
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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, 2010

Commission file number 1-13692

AMERIGAS PARTNERS, L.P.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

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

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

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

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

<u>Title of Each Class</u>	<u>Name of each Exchange on Which Registered</u>
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 ☐

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 ☐ 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 ☐

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) 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. ☒

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 ☐ Non-accelerated filer ☐ Smaller reporting company ☐

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

The aggregate market value of AmeriGas Partners, L.P. Common Units held by non-affiliates of AmeriGas Partners, L.P. on March 31, 2010 was approximately \$1,291,747,698. At November 15, 2010, there were outstanding 57,091,659 Common Units representing limited partner interests.

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FORWARD-LOOKING INFORMATION

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 customers; (3) the availability of, and our ability to consummate, acquisition or combination opportunities; (4) successful integration and future performance of acquired assets or businesses; (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; (16) the impact of pending and future legal proceedings; and (17) the timing and success of our acquisitions and investments to grow our business.

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.

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. The Partnership serves approximately 1.3 million residential, commercial, industrial, agricultural and motor fuel customers in all 50 states from nearly 1,200 propane distribution locations.

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 2010” and “Fiscal 2009” refer to the fiscal years ended September 30, 2010 and September 30, 2009, respectively. Effective October 1, 2010, Eagle OLP merged with and into AmeriGas OLP.

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.

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 2010, we completed the acquisition of 15 propane distribution businesses. We expect that internal growth will be provided in part from the continued expansion of our AmeriGas Cylinder Exchange (“ACE”) program through which consumers can purchase or exchange empty propane grill cylinders at various retail locations, 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.

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 tabs “Investor Relations,” “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 tab “Investor Relations,” caption “Corporate Governance”). All of these documents are also available free of charge by writing to Hugh J. Gallagher, Director, Treasury Services and Investor Relations, UGI Corporation, P.O. Box 858, Valley Forge, PA 19482.

Products, Services and Marketing

The Partnership serves approximately 1.3 million customers in all 50 states from nearly 1,200 propane distribution locations. In addition to distributing propane, the Partnership also sells, installs and services propane appliances, including heating systems. In certain areas, 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 Ontario and Quebec.

The Partnership sells propane primarily to residential, commercial/industrial, motor fuel, agricultural and wholesale customers. The Partnership distributed over one billion gallons of propane in Fiscal 2010. Approximately 87% of the Partnership’s Fiscal 2010 sales (based on gallons sold) were to retail accounts and approximately 13% were to wholesale customers. Sales to residential customers in Fiscal 2010 represented approximately 40% of retail gallons sold; commercial/industrial customers 37%; motor fuel customers 13%; and agricultural customers 5%. Transport gallons, which are large-scale deliveries to retail customers other than residential, accounted for 5% of Fiscal 2010 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 AmeriGas Cylinder Exchange (“ACE”) program. At September 30, 2010, ACE cylinders were available at approximately 30,000 retail locations throughout the United States. Sales of our ACE grill cylinders to retailers are included in commercial/industrial sales. The ACE program enables consumers to purchase or exchange their empty propane grill 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 replenish customers’ propane grill cylinders directly at the retailer’s location.

Residential customers use propane 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 in portable cylinders, including ACE propane grill cylinders. Some of these deliveries are made to the customer's location, where empty cylinders are either picked up or replenished in place.

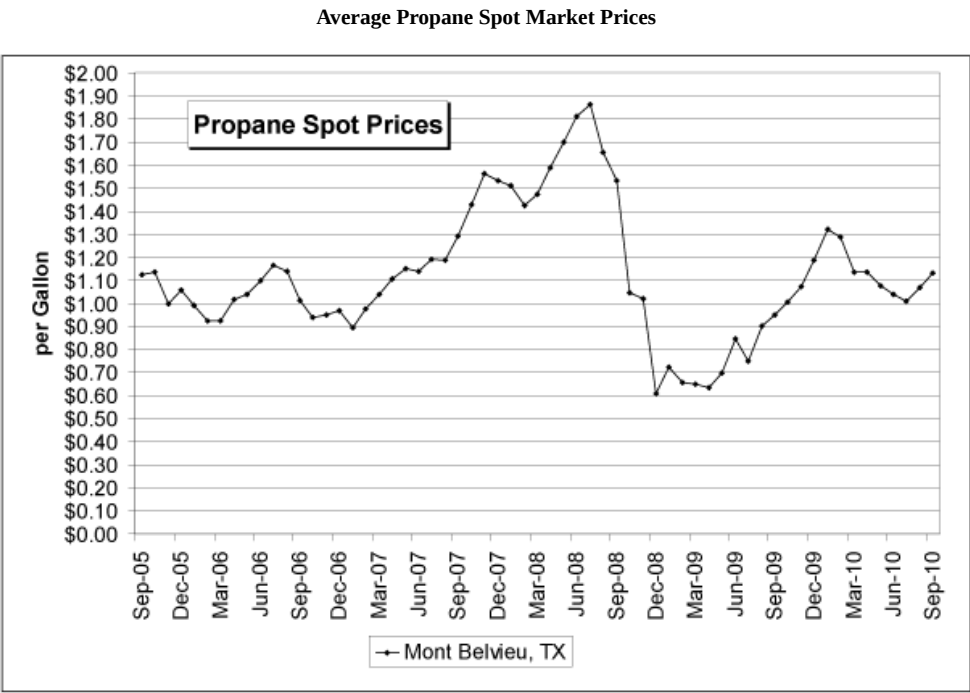
Propane Supply and Storage

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, 2010, approximately 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 2011. 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 43% of the Partnership's Fiscal 2010 propane supply. No other single supplier provided more than 10% of the Partnership's total propane supply in Fiscal 2010. In certain areas, however, a single supplier provides 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 various storage facilities and terminals located in strategic areas across the United 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. 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.



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 for its detection. Propane is clean burning, producing negligible amounts of pollutants when properly consumed.

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.

For motor fuel customers, 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 no growth in total demand foreseen in the next several years. 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. The Partnership also offers customers various payment and service options, including fixed price and guaranteed price programs.

In Fiscal 2010, the Partnership's retail propane sales totaled approximately 893 million gallons. Based on the most recent annual survey by the American Petroleum Institute, 2008 domestic retail propane sales (annual sales for other than chemical uses) in the United States totaled approximately 9.3 billion gallons. Based on LP-GAS magazine rankings, 2008 sales volume of the ten largest propane companies (including AmeriGas Partners) represented approximately 41% of domestic retail sales.

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 65% to 70% of the Partnership's retail sales volume occurs, and substantially all of the Partnership's operating income is earned, during the peak heating season from October 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. 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 employees who provide information to their employers or to the federal government as to pipeline safety from adverse employment actions.

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, 2010, the General Partner had approximately 5,800 employees, including approximately 400 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.

Global Climate Change

There continues to be concern, both nationally and internationally, about climate change and the contribution of greenhouse gas (“GHG”) emissions, most notably carbon dioxide, to global warming. While some states have adopted laws regulating the emission of GHGs for some industry sectors, there is currently no federal regulation mandating the reduction of GHG emissions in the United States. In June 2009, the United States House of Representatives passed the American Clean Energy and Security Act (“ACES Act”). The ACES Act would establish an economy-wide GHG cap-and-trade system to reduce GHG emissions over time. The United States Senate has been considering a number of related proposals, ranging from “energy only” bills to proposals that place an economy-wide cap on greenhouse gas emissions. No legislation can be enacted until a final reconciled bill is approved by both the House of Representatives and the Senate and signed by the President.

Even if Congress does not pass legislation mandating GHG emissions reductions, there continue to be regulatory developments under the Clean Air Act applicable to GHGs. In September 2009, the Environmental Protection Agency (“EPA”) issued a final rule establishing a system for mandatory reporting of GHG emissions. In November 2010, the EPA expanded the reach of its GHG reporting requirements to include the petroleum and natural gas industries. Petroleum and natural gas facilities subject to the rule, which include facilities of our natural gas distribution and electricity generation businesses, are required to begin emissions monitoring in January 2011 and to submit detailed annual reports beginning in March 2012. The rule does not require affected facilities to implement GHG emission controls or reductions. In December 2009, the EPA published its findings that emissions of GHGs constitute an endangerment to public health and the environment. These findings allow the EPA to adopt and implement regulations that would restrict emissions of GHGs under existing provisions of the Clean Air Act. Accordingly, the EPA has proposed two sets of regulations that would limit GHG emissions from new motor vehicles and that would impose permit requirements for GHG emissions from certain stationary sources. Legal challenges have been filed against many of EPA’s rulemakings, and we are unable to predict the results of those challenges.

Because 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 in the process of refining and implementing our strategy to identify both our GHG 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.

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 peak heating season of October through March and is directly affected by the severity of the winter weather. For example, historically approximately 65% to 70% 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 appliances which could reduce the demand for our portable propane grill cylinder 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 and attrition, 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 our prices generally increase. High prices can lead to customer conservation and attrition, 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 (including refinancing 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, 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.

We are dependent on our principal propane suppliers, which increases the risks from an interruption in supply and transportation.

During Fiscal 2010, AmeriGas Propane purchased approximately 82% of its propane needs from ten suppliers. If supplies from these sources were interrupted, 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, our earnings could be affected. Additionally, in certain areas, a single supplier may provide more than 50% of our propane requirements. Disruptions in supply in these areas could also have an adverse impact on our earnings.

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 no growth in total demand foreseen in the next several years. Accordingly, 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 effect 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 often a defendant in legal proceedings and litigation arising in the ordinary course of business. 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.

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

We are subject to various federal, state and local safety, health, transportation, tax 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 continues to be concern, both nationally and internationally, about climate change and the contribution of greenhouse gas (“GHG”) emissions, most notably carbon dioxide, to global warming. In response to this concern, the United States House of Representatives passed the American Clean Energy and Security Act (“ACES Act”) in June of 2009 to establish an economy-wide GHG cap-and-trade system to reduce GHG emissions over time. Subsequently, the United States Senate has been considering a number of related proposals, ranging from “energy only” bills to proposals that place an economy-wide cap on greenhouse gas emissions. No legislation can be enacted until a final reconciled bill is approved by both the House of Representatives and the Senate and signed by the President.

Even if Congress does not pass legislation mandating GHG emissions reductions, there continue to be regulatory developments under the Clean Air Act applicable to GHGs. In September 2009, the Environmental Protection Agency (“EPA”) issued a final rule establishing a system for mandatory reporting of GHG emissions. In November 2010, the EPA expanded the reach of its GHG reporting requirements to include the petroleum and natural gas industries. Petroleum and natural gas facilities subject to the rule, which include facilities of our natural gas distribution and electricity generation businesses, are required to begin emissions monitoring in January 2011 and to submit detailed annual reports beginning in March 2012. The rule does not require affected facilities to implement GHG emission controls or reductions. In December 2009, the EPA published its findings that emissions of GHGs constitute an endangerment to public health and the environment. These findings allow the EPA to adopt and implement regulations that would restrict emissions of GHGs under existing provisions of the Clean Air Act. Accordingly, the EPA has proposed two sets of regulations that would limit GHG emissions from new motor vehicles and that would impose permit requirements for GHG emissions from certain stationary sources. Legal challenges have been filed against many of EPA’s rulemakings, and we are unable to predict the results of those challenges.

It is expected that climate change legislation will continue to be part of the legislative and regulatory discussion for the foreseeable future. Increased regulation of GHG emissions, especially in the transportation sector, could impose significant additional costs on us and our customers. The impact of legislation and regulations on us will depend on a number of factors, including (i) what industry sectors would be impacted, (ii) the timing of required compliance, (iii) the overall GHG emissions cap level, (iv) the allocation of emission allowances to specific sources, and (v) the costs and opportunities associated with compliance. At this time, we cannot predict the effect that climate change regulation may have on our business, financial condition or results of operations in the future.

Unforeseen difficulties with the implementation or operation of our information systems could adversely affect our internal controls and our business.

We contracted with third-party consultants to assist us with the design and implementation of an information system that supports our Order-to-Cash business processes. The efficient execution of our business is dependent upon the proper functioning of our internal systems. Any significant failure or malfunction of our information system may result in disruptions of our operations. Our results of operations could be adversely affected if we encounter unforeseen problems with respect to the operation of this system.

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 the 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.

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.

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 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. 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.

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, 2010, the Partnership owned approximately 86% of its district locations. 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, 2010, the Partnership operated a transportation fleet with the following assets:

Approximate Quantity & Equipment Type		% Owned	% Leased
1,400	Trailers	89%	11%
300	Tractors	13%	87%
188	Railroad tank cars	0%	100%
2,460	Bobtail trucks	14%	86%
267	Rack trucks	1%	99%
2,125	Service and delivery trucks	15%	85%

Other assets owned at September 30, 2010 included approximately 837,000 stationary storage tanks with typical capacities ranging from 121 to 2,000 gallons and approximately 3.3 million portable propane cylinders with typical capacities of 1 to 120 gallons. The Partnership also owned approximately 5,700 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 13 to Consolidated Financial Statements included in Item 8 of this Report, 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. (REMOVED AND RESERVED)**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 Distribution
	High	Low	
2010 Fiscal Year			
Fourth Quarter	\$ 46.42	\$ 40.38	\$ 0.705
Third Quarter	43.30	35.00	\$ 0.705
Second Quarter	42.94	38.14	\$ 0.670
First Quarter	40.00	34.61	\$ 0.670
2009 Fiscal Year			
Fourth Quarter	\$ 38.00	\$ 32.95	\$ 0.840(1)
Third Quarter	34.75	28.10	0.670
Second Quarter	32.60	23.37	0.640
First Quarter	31.98	17.98	0.640

- (1) Includes a one-time distribution of \$0.17 from the proceeds of the Partnership's November 13, 2008 sale of its storage facility in California.

As of November 15, 2010, there were 1,094 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 Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. (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 6 and 7 to 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,				
	2010	2009	2008	2007	2006
FOR THE PERIOD:					
Income statement data:					
Revenues	\$ 2,320,342	\$ 2,260,095	\$ 2,815,189	\$ 2,277,375	\$ 2,119,266
Net income	\$ 167,494	\$ 227,610(a)	\$ 160,306(a)	\$ 193,397(a)	\$ 92,698(a)
Less: net income attributable to noncontrolling interests	(2,281)	(2,967)(a)	(2,287)(a)	(2,613)(a)	(1,540)(a)
Net income attributable to AmeriGas Partners, L.P.	\$ 165,213	\$ 224,643(a)	\$ 158,019(a)	\$ 190,784(a)	\$ 91,158(a)
Limited partners' interest in net income attributable to AmeriGas Partners, L.P.	\$ 160,522	\$ 217,906	\$ 155,741	\$ 185,184	\$ 90,246
Income per limited partner unit — basic and diluted (b)	\$ 2.80	\$ 3.59	\$ 2.70	\$ 3.15	\$ 1.59
Cash distributions declared per limited partner unit	\$ 2.75	\$ 2.79	\$ 2.50	\$ 2.63	\$ 2.28
AT PERIOD END:					
Balance sheet data:					
Current assets	\$ 325,858	\$ 316,507	\$ 425,096	\$ 375,020	\$ 368,209
Total assets	1,696,219	1,657,564	1,725,073	1,696,784	1,611,767
Current liabilities (excluding debt)	349,139	338,380	461,095	376,668	378,331
Total debt	882,402	865,644	933,390	933,042	933,746
Partners' capital:					
AmeriGas Partners, L.P. partners' capital	380,848	364,459	247,375	311,228	221,503
Noncontrolling interests	12,038	11,866	10,723	11,386	10,448
Total partners' capital	392,886	376,325	258,098	322,614	231,951
OTHER DATA:					
Capital expenditure (including capital leases)	\$ 83,170	\$ 78,739	\$ 62,756	\$ 73,764	\$ 70,915
Retail propane gallons sold (millions)	893.4	928.2	993.2	1,006.7	975.2
Degree days — % (warmer) than normal (c)	(2.2)%	(3.1)%	(3.0)%	(6.5)%	(10.2)%

- (a) As adjusted in accordance with transition provisions for accounting for and presentation of noncontrolling interests in consolidated subsidiaries (see Note 3 to Consolidated Financial Statements).
- (b) Calculated in accordance with accounting guidance regarding the application of the two-class method for determining earnings per share as it relates to master limited partnerships (see Note 3 to Consolidated Financial Statements).
- (c) 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

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") discusses our results of operations and our financial condition. MD&A should be read in conjunction with our Items 1 "Business," 1A "Risk Factors," and 2 "Properties" and our Consolidated Financial Statements in Item 8 below.

Executive Overview

Net income attributable to AmeriGas Partners for Fiscal 2010 was \$165.2 million compared with net income attributable to AmeriGas Partners for Fiscal 2009 of \$224.6 million. Net income attributable to AmeriGas Partners in Fiscal 2010 reflects the negative impact of a \$12.2 million loss on the discontinuance of interest rate hedges recorded in March 2010 while net income attributable to AmeriGas Partners in Fiscal 2009 reflects the benefit of a \$39.9 million gain on the sale of the Partnership's California LPG storage terminal. Average temperatures in the Partnership's service territories were slightly warmer than normal in both Fiscal 2010 and Fiscal 2009. Retail volumes sold were approximately 3.7% lower in Fiscal 2010 reflecting the lingering effects of the economic recession, customer conservation and customer attrition partially offset by volumes acquired through acquisitions. Total margin was 1.9% lower in Fiscal 2010 primarily due to the lower retail volumes sold. Fiscal 2010 operating and administrative expenses were slightly lower notwithstanding a \$7.0 million increase in a litigation accrual recorded in the fourth quarter of Fiscal 2010.

As further described in Note 3 to Consolidated Financial Statements, effective October 1, 2009, we adopted guidance regarding the accounting for and presentation of noncontrolling interests in consolidated financial statements. The new guidance changed the accounting and reporting relating to noncontrolling interests in a consolidated subsidiary. In accordance with the new guidance, prior-year periods have been adjusted. The new guidance on accounting for and presentation of noncontrolling interests had no effect on basic or diluted earnings per unit. Also as described in Note 3 to Consolidated Financial Statements, effective October 1, 2009 we adopted new guidance regarding the application of the two-class method for determining income per unit as it relates to MLPs. The new guidance requires retrospective application to all periods presented. The new guidance on the application of the two-class method for determining income per unit had no effect on the full-year calculation of earnings per limited partner unit for Fiscal 2009 and Fiscal 2008.

We believe that the Partnership has sufficient liquidity in the form of revolving credit agreements. Additionally, AmeriGas OLP expects to renew its credit agreements, which are scheduled to expire in June 2011 and October 2011, during the second-half of Fiscal 2011.

Analysis of Results of Operations

The following analyses compares the Partnership's results of operations for (1) Fiscal 2010 with Fiscal 2009 and (2) Fiscal 2009 with the year ended September 30, 2008 ("Fiscal 2008"). As previously mentioned, our consolidated results of operations for Fiscal 2009 and Fiscal 2008 reflect the retroactive effects of the Financial Accounting Standards Board's accounting guidance for the presentation of noncontrolling interests in consolidated financial statements.

