Majority, unless a greater or different percentage is required under this Agreement. Each proposed amendment that requires the approval of the holders of a specified percentage of Outstanding Units shall be set forth in a writing that contains the text of the proposed amendment. If such an amendment is proposed, the General Partner shall seek the written approval of the requisite percentage of Outstanding Units or call a meeting of the Limited Partners to consider and vote on such proposed amendment. The General Partner shall notify all Record Holders upon final adoption of any such proposed amendments.

15.3 AMENDMENT REQUIREMENTS. (a) Notwithstanding the provisions of Sections 15.1 and 15.2, no provision of this Agreement that establishes a percentage of Outstanding Units required to take any action shall be amended, altered, changed, repealed or rescinded in any respect that would have the effect of reducing such voting requirement unless such amendment is approved by the written consent or the affirmative vote of holders of Outstanding Units whose aggregate Outstanding Units constitute not less than the voting requirement sought to be reduced.

(b) Notwithstanding the provisions of Sections 15.1 and 15.2, no amendment to this Agreement may (i) enlarge the obligations of any Limited Partner without its consent, unless such shall be deemed to have occurred as a result of an amendment approved pursuant to Section 15.3(c), (ii) enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable to, the General Partner without its consent, which may be given or withheld in its sole discretion, (iii) change Section 14.1(a) or (c), or (iv) change the term of the Partnership or, except as set forth in Section 14.1(c), give any Person the right to dissolve the Partnership.

(c) Except as otherwise provided, and without limitation of the General Partner's authority to adopt amendments to this Agreement as contemplated in Section 15.1, any amendment that would have a material adverse effect on the rights or preferences of any class of Outstanding Units in relation to other classes of Units must be approved by the holders of not less than a majority of the Outstanding Units of the class affected (excluding, during the Subordination Period, Common Units owned by the General Partner and its Affiliates).

(d) Notwithstanding any other provision of this Agreement, except for amendments pursuant to Section 6.3 or 15.1 and except as otherwise provided by Section 16.3(b), no amendments shall become effective without the approval of the holders of at least 90% of the Outstanding Units unless the Partnership obtains an Opinion of Counsel to the effect that such amendment will not affect the limited liability of any Limited Partner or any limited partner of the other Group Members under applicable law.

(e) This Section 15.3 shall only be amended with the approval of the holders of at least 90% of the Outstanding Units.

15.4 MEETINGS. All acts of Limited Partners to be taken pursuant to this Agreement shall be taken in the manner provided in this Article XV. Meetings of the Limited Partners may be called by the General Partner or by Limited Partners owning 20% or more of the Outstanding Units of the class or classes for which a meeting is proposed. Limited Partners shall call a meeting by delivering to the General Partner one or more requests in writing stating that the signing Limited Partners wish to call a meeting and indicating the general or specific purposes for which the meeting is to be called. Within 60 days after receipt of such a call from Limited Partners or within such greater time as may be reasonably necessary for the Partnership to comply with any statutes, rules, regulations, listing agreements or similar requirements governing the holding of a meeting or the solicitation of proxies for use at such a meeting, the General Partner shall send a notice of the meeting to the Limited Partners either directly or indirectly through the Transfer Agent. A meeting shall be held at a time and place determined by the General Partner on a date not more than 60 days after the mailing, or other means of written communication pursuant to Section 18.1, of notice of the meeting. Limited Partners shall not vote on matters that would cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership so as to jeopardize the Limited Partners' limited liability under the Delaware Act or the law of any other state in which the Partnership is qualified to do business.

15.5 NOTICE OF A MEETING. Notice of a meeting called pursuant to Section 15.4 shall be given to the Record Holders in writing by mail or other means of written communication in accordance with Section 18.1. The notice shall be deemed to have been given at the time when deposited in the mail or sent by other means of written communication.

15.6 RECORD DATE. For purposes of determining the Limited Partners entitled to notice of or to vote at a meeting of the Limited Partners or to give approvals without a meeting as provided in Section 15.11, the General Partner may set a Record Date, which shall not be less than 10 nor more than 60 days before (a) the date of the meeting (unless such requirement conflicts with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are listed for trading, in which case the rule, regulation, guideline or requirement of such exchange shall govern) or (b) in the event that approvals are sought without a meeting, the date by which Limited Partners are requested in writing by the General Partner to give such approvals.

15.7 ADJOURNMENT. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting and a new Record Date need not be fixed, if the time and place thereof are announced at the meeting at which the adjournment is taken, unless such adjournment shall be for more than 45 days. At the adjourned meeting, the Partnership may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 45 days or if a new Record Date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in accordance with this Article XV.

15.8 WAIVER OF NOTICE; APPROVAL OF MEETING; APPROVAL OF MINUTES. The transactions of any meeting of Limited Partners, however called and noticed, and whenever held, shall be as valid as if had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, Limited Partners representing such quorum who were present in person or by proxy and entitled to vote, sign a written waiver of notice or an approval of the holding of the meeting or an approval of the minutes thereof. All waivers and approvals shall be filed with the Partnership records or made a part of the minutes of the meeting. Attendance of a Limited Partner at a meeting shall constitute a waiver of notice of the meeting, except when the Limited Partner does not approve, at the beginning of the meeting, of the transaction of any business because the meeting is not lawfully called or convened; and except that attendance at a meeting is not a waiver of any right to disapprove the consideration of matters required to be included in the notice of the meeting, but not so included, if the disapproval is expressly made at the meeting.

15.9 QUORUM. The holders of a majority of the Outstanding Units of the class or classes for which a meeting has been called represented in person or by proxy shall constitute a quorum at a meeting of Limited Partners of such class or classes unless any such action by the Limited Partners requires approval by holders of a greater percentage of such Units, in which case the quorum shall be such greater percentage (excluding, in either case, if such are to be excluded from the vote, Outstanding Units owned by the General Partner and its Affiliates). At any meeting of the Limited Partners duly called and held in accordance with this Agreement at which a quorum is present, the act of Limited Partners holding Outstanding Units that in the aggregate represent a majority of the Outstanding Units entitled to vote and be present in person or by proxy at such meeting shall be deemed to constitute the act of all Limited Partners, unless a greater or different percentage is required with respect to such action under the provisions of this Agreement, in which case the act of the Limited Partners holding Outstanding Units that in the aggregate represent at least such greater or different percentage shall be required. The Limited Partners present at a duly called or held meeting at which

a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Limited Partners to leave less than a quorum, if any action taken (other than adjournment) is approved by the required percentage of Outstanding Units specified in this Agreement. In the absence of a quorum, any meeting of Limited Partners may be adjourned from time to time by the affirmative vote of holders of at least a majority of the Outstanding Units represented either in person or by proxy, but no other business may be transacted, except as provided in Section 15.7.

15.10 CONDUCT OF MEETING. The General Partner shall have full power and authority concerning the manner of conducting any meeting of the Limited Partners or solicitation of approvals in writing, including the determination of Persons entitled to vote, the existence of a quorum, the satisfaction of the requirements of Section 15.4, the conduct of voting, the validity and effect of any proxies and the determination of any controversies, votes or challenges arising in connection with or during the meeting or voting. The General Partner shall designate a Person to serve as chairman of any meeting and shall further designate a Person to take the minutes of any meeting. All minutes shall be kept with the records of the Partnership maintained by the General Partner. The General Partner may make such other regulations consistent with the applicable law and this Agreement as it may deem advisable concerning the conduct of any meeting of the Limited Partners or solicitation of approvals in writing, including regulations in regard to the appointment of proxies, the appointment and duties of inspectors of votes and approvals, the submission and examination of proxies and other evidence of the right to vote, and the revocation of approvals in writing.

15.11 ACTION WITHOUT A MEETING. Any action that may be taken at a meeting of the Limited Partners may be taken without a meeting if an approval in writing setting forth the action so taken is signed by Limited Partners owning not less than the minimum percentage of the Outstanding Units that would be necessary to authorize or take such action at a meeting at which all the Limited Partners were present and voted. Prompt notice of the taking of action without a meeting shall be given to the Limited Partners who have not approved in writing. The General Partner may specify that any written ballot submitted to Limited Partners for the purpose of taking any action without a meeting shall be returned to the Partnership within the time period, which shall be not less than 20 days, specified by the General Partner. If a ballot returned to the Partnership does not vote all of the Units held by the Limited Partner, the Partnership shall be deemed to have failed to receive a ballot for the Units that were not voted. If approval of the taking of any action by the Limited Partners is solicited by any Person other than by or on behalf of the General Partner, the written approvals shall have no force and effect unless and until (a) they are deposited with the Partnership in care of the General Partner, (b) approvals sufficient to take the action proposed are dated as of a date not more than 90 days prior to the date sufficient approvals are deposited with the Partnership and (c) an Opinion of Counsel is delivered to the General Partner to the effect that the exercise of such right and the action proposed to be taken with respect to any particular matter (i) will not cause the Limited Partners to be deemed to be taking part in the management and control of the business and affairs of the Partnership so as to jeopardize the Limited Partners' limited liability, and (ii) is otherwise permissible under the state statutes then governing the rights, duties and liabilities of the Partnership and the Partners.

15.12 VOTING AND OTHER RIGHTS. (a) Only those Record Holders of the Units on the Record Date set pursuant to Section 15.6 (and also subject to the limitations contained in the definition of "Outstanding") shall be entitled to notice of, and to vote at, a meeting of Limited Partners or to act with respect to matters as to which the holders of the Outstanding Units have the right to vote or to act. All references in this Agreement to votes of, or other acts that may be taken by, the Outstanding Units shall be deemed to be references to the votes or acts of the Record Holders of such Outstanding Units.

(b) With respect to Units that are held for a Person's account by another Person (such as a broker, dealer, bank, trust company or clearing corporation, or an agent of any of the foregoing), in whose name such Units are registered, such other Person shall, in exercising the voting rights in respect of such Units on any matter, and unless the arrangement between such Persons provides otherwise, vote such Units in favor of, and at the direction of, the Person who is the beneficial owner, and the Partnership shall be entitled to assume it is so acting without further inquiry. The provisions of this Section 15.12(b) (as well as all other provisions of this Agreement) are subject to the provisions of Section 10.4.

## ARTICLE XVI

## MERGER

16.1 AUTHORITY. The Partnership may merge or consolidate with one or more corporations, business trusts or associations, real estate investment trusts, common law trusts or unincorporated businesses, including a general partnership or limited partnership, formed under the laws of the State of Delaware or any other state of the United States of America, pursuant to a written agreement of merger or consolidation ("MERGER AGREEMENT") in accordance with this Article XVI.

16.2 PROCEDURE FOR MERGER OR CONSOLIDATION. Merger or consolidation of the Partnership pursuant to this Article XVI requires the prior approval of the General Partner. If the General Partner shall determine, in the exercise of its sole discretion, to consent to the merger or consolidation, the General Partner shall approve the Merger Agreement, which shall set forth:

(a) The names and jurisdictions of formation or organization of each of the business entities proposing to merge or consolidate;

(b) The name and jurisdictions of formation or organization of the business entity that is to survive the proposed merger or consolidation (the "SURVIVING BUSINESS ENTITY");

(c) The terms and conditions of the proposed merger or consolidation;

(d) The manner and basis of exchanging or converting the equity securities of each constituent business entity for, or into, cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity; and (i) if any general or limited partner interests, securities or rights of any constituent business entity are not to be exchanged or converted solely for, or into, cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity, the cash, property or general or limited partner interests, rights, securities or obligations of any limited partnership, corporation, trust or other entity (other than the Surviving Business Entity) which the holders of such general or limited partner interests, securities or rights are to receive in exchange for, or upon conversion of, their general or limited partner interests, securities or rights, and (ii) in the case of securities represented by certificates, upon the surrender of such certificates, which cash, property or general or limited partner interests, rights, securities or obligations of the Surviving Business Entity or any general or limited partnership, corporation, trust or other entity (other than the Surviving Business Entity), or evidences thereof, are to be delivered;

(e) A statement of any changes in the constituent documents or the adoption of new constituent documents (the articles or certificate of incorporation, articles of trust, declaration of trust, certificate or agreement of limited partnership or other similar charter or governing document) of the Surviving Business Entity to be effected by such merger or consolidation;

(f) The effective time of the merger, which may be the date of the filing of the certificate of merger pursuant to Section 16.4 or a later date specified in or determinable in accordance with the Merger Agreement (provided, that if the effective time of the merger is to be later than the date of the filing of the certificate of merger, the effective time shall be fixed no later than the time of the filing of the certificate of merger and stated therein); and

(g) Such other provisions with respect to the proposed merger or consolidation as are deemed necessary or appropriate by the General Partner.

16.3 APPROVAL BY LIMITED PARTNERS OF MERGER OR CONSOLIDATION. (a) The General Partner, upon its approval of the Merger Agreement, shall direct that the Merger Agreement be submitted to a vote of Limited Partners, whether at a meeting or by written consent, in either case in accordance with the requirements of Article XV. A copy or a summary of the Merger Agreement shall be included in or enclosed with the notice of a meeting or the written consent.

(b) The Merger Agreement shall be approved upon receiving the affirmative vote or consent of the holders of at least a Unit Majority unless the Merger Agreement contains any provision that, if contained in an amendment to this Agreement, the provisions of this Agreement or the Delaware Act would require the vote or consent of a greater percentage of the Outstanding Units or of any class of Limited Partners, in which case such greater percentage vote or consent shall be required for approval of the Merger Agreement.

(c) After such approval by vote or consent of the Limited Partners, and at any time prior to the filing of the certificate of merger pursuant to Section 16.4, the merger or consolidation may be abandoned pursuant to provisions

therefor, if any, set forth in the Merger Agreement.

16.4 CERTIFICATE OF MERGER. Upon the required approval by the General Partner and the Limited Partners of a Merger Agreement, a certificate of merger shall be executed and filed with the Secretary of State of the State of Delaware in conformity with the requirements of the Delaware Act.

16.5 EFFECT OF MERGER. (a) At the effective time of the certificate of merger:

(i) all of the rights, privileges and powers of each of the business entities that has merged or consolidated, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and causes of action belonging to each of those business entities shall be vested in the Surviving Business Entity and after the merger or consolidation shall be the property of the Surviving Business Entity to the extent they were of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and is not in any way impaired because of the merger or consolidation;

(iii) all rights of creditors and all liens on or security interests in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the Surviving Business Entity, and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.

(b) A merger or consolidation effected pursuant to this Article shall not be deemed to result in a transfer or assignment of assets or liabilities from one entity to another having occurred.

## ARTICLE XVII

## RIGHT TO ACQUIRE UNITS

17.1 RIGHT TO ACQUIRE UNITS. (a) Notwithstanding any other provision of this Agreement, if at any time not more than 20% of the total Units of any class then Outstanding are held by Persons other than the General Partner and its Affiliates, the General Partner shall then have the right, which right it may assign and transfer to the Partnership or any Affiliate of the General Partner, exercisable in its sole discretion, to purchase all, but not less than all, of the Units of such class then Outstanding held by Persons other than the General Partner and its Affiliates, at the greater of (x) the Current Market Price as of the date three days prior to the date that the notice described in Section 17.1(b) is mailed, and (y) the highest cash price paid by the General Partner or any of its Affiliates for any such Unit purchased during the 90-day period preceding the date that the notice described in Section 17.1(b) is mailed. As used in this Agreement, (i) “CURRENT MARKET PRICE” as of any date of any class of Units listed or admitted to trading on any National Securities Exchange means the average of the daily Closing Prices (as hereinafter defined) per Unit of such class for the 20 consecutive Trading Days (as hereinafter defined) immediately prior to such date; (ii) “CLOSING PRICE” for any day means the last sale price on such day, regular way, or in case no such sale takes place on such day, the average of the closing bid and asked prices on such day, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal National Securities Exchange on which the Units of such class are listed or admitted to trading or, if the Units of such class are not listed or admitted to trading on any National Securities Exchange, the last quoted price on such day or, if not so quoted, the average of the high bid and low asked prices on such day in the over the counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or such other system then in use, or, if on any such day the Units of such class are not quoted by any such organization, the average of the closing bid and asked prices on such day as furnished by a professional market maker making a market in the Units of such class selected by the Board of Directors of the General Partner, or if on any such day no market maker is making a market in the Units of such class, the fair value of such Units on such day as determined reasonably and in good faith by the Board of Directors of the General Partner; and (iii) “TRADING DAY” means a day on which the principal National Securities Exchange on which the Units of any class are listed or admitted to trading is open for the transaction of business or, if Units of a class are not listed or admitted to trading on any National Securities Exchange, a day on which banking institutions in New York City

generally are open.

(b) If the General Partner, any Affiliate of the General Partner or the Partnership elects to exercise the right to purchase Units granted pursuant to Section 17.1(a), the General Partner shall deliver to the Transfer Agent notice of such election to purchase (the "NOTICE OF ELECTION TO PURCHASE") and shall cause the Transfer Agent to mail a copy of such Notice of Election to Purchase to the Record Holders of Units (as of a Record Date selected by the General Partner) at least 10, but not more than 60, days prior to the Purchase Date. Such Notice of Election to Purchase shall also be published for a period of at least three consecutive days in at least two daily newspapers of general circulation printed in the English language and published in the Borough of Manhattan, New York. The Notice of Election to Purchase shall specify the Purchase Date and the price (determined in accordance with Section 17.1(a)) at which Units will be purchased and state that the General Partner, its Affiliate or the Partnership, as the case may be, elects to purchase such Units, upon surrender of Certificates representing such Units in exchange for payment, at such office or offices of the Transfer Agent as the Transfer Agent may specify, or as may be required by any National Securities Exchange on which the Units are listed or admitted to trading. Any such Notice of Election to Purchase mailed to a Record Holder of Units at his address as reflected in the records of the Transfer Agent shall be conclusively presumed to have been given regardless of whether the owner receives such notice. On or prior to the Purchase Date, the General Partner, its Affiliate or the Partnership, as the case may be, shall deposit with the Transfer Agent cash in an amount sufficient to pay the aggregate purchase price of all of the Units to be purchased in accordance with this Section 17.1. If the Notice of Election to Purchase shall have been duly given as aforesaid at least 10 days prior to the Purchase Date, and if on or prior to the Purchase Date the deposit described in the preceding sentence has been made for the benefit of the holders of Units subject to purchase as provided herein, then from and after the Purchase Date, notwithstanding that any Certificate shall not have been surrendered for purchase, all rights of the holders of such Units (including any rights pursuant to Articles IV, V and XIV) shall thereupon cease, except the right to receive the purchase price (determined in accordance with Section 17.1(a)) for Units therefor, without interest, upon surrender to the Transfer Agent of the Certificates representing such Units, and such Units shall thereupon be deemed to be transferred to the General Partner, its Affiliate or the Partnership, as the case may be, on the record books of the Transfer Agent and the Partnership, and the General Partner or any Affiliate of the General Partner, or the Partnership, as the case may be, shall be deemed to be the owner of all such Units from and after the Purchase Date and shall have all rights as the owner of such Units (including all rights as owner of such Units pursuant to Articles IV, V and XIV).

(c) At any time from and after the Purchase Date, a holder of an Outstanding Unit subject to purchase as provided in this Section 17.1 may surrender his Certificate evidencing such Unit to the Transfer Agent in exchange for payment of the amount described in Section 17.1(a), therefor, without interest thereon.

## ARTICLE XVIII

## GENERAL PROVISIONS

18.1 ADDRESSES AND NOTICES. Any notice, demand, request, report or proxy materials required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication to the Partner or Assignee at the address described below. "OTHER MEANS OF WRITTEN COMMUNICATION" to a Person shall include, without limitation, (i) the physical delivery of a document, whether written on paper, encoded electromagnetically or optically, or otherwise, on disk, tape, or other commercially available medium, (ii) the transmission of data via electronic, telephonic, electromagnetic or other medium that is commercially available and that is reasonably expected to result in making the message of the written communication available to such Person verbatim; provided, however, that in no instance shall a written communication include a means of communication that, at the time such communication is required to be made, contravenes any applicable law or any applicable rule, regulation or other promulgation of the Commission, relevant National Securities Exchange or other applicable entity with jurisdiction over such communications. Any notice, payment or report to be given or made to a Partner or Assignee hereunder shall be deemed conclusively to have been given or made, and the obligation to give such notice or report or to make such payment shall be deemed conclusively to have been fully satisfied, upon sending of such notice, payment or report to the Record Holder of such Unit at his address as shown on the records of the Transfer Agent or as otherwise shown on the records of the Partnership, pursuant to this Section 18.1, regardless of any claim of any Person who may have an interest in such Unit or the Partnership Interest of a General Partner by reason of any assignment or otherwise. An affidavit or certificate of making of any notice, payment or report in accordance with the provisions of this Section

18.1 executed by the General Partner, the Transfer Agent, the mailing organization or other organization making such communication shall be prima facie evidence of the giving or making of such notice, payment or report. If any notice, payment or report addressed to a Record Holder at the address of such Record Holder appearing on the books and records of the Transfer Agent or the Partnership is returned by the United States Post Office, courier or other organization making such communication marked to indicate that the United States Postal Service, courier or other organization making such communication is unable to deliver it, such notice, payment or report and any subsequent notices, payments and reports shall be deemed to have been duly given or made without further mailing or other means of delivery of written communication hereunder (until such time as such Record Holder or another Person notifies the Transfer Agent or the Partnership of a change in his address) if they are available for the Partner or Assignee at the principal office of the Partnership for a period of one year from the date of the giving or making of such notice, payment or report to the other Partners and Assignees. Any notice to the Partnership shall be deemed given if received by the General Partner at the principal office of the Partnership designated pursuant to Section 1.3. The General Partner may rely and shall be protected in relying on any notice or other document from a Partner, Assignee or other Person if believed by it to be genuine.

18.2 REFERENCES. Except as specifically provided otherwise, references to “Articles” and “Sections” are to Articles and Sections of this Agreement.

18.3 PRONOUNS AND PLURALS. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

18.4 FURTHER ACTION. The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

18.5 BINDING EFFECT. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

18.6 INTEGRATION. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

18.7 CREDITORS. None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

18.8 WAIVER. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach of any other covenant, duty, agreement or condition.

18.9 COUNTERPARTS. This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto or, in the case of a Person acquiring a Unit, upon accepting the certificate evidencing such Unit or executing and delivering a Transfer Application as herein described, independently of the signature of any other party.

18.10 APPLICABLE LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.

18.11 INVALIDITY OF PROVISIONS. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

18.12 CONSENT OF PARTNERS. Each Partner hereby expressly consents and agrees that, whenever in this Agreement it is specified that an action may be taken upon the affirmative vote or consent of less than all of the Partners, such action may be so taken upon the concurrence of less than all of the Partners and each Partner shall be bound by the results of such action.

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

GENERAL PARTNER:

AMERIGAS PROPANE, INC.

By: /s/ Robert H. Knauss
Robert H. Knauss
Title: Vice President Law and General Counsel

LIMITED PARTNERS:

All Limited Partners now and hereafter admitted as limited partners of the Partnership, pursuant to Powers of Attorney now and hereafter executed in favor of, and granted and delivered to, the General Partner.

By: AMERIGAS PROPANE, INC. General Partner, as attorney-in-fact for all Limited Partners pursuant to the Powers of Attorney granted pursuant to Section 1.4.

By: /s/ Robert H. Knauss
Name: Robert H. Knauss
Title: Vice President Law and General Counsel

EXHIBIT A

TO THE THIRD AMENDED AND RESTATED AGREEMENT OF
LIMITED PARTNERSHIP OF
AMERIGAS PARTNERS, L.P.

CERTIFICATE EVIDENCING COMMON UNITS
REPRESENTING LIMITED PARTNER INTERESTS
AMERIGAS PARTNERS, L.P.

No. Common Units

AMERIGAS PROPANE, INC., a Pennsylvania corporation, as the General Partner of AMERIGAS PARTNERS, L.P., a Delaware limited partnership (the "Partnership"), hereby certifies that (the "Holder") is the registered owner of Common Units representing limited partner interests in the Partnership (the "Common Units") transferable on the books of the Partnership, in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed and accompanied by a properly executed application for transfer of the Common Units represented by this Certificate. The rights, preferences and limitations of the Common Units are set forth in, and this Certificate and the Common Units represented hereby are issued and shall in all respects be subject to the terms and provisions of, the Third Amended and Restated Agreement of Limited Partnership of AMERIGAS PARTNERS, L.P., as amended, supplemented or restated from time to time (the "Partnership Agreement"). Copies of the Partnership Agreement are on file at, and will be furnished without charge on delivery of written request to the Partnership at, the principal office of the Partnership located at 460 North Gulph Road, King of Prussia, Pennsylvania, 19406. Capitalized terms used herein but not defined shall have the meaning given them in the Partnership Agreement.

The Holder, by accepting this Certificate, is deemed to have (i) requested admission as, and agreed to become, a Limited Partner and to have agreed to comply with and be bound by and to have executed the Partnership Agreement, (ii) represented and warranted that the Holder has all right, power and authority and, if an individual, the capacity necessary to enter into the Partnership Agreement, (iii) granted the powers of attorney provided for in the Partnership Agreement and (iv) made the waivers and given the consents and approvals contained in the Partnership Agreement.

This Certificate shall not be valid for any purpose unless it has been countersigned and registered by the Transfer Agent and Registrar. Witness the facsimile signatures of the duly authorized officers of the General Partner of the Partnership.

Dated: _____

AMERIGAS PROPANE, INC.,
as General Partner

Countersigned and Registered by:

By: _____
President

ChaseMellon Shareholder Services, L.L.C

By: _____

as Transfer Agent and Registrar

Treasurer

By: _____
Authorized Signature

[REVERSE OF CERTIFICATE]

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Certificate, shall be construed as follows according to applicable laws or regulations:

| | | | |
|---|---|---|---|
| TEN COM- | as tenants in common | UNIF GIFT MIN ACT- | |
| TEN ENT- | as tenants by the entireties | | Custodian |
| | as joint tenants with right of | | (Cust) (Minor) |
| JT TEN- | survivorship and not as tenants in common | | under Uniform Gifts to Minors Act |
| | | | State |

Additional abbreviations, though not in the above list, may also be used.

ASSIGNMENT OF COMMON UNITS
IN
AMERIGAS PARTNERS, L.P.

IMPORTANT NOTICE REGARDING INVESTOR RESPONSIBILITIES
DUE TO TAX SHELTER STATUS OF AMERIGAS PARTNERS, L.P.

You have acquired an interest in AmeriGas Partners, L.P., 460 North Gulph Road, King of Prussia, Pennsylvania, 19406, whose taxpayer identification number is 23-2787918. The Internal Revenue Service has issued AmeriGas Partners, L.P. the following tax shelter registration number:

YOU MUST REPORT THIS REGISTRATION NUMBER TO THE INTERNAL REVENUE SERVICE IF YOU CLAIM ANY DEDUCTION, LOSS, CREDIT, OR OTHER TAX BENEFIT OR REPORT ANY INCOME BY REASON OF YOUR INVESTMENT IN AMERIGAS PARTNERS, L.P.

You must report the registration number as well as the name and taxpayer identification number of AmeriGas Partners, L.P., on Form 8271. FORM 8271 MUST BE ATTACHED TO THE RETURN ON WHICH YOU CLAIM THE DEDUCTION, LOSS, CREDIT, OR OTHER TAX BENEFIT OR REPORT ANY INCOME BY REASON OF YOUR INVESTMENT IN AMERIGAS PARTNERS, L.P.

If you transfer your interest in AmeriGas Partners, L.P. to another person, you are required by the Internal Revenue Service to keep a list containing (a) that person’s name, address and taxpayer identification number, (b) the date on which you transferred the interest and (c) the name, address and tax shelter registration number of AmeriGas Partners, L.P. If you do not want to keep such a list, you must (1) send the information specified above to the Partnership, which will keep the list for this tax shelter, and (2) give a copy of this notice to the person to whom you transfer your interest. Your failure to comply with any of the above-described responsibilities could result in the imposition of a penalty under Section 6707(b) or 6708(a) of the Internal Revenue Service Code of 1986, as amended, unless such failure is shown to be due to reasonable cause.

ISSUANCE OF A REGISTRATION NUMBER DOES NOT INDICATE THAT THIS INVESTMENT OR THE CLAIMED TAX BENEFITS HAVE BEEN REVIEWED, EXAMINED, OR APPROVED BY THE INTERNAL REVENUE SERVICE.

FOR VALUE RECEIVED, _____ hereby assigns, conveys, sells and transfers unto

(Please print or typewrite name and address of Assignee)

(Please insert Social Security or other identifying number of Assignee)

Common Units representing limited partner interests evidenced by this Certificate, subject to the Partnership Agreement, and does hereby irrevocably constitute and appoint _____ as its attorney-in-fact with full power of substitution to transfer the same on the books of AmeriGas Partners, L.P.