Fiscal 2010 Compared with Fiscal 2009

	2010	2009	Increase (Decrease)	
(millions of dollars)				
Gallons sold (millions):				
Retail	893.4	928.2	(34.8)	(3.7)%
Wholesale	129.2	119.7	9.5	7.9%
	<u>1,022.6</u>	<u>1,047.9</u>	<u>(25.3)</u>	<u>(2.4)%</u>
Revenues:				
Retail propane	\$ 1,996.2	\$ 1,976.0	\$ 20.2	1.0%
Wholesale propane	162.6	115.9	46.7	40.3%
Other	161.5	168.2	(6.7)	(4.0)%
	<u>\$ 2,320.3</u>	<u>\$ 2,260.1</u>	<u>\$ 60.2</u>	<u>2.7%</u>
Total margin (a)	\$ 925.3	\$ 943.6	\$ (18.3)	(1.9)%
EBITDA (b)	\$ 321.0	\$ 381.4	\$ (60.4)	(15.8)%
Operating income	\$ 235.9	\$ 300.5	\$ (64.6)	(21.5)%
Net income attributable to AmeriGas Partners	\$ 165.2	\$ 224.6	\$ (59.4)	(26.4)%
Heating degree days — % (warmer) than normal (c)	(2.2)%	(3.1)%	—	—

(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 attributable to AmeriGas Partners (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 attributable to AmeriGas Partners 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 GAAP requirement to provide profitability information about its domestic propane segment. EBITDA in Fiscal 2010 includes a pre-tax loss of \$12.2 million associated with the discontinuance of interest rate hedges and a pre-tax loss of \$7 million associated with an increase in a litigation accrual. EBITDA in Fiscal 2009 includes a pre-tax gain of \$39.9 million from the sale of a California LPG storage facility.

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

	Fiscal	
	2010	2009
Net income attributable to AmeriGas Partners	\$ 165.2	\$ 224.6
Income tax expense	3.3	2.7
Interest expense	65.1	70.3
Depreciation	79.7	78.5
Amortization	7.7	5.3
EBITDA	<u>\$ 321.0</u>	<u>\$ 381.4</u>

(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 2009 data has been adjusted to correct a NOAA error.

Based upon heating degree-day data, average temperatures in our service territories were 2.2% warmer than normal during Fiscal 2010 compared with temperatures in the prior year that were 3.1% warmer than normal. Fiscal 2010 retail gallons sold were lower reflecting, among other things, the lingering effects of the economic recession, customer conservation and customer attrition partially offset by volumes acquired through business acquisitions.

Retail propane revenues increased \$20.2 million during Fiscal 2010 reflecting an increase as a result of higher average retail sales prices (\$94.3 million) partially offset by lower retail volumes sold (\$74.1 million). Wholesale propane revenues increased \$46.7 million principally reflecting higher year-over-year wholesale selling prices (\$37.5 million) and, to a lesser extent, higher wholesale volumes sold (\$9.2 million). Average wholesale propane prices at Mont Belvieu, Texas, were approximately 47% higher during Fiscal 2010 compared with average wholesale propane prices during Fiscal 2009. The lower average wholesale propane prices in Fiscal 2009 principally resulted from a precipitous decline in prices that occurred during the first quarter of Fiscal 2009. Other revenues decreased \$6.7 million in Fiscal 2010 compared with Fiscal 2009. Total cost of sales increased \$78.6 million, to \$1,395.1 million, principally reflecting the higher 2010 wholesale propane product costs.

Total margin was \$18.3 million lower in Fiscal 2010 primarily due to lower total retail margin (\$21.9 million). The lower total retail margin reflects the effects of the lower retail volumes sold (\$31.4 million) partially offset by the effects of slightly higher average retail unit margins (\$9.5 million) including higher unit margins in our AmeriGas Cylinder Exchange program.

The \$60.4 million decrease in Partnership EBITDA during Fiscal 2010 reflects (1) the absence of a pre-tax gain recorded in Fiscal 2009 associated with the November 2008 sale of the Partnership’s California LPG storage facility (\$39.9 million); (2) the previously mentioned decline in Fiscal 2010 total margin (\$18.3 million); and (3) a loss from the discontinuance of interest rate hedges (\$12.2 million). During the three months ended March 31, 2010, the Partnership’s management determined that it was likely that it would not issue a previously anticipated \$150 million of long-term debt during the summer of 2010. As a result, the Partnership discontinued cash flow hedge accounting treatment for interest rate protection agreements associated with this previously anticipated debt issuance and recorded a \$12.2 million loss which is reflected in other (income) expense, net on the Fiscal 2010 Consolidated Statement of Income. These previously mentioned declines in EBITDA were partially offset by a decrease in operating and administrative expenses (\$5.4 million) largely due to lower self-insured liability and casualty expenses (\$9.2 million) and lower compensation and benefits expense (\$4.7 million) partially offset by an increase in a litigation accrual recorded during the fourth quarter of Fiscal 2010 (\$7.0 million).

Operating income in Fiscal 2010 decreased \$64.6 million reflecting the previously mentioned decrease in EBITDA (\$60.4 million) and slightly higher depreciation and amortization expense associated with fixed assets acquired during the past year (\$3.6 million). Partnership interest expense was \$5.2 million lower in Fiscal 2010 principally reflecting lower interest expense on lower long-term debt outstanding.

Fiscal 2009 Compared with Fiscal 2008

	2009	2008	Increase (Decrease)	
(millions of dollars)				
Gallons sold (millions):				
Retail	928.2	993.2	(65.0)	(6.5)%
Wholesale	119.7	111.2	8.5	7.6%
	<u>1,047.9</u>	<u>1,104.4</u>	<u>(56.5)</u>	<u>(5.1)%</u>
Revenues:				
Retail propane	\$ 1,976.0	\$ 2,439.2	\$ (463.2)	(19.0)%
Wholesale propane	115.9	185.4	(69.5)	(37.5)%
Other	168.2	190.6	(22.4)	(11.8)%
	<u>\$ 2,260.1</u>	<u>\$ 2,815.2</u>	<u>\$ (555.1)</u>	<u>(19.7)%</u>
Total margin (a)	\$ 943.6	\$ 906.9	\$ 36.7	4.0%
EBITDA (b)	\$ 381.4	\$ 313.0	\$ 68.4	21.9%
Operating income	\$ 300.5	\$ 234.9	\$ 65.6	27.9%
Net income attributable to AmeriGas Partners	\$ 224.6	\$ 158.0	\$ 66.6	42.2%
Heating degree days — % (warmer) than normal (c)	(3.1)%	(3.0)%	—	—

(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 attributable to AmeriGas Partners (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 attributable to AmeriGas Partners 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 GAAP requirement to provide profitability information about its domestic propane segment. EBITDA in Fiscal 2009 includes a pre-tax gain of \$39.9 million from the sale of a California LPG storage facility.

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

	Fiscal	
	2009	2008
Net income attributable to AmeriGas Partners	\$ 224.6	\$ 158.0
Income tax expense	2.7	1.7
Interest expense	70.3	72.9
Depreciation	78.5	75.7
Amortization	5.3	4.7
EBITDA	<u>\$ 381.4</u>	<u>\$ 313.0</u>

(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 2009 data has been adjusted to correct a NOAA error.

Based upon heating degree-day data, average temperatures in our service territories during Fiscal 2009 were 3.1% warmer than normal compared with temperatures in the prior year that were 3.0% warmer than normal. Fiscal 2009 retail gallons sold were 6.5% lower than Fiscal 2008 reflecting, among other things, the adverse effects of the significant deterioration in general economic activity which occurred over the last year and continued customer conservation. During Fiscal 2009, average wholesale propane commodity prices at Mont Belvieu, Texas, one of the major supply points in the U.S., were more than 50% lower than such prices in Fiscal 2008. The decrease in the average wholesale commodity prices in Fiscal 2009 reflects the effects of a precipitous decline in commodity propane prices principally during the first quarter of Fiscal 2009 following a substantial increase in prices during most of the second half of Fiscal 2008. Although wholesale propane prices in Fiscal 2009 rebounded modestly from prices experienced earlier in the year, at September 30, 2009 such prices remained approximately 35% lower than at September 30, 2008.

Retail propane revenues declined \$463.2 million in Fiscal 2009 reflecting a decrease as a result of the lower retail volumes sold (\$303.6 million) and a decrease due to lower average selling prices (\$159.6 million). Wholesale propane revenues declined \$69.5 million reflecting a decrease from lower wholesale selling prices (\$83.7 million) partially offset by an increase from higher wholesale volumes sold (\$14.2 million). Total cost of sales decreased \$591.8 million to \$1,316.5 million principally reflecting the effects of the previously mentioned lower propane commodity prices.

Total margin was \$36.7 million greater in Fiscal 2009 reflecting the beneficial impact of higher than normal retail unit margins resulting from the previously mentioned rapid decline in propane commodity costs that occurred primarily as we entered the critical winter heating season in the first quarter of Fiscal 2009.

The \$68.4 million increase in Fiscal 2009 Partnership EBITDA reflects the effects of a pre-tax gain from the November 2008 sale of the Partnership's California LPG storage facility (\$39.9 million) and the previously mentioned increase in total margin (\$36.7 million). These increases were partially offset by slightly higher operating and administrative expenses (\$4.7 million) and slightly lower other income (\$2.8 million). The slightly higher operating and administrative expenses reflects, in large part, an increase in compensation and benefit expenses (\$9.1 million) and higher costs associated with facility maintenance projects (\$6.4 million) offset principally by lower vehicle fuel expenses (\$14.2 million) due to lower propane, diesel and gasoline prices.

Operating income increased \$65.6 million in Fiscal 2009 reflecting the previously mentioned increase in EBITDA (\$68.4 million) partially offset by slightly higher depreciation and amortization expense (\$3.4 million) reflecting acquisitions and plant and equipment expenditures made since the prior year.

Financial Condition and Liquidity

Capitalization and Liquidity

The Partnership's debt outstanding at September 30, 2010 totaled \$882.4 million (including current maturities of long-term debt of \$20.1 million and bank loans of \$91 million). The Partnership's debt outstanding at September 30, 2009 totaled \$865.6 million (including current maturities of long-term debt of \$82.2 million and no bank loans outstanding). Total debt outstanding at September 30, 2010 includes long-term debt comprising \$779.7 million of AmeriGas Partners' Senior Notes and \$11.7 million of other long-term debt. In July 2010, AmeriGas OLP repaid \$80 million of maturing First Mortgage Notes with borrowings under its Revolving Credit Facility and cash from operations (as described below).

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. In order to meet its short-term cash needs, AmeriGas OLP has a \$200 million unsecured credit agreement ("Credit Agreement") which expires on October 15, 2011. AmeriGas OLP also has a \$75 million unsecured revolving credit facility ("2009 Supplemental Credit Agreement") which expires on June 30, 2011. AmeriGas OLP expects to renew these credit agreements prior to their expiration. AmeriGas OLP's Credit Agreement 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. The 2009 Supplemental Credit Agreement permits AmeriGas OLP to borrow up to \$75 million for working capital and general purposes.

At September 30, 2010, there were \$91 million of borrowings outstanding under the Credit Agreement and no amounts outstanding under the 2009 Supplemental Credit Agreement. The average interest rate on Credit Agreement borrowings outstanding at September 30, 2010 was 1.31%. There were no borrowings under the AmeriGas OLP's credit agreements at September 30, 2009. Borrowings under our credit agreements are classified as bank loans on the Consolidated Balance Sheets. Issued and outstanding letters of credit under the Revolving Credit Facility, which reduce the amount available for borrowings, totaled \$35.7 million at September 30, 2010 and \$37.0 million at September 30, 2009. The average daily and peak bank loan borrowings outstanding under the credit agreements during Fiscal 2010 were \$43.9 million and \$135 million, respectively. The average daily and peak bank loan borrowings outstanding under the credit agreements during Fiscal 2009 were \$43.8 million and \$184.5 million, respectively. The higher peak bank loan borrowings in Fiscal 2009 resulted from amounts borrowed to fund counterparty cash collateral obligations associated with derivative financial instruments used by the Partnership to manage price risk associated with fixed sales price commitments to customers. These collateral obligations resulted from the precipitous decline in propane commodity prices that occurred early in Fiscal 2009. At September 30, 2010, the Partnership's available borrowing capacity under the credit agreements was \$148.3 million.

Based on existing cash balances, cash expected to be generated from operations, and borrowings available under AmeriGas OLP's Credit Agreement and the 2009 Supplemental Credit Agreement, the Partnership's management believes that the Partnership will be able to meet its anticipated contractual commitments and projected cash needs during Fiscal 2011. For a more detailed discussion of the Partnership's credit facilities, see Note 7 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 Fourth Amended and Restated Agreement of Limited Partnership (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). When 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 2010, Fiscal 2009 and Fiscal 2008 were as follows:

	Fiscal		
	2010	2009	2008
1st Quarter	\$ 0.67	\$ 0.64	\$ 0.61
2nd Quarter	0.67	0.64	0.61
3rd Quarter	0.705	0.67	0.64
4th Quarter	0.705	0.84	0.64

The Partnership has made quarterly distributions to Common Unitholders in excess of \$0.605 per limited partner unit since the quarterly distribution paid May 18, 2007. As a result, beginning with the quarterly distribution paid May 18, 2007 and every quarter thereafter, the General Partner has received a greater percentage of the total Partnership distributions than its aggregate 2% general partner interests in AmeriGas OLP and AmeriGas Partners. The General Partner distribution based on its aggregate 2% general partner ownership interests totaled \$6.9 million in Fiscal 2010, \$8.5 million in Fiscal 2009 and \$4.3 million in Fiscal 2008. Included in these amounts are incentive distributions received by the General Partner during Fiscal 2010, Fiscal 2009 and Fiscal 2008 of \$3.0 million, \$4.5 million and \$0.7 million, respectively.

On July 27, 2009, the General Partner's Board of Directors approved a distribution of \$0.84 per Common Unit payable on August 18, 2009 to unitholders of record on August 10, 2009. This distribution included the regular quarterly distribution of \$0.67 per Common Unit and \$0.17 per Common Unit reflecting a one-time distribution of a portion of the proceeds from the Partnership's sale of its California storage facility in November 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 agreements to satisfy its seasonal operating cash flow needs. Due in large part to declining propane commodity prices, Fiscal 2009 cash flows from operations were significantly greater than in Fiscal 2010 or Fiscal 2008 primarily the result of lower cash required to fund changes in working capital as further described below.

Cash flow from operating activities was \$218.8 million in Fiscal 2010, \$367.5 million in Fiscal 2009 and \$180.2 million in Fiscal 2008. Cash flow from operating activities before changes in operating working capital was \$269.5 million in Fiscal 2010, \$281.2 million in Fiscal 2009 and \$255.1 million in Fiscal 2008. Cash provided (used) to fund changes in operating working capital totaled (\$50.7) million in Fiscal 2010, \$86.3 million in Fiscal 2009 and (\$74.9) million in Fiscal 2008. The higher cash needed to fund changes in working capital in Fiscal 2010 resulted from the greater cash needed to fund changes in operating working capital, principally accounts receivable and inventories, due to the year-over-year increase in wholesale propane product prices. The greater cash provided by changes in operating working capital in Fiscal 2009 compared to Fiscal 2008 reflects lower net cash required to fund changes in accounts receivable and inventories due in large part to the effects of declining wholesale propane product costs during the year. Cash flow from changes in operating working capital in Fiscal 2009 also reflects reimbursements of \$17.8 million of counterparty collateral deposits paid in Fiscal 2008.

Investing activities. Investing activity cash flow is principally affected by expenditures for property, plant and equipment, cash paid for acquisitions of businesses and proceeds from sales of assets. Cash flow used in investing activities was \$114.9 million in Fiscal 2010, \$79.5 million in Fiscal 2009 and \$55.6 million in Fiscal 2008. We spent \$83.2 million for property, plant and equipment (comprising \$41.1 million of maintenance capital expenditures and \$42.1 million of growth capital expenditures) in Fiscal 2010; \$78.7 million for property, plant and equipment (comprising \$37.5 million of maintenance capital expenditures and \$41.2 million of growth capital expenditures) in Fiscal 2009; and \$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. The greater capital expenditures in Fiscal 2010 and 2009 include expenditures associated with an ongoing system software replacement. In November 2008, the Partnership sold its California 600,000 barrel LPG storage facility for net cash proceeds of \$42.4 million.

Financing activities. Changes in cash flow from financing activities are primarily due to distributions on AmeriGas Partners Common Units, issuances and repayments of long-term debt, borrowings under credit agreements, and issuances of AmeriGas Partners Common Units. Cash flow used by financing activities was \$155.4 million in Fiscal 2010, \$239.7 million in Fiscal 2009 and \$147.7 million in Fiscal 2008. Distributions in Fiscal 2009 include an additional \$0.17 per Common Unit to distribute a portion of the proceeds from the Partnership's November 2008 sales of its California storage facility. During Fiscal 2010, AmeriGas OLP repaid \$80 million of maturing First Mortgage Notes using borrowings under its Revolving Credit Facility and cash from operations. During Fiscal 2009, AmeriGas OLP repaid \$70 million of maturing First Mortgage Notes using cash generated from operations.

Capital Expenditures

In the following table, we present capital expenditures (which exclude acquisitions) for Fiscal 2010, Fiscal 2009 and Fiscal 2008. We also provide amounts we expect to spend in Fiscal 2011. We expect to finance Fiscal 2011 capital expenditures principally from cash generated by operations and borrowings under our credit agreements.

Year Ended September 30, (millions of dollars)	2011 (estimate)	2010	2009	2008
Property, plant and equipment	\$ 79.9	\$ 83.2	\$ 78.7	\$ 62.8

Fiscal 2010 and Fiscal 2009 capital expenditures include expenditures associated with a Partnership system software replacement.

Contractual Cash Obligations and Commitments

The Partnership has certain contractual cash obligations that extend beyond Fiscal 2010 including obligations associated with long-term debt, interest on long-term fixed-rate debt, lease obligations, capital expenditures and propane supply contracts. The following table presents significant contractual cash obligations as of September 30, 2010:

(millions of dollars)	Payments Due by Period				
	Total	Fiscal 2011	Fiscal 2012- 2013	Fiscal 2014- 2015	Fiscal 2016 and thereafter
Long-term debt (a)	\$ 791.4	\$ 20.1	\$ 4.0	\$ 417.3	\$ 350.0
Interest on long-term fixed-rate debt (b)	302.5	57.5	110.0	110.1	24.9
Operating leases	181.7	46.5	67.2	38.3	29.7
Propane supply contracts	50.5	50.5	—	—	—
Other purchase obligations (c)	12.6	12.6	—	—	—
Total	\$ 1,338.7	\$ 187.2	\$ 181.2	\$ 565.7	\$ 404.6

(a) Based upon stated maturity dates.

(b) Based upon stated interest rates.

(c) Includes material capital expenditure obligations.

The components of other noncurrent liabilities included in our Consolidated Balance Sheet at September 30, 2010 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.

Partnership Sale of California Storage Facility

On November 13, 2008, AmeriGas OLP sold its 600,000 barrel refrigerated, above-ground storage facility located on leased property in California. We recorded a pre-tax gain of \$39.9 million associated with this transaction, which increased net income attributable to AmeriGas Partners for the year ended September 30, 2009 by \$39.5 million.

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 \$350.2 million in Fiscal 2010, \$355.0 million in Fiscal 2009 and \$345.5 million in Fiscal 2008 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 based on the relative percentage of the Partnership's revenues, operating expenses and net assets employed to the total of such items for all UGI operating subsidiaries for which general and administrative services are provided. The General Partner believes that this allocation method is reasonable and equitable to the Partnership. Such corporate expenses totaled \$10.8 million in Fiscal 2010, \$12.2 million in Fiscal 2009 and \$11.2 million in Fiscal 2008. In addition, UGI and certain of its subsidiaries provide office space, stop loss medical coverage and automobile liability insurance to the Partnership. The costs related to these items totaled \$2.3 million in Fiscal 2010, \$3.3 million in Fiscal 2009 and \$2.7 million in Fiscal 2008.