Date:

NOTE: The signature to any endorsement hereon must correspond with the name as written upon the face of this Certificate in every particular, without alteration, enlargement or change.

SIGNATURE(S) MUST BE GUARANTEED BY A MEMBER FIRM OF THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC. OR BY A COMMERCIAL BANK OR TRUST COMPANY

(Signature)

(Signature)

SIGNATURE(S) GUARANTEED

No transfer of the Common Units evidenced hereby will be registered on the books of the Partnership, unless the Certificate evidencing the Common Units to be transferred is surrendered for registration or transfer and an Application for Transfer of Common Units has been executed by a transferee either (a) on the form set forth below or (b) on a separate application that the Partnership will furnish on request without charge. A transferor of the Common Units shall have no duty to the transferee with respect to execution of the transfer application in order for such transferee to obtain registration of the transfer of the Common Units.

APPLICATION FOR TRANSFER OF COMMON UNITS

The undersigned ("Assignee") hereby applies for transfer to the name of the Assignee of the Common Units evidenced hereby.

The Assignee (a) requests admission as a Substituted Limited Partner and agrees to comply with and be bound by, and hereby executes, the Third Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. (the "Partnership"), as amended, supplemented or restated to the date hereof (the "Partnership Agreement"), (b) represents and warrants that the Assignee has all right, power and authority and, if an individual, the capacity necessary to enter into the Partnership Agreement, (c) grants the powers of attorney provided for in the Partnership Agreement and (d) makes the waivers and gives the consents and approvals contained in the Partnership Agreement.

Capitalized terms not defined herein have the meanings assigned to such terms in the Partnership Agreement.

Date:

Signature of Assignee
Name and Address of Assignee

Social Security or other
identifying number of Assignee

Purchase Price including
commissions, if any

Type of Entity (check one)

_____ Individual _____ Partnership _____ Corporation

_____ Trust _____ Other (specify)

Nationality (Check One)

_____ U.S. Citizen, Resident or Domestic Entity

_____ Foreign Corporation, or _____ Non-resident alien

If the U.S. Citizen, Resident or Domestic Entity box is checked, the following certification must be completed.

Under Section 1445(e) of the Internal Revenue Code of 1986, as amended (the "Code"), the Partnership must withhold tax with respect to certain transfers of property if a holder of an interest in the Partnership is a foreign person. To inform the Partnership that no withholding is required with respect to the undersigned interest holder's interest in it, the undersigned hereby certifies the following (or, if applicable, certifies the following on behalf of the interest holder).

Complete Either A or B:

A. Individual Interest Holder

1. I am not a non-resident alien for purposes of U.S. income taxation.

2. My U.S. taxpayer identification number (Social Security Number) is

3. My home address is

B. Partnership, Corporate or Other Interest-Holder

1. _____ is not a foreign corporation, foreign partnership, foreign trust
(Name of Interest-Holder)

or foreign estate (as those terms are defined in the Code and Treasury Regulations).

2. The interest-holder's U.S. employer identification number is

3. The interest-holder's office address and place of incorporation (if applicable) is

The interest-holder agrees to notify the Partnership within 60 days of the date the interest-holder becomes a foreign person.

The interest-holder understands that this certificate may be disclosed to the Internal Revenue Service by the Partnership and that any false statement contained herein could be punishable by fine, imprisonment or both.

Under penalties of perjury, I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct and complete and, if applicable, I further declare that I have authority to sign this document on behalf of

(Name of Interest-Holder)

Signature and Date

Title (if applicable)

Note: If the Assignee is a broker, dealer, bank, trust company, clearing corporation, other nominee holder or an agent of any of the foregoing, and is holding for the account of any other person, this application should be completed by an officer thereof or, in the case of a broker or dealer, by a registered representative who is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc., or, in the case of any other nominee holder, a person performing a similar function. If the Assignee is a broker, dealer, bank, trust company, clearing corporation, other nominee owner or an agent of any of the foregoing, the above certification as to any person for whom the Assignee will hold the Common Units shall be made to the best of the Assignee's knowledge.

AMENDMENT NO. 1 TO THE THIRD AMENDED AND RESTATED

AGREEMENT OF LIMITED PARTNERSHIP OF AMERIGAS PARTNERS, L.P.

THIS AMENDMENT NO. 1 TO THE THIRD AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF AMERIGAS PARTNERS, L.P. (this "Amendment") dated as of October 15, 2007, is entered into and effectuated by AmeriGas Propane, Inc., a Pennsylvania corporation, in the capacities set forth on the signature lines below, pursuant to authority granted to it as the General Partner in Section 15.1(d) of the Third Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. (the "Partnership"), dated as of December 1, 2004 (the "Partnership Agreement"). Capitalized terms used but not defined herein have the meanings set forth in the Partnership Agreement.

WHEREAS, as required by Section 501.00 of the Listed Company Manual of the New York Stock Exchange (the "NYSE"), revised effective August 8, 2006, all securities listed on the NYSE must, no later than January 1, 2008, be eligible for a direct registration system operated by a securities depository (a "DRS"); and

WHEREAS, in order for the Partnership to be eligible to participate in a DRS, the Partnership Agreement must provide that Common Units are eligible to be issued without being evidenced by Certificates; and

WHEREAS, the Partnership Agreement currently provides that the Partnership mail certain annual and quarterly financial data to each Record Holder of a Unit, or in lieu of so doing, deliver to all such Record Holders a written communication describing the procedure by which the Record Holder may request that copies of such financial data be delivered by the Partnership; and

WHEREAS, the General Partner desires to amend the Partnership Agreement (i) to reflect the ability of the Partnership to issue Units without such Units being evidenced by Certificates and (ii) to allow the Partnership to satisfy the requirement to provide annual and quarterly financial data to the Record Holders of the Units by posting such information on the Partnership's website; and

WHEREAS, Section 15.1(d) of the Partnership Agreement provides that the General Partner, without the approval of any Limited Partner or Assignee, may amend any provision of the Partnership Agreement, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect changes that, in the sole discretion of the General Partner, (i) do not adversely affect the Limited Partners in any material respect or (ii) facilitate the trading of the Units or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Units are or will be listed for trading, compliance with any of which the General Partner determines in its sole discretion to be in the best interests of the Partnership and the Limited Partners.

NOW, THEREFORE, the Partnership Agreement is hereby amended as follows:

1. Article II is amended by adding the following definition immediately following the definition of "AVAILABLE CASH":

"BOOK-ENTRY SYSTEM" means a direct registration system operated by a securities depository, which system meets the requirements of any National Securities Exchange on which the Common Units or any other Units are, at the time in question, listed for trading.

2. Section 8.3 of the Partnership Agreement is amended and restated in its entirety as follows:

8.3 REPORTS. (a) As soon as practicable, but in no event later than 120 days after the close of each fiscal year of the Partnership, the General Partner shall cause to be mailed or made available, by any reasonable means (including posting on or accessible through the Partnership's website) to each Record Holder of a Unit as of a date selected by the General Partner in its sole discretion, an annual report containing financial statements of the Partnership for such fiscal year of the Partnership, presented in accordance with generally accepted accounting principles, including a balance sheet and statements of operations, Partners' equity and cash flows, such statements to be audited by a firm of independent public accountants selected by the General Partner.

(b) As soon as practicable, but in no event later than 90 days after the close of each Quarter except the last Quarter of each fiscal year, the General Partner shall cause to be mailed or made available, by any reasonable means (including posting on or accessible through the Partnership's website) to each Record Holder of a Unit, as of a date selected by the General Partner in its sole discretion, unaudited selected summary financial data of the Partnership and such other information as may be required by applicable law, regulation or rule of any National Securities Exchange on which the Units are listed for trading, or as the General Partner determines to be necessary or appropriate.

(c) Upon the request of any Record Holder of a Unit, the annual reports and quarterly financial data referenced in Sections 8.3(a) and (b) (each of which is referred to in this Section 8.3(c) as "Partnership Information") will be delivered to such Record Holder. The Partnership Information will be mailed if specifically requested by such Record Holder, but otherwise will be delivered by other means of written communication selected by the General Partner in accordance with Section 18.1.

3. Section 10.1 of the Partnership Agreement is amended and restated in its entirety as follows:

10.1 CERTIFICATES. Upon the Partnership's issuance of Common Units or Subordinated Units to any Person, the Partnership shall issue, upon the request of such Person, one or more Certificates in the name of such Person evidencing the number of such Units being so issued. Certificates shall be executed on behalf of the Partnership by the General Partner. No Common Unit Certificate shall be valid for any purpose until it has been countersigned by the Transfer Agent; provided, however, that if the General Partner elects to issue Common Units in global form, the Common Unit Certificates shall be valid upon receipt of a certificate from the Transfer Agent certifying that the Common Units have been duly registered in accordance with the directions of the Partnership. The Partners holding Certificates evidencing Subordinated Units may exchange such Certificates for Certificates evidencing Common Units on or after the date on which such Subordinated Units are converted into Common Units pursuant to the terms of Section 4.6. Notwithstanding anything to the contrary in this Section 10.1 or any other provision of this Agreement, the Partnership may allow interests in Common Units and any other Units listed for trading on a National Securities Exchange to be recorded and maintained in a Book-Entry System without the issuance of a Certificate.

4. Section 10.2 of the Partnership Agreement is amended and restated in its entirety as follows:

(a) The General Partner shall cause to be kept on behalf of the Partnership a register in which, subject to such reasonable regulations as it may prescribe and subject to the provisions of Section 10.2(b), the General Partner will provide for the registration and transfer of Units. The Transfer Agent is hereby appointed registrar and transfer agent for the purpose of registering Units and transfers of such Units as herein provided. The Partnership shall not recognize transfers of Certificates representing Units, or transfers of Units recorded in a Book-Entry System, unless such transfers are effected in the manner described in this Section 10.2. Upon surrender for registration of transfer of any Units evidenced by a Certificate, and subject to the provisions of Section 10.2(b), the General Partner on behalf of the Partnership shall execute, and the Transfer Agent shall countersign and deliver, in the name of the holder or the designated transferee or transferees, if and as required pursuant to the holder's instructions, one or more new Certificates evidencing the same aggregate number of Units as was evidenced by the Certificate so surrendered.

(b) Except as otherwise provided in Section 11.5, the Partnership shall not recognize any transfer of Units until the Certificates evidencing such Units, if any, are surrendered for registration of transfer and such Certificates, or a request for transfer of such Units made in accordance with the rules of the Book-Entry System, are accompanied by a Transfer Application duly executed by the transferee (or the transferee's attorney-in-fact duly authorized in writing). No charge shall be imposed by the Partnership for such transfer; provided, that as a condition to the issuance of any new Certificate or to a transfer of Units recorded in a Book-Entry System under this Section 10.2, the General Partner may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed with respect thereto.

5. Section 11.6(a)(i) of the Partnership Agreement is amended and restated in its entirety as follows:

(i) The General Partner shall, not later than the 30th day before the date fixed for redemption, give notice of redemption to the Limited Partner or Assignee, at his last address designated on the records of the Partnership or the Transfer Agent, by registered or certified mail, postage prepaid. The notice shall be deemed to have been given when so mailed. The notice shall specify the Redeemable Units, the date fixed for redemption, the place of payment, that payment of the redemption price will be made upon the transfer of the Redeemable Units being reflected in the register of the Partnership or upon surrender of the Certificate evidencing the Redeemable Units (if such Redeemable Units are evidenced by a Certificate) and that on and after the date fixed for redemption no further allocations or distributions to which the Limited Partner or Assignee would otherwise be entitled in respect of the Redeemable Units will accrue or be made.

6. Section 11.6(a)(iii) of the Partnership Agreement is amended and restated in its entirety as follows:

Upon surrender by or on behalf of the Limited Partner or Assignee, at the place specified in the notice of redemption, of the Certificate, if any, evidencing the Redeemable Units, duly endorsed in blank or accompanied by an assignment duly executed in blank, or upon the reflection of the redemption in the register of the Partnership, the Limited Partner or Assignee or his duly authorized representative shall be entitled to receive the payment therefor.

7. Section 17.1(b) of the Partnership Agreement is amended and restated in its entirety as follows:

(b) If the General Partner, any Affiliate of the General Partner or the Partnership elects to exercise the right to purchase Units granted pursuant to Section 17.1(a), the General Partner shall deliver to the Transfer Agent notice of such election to purchase (the "NOTICE OF ELECTION TO PURCHASE") and shall cause the Transfer Agent to mail a copy of such Notice of Election to Purchase to the Record Holders of Units (as of a Record Date selected by the General Partner) at least 10, but not more than 60, days prior to the Purchase Date. Such Notice of Election to Purchase shall also be published for a period of at least three consecutive days in at least two daily newspapers of general circulation printed in the English language and published in the Borough of Manhattan, New York. The Notice of Election to Purchase shall specify the Purchase Date and the price (determined in accordance with Section 17.1(a)) at which Units will be purchased and state that the General Partner, its Affiliate or the Partnership, as the case may be, elects to purchase such Units, upon surrender of Certificates, if any, representing such Units in exchange for payment, at such office or offices of the Transfer Agent as the Transfer Agent may specify, or as may be required by any National Securities Exchange on which the Units are listed or admitted to trading. Any such Notice of Election to Purchase mailed to a Record Holder of Units at his address as reflected in the records of the Transfer Agent shall be conclusively presumed to have been given regardless of whether the owner receives such notice. On or prior to the Purchase Date, the General Partner, its Affiliate or the Partnership, as the case may be, shall deposit with the Transfer Agent cash in an amount sufficient to pay the aggregate purchase price of all of the Units to be purchased in accordance with this Section 17.1. If the Notice of Election to Purchase shall have been duly given as aforesaid at least 10 days prior to the Purchase Date, and if on or prior to the Purchase Date the deposit described in the preceding sentence has been made for the benefit of the holders of Units subject to purchase as provided herein, then from and after the Purchase Date, notwithstanding that any Certificate shall not have been surrendered for purchase, all rights of the holders of such Units (including any rights pursuant to Articles IV, V and XIV) shall thereupon cease, except the right to receive the purchase price (determined in accordance with Section 17.1(a)) for Units therefore, without interest, upon surrender to the Transfer Agent of the Certificates, if any, representing such Units, and such Units shall thereupon be deemed to be transferred to the General Partner, its Affiliate or the Partnership, as the case may be, on the record books of the Transfer Agent and the Partnership, and the General Partner or any Affiliate of the General Partner, or the Partnership, as the case may be, shall be deemed to be the owner of all such Units from and after the Purchase Date and shall have all rights as the owner of such Units (including all rights as owner of such Units pursuant to Articles IV, V and XIV).

8. Section 17.1(c) of the Partnership Agreement is amended and restated in its entirety as follows:

At any time from and after the Purchase Date, a holder of an Outstanding Unit subject to purchase as provided in this Section 17.1 may surrender the Certificate, if any, evidencing such Unit to the Transfer Agent in exchange for payment of the amount described in Section 17.1(a), therefor, without interest thereon.

* * * * * *

Except as hereby amended, the Partnership Agreement shall remain in full force and effect.

This Amendment shall be construed in accordance with, and governed by, the laws of the State of Delaware, without regard to the principles of conflicts of law.

If any provision of this Amendment is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

IN WITNESS WHEREOF, this Amendment No. 1 has been executed as of the date first written above.

GENERAL PARTNER:

AMERIGAS PROPANE, INC.

General Partner

By: /s/ Robert H. Knauss
Name: Robert H. Knauss
Title: Vice President Law and General Counsel

LIMITED PARTNERS:

All Limited Partners now and hereafter admitted as limited partners of the Partnership, pursuant to Powers of Attorney now and hereafter executed in favor of, and granted and delivered to, the General Partner.

By: AMERIGAS PROPANE, INC. General Partner, as attorney-in-fact for all Limited Partners pursuant to the Powers of Attorney granted pursuant to Section 1.4.

By: /s/ Robert H. Knauss
Name: Robert H. Knauss
Title: Vice President Law and General Counsel

**Exhibit 10.4**

**AMERIGAS PROPANE, INC.**

**EXECUTIVE EMPLOYEE SEVERANCE PLAN**

**As in effect as of January 1, 2008**

AMERIGAS PROPANE, INC.
EXECUTIVE EMPLOYEE
SEVERANCE PLAN

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ARTICLE I

PURPOSE AND TERM OF PLAN

Section 1.01 Purpose of the Plan. This Executive Employee Severance Plan is applicable to Executive Employees (as defined below) of AmeriGas Propane, Inc. and its affiliates. 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. This amendment and restatement is a continuation of the Company's existing Executive Employee Severance Pay Plan. 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 in 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 "COBRA Cost" shall mean the applicable premium under section 4980B(f)(4) of the Code for continued medical and dental COBRA coverage under the Company's benefit plans.

Section 2.09 "COBRA Coverage" shall mean continued medical and dental coverage under the Company's benefit plans, as determined under section 4980B of the Code.

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

Section 2.11 "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 2.12 "Compensation Committee" shall mean the Compensation/Pension Committee of the Board of Directors.

Section 2.13 "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 2.14 "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 2.15 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

Section 2.16 "Executive Annual Bonus Plan" shall mean the Executive Annual Bonus Plan of the Company as approved by the Board of Directors and in effect from time to time.

Section 2.17 "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 of the Company and who does not have 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 or (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.

Section 2.18 "Executive Equity Plan" shall mean any long-term equity incentive plan of the Company or any of its Affiliates, including without limitation the UGI Corporation 2004 Omnibus Equity Compensation Plan and the AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan.

Section 2.19 "Just Cause" shall mean (i) dismissal of an Executive Employee due to misappropriation of funds, (ii) substance abuse or habitual insobriety that adversely affects the Executive Employee's ability to perform his or her job, (iii) conviction of a crime involving moral turpitude, or (iv) gross negligence in the performance of duties. 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 “Monthly Compensation” shall mean the Participant’s Annual Compensation divided by 12.

Section 2.22 “Paid Notice” shall mean the cash amount payable to a Participant in lieu of notice as determined pursuant to Section 4.01(a).

Section 2.23 “Participant” shall mean any Executive Employee who receives Benefits under the Plan.

Section 2.24 “Plan” shall mean the AmeriGas Propane, Inc. Executive Employee Severance Plan, as set forth herein, and as the same may from time to time be amended.

Section 2.25 “Plan Year” shall mean each fiscal year of the Company during which this Plan is in effect.

Section 2.26 “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 2.27 “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 an employer 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 2.28 “Restricted Awards” shall mean restricted stock, stock units, performance units, restricted units, dividend equivalents, distribution equivalents and other equity-based awards, other than stock options, that are granted to a Participant under an Executive Equity Plan.

Section 2.29 “Salary Continuation Period” shall mean (i) the number of months of Paid Notice plus (ii) the period for which a Participant receives Separation Pay under Section 4.01(b).

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

Section 2.31 “Weekly Compensation” shall mean the Participant’s Annual Compensation divided by 52.

Section 2.32 “Year of Service” shall mean each 12 month period (or part thereof) of continuous service with the Company and its Affiliates beginning on the Participant’s Employment Commencement Date and ending on each anniversary thereof. Years 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.

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. 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.

(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 cash 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), less the amount described in subsection (e) and subject to subsection (g), except that any payment under paragraph (c) below that is based on annual financial performance will be excluded from the lump sum payment and paid separately as provided below:

(a) An amount of Paid Notice equal to three months of the Participant's Monthly Compensation.

(b) An amount of Separation Pay equal to two weeks of the Participant's Weekly Compensation for each Year of Service; provided, however, that such amount shall not be less than three months of the Participant's Monthly Compensation and shall not exceed 12 months of the Participant's Monthly Compensation.

(c) An amount equal to the Participant's annual target bonus amount under the applicable annual bonus plan (or its successor) for the current fiscal year multiplied by the number of months elapsed in the current fiscal year to the Participant's Employment Termination Date and divided by 12, as well as any annual bonus amount due from the prior fiscal year under such plan but not yet paid. Notwithstanding the foregoing, if the Employment Termination Date occurs in the last two months of the fiscal year, the bonus amount shall be calculated as follows:

(i) Unless the Company determines otherwise, the amount of the current fiscal year target bonus to be paid pursuant to this paragraph (c) shall be determined and paid after the end of the fiscal year in accordance with the terms and conditions of the applicable annual bonus plan as though the Participant were still an employee, except that the weighting to be applied to the Participant's business/financial performance goals under the annual bonus plan will be deemed to be 100%; or

(ii) The Company may, in its sole discretion, determine that the amount payable pursuant to this paragraph (c) for Employment Termination Dates occurring in the last two months of the fiscal year will be computed in the same manner as that provided for Employment Termination Dates occurring during the first ten months of the fiscal year.

The annual bonus shall be paid within 60 days following the Participant's Employment Termination Date; provided however, that if the annual bonus is calculated based on the full fiscal year performance, as described above, the annual bonus shall be paid by December 31 following the end of the Company's fiscal year in which the Participant's Employment Termination Date occurs.

(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) If the Participant's employment with the Company and its Affiliates terminates before a Change in Control, the cash amount computed in subsections (a) through (c) above shall be reduced by the amount of cash and the fair market value of any stock, partnership units or other property that is payable to the Participant under Restricted Awards after the Participant's termination of employment, as determined by the Company, provided that the Restricted Awards are not considered deferred compensation under section 409A of the Code. In order to implement this reduction, if the Company cannot determine the amount payable under Restricted Awards at the Participant's Employment Termination Date, any amounts payable under such Restricted Awards shall be reduced by the amount of the Benefit paid under subsections (a) through (c) above, provided the Restricted Awards are not considered deferred compensation under section 409A of the Code. In no event shall a Participant be required to return to the Company or an Affiliate any amounts previously paid under this Plan.

(f) The reduction described in subsection (e) shall not apply if the Participant's employment with the Company and its Affiliates terminates at or after a Change in Control. In addition, the reduction described in subsection (e) shall not apply to any Restricted Awards for which all requirements for payment have been met before the Participant's Employment Termination Date (for example, if the restriction period for a Restricted Award ends on December 31, 2007, the Restricted Award is payable on February 1, 2008 and the Participant's employment is terminated on January 15, 2008, the Restricted Award shall not be reduced by the Benefits under this Plan).

(g) Notwithstanding the foregoing, the minimum payment calculated under subsections (a) through (d) above shall not be less than six months 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.

(b) A Participant who receives Benefits under Section 4.01 may elect COBRA Coverage according to the terms of the Company's applicable medical and dental plans. If the Participant elects COBRA Coverage, the Participant shall be responsible for paying the COBRA Cost of such coverage in order to be eligible for the coverage. Any applicable conversion rights shall be provided to the Participant at the time coverage ceases.

(c) Each Participant who receives Benefits under Section 4.01 shall be entitled to receive outplacement services for up to six 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 any other severance agreement or arrangement with the Company or an Affiliate. In other respects, the benefits payable under this Plan shall be in addition to and not in lieu of any payments or benefits due to the Participant under any other plan, policy, or program of the Company and its Affiliates.

(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.

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; *provided, however*, that if the annual bonus payable pursuant to Section 4.01(c), is calculated based on the full fiscal year performance, such annual bonus shall be paid by December 31 following the end of the Company's fiscal year in which the Participant's Employment Termination Date occurs. Payment shall be made by mailing 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.**

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 Company employees.

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, telegraph, telephone, or electronic communication device; 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 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, 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 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, 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.

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.

ARTICLE IX

CLAIMS PROCEDURES

Section 9.01 Application for Benefits. Participants who believe they are 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. Before the date on which benefit payments commence, each such application must be supported by such information as the Administrative Committee deems relevant and appropriate.

Section 9.02 Claim. A terminated employee may contest his or her eligibility for the amount of benefit awarded 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. In no event shall the extension exceed a period of 90 days from the end of the initial period. 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: (i) specific references to the pertinent Plan provisions on which the denial is based; (ii) 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 (iii) an explanation 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) The claimant or his duly authorized representative may:

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

(ii) examine the Plan and obtain, upon request and without charge, copies of all information relevant to the claimant's appeal; and

(iii) submit issues and comments in writing.

(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.

(d) The Named Appeals Fiduciary shall consider the merits of the claimant's written presentations, the merits of any facts or evidence in support of the denial of benefits, and such other facts and circumstances as the Named Appeals Fiduciary shall deem relevant.

(e) The Named Appeals Fiduciary shall render a determination upon the appealed claim which determination shall be accompanied by a written statement setting forth:

(i) specific reasons for the decision, written in a manner calculated to be understood by the claimant;

(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.

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 of Control occurs, unless the Compensation Committee directs otherwise before the Change of 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 of 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.

**Exhibit 10.6**

AmeriGas Propane, Inc.
Discretionary Long-Term Incentive Plan
for Non-Executive Key Employees

Effective July 1, 2000
Amended as of January 1, 2005

Background

AmeriGas Propane, Inc. ("AmeriGas" or the "Company") maintains a long-term compensation plan for a relatively small group of select employees in an effort to recognize, reward and retain these individuals through the use of grants of AmeriGas equity. Compensation provided through the plan will be over and above the normal base salary and annual bonus opportunity of the recipients. Recipients will generally be chosen from among those designated "high-potential employees," but may also include other employees whose performance is superior.

Purpose

The purpose of the plan is to:

1. Recognize and motivate high-potential individuals;
2. Recognize and reward superior performance;
3. Act as a retention incentive; and
4. Align the interests of key employees with those of AmeriGas unitholders.

Eligibility

Eligibility for this plan will generally be limited to exempt level key employees in grades 18 and above, excluding officers. Key employees are those employees who, in the judgment of senior management, can make substantial contributions to the business of the Company.

An individual will be eligible to receive an award once per three year cycle. Interim awards (generally pro rated) may be made.

Awards

Awards will be made on a highly selective basis, will be in the form of phantom APU units and will be restricted for a period of three years. Awards will be made on a three-year cycle. The leadership team will review the list of potentially eligible employees annually and make recommendation for additional interim awards (which may be pro rata) as appropriate. It is anticipated that such interim awards will generally be made only to newly eligible employees or to those previously eligible employees whose performance and/or circumstances merit consideration or reconsideration for an award.

Individual awards are targeted at 750 units.

Maximum Number of Units

Up to 200,000 partnership units may be issued in connection with this plan. In addition, no participant may be granted awards relating to more than 2,000 units in any calendar year.

Nomination and Selection

Nominations may be submitted by any officer of the Company, must be in writing and must include the basis for the recommendation.

Grant recipients shall be selected (from among those nominated) by a committee which will consist of:

- CEO of AmeriGas
- Vice President Human Resources
- At least one other Vice President to be appointed each year by the CEO

The criteria for nomination are:

The individual has performed, and is expected to continue to perform, in a superior manner, and

1. The individual has performed in a manner which demonstrates the potential to make significant long-term contributions to the Company, or
2. The individual possesses those skills which, upon further development, may qualify him/her for significant additional responsibilities in the future.

The committee shall have the sole discretionary authority to administer the plan.

Vesting

Awards will be restricted for three years.

Employees who terminate employment for any reason, voluntarily or involuntarily, prior to the end of the three-year time period will forfeit all units.

Distributions

No distributions will accrue during the restriction period.

Payment of Awards

Vested awards will be distributed as soon as practicable following the end of the restriction period, but in no event later than March 15 of the calendar year following the calendar year in which the award vests.

Two-thirds of the award will be distributed in the form of APU units and the remaining one-third of the award will be distributed in cash to be used as an offset to the individual income tax liability. The amount of cash to be distributed will be based on the fair market value of APU units at the end of the restriction period. The fair market value will be equal to the average of the high and low sales price of an APU unit on the New York Stock Exchange on the day on which the fair market value is being determined or, if there are no transactions on that day, on the immediately preceding day on which there were transactions on that exchange.

Tax Withholding

AmeriGas will withhold from any payment made pursuant to this plan any taxes required to be withheld from such payments under local, state or Federal law.

Amendment and Termination

This plan may at any time or from time to time be amended or terminated by the Board of Directors of the Company at any time.

Transferability of Awards

A participant may not transfer rights under an award. When a participant dies, the personal representative of the participant shall receive any amounts payable to the participant under the plan.

**Exhibit 10.7**

# AMERIGAS PROPANE, INC.

# 2000 LONG-TERM INCENTIVE PLAN

# ON BEHALF OF AMERIGAS PARTNERS, L.P.

**as amended and restated effective January 1, 2005**

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**AMERIGAS PROPANE, INC.**

**2000 LONG-TERM INCENTIVE PLAN**
**ON BEHALF OF AMERIGAS PARTNERS, L.P.**

1. **Purpose and Design**

The purpose of this Plan is to assist the Company in its capacity as General Partner of AmeriGas Partners, L.P. in securing and retaining key corporate executives of outstanding ability who are in a position to participate significantly in the development and implementation of the General Partner's strategic plans and thereby to contribute materially to the long-term growth, development, and profitability of AmeriGas Partners, L.P. by affording them an opportunity to acquire Units by the achievement of specific performance goals. The Plan is designed to align directly long-term executive compensation with tangible, direct and identifiable benefits realized by AmeriGas Partners, L.P. Unitholders.