AmeriGas OLP purchases propane from Atlantic Energy, Inc. ("Atlantic Energy") a former subsidiary of UGI Energy Services, Inc. ("Energy Services") and a second-tier subsidiary of UGI, pursuant to a propane sales agreement ("Product Sales Agreement") whereby Atlantic Energy 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, which was originally scheduled to terminate on April 30, 2010, was amended to extend the initial termination date to April 30, 2015 and to provide for an option to extend beyond that date for an additional five years. The price to be paid for product purchased under the agreement is determined annually using a contractual formula that takes into account published index prices and the locational value of deliveries at the terminal. On July 30, 2010, Energy Services sold its interest in Atlantic Energy. In addition, from time to time, AmeriGas OLP purchases propane on an as needed basis from Energy Services. The price of the purchases are generally based on market price at the time of purchase. Purchases of propane by AmeriGas OLP from Energy Services and Atlantic Energy (through the date of its sale) totaled \$39.8 million, \$24.3 million and \$47.3 million during Fiscal 2010, Fiscal 2009 and Fiscal 2008, respectively. The sale of the terminal did not effect the terms of the Product Sales Agreement.

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 second-tier subsidiary of UGI Utilities, Inc., for \$32.0 million cash plus estimated working capital of \$1.6 million. UGI Utilities, Inc. is a wholly owned subsidiary of UGI. CPP sold propane to customers primarily in eastern Pennsylvania. AmeriGas OLP funded the acquisition of the assets of CPP principally from borrowings under its Credit Agreement. Pursuant to the acquisition agreement, in February 2009, AmeriGas OLP reached an agreement with UGI Utilities on the working capital adjustment pursuant to which UGI Utilities reimbursed AmeriGas OLP \$1.4 million plus interest.

The Partnership also sells propane to other affiliates of UGI. Such amounts were not material in Fiscal 2010, Fiscal 2009 or Fiscal 2008.

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.

Commodity Price Risk

The risk associated with fluctuations in the prices the Partnership pays for propane is principally a result of market forces reflecting changes in supply and demand for propane and other energy commodities. The Partnership's profitability is sensitive to changes in propane supply costs and the Partnership generally passes on increases in such costs to customers. The Partnership may not, however, always be able to pass through product cost increases fully or on a timely basis, particularly when product costs rise rapidly. In order to reduce the volatility of the Partnership's propane market price risk, we use contracts for the forward purchase or sale of propane, propane fixed-price supply agreements, and over-the-counter derivative commodity instruments including price swap and option contracts. Over-the-counter derivative commodity instruments utilized by the Partnership to hedge forecasted purchases of propane are generally settled at expiration of the contract. These derivative financial instruments contain collateral provisions. 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 fair value of unsettled commodity price risk sensitive instruments at September 30, 2010 and 2009 were gains of \$8.0 million and \$11.8 million, respectively. A hypothetical 10% adverse change in the market price of propane would result in a decrease in fair value of \$18.7 million and \$14.0 million, respectively.

Because the Partnership's propane derivative instruments generally qualify as hedges under GAAP, we expect that changes in the fair value of derivative instruments used to manage propane market price risk would be substantially offset by gains or losses on the associated anticipated transactions.

Interest Rate Risk

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 their fair value. Conversely, changes in interest rates impact the fair value of fixed-rate debt but do not impact their cash flows.

Our variable-rate debt includes borrowings under AmeriGas OLP's credit agreements. These agreements have interest rates that are generally indexed to short-term market interest rates. At September 30, 2010, there was \$91 million of borrowings outstanding under the credit agreements. Based upon the average level of borrowings outstanding under the credit agreements in Fiscal 2010, 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 \$42.9 million and \$38.2 million at September 30, 2010 and 2009, respectively. A 100 basis point decrease in market interest rates would result in increases in the fair market value of this debt of \$46.0 million and \$40.7 million at September 30, 2010 and 2009, 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. As previously mentioned, during the three months ended March 31, 2010, the Partnership's management determined that it was likely that it would not issue \$150 million of long-term debt during the summer of 2010 due to the Partnership's strong cash flow and anticipated extension of all or a portion of the 2009 Supplemental Credit Agreement. As a result, the Partnership discontinued cash flow hedge accounting treatment for interest rate protection agreements associated with this previously anticipated \$150 million long-term debt issuance and recorded a \$12.2 million loss which is reflected in other income, net, on the Fiscal 2010 Consolidated Statements of Operations. There were no unsettled interest rate protection agreements outstanding at September 30, 2010. The fair value of unsettled interest rate protection agreements at September 30, 2009 was a loss of \$15.9 million.

Derivative Financial Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Our counterparties principally consist of major energy companies and major U.S. financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits. Certain of these agreements call for the posting of collateral by the counterparty or by the Partnership in the form of letters of credit, parental guarantees or cash.

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, 2010, our net property, plant and equipment totaled \$642.8 million. Depreciation expense of \$79.7 million was recorded during Fiscal 2010.

Purchase price allocation. From time to time, we enter into material business combinations. In accordance with accounting guidance associated with business combinations, the purchase price is allocated to the various assets acquired and liabilities assumed 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. Estimates most commonly impact 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.

Newly Adopted and Recently Issued Accounting Pronouncements

See Note 3 to Consolidated Financial Statements for a discussion of the effects of accounting guidance we adopted in Fiscal 2010.

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 disclosure controls and procedures are designed 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 required disclosure. The General Partner’s management, with the participation of the General Partner’s Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Partnership’s disclosure controls and procedures as of the end of the period covered by this Report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Partnership’s disclosure controls and procedures, as of the end of the period covered by this Report, were effective at the reasonable assurance level.
- (b) 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 14 to 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 accounting firm 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 Partnership's independent registered public accounting firm. 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. Schlanger (Chairman) and Marrazzo and Dr. Ban. The Committee establishes executive compensation policies and programs, confirms that executive compensation plans do not encourage unnecessary risk-taking; recommends to the independent members of the Board of Directors base salary, annual bonus target levels and long-term compensation awards for executives, approves corporate goals and objectives relating to the Chief Executive Officer's compensation, assists the Board in establishing a succession plan for the Chief Executive Officer, and reviews the General Partner's plans for senior management succession and management development. Each member of the Compensation/Pension Committee is independent as defined by the New York Stock Exchange listing standards.

The Executive Committee members are Messrs. Gozon (Chairman), Greenberg and Schlanger. 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 Corporate Governance Committee members are Messrs. Gozon (Chairman), Pratt and Stoeckel. 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 makes recommendations to the Board of Directors regarding director compensation. Each member of the Corporate Governance Committee is independent as defined by the New York Stock Exchange listing standards.

When considering whether the Board’s Directors and nominees have the experience, qualifications, attributes and skills, taken as a whole, to satisfy the oversight responsibilities of the Board, the Corporate Governance Committee and the Board considered primarily the information about the backgrounds and experiences of the Directors contained under the section of this Report entitled “Directors, Executive Officers and Corporate Governance — Directors and Executive Officers of the General Partner.” In particular, with regard to Mr. Greenberg, the Board considered his executive leadership and vision demonstrated in leading the Partnership’s successful growth for more than 15 years, and his extensive industry knowledge and experience. With regard to Mr. Bissell, the Board considered his senior management experience as the General Partner’s Chief Executive Officer and his extensive industry knowledge. With regard to Mr. Walsh, the Board considered his experience serving as Vice Chairman of the General Partner, his senior management experience with UGI Corporation and another global public company, and his broad industry knowledge and insight. With regard to Dr. Ban, the Board considered his extensive energy industry and emerging energy technologies knowledge and experience, including his experience as Chief Executive Officer of the Gas Research Institute, and his public company directorship and committee experience. With regard to Mr. Gozon, the Board considered his extensive senior executive experience with publicly-traded global business organizations, and his significant public and private company directorship and committee experience, including experience as chairman of the board. With regard to Mr. Marrazzo, the Board considered his extensive experience as Chief Executive Officer of both non-profit and public companies, his city government leadership experience, and his public and private company directorship and committee experience. With regard to Mr. Pratt, the Board considered his extensive executive and financial management experience, his knowledge of the information technology field, and his public and private company directorship and committee experience. With regard to Mr. Schlanger, the Board considered his senior management experience as Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer of Arco Chemical Company, a large public company, and his experience serving as chairman, director and committee member of the boards of directors of large public and private international companies, including his experience representing a major private equity firm’s shareholder interest. With regard to Mr. Stoeckel, the Board considered his management experience as Chief Executive Officer of a large private company sharing similarities with the Partnership, such as a similar workforce and a large number of geographically dispersed retail locations, and his private company directorship experience.

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 Hugh J. Gallagher, Director, Treasury Services and Investor Relations, UGI Corporation, P. O. Box 858, 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	60	Chairman and Director
Eugene V. N. Bissell	57	President, Chief Executive Officer and Director
John L. Walsh	55	Vice Chairman and Director
Stephen D. Ban	69	Director
Richard C. Gozon	72	Director
William J. Marrazzo	61	Director
Gregory A. Pratt	62	Director
Marvin O. Schlanger	62	Director
Howard B. Stoeckel	65	Director
Randy A. Hannigan	59	Vice President — Field Operations, South
John S. Iannarelli	46	Vice President — Field Operations, North
William D. Katz	57	Vice President — Human Resources
Robert H. Knauss	57	Vice President, General Counsel and Corporate Secretary
David L. Lugar	53	Vice President — Supply and Logistics
Andrew J. Peyton	42	Vice President — Sales and Marketing
Kevin Rumbelow	50	Vice President — Operations Support
Jerry E. Sheridan	45	Vice President — Finance and Chief Financial Officer
William J. Stanczak	55	Controller and Chief Accounting Officer

Mr. Greenberg is a director (since 1994) and Chairman of the Board of Directors 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 President (1994 to 2005) and 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.

Mr. Bissell is President, Chief Executive Officer and a director of the General Partner (since July 2000), having served as Senior Vice President — Sales and Marketing of the General Partner (1999 to 2000) and 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. Mr. Bissell 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 a director and Vice Chairman of the General Partner (since April 2005). He also serves as a director and President and Chief Operating Officer of UGI Corporation (since April 2005). In addition, Mr. Walsh is a director (since April 2005) and President and Chief Executive Officer (since July 2009) of UGI Utilities, Inc. Previously, Mr. Walsh was the Chief Executive of the Industrial and Special Products division of the BOC Group plc, an industrial gases company, a position he assumed in 2001. He was also an Executive Director of BOC (2001 to 2005). He joined BOC in 1986 as Vice President-Special Gases and held various senior management positions in BOC, including President of Process Gas Solutions, North America (2000 to 2001) and President of BOC Process Plants (1996 to 2000).

Dr. Ban was elected a director of the General Partner on February 22, 2006. He is currently working as a consultant in private industry. Dr. Ban recently retired as 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 (2001 to 2010). 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 to 1999). He also served as Executive Vice President of Gas Research Institute. Prior to joining Gas Research Institute 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 Corporation, 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 WHY?Y, 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 Works Company, Inc. and Woodard & Curran Engineers.

Mr. Pratt was elected a director of the General Partner on May 24, 2005. He is Chairman of the Board of Carpenter Technology Corporation, a manufacturer and distributor of stainless steel and specialty alloys (since October 2009). Mr. Pratt also served as interim Chief Executive Officer and President of Carpenter Technology Corporation until July 1, 2010. He is the former Vice Chairman and a director of OAO Technology Solutions, Inc. (OAO), an information technology professional services company (2002 to 2010). He joined OAO in 1998 as President and Chief Executive Officer after OAO acquired Enterprise Technology Group, Inc., a software engineering firm founded by Mr. Pratt. Mr. Pratt also serves as President and a director of the Capital Area Chapter of the National Association of Corporate Directors, a non-profit organization. He previously served as a director, President and Chief Operating Officer of Intelligent Electronics, Inc. (1991 to 1996), and was co-founder, and served as Chief Financial Officer of Atari Corp. and President of Atari (US) Corp. (1984 to 1991).

Mr. Schlanger was elected a director of the General Partner on January 26, 2009. Mr. Schlanger is a Principal in the firm of Cherry Hill Chemical Investments, L.L.C., a company that provides management services and capital to the chemical and allied industries (since October 1998). Mr. Schlanger also serves as Chairman of the Board of LyondellBassell Industries N.V. (since June 2010), Chairman of the Board of CEVA Group, Plc (since February 2009), and Vice Chairman of Hexion Specialty Chemicals, Inc. (since June 2005). He was previously Chairman and Chief Executive Officer of Resolution Performance Products, Inc., a manufacturer of specialty and intermediate chemicals (2000 to 2005), Chairman of Covalence Specialty Materials Corp. (2006 to 2007), and Chairman of Resolution Specialty Materials, LLC (2004 to 2005). Mr. Schlanger also serves as a Director of UGI Corporation, UGI Utilities, Inc., and Momentive Performance Materials Inc.

Mr. Stoeckel was elected a director of the General Partner on September 30, 2006. Mr. Stoeckel is 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 trustee for Rider University.

Mr. Hannigan is Vice President — Field Operations, South of the General Partner (since March 2010), having served previously as Vice President — Field Operations of the General Partner (2007 to 2010). He joined the General Partner as a District Manager in 1978 and has spent over 25 years in positions of increasing responsibility including Region Vice President and General Manager (1997 to 2006). Mr. Hannigan retired effective October 15, 2010.

Mr. Iannarelli is Vice President — Field Operations, North of the General Partner (since March 2010), having served previously as Vice President — Midwest Operations of the General Partner (January 2009 to March 2010) and Vice President — Business Reengineering (2005 to 2009). Prior to 2005, he held various positions of increasing responsibility with the General Partner including Region Vice President (2004 to 2005), Director of Region Operations (2001 to 2004), and Director of Corporate Development (2000 to 2001). He joined the General Partner in December 1987.

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. Peyton is Vice President — Sales and Marketing of the General Partner (since March 2010). Previously, he served as General Manager, Southern Region and Northeast Region of the General Partner (2009 to 2010) and as General Manager, Southern Region (2006 to 2009). Prior to joining the General Partner, Mr. Peyton served in a variety of positions, including national accounts and product management, during his more than ten year tenure at Ryerson, Inc.

Mr. Rumbelow is Vice President — Operations Support of the General Partner (since May 2006). Previously, Mr. Rumbelow spent over 20 years at Rohm and Haas Company in Philadelphia, Pennsylvania, and the United Kingdom, in positions of increasing responsibility including Corporate Logistics/Supply Chain Director (2000 to 2006), North American Region Logistics Manager (1998 to 2000), and Inter Regional Logistics Manager (1996 to 1998).

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 given by the Partnership and its affiliates in prior years to WHY?, of which Mr. Marrazzo is the Chief Executive Officer, as well as ordinary course business transactions between the Partnership and its affiliates and Carpenter Technology Corporation, where Mr. Pratt serves as Chairman of the Board and formerly served as interim President and Chief Executive Officer during a portion of 2010. 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. Gozon, 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 2010 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. Schlanger (Chairman) 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.

REPORT OF THE COMPENSATION/PENSION COMMITTEE

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, 2010.

Compensation/Pension Committee

Marvin O. Schlanger, Chairman
Stephen D. Ban
William J. Marrazzo

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 independent members of 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 independent members of 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 AmeriGas Propane, Inc. and/or UGI Corporation and the term "Committee" or "Committees" to refer to the AmeriGas Propane, Inc. Compensation/Pension Committee and/or the UGI Corporation Compensation and Management Development Committee as appropriate 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 and encourage our executives to contribute to our success and reward our executives for leadership excellence and performance that promotes sustainable growth in unitholder and shareholder value.

In Fiscal 2010, the components of our compensation program included salary, annual bonus awards, a discretionary cash bonus, long-term incentive compensation (performance unit awards and UGI Corporation stock option grants), perquisites, retirement benefits, and other benefits, all as described in greater detail in this Compensation Discussion and Analysis. We also consider granting discretionary special equity awards from time to time, although no such awards were made to the named executive officers during Fiscal 2010. We believe that the elements of our compensation program are essential components of a balanced and competitive compensation program to support our annual and long-term goals.

Determination of Competitive Compensation

In determining Fiscal 2010 compensation, the Committees engaged Towers Perrin as their compensation consultant. In early 2010, Towers Perrin merged with Watson Wyatt, another human resources consulting firm, and is now called Towers Watson. Towers Watson supported the Committees in performing their responsibilities with respect to our executive compensation program. The primary duties of Towers Watson were to:

- provide the Committees with independent and objective market data;
- conduct compensation analysis;
- review and advise on pay programs and salary, target bonus and long-term incentive levels applicable to our executives; and
- review components of our compensation program as requested from time to time by the Committees and recommend plan design changes as appropriate.

Towers Watson also performs other services for us and our affiliates under separate agreements. These services include providing (i) actuarial services for UGI's pension plans, (ii) consulting services with respect to benefits programs, (iii) non-discrimination testing for qualified benefit plans, and (iv) assistance in determining the accounting fair value of our equity awards. Towers Watson was selected by the Committees as their compensation consultant independent of any consideration of the services that Towers Watson provides for us and our affiliates. None of the Towers Watson consultants that provided services to the Committees and none of the Towers Watson executive compensation consultants were involved in any of the actuarial and benefits consulting services provided to us and our affiliates. Towers Watson has served as the actuary for UGI's qualified pension plans for many years, and its knowledge and experience with our retirement and benefit plans are considered valuable. In Fiscal 2010, we and our affiliates paid Towers Watson \$736,605 for these services. We and our affiliates paid Towers Watson \$83,234 in Fiscal 2010 for executive compensation-related services, and the Committees approved Towers Watson's fee structure for those services. Management engaged Towers Watson for all other services provided by that firm, and management reviewed and approved all Towers Watson fees.

In July of Fiscal 2010, based on their review of the Towers Watson relationship, and to avoid any appearance of a conflict, the Committees decided to retain Pay Governance LLC as their compensation consultant for Fiscal 2011. Because Pay Governance LLC currently employs the consultant who formerly served the Committees as our lead compensation consultant when he was employed by Towers Perrin, the Committees did not lose the benefit of their lead consultant's knowledge of our compensation policies and programs. We will not engage Pay Governance LLC to provide any additional consulting services.

In assessing competitive compensation, we referenced market data provided to us in Fiscal 2009 by Towers Watson. For Messrs. Bissell and Sheridan, Towers Watson provided us with two reports: the “2009 Executive Cash Compensation Review” and the “2009 Executive Long-Term Incentive Review.” Each of these reports includes an executive compensation analysis. We utilize similar but separate Towers Watson market data for UGI, including an executive compensation analysis, in determining compensation for Messrs. Greenberg, Walsh and Knauss. We do not benchmark against specific companies in the Towers Watson reports. Our Committees do benchmark, however, by using (through Towers Watson) compensation databases that include numerous companies as a reference point to provide a framework for compensation decisions. Our Committees 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 Watson’s General Industry Executive Compensation Database, which includes approximately 430 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 Watson’s Energy Services Executive Compensation Database. This weighting is designed to approximate the relative sizes of UGI’s non-utility and utility businesses. Towers Watson’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 Towers Watson Energy Services database is comprised of approximately 100 companies, primarily utilities.

We generally seek to position a named executive officer’s salary grade so that the midpoint of the salary range for his salary grade approximates the 50th percentile of salaries for comparable executives included in the executive compensation database material referenced by Towers Watson. By comparable executive, we mean an executive having a similar range of responsibilities and the experience to fully perform those responsibilities. Towers Watson uses regression analysis on compensation data for the applicable positions in its databases to provide us with information on market rates of compensation. Regression analysis is an objective calculation that identifies a relationship between one variable (in this case, compensation) and another variable that is closely related to it. For utilities and broader general industry companies, revenue provides the firmest relationship to compensation. In other words, a larger company would be more likely to pay a higher amount of compensation for the same position than a smaller company. Using this relationship, market rates are developed for positions comparable to those of our executives, as if the companies in the Executive Compensation and Energy Services databases had revenues similar to ours. We believe that Towers Watson’s regression analysis on the applicable positions in these databases is an appropriate method for establishing market rates. After consultation with Towers Watson, we considered salaries that were within 15 percent of market median salary levels developed by Towers Watson 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 establish the midpoint of the salary grade for the positions held by our named executive officers to approximate the 50th percentile of salaries for executives in comparable positions as determined in the applicable Towers Watson executive compensation databases. Based on the data provided by Towers Watson, we increased the range of salary in each salary grade for each named executive officer, other than Mr. Greenberg, by 1.5 percent. The Committee established Mr. Greenberg’s Fiscal 2010 salary grade midpoint at the market median of comparable executives as identified by Towers Watson’s executive compensation databases. For Mr. Greenberg, this resulted in a slight reduction of the midpoint from the prior year.

Historically, individual salaries have been adjusted to reflect merit increases based on subjective performance evaluations and the individual's position within the salary range for his salary grade. For Fiscal 2010, however, in response to the challenging economy and period of evolving market dynamics, our named executive officers did not receive base salary increases. All named executive officers received a salary in Fiscal 2010 that was within 86 percent to 106 percent of the midpoint for his salary range.

The following table sets forth each named executive officer's Fiscal 2010 salary. As previously discussed, our named executive officers did not receive a base salary increase in Fiscal 2010.

Name	Salary	Percentage Increase over Fiscal 2009 Salary
E. V. N. Bissell	\$ 490,000	0%
J. E. Sheridan	\$ 302,356	0%
L. R. Greenberg	\$ 1,067,500	0%
J. L. Walsh	\$ 648,440	0%
R. H. Knauss	\$ 340,340	0%

Annual Bonus Awards

Either our General Partner or 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 emphasizes our pay for performance philosophy and will result in the enhancement of partnership unitholder or shareholder value.

In determining each executive position's target award level under our annual bonus plans, we considered information in the Towers Watson executive compensation databases regarding the percentage of salary payable upon achievement of target goals for executives in similar positions at other companies as described above. In establishing the target award level, we position the amount within the 50th to 75th percentiles for comparable positions. 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 beneficial impact to the Partnership of such achievement. For Fiscal 2010, Mr. Bissell's opportunity was set at approximately the 56th percentile and the other named executive officers' opportunities were set between the 50th and 63rd percentiles.

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, with the bonus achieved based on EPU subject to adjustment based on achievement of our customer growth goal, as described below. We believe that annual bonus payments to our most senior executives should reflect our overall financial results for the fiscal year and EPU 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 no growth in total demand for propane in the next several years, and, therefore, customer growth is an important factor in our ability to improve the Partnership's long-term financial performance. Additionally, the customer growth adjustment serves to balance the risk of achieving our short-term annual financial goals at the expense of our long-term goal to grow our customer base.

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 for bonus purposes during Fiscal 2010 was established to be in the range of \$2.97 to \$3.14 per Common Unit. Under the target bonus criteria applicable to Mr. Bissell, no bonus would be paid if the EPU amount was less than approximately 80 percent of the EPU target, while 200 percent of the target bonus might be payable if EPU was approximately 120 percent or more of the target. 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 a predetermined customer growth objective ("Customer Growth Leverage Factor"). For Fiscal 2010, the adjustment ranged from 90 percent if the growth objective was not achieved, to 110 percent if the growth objective exceeded approximately 150 percent of the growth target. The customer growth adjustment for Fiscal 2010 was modified to reflect our assessment of growth prospects after considering current and projected economic and housing market conditions. We believe the Customer Growth Leverage Factor for Fiscal 2010 represented an aggressive but achievable growth target. Once the EPU Leverage Factor and Customer Growth Leverage Factor are determined, 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 bonus opportunity to arrive at the bonus award payable for the fiscal year.

Each Committee has discretion to adjust performance results for extraordinary items or other events as the Committee deems appropriate. For Fiscal 2010, the Committee deemed it appropriate to adjust EPU to exclude the loss associated with the discontinuance of the Partnership's interest rate hedges. This adjustment resulted in EPU slightly less than the EPU target. During Fiscal 2010, the Partnership's management decided not to issue \$150 million of long-term debt as previously planned due to the Partnership's strong cash flows and the adequate level of funds available under its revolving loan agreements. Accordingly, the Partnership discontinued cash flow accounting treatment for interest rate protection agreements associated with the anticipated debt issuance which resulted in a loss in Fiscal 2010. The discretionary exclusion of this loss from EPU resulted in a 13.8 percentage point increase to the EPU Leverage Factor, which was then modified because the customer growth target was not achieved. Accordingly, each of Messrs. Bissell and Sheridan received a bonus payout equal to 89.2 percent of his target award.

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 bonus, equal to 200 percent of the target bonus, would be payable if the EPS equaled or exceeded 120 percent of the EPS target. The targeted EPS for bonus purposes for Fiscal 2010 was established to be in the range of \$2.20 to \$2.30 per share. For Fiscal 2010, the Committee excluded from the calculation of the EPS Leverage Factor all of the gain associated with the divestiture of UGI's indirect subsidiary, Atlantic Energy, due to its unusual nature. The Committee also excluded the loss associated with the discontinuance of the Partnership's interest rate hedges for the reasons previously discussed. The exclusion of the gain associated with the divestiture of Atlantic Energy resulted in a 27.3 percentage point reduction to the EPS Leverage Factor. The exclusion of the loss associated with the discontinuance of the Partnership's interest rate hedges resulted in a 5.5 percentage point increase to the EPS Leverage Factor. Accordingly, for Fiscal 2010 Messrs. Greenberg, Walsh and Knauss each received a bonus payout equal to 107.3 percent of his target bonus.

The following annual bonus payments were made for Fiscal 2010:

Name	Percent of Target Bonus Paid	Amount of Bonus
E. V. N. Bissell	89.2%	\$ 349,664
J. E. Sheridan	89.2%	\$ 134,851
L. R. Greenberg	107.3%	\$ 1,145,428
J. L. Walsh	107.3%	\$ 591,410
R. H. Knauss	107.3%	\$ 237,370

Discretionary Bonus

On November 19, 2010, the Committee and the independent members of the UGI Board of Directors approved a discretionary bonus of \$45,000 to Mr. Knauss. This bonus was in recognition of Mr. Knauss' extraordinary leadership efforts relating to the restoration of our corporate headquarters building following a fire in December of 2009.

Long-Term Compensation — Fiscal 2010 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 executives to hold a significant equity stake in our company in order to align the executives' interests with unitholder interests. 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 December 31, 2009 for Messrs. Bissell and Sheridan under the 2000 AmeriGas Propane, Inc. Long-Term Incentive Plan, and effective January 1, 2010 under the 2004 Plan. Messrs. Greenberg, Walsh and Knauss received long-term compensation awards under the 2004 Plan.

Our long-term compensation for Fiscal 2010 included UGI stock option grants and either AmeriGas Partners performance unit awards or UGI performance unit awards. Messrs. Bissell and Sheridan were each awarded AmeriGas Partners performance unit awards tied to the three-year total return performance of AmeriGas Partners Common Units relative to that of the limited partnerships in the Alerian MLP Index. Messrs. Greenberg, Walsh and Knauss were each awarded UGI Corporation performance units tied to the three-year total return performance of UGI's 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 if specified performance goals and other conditions are met.

As is the case with cash compensation and annual bonus awards, we referenced Towers Watson'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 2010, 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 Watson. 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 total unitholder or shareholder return that compares favorably relative to a competitive peer group.

In providing award calculations, Towers Watson valued UGI stock options by applying a binomial model. The stock price used in the model for January 1, 2010 awards was \$25.11 which was the three month average UGI stock price from May 10, 2009 through August 10, 2009. The model also assumes 5 percent turnover annually over the vesting period to account for options forfeited by terminating participants. As a result of this analysis, Towers Watson valued the stock options at \$2.27 per underlying share. Based on its valuation, Towers Watson calculated the number of options to be granted to the named executive officers covering a specified number of underlying shares.

The remaining approximately 50 percent of the long-term compensation opportunity is awarded as performance units. In calculating the number of AmeriGas Partners performance units to be awarded to each of Messrs. Bissell and Sheridan, Towers Watson placed a value of \$25.92 per unit. The value was computed by taking an average price for AmeriGas Partners common units from May 10, 2009 through August 10, 2009, and adjusting the price based on Towers Watson's standard assumptions, including 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 Watson placed a value of \$19.45 per share underlying a UGI performance unit, based on the average price of UGI common stock over the three month period from May 10, 2009 through August 10, 2009.

While management used the Towers Watson 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 Watson. The adjustments were designed to address historic grant practices, internal pay equity and the policy of UGI 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 2004 Plan for the fiscal years 2008 through 2010 will not exceed 2 percent. Despite the significant decrease in the UGI Corporation stock option value between Fiscal 2009 and Fiscal 2010 as calculated by Towers Watson for the purpose of valuing UGI stock options, management, in response to challenging economic conditions, did not increase the number of stock options granted to Messrs. Greenberg and Walsh in Fiscal 2010. In addition, management only modestly increased the number of stock options granted to the other named executive officers in Fiscal 2010. For purposes of calculating the annual number of equity awards used in this calculation: (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 Committee's acceptance of management's recommendations, the named executives received between approximately 82 percent and 95 percent of the total dollar value of long-term compensation opportunity recommended by Towers Watson. The total dollar value of the long-term compensation received by the named executive officers in Fiscal 2010 was approximately 25 percent to 39 percent less than the dollar value of long-term compensation awarded in Fiscal 2009. The actual grant amounts are set forth below:

Name	Shares Underlying Stock Options	Performance Units
	# Granted	# Granted
E. V. N. Bissell	80,000	17,000
J. E. Sheridan	22,000	3,800
L. R. Greenberg	300,000	70,000(1)
J. L. Walsh	125,000	28,000(1)
R. H. Knauss	57,000	11,000(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 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, 2010 to December 31, 2012. In computing TUR, we use the average of the daily closing prices for our Common Units and those of each of the limited partnerships in the Alerian MLP Index 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 of the 50 limited partnerships in the Alerian MLP Index. If a partnership is added to the Alerian MLP Index during a three-year performance period, we do not include that partnership in our TUR analysis. We will only remove a partnership that was included in the Alerian MLP Index at the beginning of a performance period if such partnership ceases to exist during the applicable performance period. Prior to Fiscal 2010, we compared the TUR performance of AmeriGas Partners Common Units to the TUR performance of a peer group consisting of selected publicly traded limited partnerships engaged in the propane, pipeline and coal industries. We believe using a published index maintained by an independent third party is preferable to using a selected group of partnerships because it lends greater impartiality to the AmeriGas Propane long-term incentive compensation program. The limited partnerships comprising the Alerian MLP Index as of December 31, 2009 were as follows:

Alliance Holdings GP, L.P.	Enterprise GP Holdings LP	Penn Virginia GP Holdings, L.P.
Alliance Resource Partners, L.P.	EV Energy Partners, L.P.	Penn Virginia Resource Partners, L.P.
Boardwalk Pipeline Partners, LP	Ferrellgas Partners, L.P.	Pioneer Southwest Energy Partners L.P.
Buckeye GP Holdings L.P.	Genesis Energy, L.P.	Plains All American Pipeline, L.P.
Buckeye Partners, L.P.	Holly Energy Partners, L.P.	Regency Energy Partners LP
Calumet Specialty Products Partners, L.P.	Inergy, L.P.	Spectra Energy Partners, LP
Copano Energy, L.L.C.	Kinder Morgan Energy Partners, L.P.	Star Gas Partners, L.P.
DCP Midstream Partners, LP	Kinder Morgan Management, LLC	Suburban Propane Partners, L.P.
Dorchester Minerals, L.P.	Legacy Reserves LP	Sunoco Logistics Partners L.P.
Duncan Energy Partners L.P.	Linn Energy, LLC	TC PipeLines, LP
El Paso Pipeline Partners, L.P.	Magellan Midstream Partners, L.P.	Targa Resources Partners LP
Enbridge Energy Management, L.L.C.	Markwest Energy Partners, L.P.	Teekay LNG Partners L.P.
Enbridge Energy Partners, L.P.	Natural Resource Partners L.P.	Teekay Offshore Partners L.P.
Encore Energy Partners LP	Navios Maritime Partners L.P.	Western Gas Partners, LP
Energy Transfer Equity, L.P.	NuStar Energy L.P.	Williams Partners L.P.
Energy Transfer Partners, L.P.	NuStar GP Holdings, LLC	Williams Pipeline Partners L.P.
Enterprise Products Partners L.P.	ONEOK Partners, L.P.	

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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 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, 2009 were as follows:

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

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. After the Committee has determined that the conditions for payment have been satisfied, management of the General Partner or UGI, as the case may be, has the authority to provide for a cash payment to the named executives in lieu of the Common Units or shares payable. The cash payment is based on the value of the securities at the end of the performance period and is designed to meet minimum statutory tax withholding requirements. In the event that UGI executives earn shares in excess of the target award, the value of the above target shares is paid entirely in cash.

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 Alerian MLP Index 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 Alerian MLP Index limited partnerships or S&P Utilities Index companies, as applicable.

All performance units have partnership 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 during the performance period 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.

Long-Term Compensation — Payout of Performance Units for 2007-2009 Period

During Fiscal 2010, we paid out awards to those executives who received performance units in fiscal year 2007 for the period from January 1, 2007 to December 31, 2009. For that period, the Partnership's TUR ranked 6th relative to its peer group of 18 other partnerships, placing the Partnership at just above the 72nd percentile ranking, resulting in a 145.4 percent payout of the target award. UGI's TSR ranked 13th relative to the 29 other companies in the S&P 500 Utilities Index, placing UGI just above the 58th percentile ranking, resulting in a 121.6 percent payout of the target award. The performance criteria for AmeriGas Partners' and UGI's performance unit awards during that period was the same as those for the performance units granted for 2009-2011, described above, except that the Partnership's TUR was compared to that of each member of a peer group of publicly-traded master limited partnerships in the propane, pipeline and coal industries as of the January 1, 2007 award date. As a result of the foregoing, the payouts on performance unit awards were as follows:

Name	Performance Unit Payout (#)	Performance Unit Payout Value(1) (\$)
E. V. N. Bissell	20,356	969,149
J. E. Sheridan	3,926	186,907
L. R. Greenberg	72,960	1,931,707
J. L. Walsh	31,616	837,073
R. H. Knauss	10,944	289,756

(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 2010 was less than \$20,000.

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 2010 to \$16,500), up to 50 percent of his or her eligible compensation on a pre-tax basis, and the General Partner provides a matching contribution equal to 100 percent of the first 5 percent of eligible 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 2010 to \$16,500), up to a maximum of 50 percent of his or her eligible compensation on a pre-tax basis and up to 20 percent of his or her eligible compensation on an after-tax basis. The combined maximum of pre-tax and after-tax contributions is 50 percent of his or her eligible compensation. 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 3 percent. For participants entering the UGI Savings Plan on or after January 1, 2009, who are not eligible to participate in the UGI Pension Plan, the Company provides matching contributions targeted at 100 percent of the first 5 percent of eligible compensation contributed by the employee in any pay period. 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 was closed to new participants as of January 1, 2009. 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. Mr. Bissell has a vested benefit in the UGI Pension Plan, but he no longer participates. See the “Pension Benefits Table — Fiscal 2010” and accompanying narrative for additional information.

UGI Corporation Supplemental Executive Retirement Plan and Supplemental Savings Plan

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 restricted from being paid from the UGI Pension Plan by Code limits. 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 — Fiscal 2010” 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 Company matching contribution to the qualified UGI Savings Plan and the 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 on two indices: 60 percent on the total return of the Standard and Poor's 500 Index and 40 percent on the total return of the Barclays Capital U.S. 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 and each will receive a benefit if his contribution to the UGI Savings Plan satisfies the requirements under the UGI Corporation Supplemental Savings Plan. See the "Nonqualified Deferred Compensation Table — Fiscal 2010" 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, the General Partner 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. Participants direct the investment of the amounts in their accounts 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 — Fiscal 2010" and accompanying narrative for additional information.

AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan On Behalf of AmeriGas Partners, L.P.

Effective July 30, 2010, this plan succeeded the AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan On Behalf of AmeriGas Partners, L.P., which expired on December 31, 2009. The plan provides (i) designated employees of the General Partner and its affiliates and (ii) non-employee members of the Board of Directors of the General Partner with the opportunity to receive grants of options, phantom units, performance units, unit awards, unit appreciation rights, distribution equivalents and other unit-based awards. The plan also provides that if there is a change of control of AmeriGas Partners or UGI Corporation, then the following will generally occur: (i) AmeriGas Partners will provide the participant with written notification of the change of control, (ii) all outstanding options and unit appreciation rights will automatically vest and become exercisable, (iii) the restrictions and conditions on outstanding unit awards will lapse, (iv) phantom units and performance units will become payable in cash in an amount not less than their target amount or in a larger amount, up to the maximum grant value, as determined by the Compensation/Pension Committee, and (v) distribution equivalents and other unit-based awards will become payable in full in cash, in amounts determined by the Compensation/Pension Committee. Messrs. Bissell and Sheridan are eligible to participate in the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan On Behalf of AmeriGas Partners, L.P.

AmeriGas Propane, Inc. Nonqualified Deferred Compensation Plan

The General Partner maintains a nonqualified deferred compensation plan under which participants may defer up to \$10,000 of their annual 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 — Fiscal 2010" and accompanying narrative for additional information.

UGI Corporation 2009 Deferral Plan, As Amended and Restated Effective June 1, 2010

This plan provides deferral options that comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, related to (i) all phantom units and stock units granted to the General Partner's and UGI's non-employee Directors, (ii) benefits payable under the UGI Corporation Supplemental Executive Retirement Plan, and (iii) benefits payable under the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan. If an eligible participant elects to defer payment under the plan, the participant may receive future benefits after separation from service as (i) a lump sum payment, (ii) annual installment payments over a period between two and ten years, or (iii) one to five retirement distribution accounts to be paid in a lump sum in the year specified by the individual. Deferred benefits, other than phantom units and stock units, will be deemed to be invested in investment funds selected by the participant from among a list of available funds. Messrs. Bissell, Sheridan, Greenberg, Walsh and Knauss elected to defer benefits under this plan. The plan also provides newly eligible participants with a deferral election that must be acted upon promptly.

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 of Employment 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 of Employment or Change in Control" for further information regarding the change in control agreements.

Equity Ownership Guidelines

We seek to align executives' interests with unitholder and shareholder interests 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 or promotion and must use 10 percent of his gross annual bonus award to purchase Common Units or UGI stock (or, in the case of Messrs. Greenberg and Walsh, 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 in the executive's account in the relevant savings plan.

Messrs. Bissell, Sheridan and Knauss are each permitted to satisfy their requirements through ownership of Common Units, UGI common stock, or a combination of Common Units and UGI common stock, with each Common Unit equivalent to 1.5 shares of UGI common stock. The stock ownership guidelines further permit any UGI executive, who was formerly employed by the General Partner, to satisfy up to 50 percent of his or her stock ownership requirement with Common Units. The following table provides information regarding our equity ownership guidelines for, and the number of common units and shares held at September 30, 2010, by our named executive officers:

Name	Required Ownership of AmeriGas		
	Partners Common Units ¹ or UGI Corporation Common Stock ²	Number of AmeriGas Partners Common Units Held at 9/30/2010 ³	Number of Shares of UGI Corporation Stock Held at 9/30/2010 ³
E. V. N. Bissell	40,000 ¹	64,600	68,197
J. E. Sheridan	5,333 ¹	16,703	1,036
L. R. Greenberg	250,000 ²	11,000	406,305
J. L. Walsh	100,000 ²	7,000	110,249
R. H. Knauss	20,000 ²	14,108	21,908

1. Common Units of AmeriGas Partners.
2. Shares of Common Stock of UGI Corporation.
3. All officers are in compliance with the ownership guidelines, which require the accumulation of equity over time.