2. **Definitions**

Whenever used in this Plan, the following terms will have the respective meanings set forth below:

2.1 *"Account"* means a bookkeeping account established on the records of the Company to record a Participant's interests under the Plan.

2.2 *"Administrative Committee"* means the committee of employees of the Company and its affiliates appointed by the Committee to perform ministerial and other assigned functions.

2.3 *"Affiliate"* will have the meaning ascribed to such term in Rule 12b-2 of the General Rules under the Exchange Act.

2.4 *"APLP"* means AmeriGas Partners, L.P., a Delaware limited partnership.

2.5 *"APLP Partnership Agreement"* means the Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., dated as of September 18, 1995, as amended from time to time.

2.6 *"Board"* means the Company's Board of Directors as constituted from time to time.

2.7 *"Change of Control"* means a change of control as defined in the attached Exhibit A, as amended from time to time by the Committee in its discretion.

2.8 "*Code*" means the Internal Revenue Code of 1986, as amended.

2.9 *"Committee"* means the Compensation/Pension Committee of the Board or its successor.

2.10 *"Company"* means AmeriGas Propane, Inc., a Pennsylvania corporation, and any successor thereto that is the General Partner.

2.11 *"Comparison Group"* means the group selected by the Committee and consisting of the Partnership and such other entities deemed by the Committee (in its sole discretion) to be reasonably comparable to the Partnership.

2.12 *"Date of Grant"* means the effective date of a Restricted Unit grant; provided, however, that no retroactive grants will be made.

2.13 *"Disability"* or *"Disabled"* means a long-term disability as determined under the long-term disability plan of the Company, UGI or an Affiliate of the Company or UGI, which is applicable to the Participant.

2.14 *"Employee"* means a regular full-time salaried employee (including officers and directors who are also employees) of the Company who performs services directly or indirectly for the benefit of the Partnership.

2.15 *"Exchange Act"* means the Securities Exchange Act of 1934, as amended.

2.16 *"Fair Market Value"* of a Unit means the average, rounded to one cent ($0.01), of the highest and lowest sales prices thereof on the New York Stock Exchange on the day on which Fair Market Value is being determined, as reported on the Composite Tape for transactions on the New York Stock Exchange. In the event that there are no Unit transactions on the New York Stock Exchange on such day, the Fair Market Value will be determined as of the immediately preceding day on which there were Unit transactions on that exchange.

2.17 *"General Partner"* means AmeriGas Propane, Inc., its successor as general partner of APLP, or its transferee, all as provided in Section 6.4(c) of the APLP Partnership Agreement.

2.18 *"Grant Letter"* means the written instrument that sets forth the terms and conditions of a grant, including all amendments thereto.

2.19 *"Operating Partnership"* means AmeriGas Propane, L.P., a Delaware limited partnership.

2.20 *"Participant"* means an Employee designated by the Committee to participate in the Plan.

2.21 *"Partnership"* means AmeriGas Partners, L.P., a Delaware limited Partnership or any successor thereto.

2.22 "*Partnership Security*" means any class or series of Partnership interest, any option, right, warrant or appreciation rights relating thereto, or any other type of equity interest that APLP may lawfully issue, or any unsecured or secured debt obligation of APLP that is convertible into any class or series of equity interests of APLP.

2.23 "*Performance Goal*" means the goal or goals and other requirements that must be met in order for Restricted Unit Distribution Equivalents, if any, to be paid and restrictions on Restricted Units to lapse**.** All Performance Goals must meet the requirements of Section 9.

2.24 "*Performance Period*" means the period of one or more calendar years during which performance will be measured, as specified by the Committee. Performance Periods must meet the requirements of Section 9.

2.25 "*Plan*" means the AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan on behalf of AmeriGas Partners, L.P. as stated herein, including any amendments or modifications thereto.

2.26 "*Restricted Unit Distribution Equivalent*" means an amount determined by multiplying the number of Restricted Units granted to a Participant, subject to any adjustment under Section 12, by the per-Unit cash distribution, or the per-Unit fair market value (as determined by the Committee) of any distribution in consideration other than cash, paid by APLP on its Units on a distribution payment date that falls within the relevant Restriction Period set forth in the Grant Letter.

2.27 "*Restricted Units*" means Units that are subject to restrictions as determined by the Committee.

2.28 "*Restriction Period*" means the period of one or more calendar years during which Restricted Units and Restricted Unit Distribution Equivalents shall be subject to restrictions or conditions, including the Performance Period and any other period specified in the Grant Letter.

2.29 "*Retirement*" means separation from employment upon or after attaining (i) age 55 with at least 10 years of service with the Company or its affiliates, or (ii) age 65 with at least 5 years of service with the Company or its affiliates.

2.30 "*Severance Plan*" means any severance plan maintained by the Company, UGI or an affiliate of the Company or UGI that is applicable to the Participant.

2.31 "*UGI*" means UGI Corporation.

2.32 "*Unit or "Common Unit*" means a unit representing a fractional part of the Partnership interests of all limited partners and assignees and having the rights and obligations specified with respect to Common Units in the Amended and Restated Agreement of Limited Partnership of the Partnership, as amended from time to time.

3. **Maximum Number of Units Available for Grants**

The number of Restricted Units that may be granted under this Plan may not exceed 500,000 in the aggregate, subject, however, to the adjustment provisions of Section 12 below. With regard to grants to any one individual in a calendar year, the number of Restricted Units that may be issued will not exceed 50,000. If Restricted Units are forfeited, forfeited Restricted Units will again be available for the purposes of the Plan. Restricted Units may be (i) previously issued and outstanding Units, (ii) newly issued Units, or (iii) a combination of each.

4. **Duration of the Plan**

The Plan will remain in effect until all Units subject to the Plan have been issued and transferred to Participants. Notwithstanding the foregoing, Restricted Units may not be granted after December 31, 2009.

5. **Administration**

The Plan will be administered by the Committee. Subject to the express provisions of the Plan, the Committee will have authority, in its complete discretion, to determine the Employees to whom, and the time or times at which grants will be made. In making such determinations, the Committee may take into account the nature of the services rendered by an Employee, the present and potential contributions of the Employee to the Partnership's success and such other factors as the Committee in its discretion deems relevant. Grants under the Plan need not be uniform as among Participants. Subject to the express provisions of the Plan, the Committee will also have authority, in its complete discretion, to construe and interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the terms and provisions of the restrictions relating to Restricted Units (none of which need be identical), and to make all other determinations (including factual determinations) necessary or advisable for the orderly administration of the Plan. All ministerial functions, in addition to those specifically delegated elsewhere in the Plan, shall be performed by the Administrative Committee. The Grant Letter shall set forth the terms of each Restricted Unit grant. Each Participant's receipt of a Grant Letter shall constitute that Participant's acknowledgement and acceptance of the terms of the Plan and the grant and the Committee's authority and discretion.

6. **Eligibility**

Grants hereunder may be made only to Employees (including directors who are also Employees of the Company) who, in the sole judgment of the Committee, are individuals who are in a position to significantly participate in the development and implementation of the General Partner's strategic plans for the Partnership and thereby contribute materially to the continued growth and development of the Partnership and to its future financial success.

7. **Restricted Units**

7.1 *Grant of Restricted Units*. Subject to the provisions of Section 3, Restricted Units and Restricted Unit Distribution Equivalents may be granted to Participants at any time and from time to time as may be determined by the Committee. Restricted Units may be granted with or without Restricted Unit Distribution Equivalents as determined by the Committee. Units issued or transferred pursuant to awards of Restricted Units may be issued or transferred for consideration or for no consideration, and will be subject to Performance Goals meeting the requirements of Section 9 and all requirements set forth in the Grant Letter.

7.2 *Requirement of Employment.*

(a) The restrictions on a Participant's Restricted Units shall lapse, and the Restricted Units shall be payable after the end of the Restriction Period, according to the terms set forth in the Grant Letter, but no later than March 15 of the calendar year following the end of the Restriction Period. If the Participant ceases to be an Employee before the end of the Restriction Period, the Participant's Restricted Units will terminate as to all Units covered by the grant as to which the restrictions have not lapsed, and those Units must be immediately returned to the Company, except as provided below.

(b) For Restricted Units granted before December 15, 2003, if a Participant holding Restricted Units ceases to be an Employee by reason of (i) Retirement, (ii) Disability, or (iii) death, the restrictions on Restricted Units held by such Participant will lapse pursuant to the following:

(i) *Retirement*. If a Participant terminates employment on account of Retirement, the restrictions on such Participant's Restricted Units will lapse with regard to any Performance Period that ends within 36 months after the date of such Retirement if the Performance Goals associated with such Performance Period are achieved within that 36-month period.

(ii) *Disability*. If a Participant is determined to be Disabled, the restrictions on such Participant's Restricted Units will lapse with regard to any Performance Period that ends within 36 months after the date of such Disability; provided that Performance Goals associated with such Performance Period are achieved within that 36-month period.

(iii) *Death*. In the event of the death of a Participant while employed by the Company, the restrictions on such Participant's Restricted Units will lapse at the end of the Performance Period associated with such Restricted Units upon the achievement of the related Performance Goals.

(iv) *Time of Payment*. In the event of Retirement, Disability or death, the Participant's Restricted Units shall be paid after the end of the Performance Period, but in no event later than March 15 of the calendar year following the end of the Performance Period in which the Restricted Units vest.

(c) For Restricted Units granted on or after December 15, 2003, if a Participant holding Restricted Units ceases to be an Employee by reason of Retirement, Disability or death, the restrictions on Restricted Units held by such Participant will lapse pursuant to the following:

(i) If a Participant ceases to be an Employee on account of Retirement, Disability or death, the restrictions shall lapse on a prorated portion of the Participant's outstanding Restricted Units at the end of the Restriction Period, if the Performance Goals and all requirements of the Grant Letter (other than continued employment) are met. The prorated portion will be determined, for each Restricted Unit, as the amount that would otherwise be paid according to the terms of the Restricted Unit, based on achievement of the Performance Goals, multiplied by a fraction, the numerator of which is the number of years during the Restriction Period in which the Participant has been an Employee and the denominator of which is the number of years in the Restriction Period applicable to such Restricted Units. For purposes of the proration calculation, the year in which the Participant's Retirement, Disability or death occurs will be counted as a full year.

(ii) In the event of Retirement, Disability or death, the prorated portion of the Restricted Units shall be paid after the end of the Restriction Period, but in no event later than March 15 of the calendar year following the end of the Restriction Period in which the Restricted Units vest.

(d) Transfers. If a Participant ceases to be an Employee but remains employed by the Company, UGI or an Affiliate of the Company or UGI, the Committee may determine that the Participant shall retain his or her outstanding Restricted Units as if the Participant had continued to be an Employee, or the Committee may determine that restrictions on a prorated portion of the Participant's outstanding Restricted Units shall lapse in a manner similar to that described in subsection (c) above.

(e) Coordination with Severance Plan. Notwithstanding anything in this Plan to the contrary, if a Participant receives severance benefits under a Severance Plan, the terms of which require that severance compensation payable under the Severance Plan be reduced by benefits payable under this Plan, any amount payable to the Participant under Restricted Units and Restricted Unit Distribution Equivalents after the Participant's termination of employment shall be reduced by the amount of severance compensation paid to the Participant under the Severance Plan, as required by, and according to the terms of, the Severance Plan.

(f) Reduction of Responsibilities. With respect to Restricted Units granted after December 15, 2003, the Committee shall have discretion to adjust a Participant's outstanding Restricted Units at any time if the Participant's authority, duties or responsibilities are significantly reduced.

7.3 *Restrictions on Transfer and Legend on Unit Certificate*. During the Restriction Period set forth in the Grant Letter, a Participant may not sell, assign, transfer, pledge or otherwise dispose of the Restricted Units or rights to Restricted Unit Distribution Equivalents, if any. Any certificate for Restricted Units will contain a legend giving appropriate notice of the restrictions in the grant. The Participant will be entitled to have the legend removed from the certificate covering the Units subject to restrictions when all restrictions on such Units have lapsed. The Administrative Committee may determine that the Company will not issue certificates for Restricted Units until all restrictions on such Units have lapsed, or that the Company will retain possession of certificates for Restricted Units until all restrictions on such Units have lapsed.

7.4 *Privileges of a Unitholder*. Unless the Committee determines otherwise, during the Restriction Period set forth in the Grant Letter, a Participant who has been issued certificates under Section 7.3 will have the right to vote Restricted Units, and to receive any distributions paid on such Units subject to any restrictions deemed appropriate by the Committee.

7.5 *Form of Payment for Restricted Units*. The Committee will have the sole discretion to determine whether the Company's obligation in respect of payment of awards of Restricted Units for a Participant who is not issued certificates under Section 7.3 will be paid in Units or their Fair Market Value in cash, or partly in Units and partly in cash.

8. **Restricted Unit Distribution Equivalents**

8.1 *Amount of Distribution Equivalents Credited*. If the Committee so specifies when granting Restricted Units, from the Date of Grant of Restricted Units to a Participant until the date on which the Restricted Units are paid, the Company will maintain an Account for such Participant and will credit on each payment date for the payment of a distribution made by APLP on its Units an amount equal to the Restricted Unit Distribution Equivalent associated with such Restricted Units. Notwithstanding the foregoing, a Participant may not accrue during any calendar year Distribution Equivalents in excess of $500,000. No interest will be credited to any such Account.

8.2 *Payment of Credited Restricted Unit Distribution Equivalents*. Restricted Unit Distribution Equivalents will be paid only if the Committee determines that all requirements of the Performance Goals associated with such Distribution Equivalents have been achieved as prescribed in accordance with Section 9.

8.3 *Timing of Payment of Restricted Unit Distribution Equivalents*. Restricted Stock Distribution Equivalents shall be paid at the same time and under the same conditions as the underlying Restricted Units are paid. Except as otherwise determined by the Committee in the Grant Letter, no payments of Restricted Unit Dividend Equivalents will be made (A) prior to the end of the Restriction Period set forth in the Grant Letter or (B) to any Participant whose employment by the Company terminates prior to the end of the Restriction Period for any reason other than Retirement, death, Disability or transfer to an Affiliate of the Company. A Participant will receive the aggregate amount of the Participant's Restricted Unit Dividend Equivalents in cash after the end of the applicable Restriction Period, but in no event later than March 15 of the calendar year following the end of the Restriction Period.