Stock Option Grant Practices

The Committees 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 2010 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 each Committee 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 independent members of the appropriate Board of Directors following Committee recommendations.

RISKS RELATED TO COMPENSATION POLICIES AND PRACTICES

Management conducted a risk assessment of our compensation policies and practices for Fiscal 2010. Based on its evaluation, management does not believe that any such policies or practices create risks that are reasonably likely to have a material adverse effect on the Partnership.

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 year 2010.

Summary Compensation Table — Fiscal 2010

Name and Principal Position (a)	Fiscal Year (b)	Salary (\$)(c)	Bonus (\$)(d)	Stock Awards (\$)(1)(e)	Option Awards (\$)(1)(f)	Non-Equity Incentive Plan Compensation (\$)(2)(g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(3)(h)	All Other Compensation (\$)(4)(i)	Total (\$)(5)(j)
E. V.N. Bissell President and Chief Executive Officer	2010	490,006	0	715,700	359,200	349,664	3,778	85,475	2,003,823
	2009	487,820	0	643,400	304,500	450,800	5,943	97,151	1,989,614
	2008	442,000	0	467,520	330,200	252,960	376	70,200	1,563,256
J. E. Sheridan Vice President Finance and Chief Financial Officer	2010	302,349	0	159,980	98,780	134,851	0	43,720	739,680
	2009	301,369	0	144,765	85,260	173,855	0	50,548	755,797
	2008	280,646	0	97,400	86,360	96,393	0	40,396	601,195
L. R. Greenberg Chairman	2010	1,067,500	0	1,590,400	1,347,000	1,145,428	1,971,422	69,853	7,191,603
	2009	1,067,975	0	1,957,200	1,218,000	1,591,643	2,640,022	65,416	8,540,256
	2008	1,026,300	0	2,123,800	1,524,000	964,722	945,498	81,405	6,665,725
J. L. Walsh Vice Chairman	2010	648,440	0	636,160	561,250	591,410	377,873	33,081	2,848,214
	2009	648,202	0	782,880	507,500	821,800	330,768	25,979	3,117,129
	2008	616,933	0	819,180	609,600	493,383	147,550	24,494	2,711,140
R. H. Knauss Vice President and General Counsel	2010	340,340	45,000(6)	249,920	255,930	237,370	389,944	14,872	1,533,376
	2009	340,146	0	602,040	203,000	329,841	455,185	13,594	1,943,806
	2008	314,619	0	273,060	228,600	177,698	262,102	10,521	1,266,600

- (1) The amounts shown in columns (e) and (f) above represent the aggregate fair value of awards of performance units, stock units and stock options, as the case may be, on the grant date. The assumptions used in the calculation of the amounts shown are included in Note 2 and Note 12 to our Consolidated Financial Statements for Fiscal 2010 and in Exhibit No. 99 to this Report.

- (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 — Fiscal 2010 reflect (i) for Messrs. Bissell, Greenberg, Walsh and Knauss, the change from September 30, 2009 to September 30, 2010 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 or in the UGI Corporation Supplemental Executive Retirement Plan. Mr. Sheridan is not eligible to participate in the UGI pension plan. The material terms of the pension plans and deferred compensation plans are described in the Pension Benefits Table — Fiscal 2010 and the Nonqualified Deferred Compensation Table — Fiscal 2010, and the related narratives to each. 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. For purposes of the Summary Compensation Table — Fiscal 2010, the market rate on deferred compensation most analogous to the rate at the time the interest rate is set under the UGI plan for Fiscal 2010 was 5.02 percent, which is 120 percent of the federal long-term rate for December 2009. Messrs. Bissell's and Sheridan's earnings on deferred compensation are market-based, calculated by reference to externally managed mutual funds. The amounts included in column (h) of the Summary Compensation Table — Fiscal 2010 are itemized below.

Name	Change in Pension Value	Above-Market Earnings on Deferred Compensation
E. V.N. Bissell	\$ 3,778	\$ 0
J. E. Sheridan	\$ 0	\$ 0
L. R. Greenberg	\$ 1,903,027	\$ 68,395
J. L. Walsh	\$ 369,494	\$ 8,379
R. H. Knauss	\$ 386,862	\$ 3,082

- (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 — Fiscal 2010. 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	\$ 13,758	\$ 71,717	\$ 0	\$ 0	\$ 85,475
J. E. Sheridan	\$ 12,250	\$ 31,470	\$ 0	\$ 0	\$ 43,720
L. R. Greenberg (a)	\$ 5,513	\$ 54,318	\$ 0	\$ 10,022	\$ 69,853
J. L. Walsh	\$ 5,513	\$ 27,568	\$ 0	\$ 0	\$ 33,081
R. H. Knauss	\$ 5,305	\$ 9,567	\$ 0	\$ 0	\$ 14,872

- (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 2010, UGI charged the Partnership 36 percent of the total compensation expense, other than the change in pension value, for Messrs. Greenberg, Walsh and Knauss.
- (6) Discretionary bonus awarded in recognition of Mr. Knauss' extraordinary leadership efforts relating to the restoration of our corporate headquarters building following a fire in December of 2009.

Grants of Plan-Based Awards In Fiscal Year 2010

The following table and footnotes provide information regarding equity and non-equity plan grants to the named executive officers in Fiscal 2010.

Grants of Plan-Based Awards Table — Fiscal 2010

Name (a)	Grant Date (b)	Board Action Date (c)	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 (#) (j)	All Other Option Awards: Number of Securities Underlying Options (#) (3) (k)	Exercise or Base Price of Option Awards (\$/Sh) (l)	Grant Date Fair Value of Stock and Option Awards (m)
			Threshold (\$) (d)	Target (\$) (e)	Maximum (\$) (f)	Threshold (#) (g)	Target (#) (h)	Maximum (#) (i)				
E. V.N. Bissell	10/1/09	11/19/09	211,680	392,000	784,000							
	1/1/10	11/19/09							0	80,000	24.19	359,200
	12/31/09	11/19/09				8,500	17,000	34,000				715,700
J. E. Sheridan	10/1/09	11/19/09	81,636	151,178	302,356							
	1/1/10	11/19/09							0	22,000	24.19	98,780
	12/31/09	11/19/09				1,900	3,800	7,600				159,980
L. R. Greenberg	10/1/09	11/19/09	640,500	1,067,500	2,135,000							
	1/1/10	11/19/09							0	300,000	24.19	1,347,000
	1/1/10	11/19/09				35,000	70,000	140,000				1,590,400
J. L. Walsh	10/1/09	11/19/09	330,704	551,174	1,102,348							
	1/1/10	11/19/09							0	125,000	24.19	561,250
	1/1/10	11/19/09				14,000	28,000	56,000				636,160
R. H. Knauss	10/1/09	11/19/09	132,733	221,221	442,442							
	1/1/10	11/19/09							0	57,000	24.19	255,930
	1/1/10	11/19/09				5,500	11,000	22,000				249,920
	10/1/09	11/19/09										322,440

- The amounts shown under this heading relate to bonus opportunities under the relevant company's annual bonus plan for Fiscal 2010. 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 — Fiscal 2010. The threshold amount shown for Messrs. Bissell and Sheridan is based on achievement of 83 percent of the financial goal with the resulting amount reduced to the maximum extent provided for below-target achievement of customer growth objectives. The threshold amount shown for Messrs. Greenberg, Walsh and Knauss is based on achievement of 80 percent of the UGI financial goal.
- 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 analogous to the terms of the performance units granted under the 2000 AmeriGas Long-Term Incentive Plan.
- 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, 2010 for each of the named executive officers:

Outstanding Equity Awards at Year-End Table — Fiscal 2010

Name (a)	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Option Exercise Price (\$) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock/ Partnership Units that Have Not Vested (#) (g)	Market Value of Shares or Units of Stock/ Partnership Units That Have Not Vested (\$) (h)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (j)
E. V.N. Bissell	21,6673		20.48	12/31/2015	0	0	15,63620	700,649
	70,0004		27.28	12/31/2016			20,00021	896,200
	43,3335	21,6675	27.25	12/31/2017			17,00022	761,770
	25,0006	50,0006	24.42	12/31/2018				
		80,0007	24.19	12/31/2019				
J. E. Sheridan	15,000		27.57	08/14/2015	0	0	3,258	145,991
	18,000		20.48	12/31/2015			4,500	201,645
	18,000		27.28	12/31/2016			3,800	170,278
	11,333	5,667	27.25	12/31/2017				
	7,000	14,000	24.42	12/31/2018				
		22,000	24.19	12/31/2019				
L. R. Greenberg	135,0001		16.99	12/31/2013	0	0	123,06017	3,520,747
	350,0002		20.47	12/31/2014			70,00018	2,002,700
	250,0003		20.48	12/31/2015			70,00019	2,002,700
	280,0004		27.28	12/31/2016				
	200,0005	100,0005	27.25	12/31/2017				
	100,0006	200,0006	24.42	12/31/2018				
		300,0007	24.19	12/31/2019				
J. L. Walsh	270,0008		22.92	03/31/2015	0	0	47,46617	1,358,002
	120,0004		27.28	12/31/2016			28,00018	801,080
	80,0005	40,0005	27.25	12/31/2017			28,00019	801,080
	41,6666	83,3346	24.42	12/31/2018				
		125,0007	24.19	12/31/2019				
R. H. Knauss	45,0004		27.28	12/31/2016			15,82217	452,667
	30,0005	15,0005	27.25	12/31/2017	12,00016	343,320	10,00018	286,100
	16,6666	33,3346	24.42	12/31/2018			11,00019	314,710
		57,0007	24.19	12/31/2019				

Note: Column (d) was intentionally omitted.

- (1) These options were granted effective January 1, 2004 and were fully vested on January 1, 2007.
- (2) These options were granted effective January 1, 2005 and were fully vested on January 1, 2008.
- (3) These options were granted effective January 1, 2006 and were fully vested on January 1, 2009.
- (4) These options were granted effective January 1, 2007 and were fully vested on January 1, 2010.
- (5) These options were granted effective 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.
- (6) These options were granted effective January 1, 2009. These options vest 33 1/3 percent on each anniversary of the grant date and will be fully vested on January 1, 2012.
- (7) These options were granted effective January 1, 2010. These options vest 33 1/3 percent on each anniversary of the grant date and will be fully vested on January 1, 2013.
- (8) These options were granted effective April 1, 2005 and were fully vested on April 1, 2008.
- (9) These options were granted effective September 4, 2007 and were fully vested on September 4, 2010.
- (10) These options were granted effective January 1, 2005 and were fully vested on January 1, 2009.
- (11) These options were granted effective January 1, 2006 and were fully vested on January 1, 2010.

- (12) These options were granted effective January 1, 2007 and will be fully vested on January 1, 2011.
- (13) These options were granted effective June 17, 2008 and will be fully vested on June 17, 2012.
- (14) These options were granted effective August 13, 2009 and will be fully vested on August 13, 2013.
- (15) These options were granted effective January 1, 2010 and will be fully vested on January 1, 2014.
- (16) These stock units were granted effective January 1, 2009 and will fully vest on January 1, 2012 or upon death, disability or retirement.
- (17) The amount shown is an estimate based on a target award of performance units effective January 1, 2008. The performance measurement period for these performance units is January 1, 2008 through December 31, 2010. The estimated number of performance units which may be earned at the end of the performance period is based on the Company's TSR for the period January 1, 2008 through September 30, 2010, relative to that of each of the companies in the S&P Utilities Index as of December 31, 2007. As of September 30, 2010, the Company's TSR ranking qualified for 175.8 % leverage of the target number of performance units originally granted. The actual number of performance units and accompanying dividend equivalents earned may be higher (up to 200% of the target award) or lower than the amount shown, based on TSR performance through the end of the performance period. See Compensation Discussion and Analysis — Long-Term Compensation — Fiscal 2010 Equity Awards for more information on the TSR performance goal measurements.
- (18) These performance units were awarded January 1, 2009. The measurement period for the performance goal is January 1, 2009 through December 31, 2011. The performance goal is the same as described in footnote 17, but it is measured for a different three-year period. The performance units will be payable, if at all, on January 1, 2012.
- (19) These performance units were awarded January 1, 2010. The measurement period for the performance goal is January 1, 2010 through December 31, 2012. The performance goal is the same as described in footnote 17, but it is measured for a different three-year period. The performance units will be payable, if at all, on January 1, 2013.
- (20) The amount shown is an estimate based on a target award of restricted units effective January 1, 2008. The performance measurement period for these restricted units is January 1, 2008 through December 31, 2010. The estimated number of restricted units which may be earned at the end of the performance period is based on the AmeriGas Partners' TUR for the period January 1, 2008 through September 30, 2010, relative to that of each member of a peer group of publicly-traded master limited partnerships in the propane, pipeline and coal industries as of the award date. As of September 30, 2010, the AmeriGas Partners' TUR ranking qualified for 130.3% leverage of the target number of restricted units originally granted. The actual number of restricted units and accompanying distribution equivalents earned may be higher (up to 200% of the target award) or lower than the amount shown, based on TUR performance through the end of the performance period. See Compensation Discussion and Analysis — Long-Term Compensation — Fiscal 2010 Equity Awards for more information on the TUR performance goal measurements.
- (21) These restricted units were awarded January 1, 2009. The measurement period for the performance goal is January 1, 2009 through December 31, 2011. The performance goal is the same as described in footnote 20, but it is measured for a different three-year period. The restricted units will be payable, if at all, on January 1, 2012.
- (22) These restricted units were awarded December 31, 2009. The measurement period for the performance goal is January 1, 2010 through December 31, 2012. The performance goal is the same as described in footnote 20, but it is measured for a different three-year period and AmeriGas Partners TUR is measured relative to that of each of the master limited partnerships in the Alerian MLP Index as of December 31, 2009. The performance units will be payable, if at all, on January 1, 2013.

Option Exercises and Stock Vested Table — Fiscal 2010

The following table sets forth (1) the number of shares of UGI common stock acquired by the named executive officers in Fiscal 2010 from the exercise of stock options, (2) the value realized by those officers upon the exercise of 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 previously granted that vested in Fiscal 2010, (4) for Messrs. Bissell and Sheridan, the number of AmeriGas performance units previously granted that vested in Fiscal 2010, and (5) the value realized by those officers upon the vesting of such units based on the average of the high and low sales prices for AmeriGas Partners common units on the New York Stock Exchange ("NYSE"), or, for Messrs. Greenberg, Walsh and Knauss, the closing price on the NYSE for shares of UGI common stock, on the vesting date.

Name (a)	Option Awards		Stock/Unit Awards	
	Number of Shares		Number of Shares/Units	
	Acquired on Exercise	Value Realized on Exercise	Acquired on Vesting	Value Realized on Vesting
	(#) (b)	(\$) (c)	(#) (d)	(\$) (e)
E. V.N. Bissell	0	0	20,356	806,098
J. E. Sheridan	0	0	3,926	155,461
L. R. Greenberg	150,000	1,522,500	72,960	1,764,902
J. L. Walsh	65,000	428,724	31,616	764,791
R. H. Knauss	80,000	656,400	10,944	264,735

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, 2010 and any payments made to the named executive officers in Fiscal 2010 under those plans.

Pension Benefits Table — Fiscal 2010

Name(1) (a)	Plan Name (b)	Number of Years Credited Service	Present Value of Accumulated Benefit	Payments During Last Fiscal Year
		(#) (c)	(\$) (d)	(\$) (e)
E. V.N. Bissell (2)	UGI Utilities Retirement Plan	6	32,835	0
L. R. Greenberg	UGI SERP	30	14,360,305	0
	UGI Utilities Retirement Plan	30	1,453,430	0
J. L. Walsh	UGI SERP	5	1,011,343	0
	UGI Utilities Retirement Plan	5	195,653	0
R. H. Knauss	UGI SERP	23	1,202,014	0
	UGI Utilities Retirement Plan	23	734,823	0

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

(2) Mr. Bissell has a vested annual benefit of approximately \$3,300 under the UGI Utilities Retirement Plan based on prior credited 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)⁽¹⁾ = (1.9% of final five-year average earnings) multiplied by (years of credited service)

minus

(B) = (1% of the estimated primary Social Security benefit) multiplied by (years of credited service at termination date up to 35 years).

(1) (A) may not exceed 60% of the average monthly earnings for the highest consecutive 12-month period during an employee’s last 120 consecutive months of employment.

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 2010, the limit on the compensation that may be used is \$245,000 and the limit on annual benefits payable for an employee retiring at age 65 in 2010 is \$195,000. Benefits in excess of those permitted under the statutory limits are paid to certain employees under the UGI Corporation Supplemental Executive Retirement Plan, described below.

Messrs. Bissell, Greenberg and Knauss are 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 for Pension Plan participants, 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. For participants who attained age 50 prior to January 1, 2004, the lump sum payment is calculated using two interest rates. One rate is for the service prior to January 1, 2004 and the other is for service after January 1, 2004. The rate for pre-January 1, 2004 service is the daily average of Moody’s Aaa bond yields for the month in which the participant’s termination date occurs, plus 50 basis points, and tax-adjusted using the highest marginal federal tax rate. The interest rate for post-January 1, 2004 service is the daily average of ten-year Treasury Bond yields in effect for the month in which the participant’s termination date occurs. The latter rate is used for calculating the lump sum payment for participants attaining age 50 on or after January 1, 2004. 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. Amounts due under the UGI SERP may be deferred in accordance with the UGI Corporation 2009 Deferral Plan. See “Compensation Discussion and Analysis-UGI Corporation 2009 Deferral Plan.”

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, 2010. 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, 2010	September 30, 2009
Discount rate for Pension Plan for all purposes and for UGI SERP, for pre-commencement calculations	5.00%	5.50%
UGI SERP lump sum rate	3.30%	3.60%
Retirement age	62	62
Post-retirement mortality for Pension Plan	RP-2000, combined, healthy table projected to 2017 using Scale AA without collar adjustments	RP-2000, combined, healthy table projected to 2015 using Scale AA without collar adjustments
Post-retirement mortality for UGI 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 UGI 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"), the AmeriGas Nonqualified Deferred Compensation Plan and the UGI Corporation Supplemental Savings Plan.

Nonqualified Deferred Compensation Table — Fiscal 2010

Name (a)	Plan Name	Executive Contributions in Last Fiscal Year (\$) (b)	Employer Contributions in Last Fiscal Year (\$) (c)	Aggregate Earnings in Last Fiscal Year (\$) (d)	Aggregate Withdrawals/ Distributions (\$) (e)	Aggregate Balance at Last Fiscal Year \$(2) (f)
E. V.N. Bissell	AmeriGas SERP	0	71,717(1)	66,265	0	836,115
	AmeriGas Non-Qualified Deferred Compensation Plan	0(3)	0	2,607	0	33,107
J. E. Sheridan	AmeriGas SERP	0	31,470(1)	12,789		165,002
L. R. Greenberg	UGI Supplemental Savings Plan	0	54,318(3)	0	0	665,635
J. L. Walsh	UGI Supplemental Savings Plan	0	27,568(3)	0	0	102,457
R. H. Knauss (4)	UGI Supplemental Savings Plan	0	9,567(3)	0	0	37,110
	AmeriGas SERP	0	0	14,439	0	160,033

(1) This amount represents the employer contribution to the named executive officer under the AmeriGas SERP, which is also reported in the Summary Compensation Table — Fiscal 2010 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, \$635,662; Mr. Sheridan, \$125,430; Mr. Greenberg, \$592,820; Mr. Walsh, \$87,584; and Mr. Knauss, \$181,536.

- (3) This amount represents the employer contribution to the named executive officer under the UGI Supplemental Savings Plan which is also reported in the Summary Compensation Table — Fiscal 2010 in the “All Other Compensation” column.
- (4) 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 limit (\$245,000 in 2010) 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. 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. Amounts payable under the AmeriGas SERP may be deferred in accordance with the UGI Corporation 2009 Deferral Plan. See “Compensation Discussion and Analysis-UGI Corporation 2009 Deferral Plan.”

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 in the absence of Code limitations. 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 limits for 2008, 2009 and 2010 were \$230,000, \$245,000 and \$245,000, respectively. The Code contribution limit for 2009 and 2010 was \$49,000. 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. Senior 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.

Except as provided herein, 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 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, pro-rated for the number of months served. The levels of severance payments were established by the Compensation/Pension Committee 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 would have incurred to continue medical and dental coverage under the General Partner’s plans for the Continuation Period (less the amount the participant 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 payment relating to 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 any existing post-employment activities agreement (which restricts the senior executive from competing with the Partnership and its affiliates following termination of employment) and to cooperate in attending to matters pending at the time of 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.

Except as provided herein, 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 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, pro-rated for the number of months served. The levels of severance payment were established by the Compensation and Management Development Committee 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 would have incurred to continue medical and dental coverage under UGI's plans for the Continuation Period (less the amount the participant would be required to contribute for such coverage if the participant were an active employee). This amount includes a tax gross-up payment equal to 75 percent of the payment relating to 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 any existing post-employment activities agreement (which restricts the senior executive from competing with UGI and its affiliates following termination of employment) and to cooperate in attending to matters pending at the time of 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.

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 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 — Fiscal 2010."

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 "excess 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.

Benefits under this arrangement would be equal to 3 times the executive officer's base salary and annual bonus. Each 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 — Fiscal 2010."

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. 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 "excess parachute payments."

In order to receive benefits under his change in control agreement, each of Messrs. Greenberg, Walsh and Knauss 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 — Fiscal 2010

The amounts shown in the table below assume that each named executive officer's termination was effective as of September 30, 2010 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 Table — Fiscal 2010" and the "Nonqualified Deferred Compensation Table — Fiscal 2010." 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
E. V.N. Bissell					
Death	\$ 0	\$ 2,144,606	\$ 0	\$ 0	\$ 2,144,606
Involuntary Termination Without Cause	\$ 1,874,438(1)	\$ 0	\$ 0	\$ 45,996	\$ 1,920,434
Termination Following Change in Control	\$ 3,038,000(2)	\$ 2,951,186	\$ 227,850	\$ 2,151,443	\$ 8,368,479
J. E. Sheridan					
Death	\$ 0	\$ 500,787	\$ 0	\$ 0	\$ 500,787
Involuntary Termination Without Cause	\$ 486,095(1)	\$ 0	\$ 0	\$ 41,566	\$ 527,661
Termination Following Change in Control	\$ 1,058,246(2)	\$ 681,521	\$ 99,310	\$ 706,137	\$ 2,545,214
L. R. Greenberg					
Death	\$ 0	\$ 8,206,630	\$ 0	\$ 0	\$ 8,206,630
Involuntary Termination Without Cause	\$ 6,405,000(1)	\$ 0	\$ 0	\$ 57,285	\$ 6,462,285
Termination Following Change in Control	\$ 7,771,113(2)	\$ 10,827,497	\$ 6,423,775	\$ 41,142	\$ 25,063,527
J. L. Walsh					
Death	\$ 0	\$ 3,268,423	\$ 0	\$ 0	\$ 3,268,423
Involuntary Termination Without Cause	\$ 2,055,305(1)	\$ 0	\$ 0	\$ 39,571	\$ 2,094,876
Termination Following Change in Control	\$ 4,300,495(2)	\$ 4,316,769	\$ 1,422,597	\$ 3,678,869	\$ 13,718,730
R. H. Knauss					
Death	\$ 0	\$ 1,562,434	\$ 0	\$ 0	\$ 1,562,434
Involuntary Termination Without Cause	\$ 1,063,563(1)	\$ 0	\$ 0	\$ 34,488	\$ 1,098,051
Termination Following Change in Control	\$ 1,920,961(2)	\$ 1,964,042	\$ 1,160,543	\$ 1,732,867	\$ 6,778,413

- (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 the target annual bonus was paid.
- (2) Amounts shown 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 under "Equity Awards with Accelerated Vesting," we assumed (i) the continuation of AmeriGas Partner's distribution (and UGI's dividend, as applicable) at the rate in effect on September 30, 2010; and (ii) performance at the greater of actual through September 30, 2010 or target levels with respect to performance units.

- (4) Amounts shown under “Nonqualified Retirement Benefits” are in addition to amounts shown in the “Pension Benefits Table — Fiscal 2010” and “Non-Qualified Deferred Compensation Table — Fiscal 2010.”
- (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 payments of \$2,109,205 for Mr. Bissell, \$1,709,892 for Mr. Knauss, \$652,451 for Mr. Sheridan, and \$3,637,727 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 2010. 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 Table — Fiscal 2010

Name (a)	Fees Earned or Paid in Cash (\$)(2) (b)	Stock Awards (\$)(3) (c)	Option Awards (\$) (d)	Non-Equity Incentive Plan Compensation (\$) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (f)	All Other Compensation (\$) (g)	Total (\$) (h)
S. D. Ban	65,000	21,390	0	0	0	0	86,390
R. C. Gozon	65,000	21,390	0	0	0	0	86,390
W. J. Marrazzo (1)	75,000	21,390	0	0	0	0	96,390
G. A. Pratt (1)	80,000	21,390	0	0	0	0	101,390
M. O. Schlanger	65,000	21,390	0	0	0	0	86,390
H. B. Stoeckel (1)	75,000	21,390	0	0	0	0	96,390

- (1) The Partnership pays its non-management directors an annual retainer of \$65,000 for Board service. It 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.
- (3) All Directors named above received 500 Phantom Units in Fiscal 2010 as part of their annual compensation. The Phantom Units were awarded under the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on behalf of AmeriGas Partners, L.P. (the “2010 Plan”) approved by the Partnership’s Common Unitholders on July 30, 2010. Each Phantom Unit represents the right to receive an AmeriGas Partners, L.P. Common Unit and distribution equivalents when the Director ends his service on the Board. Phantom Units earn distribution equivalents on each record date for the payment of a distribution by the Partnership on its Common Units. Accrued distribution equivalents are converted to additional Phantom Units annually, on the last date of the calendar year, based on the closing price for the Partnership’s Common Units on the last trading day of the year. All Phantom Units and distribution equivalents are fully vested when credited to the Director’s account. Account balances become payable 65 percent in AmeriGas Partners, L.P. Common Units and 35 percent in cash, based on the value of a Common Unit, upon retirement or termination of service. In the case of a change in control of the Partnership, the Phantom Units and distribution equivalents will be paid in cash based on the fair market value of the Partnership’s Common Units on the date of the change in control. The amounts shown in column (c) above represent the grant date fair value of the awards of Phantom Units. The assumptions used in the calculation of the amounts shown are included in Note 2 and Note 12 to our audited consolidated financial statements for Fiscal 2010. For the number of Phantom Units credited to each Director’s account as of September 30, 2010, see SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SECURITY HOLDER MATTERS — Beneficial Ownership of Partnership Common Units by the Directors and Named Executive Officers of the General Partner.

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, 2010. 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 ("Petrolane") is 2525 N. 12th Street, Suite 360, Reading, PA 19612.
- (2) Based on the number of units held by its indirect, wholly-owned subsidiaries, 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, 2010 the beneficial ownership of Partnership Common Units by each director and each of the named executive officers, as well as by the directors and all of the executive officers of the General Partner as a group. No director, named executive officer 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)	Number of AmeriGas Partners Phantom Units (7)
L. R. Greenberg	11,000	0
J. L. Walsh	7,000(2)	0
S. D. Ban	0	500
R. C. Gozon	5,000	500
M. O. Schlanger	1,000(3)	500
G. A. Pratt	0	500
W. J. Marrazzo	1,000(4)	500
E. V. N. Bissell	64,600(5)	0
R. H. Knauss	14,108	0
J. E. Sheridan	16,703(6)	0
H. B. Stoeckel	0	500
Directors and executive officers as a group (19 persons)	168,066	3,000

- (1) Sole voting and investment power unless otherwise specified.
- (2) Mr. Walsh's Units are held jointly with his spouse.

- (3) The Units shown are owned by Mr. Schlanger's spouse. Mr. Schlanger disclaims beneficial ownership of his spouse's Units.
- (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.
- (7) The 2010 Plan provides that Phantom Units will be converted to AmeriGas Partners Common Units and paid out to Directors upon their termination of service.

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, 2010, the beneficial ownership of UGI Common Stock by each director and each of the named executive officers, 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 1.6 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 2,633,329 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	Number of Exercisable UGI Stock Options	Total
	Excluding UGI Stock Options(1)(4)		
L. R. Greenberg	406,305 ⁽²⁾	1,315,000	1,721,305
J. L. Walsh	110,249 ⁽³⁾	511,666	621,915
S. D. Ban	75,606	71,500	147,106
R. C. Gozon	127,210	71,500	198,710
M. O. Schlanger	58,942 ⁽⁵⁾	83,500	142,442
H. B. Stoeckel	0	0	0
G. A. Pratt	0	0	0
W. J. Marrazzo	0	0	0
E. V.N. Bissell	68,197 ⁽⁶⁾	160,000	228,197
R. H. Knauss	21,908	131,666	153,574
J. E. Sheridan	1,036 ⁽⁷⁾	69,333	70,369
Directors and executive officers as a group (19 persons)	917,364	2,633,329	3,550,693

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- (1) Sole voting and investment power unless otherwise specified.
 - (2) Mr. Greenberg holds 249,848 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 Plan. Each Unit will be paid out to the director upon retirement or termination of service from the UGI Board of Directors 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 59,110, Mr. Gozon 94,602 and Mr. Schlanger 49,218.
 - (5) Includes 2,000 shares owned by Mr. Schlanger's spouse. Mr. Schlanger disclaims beneficial ownership of his spouse's shares.
 - (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 2010 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)(2)	146,600	0	2,796,550 ⁽²⁾
Equity compensation plans not approved by security holders	0	0	0
Total	146,600		2,796,550

- (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.
- (2) The sole plan with securities remaining for future issuance is the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on behalf of AmeriGas Partners, L.P. ("2010 Plan"). The 2010 Plan was approved by security holders on July 30, 2010.

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 14 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 2010.

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). When 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 2010, these costs totaled approximately \$350 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 an allocation formula. A wholly owned subsidiary of UGI provides the Partnership with automobile liability insurance with limits of \$0.5 million per occurrence and, in the aggregate, \$0.5 million in excess of the deductible, and stop loss medical coverage per occurrence in excess of \$0.3 million per employee per year. Another wholly owned subsidiary of UGI leases office space to the General Partner for its headquarters staff. The Partnership is also covered by UGI master policies. These UGI master policies generally include excess liability, property and other standard insurance coverages. In general, the coverage afforded by the UGI master policies is shared with other UGI domestic operating subsidiaries. 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 in the U.S. 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. For Fiscal 2010, the Partnership paid approximately \$13.1 million for the services referred to in this paragraph.

AmeriGas OLP purchases propane from UGI Energy Services, Inc. and its subsidiaries (“Energy Services”), which are affiliates of UGI. Purchases of propane by AmeriGas OLP from Energy Services totaled \$39.8 million during Fiscal 2010. Of this amount, \$37.2 million was pursuant to a 2005 Product Sales Agreement between Atlantic Energy, Inc., a subsidiary of Energy Services (“AEI”), and AmeriGas OLP. This contract was amended during Fiscal 2010 to extend the initial termination date to April 30, 2015. On July 30, 2010, Energy Services sold its interest in AEI. Amounts due to Energy Services at September 30, 2010 were immaterial.

The Partnership sold propane to certain affiliates of UGI which totaled approximately \$2.0 million in Fiscal 2010. The highest amounts due from affiliates of the Partnership during Fiscal 2010 and at November 1, 2010 were \$8.0 million and \$7.0 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 ACCOUNTING FEES AND SERVICES

The aggregate fees billed by PricewaterhouseCoopers LLP, the Partnership's independent registered public accountants, in Fiscal 2010 and Fiscal 2009 were as follows:

	2010	2009
Audit Fees(1)	\$ 805,150	\$ 849,000
Audit-Related Fees	-0-	-0-
Tax Fees(2)	600,000	636,345
All Other Fees(3)	136,000	161,363
Total Fees for Services Provided	\$ 1,541,150	\$ 1,646,708

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- (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 the preparation of Substitute Schedule K-1 forms for unitholders of the Partnership.
- (3) Fees related to evaluation of the design and operational effectiveness of the information system that supports our Order-to-Cash business process.

In the course of its meetings, the Audit Committee considered whether the provision by PricewaterhouseCoopers LLP of the professional services described under "Tax Fees" was 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, 2010 and 2009

Consolidated Statements of Operations for the years ended September 30, 2010, 2009 and 2008

Consolidated Statements of Cash Flows for the years ended September 30, 2010, 2009 and 2008

Consolidated Statements of Partners' Capital for the years ended September 30, 2010, 2009 and 2008

Notes to Consolidated Financial Statements

Quarterly Data for the years ended September 30, 2010 and 2009

(2) Financial Statement Schedules:

I — Condensed Financial Information of Registrant (Parent Company)

II — Valuation and Qualifying Accounts for the years ended September 30, 2010, 2009 and 2008

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

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
3.1	Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. dated as of July 27, 2009	AmeriGas Partners, L.P.	Form 10-Q (6/30/09)	3.1
3.2	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)
3.3	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
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	Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P. dated as of July 27, 2009	AmeriGas Partners, L.P.	Form 10-Q (6/30/09)	3.1
4.2	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)
4.3	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
4.4	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
4.5	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
10.1**	UGI Corporation 2004 Omnibus Equity Compensation Plan Amended and Restated as of December 5, 2006	UGI	Form 8-K (3/27/07)	10.1
10.2**	UGI Corporation 2004 Omnibus Equity Compensation Plan Amended and Restated as of December 5, 2006 — Terms and Conditions as amended and restated effective January 1, 2009	UGI	Form 10-K (9/30/09)	10.2

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.3**	UGI Corporation 1997 Stock Option and Dividend Equivalent Plan Amended and Restated as of May 24, 2005	UGI	Form 10-K (9/30/10)	10.7
10.4**	UGI Corporation 2000 Stock Incentive Plan Amended and Restated as of May 24, 2005	UGI	Form 10-K (9/30/06)	10.14
10.5**	UGI Corporation 2009 Deferral Plan As Amended and Restated Effective June 1, 2010	UGI	Form 10-Q (6/30/10)	10.1
10.6**	UGI Corporation Senior Executive Employee Severance Plan as in effect as of January 1, 2008	UGI	Form 10-Q (3/31/08)	10.1
10.7a**	UGI Corporation Supplemental Executive Retirement Plan and Supplemental Savings Plan, as Amended and Restated effective January 1, 2009	UGI	Form 10-K (9/30/09)	10.11
10.7b*	Amendment 2009-1 to the UGI Corporation Supplemental Executive Retirement Plan and Supplemental Savings Plan as Amended and Restated effective January 1, 2009	UGI	Form 10-Q (12/31/09)	10.1
10.7c**	UGI Corporation 2009 Supplemental Executive Retirement Plan For New Employees	UGI	Form 10-Q (12/31/09)	10.2
10.8**	UGI Corporation Executive Annual Bonus Plan effective as of October 1, 2006	UGI	Form 10-K (9/30/07)	10.8
10.9a**	AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., as amended and restated effective January 1, 2005	AmeriGas Partners, L.P.	Form 10-K (9/30/08)	10.7
10.9b**	AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., Effective July 30, 2010	AmeriGas Partners, L.P.	Form 8-K (7/30/10)	10.2
*10.10**	AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. — Terms and Conditions			
10.11**	AmeriGas Propane, Inc. Non-Qualified Deferred Compensation Plan, as amended and restated effective January 1, 2009	AmeriGas Partners, L.P.	Form 10-K (9/30/08)	10.44
10.12**	AmeriGas Propane, Inc. Senior Executive Employee Severance Plan, as in effect January 1, 2008	AmeriGas Partners, L.P.	Form 10-K (9/30/09)	10.12

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.13**	AmeriGas Propane, Inc. Executive Employee Severance Plan, as in effect January 1, 2008	AmeriGas Partners, L.P.	Form 10-K (9/30/08)	10.4
10.14**	AmeriGas Propane, Inc. Supplemental Executive Retirement Plan, as Amended and Restated Effective January 1, 2009	AmeriGas Partners, L.P.	Form 10-Q (12/31/09)	10.1
10.15**	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
10.16**	UGI Corporation 2004 Omnibus Equity Compensation Plan Stock Unit Grant Letter for UGI Employees, dated January 1, 2009	UGI	Form 10-Q (3/31/09)	10.8
10.17**	UGI Corporation 2004 Omnibus Equity Compensation Plan Nonqualified Stock Option Grant Letter for UGI Employees, dated January 1, 2010	UGI	Form 10-Q (3/31/10)	10.5
10.18**	UGI Corporation 2004 Omnibus Equity Compensation Plan Nonqualified Stock Option Grant Letter for AmeriGas Employees, dated January 1, 2010	UGI	Form 10-Q (3/31/10)	10.3
10.19**	UGI Corporation 2004 Omnibus Equity Compensation Plan Performance Unit Grant Letter for UGI Employees, dated January 1, 2010	UGI	Form 10-Q (3/31/10)	10.1
10.20**	AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P., as amended and restated effective January 1, 2005, Restricted Unit Grant Letter dated as of December 31, 2009	AmeriGas Partners, L.P.	Form 10-Q (3/31/10)	10.2
*10.21**	AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P Phantom Unit Grant Letter dated as of July 30, 2010			
10.22a**	Description of oral compensation arrangements for Messrs. Greenberg and Walsh	UGI	Form 10-K (9/30/10)	10.32a
*10.22b**	Description of oral compensation arrangements for Messrs. Bissell, Knauss and Sheridan			
*10.23**	Summary of Director Compensation of AmeriGas Propane, Inc. dated October 1, 2010			

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.24**	Form of Change in Control Agreement Amended and Restated as of May 12, 2008 for Messrs. Greenberg, Knauss and Walsh	UGI	Form 10-Q (6/30/08)	10.3
10.25**	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
10.26**	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
10.27**	Form of Confidentiality and Post-Employment Activities Agreement with AmeriGas Propane, Inc. for Mr. Bissell	AmeriGas Partners, L.P.	Form 10-Q (3/31/05)	10.3
10.28**	Form of Confidentiality and Post-Employment Activities Agreement with AmeriGas Propane, Inc. for Mr. Sheridan	AmeriGas Partners, L.P.	Form 8-K (8/15/05)	10.1
10.29**	Form of Confidentiality and Post-Employment Activities Agreement with AmeriGas Propane, Inc. for Mr. Knauss	AmeriGas Partners, L.P.	Form 10-K (9/30/09)	10.29
10.30	Trademark License Agreement dated April 19, 1995 among UGI Corporation, AmeriGas, Inc., AmeriGas Propane, Inc., AmeriGas Partners, L.P. and AmeriGas Propane, L.P.	UGI	Form 10-K (9/30/10)	10.37
10.31	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
10.32a	Credit Agreement, dated as of April 17, 2009, among AmeriGas Propane, L.P., as Borrower, AmeriGas Propane, Inc., as Guarantor, Petrolane Incorporated, as Guarantor, Citizens Bank of Pennsylvania, as Syndication Agent, JPMorgan Chase, N.A., as Documentation Agent and Wachovia Bank, National Association, as Administrative Agent	UGI	Form 10-K (9/30/10)	10.39
10.32b	Amendment No. 1 to Credit Agreement, dated as of July 1, 2010, among the Partnership, as Borrower, AmeriGas Propane, Inc., as Guarantor, Petrolane Incorporated, as Guarantor, Citizens Bank of Pennsylvania, as Syndication Agent, JPMorgan Chase Bank, N.A., as Documentation Agent and Wells Fargo Bank, N.A., as Administrative Agent.	AmeriGas Partners, L.P.	Form 8-K (7/1/10)	10.1

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
10.33	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 April 17, 2009	AmeriGas Partners, L.P.	Form 8-K (7/20/09)	10.3
10.34	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 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	UGI	Form 10-K (9/30/10)	10.42
10.35	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
10.36	Release of Liens and Termination of Security Documents dated as of 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
14	Code of Ethics for principal executive, financial and accounting officers	UGI	Form 10-K (9/30/03)	14
*21	Subsidiaries of the Registrant			
*23	Consent of PricewaterhouseCoopers LLP			
*31.1	Certification by the Chief Executive Officer relating to the Registrant's Report on Form 10-K for the fiscal year ended September 30, 2010 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
*31.2	Certification by the Chief Financial Officer relating to the Registrant's Report on Form 10-K for the fiscal year ended September 30, 2010 pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			

Incorporation by Reference

Exhibit No.	Exhibit	Registrant	Filing	Exhibit
*32	Certification by the Chief Executive Officer and the Chief Financial Officer relating to the Registrant's Report on Form 10-K for the fiscal year ended September 30, 2010, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
*99	UGI Corporation Equity-Based Compensation Information			
*101	The following materials from AmeriGas Partners, L.P.'s Annual Report on Form 10-K for the year ended September 30, 2010, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Operations; (iii) the Consolidated Statements of Cash Flows; (iv) the Consolidated Statements of Partners' Capital; and (v) Notes to Consolidated Financial Statements, tagged as blocks of text. This Exhibit 101 is deemed not filed for purposes of Section 11 or 12 of the Securities Act of 1933 and Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.			