9. **Requirements for Performance Goals and Performance Periods**

9.1 *Requirements for Performance Goals*. When Restricted Units and Restricted Unit Distribution Equivalents are granted, the Committee will establish in writing Performance Goals either before the beginning of the Performance Period or during a period ending no later than the earlier of (i) 90 days after the beginning of the Performance Period or (ii) the date on which 25% of the Performance Period has elapsed. The Performance Goals must specify (A) the Performance Goal(s) that must be met in order for restrictions on the Restricted Units to lapse or the Restricted Unit Distribution Equivalents to be paid, (B) the Performance Period during which performance will be measured, (C) the maximum amounts that may be paid if the Performance Goals are met, and (D) any other conditions that the Committee deems appropriate and consistent with the Plan, including any Restriction Period, the time of payment and other requirements.

9.2 *Criteria Used for Performance Goals*. The Committee will use objectively determinable business criteria for the Performance Goals based on one or more of the following criteria: Unit price, earnings per Unit, net earnings, operating earnings, return on assets, unitholder return, return on equity, growth in assets, unit volume, sales, cash flow, market share, relative performance to a Comparison Group, or strategic business criteria, including, but not limited to, meeting specified revenue goals, market penetration goals, geographic business expansion goals, cost targets or goals relating to acquisitions or divestitures. The Performance Goals may relate to the Participant's business unit or the performance of the Partnership as a whole, or any combination of the foregoing. Performance Goals need not be uniform as among Participants.

9.3 *Forfeitures*. If and to the extent that all requirements of the Performance Goals and Grant Letter are not met, grants of Restricted Units and Restricted Unit Distribution Equivalents will be forfeited.

10. **Non-transferability**

No Restricted Unit, rights to Restricted Unit Distribution Equivalents or other rights granted under the Plan will be transferable otherwise than by will or the laws of descent and distribution.

11. **Consequences of a Change of Control**

11.1 *Notice and Acceleration*. Upon a Change of Control, unless the Committee determines otherwise, (i) the Company will provide each Participant with outstanding grants written notice of such Change of Control, (ii) the restrictions and conditions on all outstanding Restricted Units will immediately lapse and such Restricted Units will be paid to the Participants, and (iii) outstanding Restricted Unit Distribution Equivalents will be paid to the Participants in such amounts as the Committee may determine. With respect to Restricted Units granted after December 15, 2003, unless the Committee determines otherwise, outstanding Restricted Units and Restricted Unit Distribution Equivalents will be paid in an amount not less than their target value, as determined by the Committee. Outstanding Restricted Units shall be paid in Units or cash, as described in Section 7.5, and outstanding Restricted Unit Distribution Equivalents shall be paid in cash. All payments shall be made within 30 days after the Change of Control.

11.2 *Assumption of Grants*. Upon a Change of Control where the Partnership is not the surviving entity (or survives only as a subsidiary of another entity), unless the Committee determines otherwise, all outstanding grants will be converted to similar grants of the surviving entity (or a parent of the surviving entity).

11.3 *Committee*. The Committee making the determinations under this Section 11 following a Change of Control must be comprised of the same members as those on the Committee immediately before the Change of Control. If the Committee members do not meet this requirement, the automatic provisions of Section 11.1 will apply, and the Committee will not have discretion to vary them.

11.4 *Limitations*. Notwithstanding anything in the Plan to the contrary, in the event of a Change of Control, the Committee will not have the right to take any actions described in the Plan (including without limitation actions described in this Section 11) that would make the Change of Control ineligible for desired accounting treatment if, in the absence of such right, the Change of Control would qualify for such treatment and the Company intends to use such treatment with respect to the Change of Control.

12. **Adjustment of Number and Price of Units, Etc.**

If there is any change in the number or kind of Units outstanding (i) by reason of a Unit distribution, spinoff, recapitalization, Unit split, or combination or exchange of Units, (ii) by reason of a merger, reorganization, consolidation or reclassification, or (iii) by reason of any other extraordinary or unusual event affecting the outstanding Units as a class without the Company's receipt of consideration, or if the value of outstanding Units is substantially reduced as result of a spinoff or the Company's payment of any extraordinary distribution, the maximum number of Units available for issuance under the Plan, the maximum number of Units for which any individual may receive grants in any year, the kind and number of Units covered by outstanding grants, the kind and number of Units to be issued or issuable under the Plan, and the applicable market value of outstanding grants shall be required to be equitably adjusted by the Committee to reflect any increase or decrease in the number of, or change in the kind or value of, issued Units to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under the Plan and such outstanding grants; provided, however, than any fractional Units resulting from such adjustment shall be eliminated. Any adjustments determined by the Committee shall be final, binding and conclusive.

13. **Limitation of Rights**

Nothing contained in this Plan will be construed to give an Employee any right to a grant hereunder except as may be authorized in the discretion of the Committee. A grant under this Plan will not constitute or be evidence of any agreement or understanding, expressed or implied, that the Company will employ a Participant for any specified period of time, in any specific position or at any particular rate of remuneration.

14. **Amendment or Termination of Plan**

Subject to Board approval, the Committee may at any time, and from time to time, alter, amend, suspend or terminate this Plan without the consent of the Company's shareholders, APLP's unitholders, or Participants, except that any such alteration, amendment, suspension or termination will be subject to the provisions of the APLP Partnership Agreement and to the approval of the Company's shareholder within one year after such Committee and Board action if such shareholder approval is required by any federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the Units are then listed or quoted, or if the Committee in its discretion determines that obtaining such shareholder approval is for any reason advisable. No termination or amendment of this Plan may, without the consent of the Participant to whom any Restricted Unit has previously been granted, adversely affect the rights of such Participant under such Restricted Unit, including any Restricted Unit Distribution Equivalents. Notwithstanding the foregoing, the Committee may make minor amendments to this Plan which do not materially affect the rights of Participants or significantly increase the cost to the Partnership.

15. **Tax Withholding and Section 409A**

Upon the lapse of restrictions on Restricted Units, the Company will require the recipient to remit to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements. However, to the extent authorized by rules and regulations of the Administrative Committee, the Company may withhold Units and make cash payments in respect thereof in satisfaction of a recipient's tax obligations in an amount that does not exceed the recipient's minimum applicable withholding tax obligations. Grants under the Plan shall be payable as and when the Grants vest and are intended to qualify for the "short-term deferral" exception under section 409A of the Code. If, for any reason, section 409A of the Code applies to the Plan, the Plan shall be administered in accordance with the requirements of section 409A, all payments under the Plan will be made upon an event and at a time permitted by section 409A and payments to a Participant who is a "key employee" as described in section 409A(a)(2)(B)(i) upon his or her separation from service shall be subject to a six-month delay and shall be paid within 15 days after the end of the six-month period following separation from service, if and to the extent required by section 409A and applicable guidance.

16. **Governmental Approval**

Each grant of Restricted Units will be subject to the requirement that if at any time the listing, registration or qualification of the Units covered thereby 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 awarding of such grant of Restricted Units, then no such grant may be paid in whole or in part unless and until such listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Board.

17. **Effective Date of Plan**

This Plan will become effective as of January 1, 2000, subject to approval by the Company's shareholder. The amendment and restatement of the Plan is effective as of January 1, 2005.

18. **Successors**

This Plan will be binding upon and inure to the benefit of APLP, the General Partner, their successors and assigns and the Participant and his heirs, executors, administrators and legal representatives.

19. **Headings and Captions**

The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

20. **Governing Law**

The validity, construction, interpretation and effect of the Plan will be governed exclusively by and determined in accordance with the law of the Commonwealth of Pennsylvania.

**AMERIGAS PROPANE, INC.**
**2000 LONG-TERM INCENTIVE PLAN**
**ON BEHALF OF AMERIGAS PARTNERS, L.P.**

**Exhibit A**

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

1. "Change of Control" shall mean:

(i) 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"); or

(ii) 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

(iii) 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; or

(iv) 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; or

(v) 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

(vi) 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

(vii) 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

(viii) 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

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

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.

**Exhibit 10.44**

# AMERIGAS PROPANE, INC.

# NONQUALIFIED DEFERRED COMPENSATION PLAN

As Amended and Restated Effective January 1, 2009

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ARTICLE I

STATEMENT OF PURPOSE

Sec. 1.01 Purpose. In recognition of the services provided to AmeriGas Propane, Inc. ("AGP") by certain senior management and highly compensated employees, AGP maintains the AmeriGas Propane, Inc. Non-Qualified Deferred Compensation Plan (the "Plan") to provide such employees with the opportunity to supplement their retirement benefits through the deferral of additional compensation. The Plan was originally effective February 1, 2007. The Plan is now amended and restated effective January 1, 2009, in order to comply with Section 409A of the Internal Revenue Code of 1986, as amended, and certain other changes.

ARTICLE II

DEFINITIONS

Sec. 2.01 "Account" shall mean for each Participant, the account or accounts maintained on the books of AGP representing the entire interest of the Participant under the Plan, consisting of amounts attributable to Compensation deferred by the Participant pursuant to Section 4.01 and all earnings and gains attributable thereto and reduced by all losses attributable thereto, all expenses chargeable thereagainst and all distributions therefrom.

Sec. 2.02 "Administrative Committee" shall mean the administrative committee designated pursuant to Article VII of the Plan to administer the Plan in accordance with its terms.

Sec. 2.03 "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. 2.04 "AGP" shall mean AmeriGas Propane, Inc. or any successor thereto.

Sec. 2.05 "AGP 401(k) Plan" shall mean the AmeriGas Propane, Inc. 401(k) Savings Plan.

Sec. 2.06 "AGP SERP" shall mean the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan.

Sec. 2.07 "Beneficiary" shall mean the person or entity designated by a Participant, in a written instrument submitted to the Administrative Committee. In the event the Participant fails to properly designate a Beneficiary or in the event that the Participant is predeceased by all designated primary and secondary Beneficiaries, the death benefit shall be payable to the personal representative of the Participant's estate.

Sec. 2.08 "Board" shall mean the Board of Directors of AGP.

Sec. 2.09 "Code" shall mean the Internal Revenue Code of 1986, as amended.

Sec. 2.10 “Compensation/Pension Committee” shall mean the Compensation/Pension Committee of the Board or such other committee designated by the Board to perform certain functions with respect to the Plan.

Sec. 2.11 “Compensation” shall mean, for any Plan Year, the total remuneration paid by the Employer to or on behalf of the Participant during the Plan Year, exclusive of compensation paid or accrued with respect to service performed prior to the date on which the Employee became a Participant. Compensation shall include basic salary or wages, annual incentive bonuses, commissions and all other direct current money compensation (other than long-term incentive plan payments and severance pay), amounts paid in reimbursement of, or in lieu of, expenses incurred by the Participant in the performance of his duties, and the value of non-money awards or gifts made by the Employer; provided, however, that Compensation shall be determined prior to giving effect to any salary reduction election made pursuant to the terms of any plan. Notwithstanding the foregoing, Compensation shall not include amounts credited on a Participant’s behalf to the AGP SERP or any other nonqualified deferred compensation plan maintained by AGP or its affiliates other than this Plan.

Sec. 2.12 “Effective Date” shall mean January 1, 2009.

Sec. 2.13 “Eligible Employee” shall mean an Employee of AGP or a Subsidiary who is a member of a select group of management or highly compensated employees and who is designated by the Administrative Committee as eligible to participate in the Plan for a Plan Year.

Sec. 2.14 “Employee” shall mean any person in the employ of AGP or a 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 or a Subsidiary, 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 Plan.

Sec. 2.15 “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

Sec. 2.16 “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 UGI Compensation and Management Development 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 UGI Compensation and Management Development Committee or its delegate in accordance with the provisions of sections 416(i) and 409A of the Code and the regulations issued thereunder.

Sec. 2.17 “Participant” shall mean each Eligible Employee who meets the requirements of Section 3.01 hereof.

Sec. 2.18 “Plan Year” shall mean the calendar year.

Sec. 2.19 “Plan” shall mean the AmeriGas Propane, Inc. Non-Qualified Deferred Compensation Plan as set forth herein, and as the same may hereafter be amended.

Sec. 2.20 “Postponement Period” shall mean, for a Key Employee, the period of six months after the Key Employee’s separation from service (or such other period as may be required by section 409A of the Code), during which Plan benefits may not be paid to the Key Employee under section 409A of the Code.

Sec. 2.21 “Subsidiary” shall mean any corporation in which AGP, directly or indirectly, owns at least a fifty percent (50%) interest or an unincorporated entity of which AGP, directly or indirectly, owns at least fifty percent (50%) of the profits or capital interests.

Sec. 2.22 “Valuation Date” shall mean the last day of the Plan Year and each other interim date during the Plan Year or dates determined by the Administrative Committee.

## ARTICLE III

## PARTICIPATION AND VESTING

Sec. 3.01 Participation. Each Eligible Employee shall become a Participant in the Plan upon completion of a deferral election in the time, form and manner determined by the Administrative Committee; provided that such deferral election must be made not later than December 31 of the Plan Year preceding the Plan Year for which the election is to be effective. A Participant may elect to defer from one percent (1%) to twenty-five percent (25%), in whole percentages, of his Compensation through payroll reductions. The maximum annual amount of Compensation that a Participant may defer under the Plan is $10,000.

Sec. 3.02 Vesting. A Participant, at all times, shall have a fully (100%) vested and nonforfeitable interest in his Account under the Plan.

Sec. 3.03 Rehired Employees. An Eligible Employee who incurs a separation from service (within the meaning of section 409A of the Code) with AGP and its affiliates and is rehired and designated as an Eligible Employee in the same Plan Year may not commence deferrals under the Plan until the next Plan Year and he must make an election to reduce his Compensation prior to the start of the Plan Year for which the election is to be effective, in a manner prescribed by the Administrative Committee.

Sec. 3.04 Newly Hired Employees. A newly hired Employee, who has been designated as an Eligible Employee by the Administrative Committee, may make an election to reduce Compensation, as soon as practicable, but, in any event, the election must be made within thirty (30) days of the date he is designated as eligible to participate in the Plan by the Administrative Committee. Any election made according to this Section 3.04 will become effective the first day of the month following thirty (30) days after the date the Employee is designated as an Eligible Employee by the Administrative Committee, with respect to Compensation earned after the effective date of the newly hired Employee’s deferral election.

ARTICLE IV

BENEFITS

Sec. 4.01 Amount. For each payroll period during the Plan Year, AGP shall credit to a Participant's Account the amount of the Participant's Compensation that the Participant has elected to defer pursuant to Section 3.01.