* 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 19, 2010

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 19, 2010, by the following persons on behalf of the Registrant in the capacities indicated.

<u>Signature</u>	<u>Title</u>
<u>/s/ Eugene V. N. Bissell</u> Eugene V. N. Bissell	President and Chief Executive Officer (Principal Executive Officer) and Director
<u>/s/ Lon R. Greenberg</u> Lon R. Greenberg	Chairman and Director
<u>/s/ John L. Walsh</u> John L. Walsh	Vice Chairman and Director
<u>/s/ Jerry E. Sheridan</u> Jerry E. Sheridan	Vice President — Finance and Chief Financial Officer (Principal Financial Officer)
<u>/s/ William J. Stanczak</u> William J. Stanczak	Controller and Chief Accounting Officer (Principal Accounting Officer)
<u>/s/ Stephen D. Ban</u> Stephen D. Ban	Director
<u>/s/ Richard C. Gozon</u> Richard C. Gozon	Director
<u>/s/ William J. Marrazzo</u> William J. Marrazzo	Director
<u>/s/ Gregory A. Pratt</u> Gregory A. Pratt	Director
<u>/s/ Marvin O. Schlanger</u> Marvin O. Schlanger	Director
<u>/s/ Howard B. Stoeckel</u> Howard B. Stoeckel	Director

EXHIBIT INDEX

Exhibit No.	Description
10.10	AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. — Terms and Conditions
10.21	AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. Phantom Unit Grant Letter dated as of July 30, 2010
10.22b	Description of oral compensation arrangements for Messrs. Bissell, Knauss and Sheridan
10.23	Summary of Director Compensation of AmeriGas Propane, Inc. dated October 1, 2010
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32	Certification by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act
99	UGI Corporation Equity-Based Compensation Information
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AMERIGAS PARTNERS, L.P.

FINANCIAL INFORMATION

FOR INCLUSION IN ANNUAL REPORT ON FORM 10-K

YEAR ENDED SEPTEMBER 30, 2010

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

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<u>Report of Independent Registered Public Accounting Firm</u>	F-3
<u>Consolidated Balance Sheets as of September 30, 2010 and 2009</u>	F-5
<u>Consolidated Statements of Operations for the years ended September 30, 2010, 2009 and 2008</u>	F-6
<u>Consolidated Statements of Cash Flows for the years ended September 30, 2010, 2009 and 2008</u>	F-7
<u>Consolidated Statements of Partners’ Capital for the years ended September 30, 2010, 2009 and 2008</u>	F-8
<u>Notes to Consolidated Financial Statements</u>	F-9 to F-29
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<u>II — Valuation and Qualifying Accounts</u>	S-4 to S-5

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) included elsewhere in the financial statements or related notes.

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, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2010 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, 2010 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.

As discussed in Note 3 to the consolidated financial statements, the Company adopted new accounting guidance regarding the accounting for and presentation of noncontrolling interests and the application of the two-class method for determining income per unit effective October 1, 2009.

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
Philadelphia, Pennsylvania
November 19, 2010

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's internal control over financial reporting was effective as of September 30, 2010, based on the COSO Framework. PricewaterhouseCoopers LLP, our independent registered public accounting firm, audited the effectiveness of the Partnership's internal control over financial reporting as of September 30, 2010, as stated in their report, which appears herein.

/s/ Eugene V. N. Bissell
Chief Executive Officer

/s/ Jerry E. Sheridan
Chief Financial Officer

/s/ William J. Stanczak
Chief Accounting Officer

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Thousands of dollars)

	September 30,	
	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,726	\$ 59,213
Accounts receivable (less allowances for doubtful accounts of \$15,290 and \$13,239, respectively)	172,708	136,147
Accounts receivable — related parties	7,039	5,851
Inventories	114,122	87,940
Derivative financial instruments	7,478	14,970
Prepaid expenses and other current assets	16,785	12,386
Total current assets	325,858	316,507
Property, plant and equipment (less accumulated depreciation and amortization of \$867,250 and \$804,239, respectively)	642,778	628,899
Goodwill	678,721	665,663
Intangible assets	37,590	32,611
Other assets	11,272	13,884
Total assets	\$ 1,696,219	\$ 1,657,564
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Current maturities of long-term debt	\$ 20,123	\$ 82,225
Bank loans	91,000	—
Accounts payable — trade	130,575	115,041
Accounts payable — related parties	2,352	2,252
Employee compensation and benefits accrued	37,550	36,055
Interest accrued	20,533	22,203
Customer deposits and advances	86,154	87,760
Derivative financial instruments	—	19,284
Other current liabilities	71,975	55,785
Total current liabilities	460,262	420,605
Long-term debt	771,279	783,419
Other noncurrent liabilities	71,792	77,215
Total liabilities	1,303,333	1,281,239
Commitments and contingencies (note 13)		
Partners' capital:		
AmeriGas Partners, L.P. partners' capital:		
Common unitholders (units issued — 57,088,509 and 57,046,388, respectively)	372,220	367,708
General partner	3,751	3,698
Accumulated other comprehensive income (loss)	4,877	(6,947)
Total AmeriGas Partners, L. P. partners' capital	380,848	364,459
Noncontrolling interests	12,038	11,866(1)
Total partners' capital	392,886	376,325(1)
Total liabilities and partners' capital	\$ 1,696,219	\$ 1,657,564

(1) As adjusted in accordance with the transition provisions for accounting for noncontrolling interests in consolidated subsidiaries (Note 3).

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,		
	2010	2009	2008
Revenues:			
Propane	\$ 2,158,800	\$ 2,091,890	\$ 2,624,672
Other	161,542	168,205	190,517
	<u>2,320,342</u>	<u>2,260,095</u>	<u>2,815,189</u>
Costs and expenses:			
Cost of sales — propane (excluding depreciation shown below)	1,340,615	1,254,332	1,836,917
Cost of sales — other (excluding depreciation shown below)	54,456	62,172	71,396
Operating and administrative expenses	609,710	615,152	610,465
Depreciation	79,679	78,528	75,679
Amortization	7,721	5,260	4,723
Gain on sale of California LPG storage facility	—	(39,887)	—
Other income, net	(7,704)	(16,005)	(18,855)
	<u>2,084,477</u>	<u>1,959,552</u>	<u>2,580,325</u>
Operating income	235,865	300,543	234,864
Interest expense	(65,106)	(70,340)	(72,886)
Income before income taxes	170,759	230,203	161,978
Income tax expense	(3,265)	(2,593)	(1,672)
Net income	167,494	227,610(1)	160,306(1)
Less: net income attributable to noncontrolling interests	(2,281)	(2,967)(1)	(2,287)(1)
Net income attributable to AmeriGas Partners, L. P.	<u>\$ 165,213</u>	<u>\$ 224,643(1)</u>	<u>\$ 158,019(1)</u>
General partner's interest in net income attributable to AmeriGas Partners, L.P.	<u>\$ 4,691</u>	<u>\$ 6,737</u>	<u>\$ 2,278</u>
Limited partners' interest in net income attributable to AmeriGas Partners, L.P.	<u>\$ 160,522</u>	<u>\$ 217,906</u>	<u>\$ 155,741</u>
Income per limited partner unit — basic (Note 2)	<u>\$ 2.80</u>	<u>\$ 3.59</u>	<u>\$ 2.70</u>
Income per limited partner unit — diluted (Note 2)	<u>\$ 2.80</u>	<u>\$ 3.59</u>	<u>\$ 2.70</u>
Average limited partner units outstanding (thousands):			
Basic	<u>57,076</u>	<u>57,038</u>	<u>57,005</u>
Diluted	<u>57,123</u>	<u>57,082</u>	<u>57,044</u>

(1) As adjusted in accordance with the transition provisions for accounting for noncontrolling interests in consolidated subsidiaries (Note 3).

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,		
	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	\$ 167,494	\$ 227,610(1)	\$ 160,306(1)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	87,400	83,788	80,402
Gain on sale of California LPG storage facility	—	(39,887)	—
Provision for uncollectible accounts	12,459	9,345	15,852
Other, net	2,146	320	(1,448)
Net change in:			
Accounts receivable	(47,865)	74,134	(51,270)
Inventories	(24,600)	57,847	(19,032)
Accounts payable	15,637	(58,124)	8,136
Collateral deposits	—	17,830	(17,830)
Other current assets	(4,378)	16,210	(5,348)
Other current liabilities	10,523	(21,575)	10,446
Net cash provided by operating activities	<u>218,816</u>	<u>367,498</u>	<u>180,214</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Expenditures for property, plant and equipment	(83,170)	(78,739)	(62,756)
Proceeds from disposals of assets	2,586	6,880	8,442
Net proceeds from sale of California LPG storage facility	—	42,426	—
Acquisitions of businesses, net of cash acquired	(34,345)	(50,092)	(1,322)
Net cash used by investing activities	<u>(114,929)</u>	<u>(79,525)</u>	<u>(55,636)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributions	(161,626)	(165,282)	(144,659)
Noncontrolling interest activity	(2,224)	(2,400)	(2,138)
Increase in bank loans	91,000	—	—
Repayment of long-term debt	(83,107)	(71,659)	(1,680)
Proceeds associated with equity based compensation plans, net of tax withheld	566	(338)	766
Capital contributions from General Partner	17	10	8
Net cash used by financing activities	<u>(155,374)</u>	<u>(239,669)</u>	<u>(147,703)</u>
Cash and cash equivalents (decrease) increase	<u>\$ (51,487)</u>	<u>\$ 48,304</u>	<u>\$ (23,125)</u>
CASH AND CASH EQUIVALENTS:			
End of year	\$ 7,726	\$ 59,213	\$ 10,909
Beginning of year	59,213	10,909	34,034
(Decrease) increase	<u>\$ (51,487)</u>	<u>\$ 48,304</u>	<u>\$ (23,125)</u>
SUPPLEMENTAL CASH FLOW INFORMATION:			
Cash paid for interest	\$ 65,147	\$ 69,745	\$ 70,801

(1) As adjusted in accordance with the transition provisions for accounting for noncontrolling interests in consolidated subsidiaries (Note 3).

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 AmeriGas Partners, L.P. partners' capital	Noncontrolling Interests	Total partners' capital
Balance September 30, 2007	<u>56,988,702</u>	<u>\$ 293,245</u>	<u>\$ 2,952</u>	<u>\$ 15,031</u>	<u>\$ 311,228</u>	<u>\$ 11,386(1)</u>	<u>\$ 322,614(1)</u>
Net income		155,741	2,278		158,019	2,287(1)	160,306(1)
Net losses on derivative instruments				(25,925)	(25,925)	(267)(1)	(26,192)(1)
Reclassification of net gains on derivative instruments				(53,011)	(53,011)	(545)(1)	(53,556)(1)
Comprehensive income		155,741	2,278	(78,936)	79,083	1,475(1)	80,558(1)
Distributions		(142,515)	(2,144)		(144,659)	(2,138)(1)	(146,797)(1)
Unit-based compensation expense		949			949		949(1)
Common Units issued in connection with incentive compensation plans, net of tax withheld	21,249	766	8		774		774(1)
Balance September 30, 2008	<u>57,009,951</u>	<u>308,186</u>	<u>3,094</u>	<u>(63,905)</u>	<u>247,375</u>	<u>10,723(1)</u>	<u>258,098(1)</u>
Net income		217,906	6,737		224,643	2,967(1)	227,610(1)
Net losses on derivative instruments				(136,786)	(136,786)	(1,531)(1)	(138,317)(1)
Reclassification of net losses on derivative instruments				193,744	193,744	2,107(1)	195,851(1)
Comprehensive income		217,906	6,737	56,958	281,601	3,543(1)	285,144(1)
Distributions		(159,139)	(6,143)		(165,282)	(2,400)(1)	(167,682)(1)
Unit-based compensation expense		1,093			1,093		1,093(1)
Common Units issued in connection with incentive compensation plans, net of tax withheld	36,437	(338)	10		(328)		(328)(1)
Balance September 30, 2009	<u>57,046,388</u>	<u>367,708</u>	<u>3,698</u>	<u>(6,947)</u>	<u>364,459</u>	<u>11,866(1)</u>	<u>376,325(1)</u>
Net income		160,522	4,691		165,213	2,281	167,494
Net gains on derivative instruments				37,189	37,189	379	37,568
Reclassification of net gains on derivative instruments				(25,365)	(25,365)	(264)	(25,629)
Comprehensive income		160,522	4,691	11,824	177,037	2,396	179,433
Distributions		(156,971)	(4,655)		(161,626)	(2,224)	(163,850)
Unit-based compensation expense		1,312			1,312		1,312
Common Units issued in connection with incentive compensation plans, net of tax withheld	42,121	(351)	17		(334)		(334)
Balance September 30, 2010	<u>57,088,509</u>	<u>\$ 372,220</u>	<u>\$ 3,751</u>	<u>\$ 4,877</u>	<u>\$ 380,848</u>	<u>\$ 12,038</u>	<u>\$ 392,886</u>

(1) As adjusted in accordance with the transition provisions for accounting for noncontrolling interests in consolidated subsidiaries (Note 3).

See accompanying notes to consolidated financial statements.

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

(Thousands of dollars, except per unit amounts)

Index to Notes:**Note 1 — Nature of Operations****Note 2 — Significant Accounting Policies****Note 3 — Accounting Changes****Note 4 — Acquisitions****Note 5 — Sale of California LPG Storage Facility****Note 6 — Quarterly Distributions of Available Cash****Note 7 — Debt****Note 8 — Employee Retirement Plans****Note 9 — Inventories****Note 10 — Property, Plant and Equipment****Note 11 — Goodwill and Intangible Assets****Note 12 — Partners' Capital and Incentive Compensation Plans****Note 13 — Commitments and Contingencies****Note 14 — Related Party Transactions****Note 15 — Other Current Liabilities****Note 16 — Fair Value Measurements****Note 17 — Disclosures About Derivative Instruments and Hedging Activities****Note 18 — Other Income, Net****Note 19 — Quarterly Data (Unaudited)****Note 1 — Nature of Operations**

AmeriGas Partners, L.P. (“AmeriGas Partners”) is a publicly traded limited partnership that conducts a national propane distribution business through its principal operating 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 in all 50 states.

At September 30, 2010, 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 AmeriGas Partners Common Units (“Common Units”). The remaining 32,397,300 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 99.9% 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 14).

Effective October 1, 2010, Eagle OLP merged with and into AmeriGas OLP.

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

(Thousands of dollars, except per unit amounts)

Note 2 — Significant Accounting Policies

Basis of Presentation. Our financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

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

The consolidated financial statements have been adjusted in accordance with the Financial Accounting Standards Board’s (“FASB’s”) accounting guidance regarding the presentation of noncontrolling interests in consolidated financial statements and the application of the two-class method for determining income per unit (see Note 3).

Principles of Consolidation. 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 a minority partner’s 0.1% limited partner interest in Eagle OLP (prior to its redemption in July 2009) as noncontrolling 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.

Fair Value Measurements. We apply fair value measurements to certain assets and liabilities, principally our commodity and interest rate derivative instruments. We adopted new guidance with respect to determining fair value measurements effective October 1, 2008. The new guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The new guidance clarifies that fair value should be based upon assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and risks inherent in valuation techniques and inputs to valuations. This includes not only the credit standing of counterparties and credit enhancements but also the impact of our own nonperformance risk on our liabilities. The new guidance requires fair value measurements to assume that the transaction occurs in the principal market for the asset or liability or in the absence of a principal market, the most advantageous market for the asset or liability (the market for which the reporting entity would be able to maximize the amount received or minimize the amount paid). We evaluate the need for credit adjustments to our derivative instrument fair values in accordance with the requirements noted above. Such adjustments were not material to the fair values of our derivative instruments.

We use the following fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets and liabilities that we have the ability to access at the measurement date. We did not have any derivative financial instruments categorized as Level 1 at September 30, 2010 or 2009.
- Level 2 — Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means. Instruments categorized in Level 2 include non-exchange traded derivatives such as over-the-counter commodity price swap and option contracts and interest rate protection agreements.
- Level 3 — Unobservable inputs for the asset or liability including situations where there is little, if any, market activity for the asset or liability. We did not have any derivative financial instruments categorized as Level 3 at September 30, 2010 or 2009.

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

(Thousands of dollars, except per unit amounts)

The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs to measure fair value might fall into different levels of the fair value hierarchy. The lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability. The adoption of the new fair value guidance effective October 1, 2008 did not have a material impact on our financial statements. See Note 16 for additional information on fair value measurements.

Derivative Instruments. We account for derivative instruments and hedging activities in accordance with guidance provided by the FASB which 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 are designated and qualify as cash flow hedges. For cash flow hedges, changes in the fair value of the derivative financial instruments are recorded in accumulated other comprehensive income ("AOCI") or noncontrolling interests, to the extent effective at offsetting changes in the hedged item, until earnings are affected by the hedged item. We discontinue cash flow hedge accounting if the occurrence of the forecasted transaction is determined to be no longer probable. 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 accounting for derivatives, our objectives for using them and related supplemental information required by GAAP, see Note 17.