Sec. 4.02 Hardship Withdrawals. Notwithstanding the foregoing, a Participant who takes a hardship withdrawal from the AGP 401(k) Plan shall have his Compensation reductions and corresponding credit to his Account cancelled for the Plan Year in which the hardship withdrawal occurs. A Participant whose Compensation reductions have been cancelled due to a hardship withdrawal from the AGP 401(k) Plan may recommence participation in the Plan (assuming such Participant continues to be eligible to participate) in a subsequent Plan Year by making an Compensation reduction election, in accordance with Section 3.01 for which the election is to be effective, prior to the beginning of the Plan Year, in accordance with Section 3.01 for which the election is to be effective.

Sec. 4.03 Investment of Account.

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

(b) A Participant shall make an investment designation by means of Fidelity's netBenefits WebPage which shall remain effective until another valid direction 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.

(c) The investment funds deemed to be made available to the Participant, and any limitation on the maximum or minimum percentages of the Participant's Account that may be deemed to be invested in any particular fund, shall be the same as from time-to-time communicated to the Participant by the Administrative Committee.

(d) 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.

(e) The Administrative Committee shall provide a statement at least annually to the Participant showing such information as is appropriate, including the aggregate amount in his Account as of a reasonably current date.

Sec. 4.04 Valuation of Account.

(a) AGP shall establish a bookkeeping Account for each Participant to which will be credited amounts described in Section 3.01 at such times and in accordance with such procedures as may be prescribed by the Administrative Committee. The Account shall be reduced to reflect any distributions from such Account. Such reductions shall be charged to the Account as of the date such distributions are made.

(b) As of each Valuation Date, income, gain and loss equivalents (determined as if the Account was invested in the manner set forth under Section 4.03, hereof) attributable to the period following the next preceding Valuation Date shall be credited to and/or deducted from the Participant's Account.

ARTICLE V

FORM AND TIMING OF BENEFIT DISTRIBUTION

Sec. 5.01 Form of Benefit Distributions. Benefits payable under the Plan shall be paid in a lump sum to the Participant or, in the event of the Participant's death, the Participant's Beneficiary.

Sec. 5.02 Timing of Benefit Distributions.

(a) Except as otherwise required by Section 5.02(b) below, benefits payable under the Plan shall be paid to the Participant (or the Participant's Beneficiary in the case of death) as soon as practicable after the earliest of a Participant's (i) separation from service (within the meaning of such term under section 409A of the Code) with AGP and its Affiliates, (ii) disability (within the meaning of such term under section 409A of the Code) or (iii) death. In no event shall such payment be made later than the later of: (A) 60 days after a Participant's separation from service, disability or death, as the case may be, or (B) December 31 of the year in which such separation from service, disability or death, as the case may be, occurs. 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.

(b) If a Participant is a Key Employee and payment of benefits under the Plan is required to be delayed for the Postponement Period pursuant to section 409A of the Code, 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 within 60 days after the Participant's death.

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.

ARTICLE VII

THE COMMITTEES

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 Plan. The Administrative Committee shall have full power and express discretionary authority to administer and interpret the Plan, to make factual determinations and to adopt or amend such rules and regulations for implementing the Plan 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 Plan;

(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 Plan, 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 Administrative Committee Discretion. Any discretion, actions, or interpretations to be made under the Plan by the Administrative Committee shall be made in its sole discretion, need not be uniformly applied to similarly situated individuals, and shall be final, binding, and conclusive on the parties. All benefits under the Plan 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 Plan.

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 he or she may be a party by reason of the member's service as a member of the 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 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 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 Plan may be amended at any time and from time to time by a resolution of the Board 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, and, provided further, however, that the Compensation/Pension Committee may make such amendments as are necessary to keep the Plan in compliance with applicable law and minor amendments which do not materially affect the rights of the Participants or significantly increase the cost to AGP, AmeriGas Partners, L.P. or AmeriGas Propane, L.P.

Sec. 8.02 Plan Termination. While it is AGP's intention to continue the Plan indefinitely in operation, the right is, nevertheless, reserved to terminate the Plan 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 Plan 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 Plan (hereinafter referred to as "claimant"), or requesting information under the Plan 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 Plan 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 Plan'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 Plan 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 Plan 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 Plan, 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 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 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 Plan had never been adopted.

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

Sec. 10.04 Heirs, Assigns and Personal Representatives. The Plan 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 Plan, and shall not be employed in the construction of the Plan.

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 Plan 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 Reliance on Data and Consents. AGP, the Board, the Compensation/Pension Committee, the Administrative Committee, all fiduciaries with respect to the Plan, and all other persons or entities associated with the operation of the Plan, 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 Plan may reasonably rely on all consents, elections and designations filed with the Plan or those associated with the operation of the Plan 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 Plan or the benefits provided under the Plan 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. 10.10 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. 10.11 Obligations of AGP. If a Participant becomes entitled to a distribution of benefits under the Plan, and if at such time the Participant has outstanding any debt, obligation, or other liability representing an amount owing to AGP, then AGP may offset such amount owed to it against the amount of benefits otherwise distributable. Such determination shall be made by the Administrative Committee.

Sec. 10.12 Withholding. AGP shall withhold from any payment made pursuant to this Plan any taxes required to be withheld from such payments under local, state or Federal law.

Taxation. The Plan is intended to comply with the requirements of section 409A of the Code. Notwithstanding any provision of the Plan to the contrary, allocations to the Plan shall be made consistent with the requirements of section 409A of the Code, and distributions may only be made under the Plan upon an event and in a manner permitted by section 409A of the Code. In no event shall a Participant, directly or indirectly, designate the calendar year of payment, except as permitted under section 409A of the Code.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, and as evidence of its adoption of the Plan, AGP has caused the same to be executed by its duly authorized officer and its corporate seal to be affixed hereto as of the _____ day of _____, 2008.

Attest:

_____
Robert H. Knauss
Secretary

AMERIGAS PROPANE, INC.

By: _____
President and Chief Executive Officer

**EXHIBIT 21**

**SUBSIDIARIES OF AMERIGAS PARTNERS, L.P.**

| SUBSIDIARY | OWNERSHIP | STATE OF INCORPORATION |
|---|---|---|
| AmeriGas Finance Corp. | 100% | Delaware |
| AmeriGas Eagle Finance Corp. | 100% | Delaware |
| AP Eagle Finance Corp. | 100% | Delaware |
| AmeriGas Propane L.P. | (1) | Delaware |
| AmeriGas Propane Parts & Service, Inc. | 100% | Pennsylvania |
| AmeriGas Eagle Propane, L.P. | (2) | Delaware |
| AmeriGas Eagle Parts & Service, Inc. | 100% | Pennsylvania |
| AmeriGas Eagle Propane, Inc. | 100% | Delaware |
| AmerE Holdings, Inc. | 100% | Delaware |
| AmeriGas Eagle Holdings, Inc. | 100% | Delaware |
| Active Propane of Wisconsin, LLC | 100% | Delaware |

(1) 1.0101% owned by AmeriGas Propane, Inc., the General Partner; and 98.9899% owned by AmeriGas Partners, L.P., the Limited Partner.

(2) 99.9% owned by AmeriGas Propane, L.P. and <0.1 % owned by AmeriGas Eagle Holdings, Inc. (GP) and an unrelated third party.

**Exhibit 23**

**Consent of Independent Registered Public Accounting Firm**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-45902, 333-110425 and 333-130936) and Form S-8 (No. 333-104939) of AmeriGas Partners, L.P. of our report dated November 21, 2008 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers

Philadelphia, Pennsylvania
November 21, 2008

EXHIBIT 31.1

**CERTIFICATION**

I, Eugene V.N. Bissell, certify that:

1. I have reviewed this annual report on Form 10-K 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 annual 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: November 21, 2008

/s/ Eugene V. N. Bissell
Eugene V.N. Bissell
President and Chief Executive Officer of
AmeriGas Propane, Inc.

EXHIBIT 31.2

**CERTIFICATION**

I, Jerry E. Sheridan, certify that:

1. I have reviewed this annual report on Form 10-K 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 annual 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: November 21, 2008

/s/ Jerry E. Sheridan
Jerry E. Sheridan
Vice President - Finance and Chief Financial
Officer of AmeriGas Propane, Inc.

EXHIBIT 32

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

I, Eugene V. N. Bissell, Chief Executive Officer, and I, Jerry E. Sheridan, 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-K for the period ended September 30, 2008 (the "Form 10-K") containing the financial statements 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-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

* * *

CHIEF EXECUTIVE OFFICER

/s/ Eugene V.N. Bissell
Eugene V.N. Bissell

Date: November 21, 2008

CHIEF FINANCIAL OFFICER

/s/ Jerry E. Sheridan
Jerry E. Sheridan

Date: November 21, 2008

**Excerpt from Notes 1 and 8 to Fiscal Year 2008 Consolidated Financial Statements of UGI Corporation and Subsidiaries**
(Millions of dollars, except per share amounts and where indicated otherwise)

**Stock-Based Compensation.** We adopted SFAS No. 123 (Revised 2004), "Share-Based Payment" ("SFAS 123R"), effective October 1, 2005. Among other things, SFAS 123R requires expensing the fair value of stock options, a previously optional accounting method. We chose the modified prospective approach which requires that the new guidance be applied to the unvested portion of all outstanding option grants as of October 1, 2005 and to new grants after that date. SFAS 123R also requires the calculation of an accumulated pool of tax windfalls using historical data from the effective date of SFAS No. 123 (prior to its revision). We have calculated a tax windfall pool using the shortcut method and any future tax shortfalls related to equity-based compensation will be charged against common stock up to the amount of the tax windfall pool.

In accordance with SFAS 123R, all of our equity-based compensation, principally comprising UGI stock options, grants of UGI stock-based equity instruments and grants of AmeriGas Partners equity instruments ("Units") is measured at fair value on the grant date, date of modification, or end of the period, as applicable, and recognized in earnings over the requisite service period. Depending upon the settlement terms of the awards, all or a portion of the fair value of the awards may be presented as a liability or as equity in our Consolidated Balance Sheets. We use a Black-Scholes option-pricing model to estimate the fair value of UGI stock options. We use a Monte Carlo valuation approach to estimate the fair value of our UGI and AmeriGas Partners Unit awards. Equity-based compensation costs associated with the portion of Unit awards classified as equity are measured based upon their estimated fair value on the date of grant or modification. Equity-based compensation costs associated with the portion of UGI and AmeriGas Partners Unit awards classified as liabilities are measured based upon their estimated fair value at the grant date and remeasured as of the end of each period. We recognized total pre-tax equity-based compensation expense of $11.8 ($7.7 after-tax), $12.4 ($8.5 after-tax) and $9.0 ($6.0 after-tax) in Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively.

**UGI Stock Option and Incentive Plans.** Under UGI Corporation's 2004 Omnibus Equity Compensation Plan, as Amended and Restated on December 5, 2006 (the "OECP"), we may grant options to acquire shares of UGI Common Stock, stock appreciation rights ("SARs"), UGI Units (comprising "Stock Units" and "UGI Performance Units") and other equity-based awards to key employees and non-employee directors. The exercise price for options may not be less than the fair market value on the grant date. Awards granted under the OECP may vest immediately or ratably over a period of years, and stock options can be exercised no later than ten years from the grant date. In addition, the OECP provides that awards of UGI Units may also provide for the crediting of dividend equivalents to participants' accounts. Except in the event of retirement, death or disability, each grant, unless paid, will terminate when the participant ceases to be employed. There are certain change of control and retirement eligibility conditions that, if met, generally result in accelerated vesting or elimination of further service requirements.

Under the OECP, awards representing up to 15,000,000 shares of UGI Common Stock may be granted. The maximum number of shares that may be issued pursuant to grants other than stock options or SARs is 3,200,000. Dividend equivalents on UGI Unit awards to employees will be paid in cash. Dividend equivalents on non-employee director awards are paid in additional Stock Units. UGI Unit awards granted to employees and non-employee directors are settled in shares of Common Stock and cash. Beginning with Fiscal 2006 grants, UGI Unit awards granted to Antargaz employees are settled in shares of Common Stock. With respect to UGI Performance Unit awards, the actual number of shares (or their cash equivalent) ultimately issued, and the actual amount of dividend equivalents paid, is generally dependent upon the achievement of market performance goals and service conditions. It is the Company's practice to issue treasury shares to satisfy substantially all option exercises and UGI Unit awards. The Company does not expect to repurchase shares for such purposes during Fiscal 2009.

In June 2008, the Company cancelled and regranted UGI Unit awards and UGI stock option awards previously granted to certain key employees of Antargaz. The cancellation and regrants did not affect the number of UGI Units or stock options awarded and we did not record any incremental expense as a result of these cancellations and regrants. During Fiscal 2006, the Company modified the settlement terms of certain UGI Unit awards previously granted to 28 key employees on January 1, 2006, and the General Partner modified the settlement terms of certain of its AmeriGas Partner Unit awards. The modifications did not affect the number of Units awarded to employees. As a result of the January 1, 2006 modifications, a portion of the fair value of these Unit awards is reflected as equity rather than as a liability in accordance with SFAS 123R. We did not record any incremental equity-based compensation expense as a result of these modifications. Also during Fiscal 2006, we modified the settlement terms of UGI Unit awards granted to non-employee directors. Such awards are now settled 65% in shares of UGI Common Stock and 35% in cash. Prior to this modification, these awards were settled 100% in shares of UGI Common Stock. As a result of this modification, during Fiscal 2006 we recorded additional pre-tax equity-based compensation expense of $1.0.

***UGI Stock Option Awards***. Stock option transactions under the OECP and predecessor plans for Fiscal 2006, Fiscal 2007 and Fiscal 2008 follow:

| | Shares | Weighted Average Option Price | Total Intrinsic Value | Weighted Average Contract Term (Years) |
|---|---|---|---|---|
| Shares under option — September 30, 2005 | 4,953,018 | $ 15.95 | | |
| Granted | 1,159,100 | $ 20.67 | | |
| Exercised | (232,766) | $ 11.09 | $ 2.7 | |
| Forfeited | (35,500) | $ 19.26 | | |
| Shares under option — September 30, 2006 | 5,843,852 | $ 17.06 | | |
| Granted | 1,326,800 | $ 27.12 | | |
| Exercised | (812,573) | $ 13.20 | $ 11.8 | |
| Shares under option — September 30, 2007 | 6,358,079 | $ 19.65 | | |
| Granted | 1,423,800 | $ 27.25 | | |
| Cancelled | (147,300) | $ 27.03 | | |
| Exercised | (982,334) | $ 15.64 | $ 11.2 | |
| Shares under option — September 30, 2008 | 6,652,245 | $ 21.71 | $ 30.9 | 6.6 |
| Options exercisable — September 30, 2006 | 3,146,952 | $ 14.56 | | |
| Options exercisable — September 30, 2007 | 3,568,746 | $ 16.75 | | |
| Options exercisable — September 30, 2008 | 3,960,778 | $ 18.93 | $ 27.9 | 5.6 |
| Non-vested options — September 30, 2008 | 2,691,467 | $ 25.79 | $ 3.0 | 8.2 |

Cash received from stock option exercises and associated tax benefits was $15.4 and $3.7, $10.7 and $4.0, and $2.6 and $0.9 in Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively. As of September 30, 2008, there was $4.0 of unrecognized compensation cost associated with unvested stock options that is expected to be recognized over a weighted-average period of 1.9 years.

The following table presents additional information relating to stock options outstanding and exercisable at September 30, 2008:

| | Range of exercise prices | | |
|---|---|---|---|
| | $6.88 - $12.81 | $15.65 - $20.48 | $21.73 - $28.02 |
| Options outstanding at September 30, 2008: | | | |
| Number of options | 775,875 | 2,821,670 | 3,054,700 |
| Weighted average remaining contractual life (in years) | 3.6 | 5.7 | 8.2 |
| Weighted average exercise price | $ 11.12 | $ 19.29 | $ 26.63 |
| | | | |
| Options exercisable at September 30, 2008 | | | |
| Number of options | 775,875 | 2,260,003 | 924,900 |
| Weighted average exercise price | $ 11.12 | $ 18.99 | $ 25.33 |

***UGI Stock Option Fair Value Information.*** The per share weighted-average fair value of stock options granted under our option plans was $5.06 in Fiscal 2008, $5.71 in Fiscal 2007 and $3.88 in Fiscal 2006. These amounts were determined using a Black-Scholes option pricing model which values options based on the stock price at the grant date, the expected life of the option, the estimated volatility of the stock, expected dividend payments and the risk-free interest rate over the expected life of the option. The expected life of option awards represents the period of time during which option grants are expected to be outstanding and is derived from historical exercise patterns. Expected volatility is based on historical volatility of the price of UGI's Common Stock. Expected dividend yield is based on historical UGI dividend rates. The risk free interest rate is based on U.S. Treasury bonds with terms comparable to the options in effect on the date of grant.

The assumptions we used for valuing option grants during Fiscal 2008, Fiscal 2007 and Fiscal 2006 are as follows:

| | 2008 | 2007 | 2006 |
|---|---|---|---|
| Expected life of option | 5.75 - 6.75 years | 6 - 6.75 years | 6 years |
| Weighted average volatility | 20.9% | 21.5% | 21.3% |
| Weighted average dividend yield | 2.8% | 2.9% | 3.4% |
| | | | |
| Expected volatility | 20.3% - 20.9% | 20.8% - 21.5% | 21.2% - 22.6% |
| Expected dividend yield | 2.8% - 2.9% | 2.8% - 2.9% | 2.8% - 3.4% |
| Risk free rate | 3.4% - 3.6% | 4.3% - 4.7% | 4.3% - 4.9% |

***UGI Unit Awards***. UGI Stock and UGI Performance Unit awards entitle the grantee to shares of UGI Common Stock or cash once the service condition is met and, with respect to UGI Performance Unit awards, subject to market performance conditions. UGI Performance Unit grant recipients are awarded a target number of Performance Units. The number of UGI Performance Units ultimately paid at the end of the performance period (generally three-year periods) may be higher or lower than the target amount, or even zero, based on UGI's Total Shareholder Return ("TSR") percentile rank relative to companies in the Standard & Poor's Utilities Index ("UGI comparator group"). Based on the TSR percentile rank, grantees may receive 0% to 200% of the target award granted. If UGI's TSR ranks below the 40th percentile compared to the UGI comparator group, the employee will not receive an award. At the 40th percentile, the employee will be paid an award equal to 50% of the target award; at the 50th percentile, 100%; and at the 100th percentile, 200%. The actual amount of the award is interpolated between these percentile rankings. Dividend equivalents are paid in cash only on UGI Performance Units that eventually vest.

The fair value of UGI Stock Units on the grant date is equal to the market price of UGI Stock on the grant date. Under SFAS 123R, UGI Performance Units are equity awards with a market-based condition which, if settled in shares, results in the recognition of compensation cost over the requisite employee service period regardless of whether the market-based condition is satisfied. The fair values of UGI Performance Units awarded after Fiscal 2005 are estimated using a Monte Carlo valuation model. The fair value associated with the target award is accounted for as equity and the fair value of the award over the target, as well as all dividend equivalents, are accounted for as liabilities. The expected term of the UGI Performance Unit awards is three years based on the performance period. Expected volatility is based upon the historical volatility of UGI Common Stock over a three-year period. The risk-free interest rate is based on the yields on U.S. Treasury bonds at the time of grant. Volatility for all comparator companies is based on historical volatility.

The following table summarizes the weighted average assumptions used to determine the fair value of UGI Performance Unit awards and related compensation costs:

| | Grants Awarded in Fiscal | | |
|---|---|---|---|
| | 2008 | 2007 | 2006 |
| Risk-free rate | 2.7% | 4.7% | 5.2% |
| Expected life | 3 years | 3 years | 3 years |
| Expected volatility | 20.5% | 19.6% | 19.8% |
| Dividend yield | 3.1% | 2.6% | 2.8% |

The weighted-average grant date fair value of UGI Performance Unit awards was estimated to be $29.70 for Units granted in Fiscal 2008, $26.84 for Units granted in Fiscal 2007 and $21.08 for Units granted in Fiscal 2006.

The following table summarizes UGI Unit award activity for Fiscal 2008:

| | Total | | Vested | | Non-Vested | |
|---|---|---|---|---|---|---|
| | Number of UGI Units | Weighted Average Grant Date Fair Value (per Unit) | Number of UGI Units | Weighted Average Grant Date Fair Value (per Unit) | Number of UGI Units | Weighted Average Grant Date Fair Value (per Unit) |
| September 30, 2007 | 879,000 | $ 19.31 | 487,231 | $ 16.30 | 391,769 | $ 23.04 |
| Granted | 253,325 | $ 29.34 | — | $ — | 253,325 | $ 29.34 |
| Cancelled | (21,850) | $ 27.52 | — | $ — | (21,850) | $ 27.52 |
| Forfeited | (4,067) | $ 29.43 | — | $ — | (4,067) | $ 29.43 |
| Vested | — | $ — | 264,563 | $ 23.29 | (264,563) | $ 23.29 |
| Performance criteria not met | (184,733) | $ 20.47 | (184,733) | $ 20.47 | — | $ — |
| Shares paid | (40,000) | $ 16.63 | (40,000) | $ 16.63 | — | $ — |
| September 30, 2008 | 881,675 | $ 21.82 | 527,061 | $ 18.32 | 354,614 | $ 27.01 |

Based on the Company's TSR for the associated three-year performance periods ended December 31, (1) during Fiscal 2008 the Company did not pay any UGI Performance Unit awards associated with 184,900 awards granted in Fiscal 2005; (2) during Fiscal 2007 the Company paid 206,493 UGI Performance Unit awards comprising shares of UGI Common Stock and $2.8 in cash associated with 193,600 awards granted in Fiscal 2004; and (3) during Fiscal 2006 the Company paid 209,211 UGI Performance Unit awards comprising shares of UGI Common Stock and $2.1 in cash associated with 168,500 awards granted in Fiscal 2003. During Fiscal 2008, Fiscal 2007 and Fiscal 2006, the Company paid Stock Unit awards and cash as follows: Fiscal 2008 — 40,000 Stock Unit awards comprising shares of UGI Common Stock and $0.6 in cash; Fiscal 2007 — 86,000 Stock Unit awards comprising shares of UGI Common Stock and $1.1 in cash; Fiscal 2006 — 20,000 Stock Unit awards comprising shares of UGI Common Stock and $0.2 in cash.

During Fiscal 2008, Fiscal 2007 and Fiscal 2006, we granted UGI Unit awards representing 253,325, 242,371 and 187,326 shares, respectively, having weighted-average grant date fair values per Unit of $29.34, $26.78 and $21.13, respectively. At September 30, 2008, UGI Unit awards representing 881,675 shares of Common Stock were outstanding under the OECP and predecessor equity-based compensation plans.

As of September 30, 2008, there was a total of approximately $5.9 of unrecognized compensation cost associated with 881,675 UGI Unit awards outstanding that is expected to be recognized over a weighted average period of 1.9 years. The total fair values of UGI Units that vested during Fiscal 2008, Fiscal 2007, and Fiscal 2006 were $7.1, $6.9, and $7.2, respectively. As of September 30, 2008 and 2007, total liabilities of $6.3 and $7.9, respectively, associated with UGI Unit awards are reflected in "Other current liabilities" and "Other noncurrent liabilities" in the Consolidated Balance Sheets.

At September 30, 2008, 7,075,400 shares of Common Stock were available for future grants under the OECP, of which up to 2,030,560 may be issued pursuant to grants other than stock options or SARs.

**AmeriGas Partners Equity-Based Compensation Plans and Awards.** Under the AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan ("2000 Propane Plan"), the General Partner may award to key employees the right to receive a total of 500,000 AmeriGas Partners Common Units ("AmeriGas Performance Units"), or cash equivalent to the fair market value of such Common Units. In addition, the 2000 Propane Plan authorizes the crediting of Common Unit distribution equivalents to participants' accounts. AmeriGas Performance Unit grant recipients are awarded a target number of AmeriGas Performance Units. The number of AmeriGas Performance Units ultimately paid at the end of the performance period (generally three years) may be higher or lower than the target amount based upon the performance of AmeriGas Partners Common Units as compared with a peer group. Percentile rankings and payout percentages are generally the same as those used for the UGI Performance Unit awards. Any distribution equivalents earned are paid in cash. Except in the event of retirement, death or disability, each grant, unless paid, will terminate when the participant ceases to be employed by the General Partner. There are certain change of control and retirement eligibility conditions that, if met, generally result in accelerated vesting or elimination of further service requirements.

Under SFAS 123R, AmeriGas Performance Units are equity awards with a market-based condition which, if settled in Common Units, results in the recognition of compensation cost over the requisite employee service period regardless of whether the market-based condition is satisfied. The fair values of AmeriGas Performance Units awarded after Fiscal 2005 are estimated using a Monte Carlo valuation model. The fair value associated with the target award and the award above the target, if any, which will be paid in AmeriGas Units, is accounted for as equity and the fair value of all distribution equivalents, which will be paid in cash, is accounted for as a liability. The expected term of the AmeriGas Performance Unit awards is three years based on the performance period. Expected volatility is based upon the historical volatility of AmeriGas Partners Common Units over a three-year period. The risk-free interest rate is based on the rates on U.S Treasury bonds at the time of grant. Volatility for all comparator limited partnerships in the peer group is based on historical volatility.

The following table summarizes the weighted-average assumptions used to determine the fair value of AmeriGas Performance Unit awards and related compensation costs:

| | Grants Awarded in Fiscal | | |
|---|---|---|---|
| | 2008 | 2007 | 2006 |
| Risk-free rate | 3.1% | 4.7% | 5.2% |
| Expected life | 3 years | 3 years | 3 years |
| Expected volatility | 17.7% | 17.6% | 18.1% |
| Dividend yield | 6.8% | 7.1% | 7.7% |

We also have a nonexecutive AmeriGas Partners Common Unit plan under which the General Partner may grant awards of up to a total of 200,000 Common Units (comprising "AmeriGas Units") to key employees who do not participate in the 2000 Propane Plan. Generally, awards under the nonexecutive plan vest at the end of a three-year period and are paid in Common Units and cash. The General Partner made awards under the 2000 Propane Plan and the nonexecutive plan representing 40,050, 49,650 and 38,350 Common Units in Fiscal 2008, Fiscal 2007 and Fiscal 2006, respectively, having weighted-average grant date fair values per Common Unit of $37.91, $33.63 and $29.62, respectively. At September 30, 2008 and 2007, awards representing 126,100 and 119,317 Common Units, respectively, were outstanding. At September 30, 2008, 281,586 and 138,800 Common Units were available for future grants under the 2000 Propane Plan and the nonexecutive plan, respectively.

The following table summarizes AmeriGas Unit and AmeriGas Performance Unit award activity for Fiscal 2008:

| | Total | | Vested | | Non-Vested | |
|---|---|---|---|---|---|---|
| | Number of AmeriGas Partners Common Units | Weighted Average Grant Date Fair Value (per Unit) | Number of AmeriGas Partners Common Units | Weighted Average Grant Date Fair Value (per Unit) | Number of AmeriGas Partners Common Units | Weighted Average Grant Date Fair Value (per Unit) |
| September 30, 2007 | 119,317 | $ 30.63 | 12,583 | $ 29.87 | 106,734 | $ 30.72 |
| Granted | 40,050 | $ 37.91 | — | $ — | 40,050 | $ 37.91 |
| Forfeited | (750) | $ 32.54 | — | $ — | (750) | $ 32.54 |
| Vested | — | $ — | 59,900 | $ 31.10 | (59,900) | $ 31.10 |
| Units paid | (32,517) | $ 29.49 | (32,517) | $ 29.49 | — | $ — |
| September 30, 2008 | 126,100 | $ 33.44 | 39,966 | $ 32.03 | 86,134 | $ 34.10 |

During Fiscal 2008, the Partnership paid 32,517 Common Unit awards comprising AmeriGas Partners Common Units and $0.8 in cash associated with 39,767 awards granted in Fiscal 2005. During Fiscal 2007, the Partnership paid 38,736 Common Unit awards comprising AmeriGas Partners Common Units and $0.6 in cash associated with 51,200 awards granted in Fiscal 2004. During Fiscal 2006, the Partnership paid 6,750 Common Unit awards comprising AmeriGas Partners Common Units and $0.1 in cash associated with 43,500 awards granted in Fiscal 2003.

As of September 30, 2008, there was a total of approximately $1.7 of unrecognized compensation cost associated with 126,100 AmeriGas Common Unit awards that is expected to be recognized over a weighted average period of 1.7 years. The total fair values of Common Units that vested during Fiscal 2008, Fiscal 2007, and Fiscal 2006 were $2.1, $1.2, and $0.6, respectively. As of September 30, 2008 and 2007, total liabilities of $1.0 and $1.8 associated with Common Unit awards are reflected in “Other current liabilities” and “Other noncurrent liabilities” in the Consolidated Balance Sheets.