Revenue Recognition. Revenues from the sale of propane are recognized principally upon delivery. Revenues from the sale of appliances and equipment are recognized at the later of sale or installation. Revenues from repair or maintenance services are recognized upon completion of services. 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 vehicle expenses, 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 on the Consolidated Statements of Operations.

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 Fourth Amended and Restated Agreement of Limited Partnership of AmeriGas Partners, L.P., ("Partnership Agreement") and the Internal Revenue Code. At September 30, 2010, the financial reporting basis of the Partnership's assets and liabilities exceeded the tax basis by approximately \$248,000.

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.

Cash and Cash Equivalents. All highly liquid investments with maturities of three months or less when purchased are classified as cash equivalents.

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.

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

(Thousands of dollars, except per unit amounts)

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.

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.

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 ten years once the installed software is ready for its intended use.

No depreciation expense is included in cost of sales on the Consolidated Statements of Operations.

Goodwill and Intangible Assets. In accordance with GAAP relating to goodwill and other intangibles, we amortize intangible assets over their estimated useful lives unless we determine their lives to be indefinite. We amortize customer relationship and noncompete agreement intangibles over their estimated periods of benefit, which do not exceed 15 years. Goodwill is not amortized but is subject to tests for impairment at least annually. We perform impairment tests more frequently than annually 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 market price of AmeriGas Partners Common Units. No provisions for goodwill or other intangible asset impairments were recorded during Fiscal 2010, Fiscal 2009 or Fiscal 2008.

No amortization expense is included in cost of sales on the Consolidated Statements of Operations. For further information, see Note 11.

Impairment of Long-Lived Assets. 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 2010, Fiscal 2009 or Fiscal 2008.

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, in excess of associated billings, are classified as customer deposits and advances on the Consolidated Balance Sheets.

Equity-Based Compensation. The General Partner may grant Common Unit awards (as further described in Note 12) to employees and non-employee Directors under its Common Unit plans, and employees of the General Partner may be granted stock options for UGI Common Stock. All of our equity-based compensation 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 equity-based awards may be presented as a liability or as equity in our Consolidated Balance Sheets. Equity-based compensation costs associated with the portion of Common 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 Common 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. For a further description of our equity-based compensation plans and related disclosures, see Note 12.

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

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

(Thousands of dollars, except per unit amounts)

Environmental reserves are accrued when assessments indicate that it is probable that a liability has been incurred and an amount can reasonably be estimated. Amounts recorded as environmental liabilities on the balance sheets represent our best estimate of costs expected to be incurred or, if no best estimate can be made, the minimum liability associated with a range of expected environmental investigation and remediation costs. Our estimated liability for environmental contamination is reduced to reflect anticipated participation of other responsible parties but is not reduced for possible recovery from insurance carriers. We do not discount to present value the costs of future expenditures for environmental liabilities. At September 30, 2010, the Partnership's accrued liability for environmental investigation and cleanup costs was not material.

Allocation of Net Income. Net income attributable to AmeriGas Partners, L.P. for partners' capital and statement of operations presentation purposes is allocated to the General Partner and the limited partners in accordance with their respective ownership percentages after giving effect to amounts distributed to the General Partner in excess of its 1% general partner interest in AmeriGas Partners based on its incentive distribution rights ("IDRs") under the Partnership Agreement (see Note 6).

Net Income Per Unit. Effective October 1, 2009, we adopted new accounting guidance regarding the application of the two-class method for determining income per unit. This new guidance addresses the application of the two-class method for master limited partnerships ("MLPs") when IDRs are present and entitle the holder of such rights to a portion of distributions from the MLP. The new guidance addresses how current period earnings of the MLP should be allocated to the general partner, limited partners and, when applicable, holders of IDRs for income per unit purposes.

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

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

	2010	2009	2008
Common Unitholders' interest in net income attributable to AmeriGas Partners under the two-class method for MLPs	\$ 160,037	\$ 205,039	\$ 153,987
Weighted average Common Units outstanding — basic (thousands)	57,076	57,038	57,005
Potentially dilutive Common Units (thousands)	47	44	39
Weighted average Common Units outstanding — diluted (thousands)	57,123	57,082	57,044

Theoretical distributions of net income attributable to AmeriGas Partners, L.P. in accordance with the two-class method for Fiscal 2010, Fiscal 2009 and Fiscal 2008 resulted in an increased allocation of net income attributable to AmeriGas Partners, L.P. to the General Partner in the computation of income per limited partner unit which had the effect of decreasing earnings per limited partner unit by \$0.01, \$0.23 and \$0.03, respectively. The retrospective application of the new guidance described above did not impact the calculation of net income per limited partner unit for the years ended September 30, 2009 or 2008 but did impact the calculations for the three-month periods ended June 30, 2009 and September 30, 2009 (see Note 19).

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

(Thousands of dollars, except per unit amounts)

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 on an accrual basis. 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.

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

Noncontrolling Interests. Effective October 1, 2009, we adopted new guidance regarding the accounting for and presentation of noncontrolling interests in consolidated financial statements. The new guidance changed the accounting and reporting relating to noncontrolling interests in a consolidated subsidiary. Noncontrolling interests are now classified within partners' capital on the Consolidated Balance Sheets, a change from their prior classification between liabilities and partners' capital. Earnings (losses) attributable to noncontrolling interests are now included in net income (loss) and deducted from net income (loss) to determine net income (loss) attributable to AmeriGas Partners, L.P. In addition, changes in a parent's ownership interest while retaining control are accounted for as equity transactions and any retained noncontrolling equity investments in a former subsidiary are initially measured at fair value. In accordance with the new guidance, previous periods have been adjusted to conform to the new presentation.

Earnings Per Unit. As previously mentioned, effective October 1, 2009, we adopted new accounting guidance regarding the application of the two-class method for determining income per unit as it relates to MLPs. This new guidance addresses the application of the two-class method for MLPs when incentive distribution rights are present and entitle the holder of such rights to a portion of the distributions. See Net Income Per Unit in Note 2 above for additional information.

Business Combinations. Effective October 1, 2009, we adopted new guidance on accounting for business combinations. The new guidance applies to all transactions or other events in which an entity obtains control of one or more businesses. The new guidance 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. The new guidance applies prospectively to business combinations for which the acquisition date is on or after October 1, 2009. Among the more significant changes in accounting for acquisitions are (1) transaction costs are generally expensed (rather than being included as costs of the acquisition); (2) contingencies, including contingent consideration, are generally 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 are recognized in operations (rather than as decreases in goodwill). The new guidance did not have a material impact on our Fiscal 2010 financial statements.

Intangible Asset Useful Lives. Effective October 1, 2009, we adopted new accounting guidance which 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 GAAP. The intent of the new guidance is to improve the consistency between the useful life of a recognized intangible asset under GAAP relating to intangible asset accounting and the period of expected cash flows used to measure the fair value of the asset under GAAP relating to business combinations and other applicable accounting literature. The new guidance must be applied prospectively to intangible assets acquired after the effective date. The adoption of the new guidance did not impact our financial statements.

Fair Value Measurements. In January 2010, the FASB issued new guidance with respect to fair value measurements disclosures. The new guidance requires additional disclosure related to transfers between Levels 1 and 2 and separate disclosures about purchases, sales, issuances, and settlements related to Level 3. The new guidance clarifies existing disclosure guidance about inputs and valuation techniques for fair value measurements and levels of disaggregation. We apply fair value measurements to certain assets and liabilities, principally commodity and interest rate derivative instruments. The new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009 except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2009 (Fiscal 2011) and interim periods thereafter. The adoption of the new guidance that became effective during Fiscal 2010 did not have a material effect on our disclosures. See Notes 2 and 16 for further information on fair value measurements.

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

(Thousands of dollars, except per unit amounts)

Note 4 — Acquisitions

During Fiscal 2010, the Partnership acquired a number of retail propane distribution businesses for total net cash consideration of \$34,345. During Fiscal 2009, the Partnership acquired several retail propane distribution businesses, including all of the assets of the retail propane business of Penn Fuel Propane, LLC (see Note 14), for total net cash consideration of \$50,092. During Fiscal 2008, the Partnership acquired several retail propane distribution businesses for total net cash consideration of \$2,478 and received a working capital payment refund of \$1,157 associated with a Fiscal 2007 acquisition. In conjunction with these acquisitions, liabilities of \$8,956 in Fiscal 2010, \$3,786 in Fiscal 2009 and \$2,445 in Fiscal 2008 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:

	2010	2009	2008
Net current assets (liabilities)	\$ 3,578	\$ 1,916	\$ (1,010)
Property, plant and equipment	15,812	17,646	2,731
Goodwill	12,930	24,048	751
Customer relationships and noncompete agreements (estimated useful life of 10 and 5 years, respectively)	10,981	10,268	2,451
Total	\$ 43,301	\$ 53,878	\$ 4,923

The goodwill above is primarily the result of synergies between the acquired businesses and our existing propane businesses. The pro forma effects of these transactions were not material.

Note 5 — Sale of California LPG Storage Facility

On November 13, 2008, AmeriGas OLP sold its 600,000 barrel refrigerated, above-ground liquefied petroleum gas (“LPG”) storage facility located on leased property in California. The Partnership recorded a pre-tax gain of \$39,887 associated with this transaction. The gain from this transaction is included in “Gain on sale of California storage facility” on our Fiscal 2009 Consolidated Statement of Operations.

Note 6 — 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 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). When Available Cash exceeds \$0.605 per Common Unit in any quarter, the General Partner will receive a greater percentage of the total Partnership distribution (the “incentive distribution”) but only with respect to the amount by which the distribution per Common Unit to limited partners exceeds \$0.605.

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

(Thousands of dollars, except per unit amounts)

Quarterly distributions of Available Cash per limited partner unit during Fiscal 2010, Fiscal 2009 and Fiscal 2008 were as follows:

	2010	2009	2008
1st Quarter	\$ 0.67	\$ 0.64	\$ 0.61
2nd Quarter	0.67	0.64	0.61
3rd Quarter	0.705	0.67	0.64
4th Quarter	0.705	0.84	0.64

The Partnership has made quarterly distributions to Common Unitholders in excess of \$0.605 per limited partner unit beginning with the quarterly distribution paid May 18, 2007. As a result, beginning with the quarterly distribution paid May 18, 2007 the General Partner has received a greater percentage of the total Partnership distribution than its aggregate 2% general partner interest in AmeriGas OLP and AmeriGas Partners. The total amount of distributions received by the General Partner with respect to its aggregate 2% general partner ownership interests totaled \$6,879 in Fiscal 2010, \$8,543 in Fiscal 2009 and \$4,282 in Fiscal 2008. Included in these amounts are incentive distributions received by the General Partner during Fiscal 2010, Fiscal 2009 and Fiscal 2008 of \$3,038, \$4,491 and \$698, respectively.

On July 27, 2009, the General Partner's Board of Directors approved a distribution of \$0.84 per Common Unit payable on August 18, 2009 to unitholders of record on August 10, 2009. This distribution included the regular quarterly distribution of \$0.67 per Common Unit and \$0.17 per Common Unit reflecting a one-time distribution of a portion of the proceeds from the Partnership's November 2008 sale of its California LPG storage facility.

Note 7 — Debt

Long-term debt comprises the following at September 30:

	2010	2009
AmeriGas Partners Senior Notes:		
8.875% Note, due May 2011	\$ 14,672	\$ 14,720
7.25% Note, due May 2015	415,000	415,000
7.125% Note, due May 2016	350,000	350,000
Series E, 8.50%, due July 2010	—	80,018
Other	11,730	5,906
Total long-term debt	791,402	865,644
Less: current maturities	(20,123)	(82,225)
Total long-term debt due after one year	\$ 771,279	\$ 783,419

Scheduled principal repayments of long-term debt for each of the next five fiscal years ending September 30 are as follows: Fiscal 2011 — \$20,091; Fiscal 2012 — \$2,247; Fiscal 2013 — \$1,754; Fiscal 2014 — \$1,384; Fiscal 2015 — \$415,894.

AmeriGas Partners Senior Notes. The 8.875% and 7.25% Senior Notes may be redeemed at our option. The 7.125% Senior Notes generally cannot be redeemed at our option prior to May 20, 2011. 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 its 7.25% and 7.125% Senior Notes.

AmeriGas OLP Credit Agreements. AmeriGas OLP has an unsecured credit agreement ("Credit Agreement") consisting of (1) a Revolving Credit Facility and (2) an Acquisition Facility. AmeriGas OLP also has a \$75,000 unsecured revolving credit facility ("2009 Supplemental Credit Agreement"). The General Partner and Petrolane Incorporated, a wholly owned subsidiary of the General Partner, are guarantors of amounts outstanding under the Credit Agreement and the 2009 Supplemental Credit Agreement.

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Under the Credit Agreement 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 Senior Notes indentures (see “Restrictive Covenants” below). The Credit Agreement Revolving Credit Facility may be used for working capital and general purposes of AmeriGas OLP. The Credit Agreement 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. The Credit Agreement 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 Senior Notes indentures. The Credit Agreement Acquisition Facility operates as a revolving facility through October 15, 2011, at which time amounts then outstanding will be immediately due and payable. At September 30, 2010, there was \$56,000 of borrowings outstanding under the Credit Agreement Revolving Credit Facility and \$35,000 outstanding under the Credit Agreement Acquisition Facility which amounts are reflected as “Bank loans” on the Consolidated Balance Sheet. There were no such borrowings at September 30, 2009. The weighted-average interest rate on Credit Agreement borrowings at September 30, 2010 was 1.31%. Issued and outstanding letters of credit, which reduce available borrowings under the Credit Agreement Revolving Credit Facility, totaled \$35,678 and \$37,022 at September 30, 2010 and 2009, respectively.

The Credit Agreement permits 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 (3.25% at September 30, 2010), 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.

The 2009 Supplemental Credit Agreement expires on June 30, 2011 and permits AmeriGas OLP to borrow up to \$75,000 for working capital and general purposes subject to restrictive covenants in the Senior Notes indentures. The 2009 Supplemental Credit Agreement permits AmeriGas OLP to borrow at prevailing interest rates, including the base rate equal to the higher of the Federal Funds rate plus 0.50%, the agent bank’s prime rate (3.25% at September 30, 2010), or a libor market index rate (0.26% at September 30, 2010) plus 1%, or at a one-week, two-week or one-month Eurodollar rate, as defined in the 2009 Supplemental Credit Agreement, plus a margin. The margin on base rate loans is 2.00% and the margin on Eurodollar loans is 3.00%. There were no amounts outstanding under the 2009 Supplemental Credit Agreement at September 30, 2010 and 2009.

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, 2010, 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 6.

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The AmeriGas OLP credit agreements 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 AmeriGas OLP credit agreements require that AmeriGas OLP not exceed a ratio of total indebtedness, as defined, to EBITDA, as defined (calculated on a rolling four-quarter basis or eight-quarter basis divided by two), of 4.0-to-1. 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, 2010, 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, applicable debt agreements and the partnership agreements of the Partnership's subsidiaries, totaled approximately \$1,000,000.

Note 8 — 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 \$7,346 in Fiscal 2010, \$7,365 in Fiscal 2009 and \$7,089 in Fiscal 2008.

The General Partner sponsors a nonqualified deferred compensation plan and a nonqualified supplemental executive retirement plan. These plans provide benefits to executives that would otherwise be provided under the Partnership's retirement plans but are prohibited due to limitations imposed by the Internal Revenue Service. Costs associated with these plans were not material in Fiscal 2010, Fiscal 2009 and Fiscal 2008.

Note 9 — Inventories

Inventories comprise the following at September 30:

	2010	2009
Propane gas	\$ 94,561	\$ 67,945
Materials, supplies and other	16,840	16,489
Appliances for sale	2,721	3,506
Total inventories	<u>\$ 114,122</u>	<u>\$ 87,940</u>

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 price and quantity adjustments.

Note 10 — Property, Plant and Equipment

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

	2010	2009
Land	\$ 67,516	\$ 66,880
Buildings and improvements	101,490	96,873
Transportation equipment	76,061	73,000
Storage facilities	128,801	121,857
Equipment, primarily cylinders and tanks	1,093,894	1,035,402
Other, including construction in process	42,266	39,126
Gross property, plant and equipment	<u>1,510,028</u>	<u>1,433,138</u>
Less accumulated depreciation and amortization	<u>(867,250)</u>	<u>(804,239)</u>
Net property, plant and equipment	<u>\$ 642,778</u>	<u>\$ 628,899</u>

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Note 11 — Goodwill and Intangible Assets

The Partnership's goodwill and intangible assets comprise the following at September 30:

	2010	2009
Subject to amortization:		
Customer relationships and noncompete agreements	\$ 65,203	\$ 56,581
Accumulated amortization	(27,613)	(23,970)
	<u>37,590</u>	<u>32,611</u>
Not subject to amortization:		
Goodwill	\$ <u>678,721</u>	\$ <u>665,663</u>

Changes in the carrying amount of goodwill are as follows:

Balance September 30, 2008	\$ 640,843
Goodwill acquired (a)	24,709
Purchase accounting adjustments	<u>111</u>
Balance September 30, 2009	665,663
Goodwill acquired	<u>12,930</u>
Purchase accounting adjustments	<u>128</u>
Balance September 30, 2010	\$ <u>678,721</u>

(a) Amount includes \$661 related to the July 2009 redemption of a minority partner's 0.1% limited partner interest in Eagle OLP.

Amortization expense of intangible assets was \$6,016 in Fiscal 2010, \$5,237 in Fiscal 2009 and \$4,712 in Fiscal 2008. Estimated amortization expense of intangible assets during the next five fiscal years is as follows: Fiscal 2011 — \$6,928; Fiscal 2012 — \$6,853; Fiscal 2013 — \$6,269; Fiscal 2014 — \$5,321; Fiscal 2015 — \$3,989. There were no accumulated impairment losses at September 30, 2010.

Note 12 — 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.

The General Partner grants equity-based awards to employees and non-employee directors comprising grants of AmeriGas Partners equity instruments as further described below. We recognized total pre-tax equity-based compensation expense of \$3,127, \$3,035 and \$3,162 in Fiscal 2010, Fiscal 2009 and Fiscal 2008, respectively.

On July 30, 2010, holders of AmeriGas Partners Common Units approved the AmeriGas Propane, Inc. 2010 Long-Term Incentive Plan on Behalf of AmeriGas Partners, L.P. ("2010 Propane Plan"). Under the 2010 Propane Plan, the General Partner may award to employees and non-employee directors grants of Common Units, performance units, options, phantom units, unit appreciation rights and other Common Unit-based awards. The total aggregate number of Common Units that may be issued under the Plan is 2,800,000. The exercise price for options may not be less than the fair market value on the date of grant. Awards granted under the 2010 Propane Plan may vest immediately or ratably over a period of years, and options can be exercised no later than ten years from the grant date. In addition, the 2010 Propane Plan provides that Common Unit-based awards may also provide for the crediting of Common Unit distribution equivalents to participants' accounts.

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The 2010 Propane Plan succeeds the AmeriGas Propane, Inc. 2000 Long-Term Incentive Plan (“2000 Propane Plan”) which expired on December 31, 2009, and replaces the AmeriGas Propane, Inc. Discretionary Long-Term Incentive Plan for Non-Executive Key Employees (“Nonexecutive Propane Plan”). Under the 2000 Propane Plan, the General Partner could award to key employees the right to receive Common Units (comprising 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. Under the Nonexecutive Propane Plan, the General Partner could grant awards to key employees who did not participate in the 2000 Propane Plan. Generally, awards under the Nonexecutive Propane Plan vest at the end of a three-year period and are paid in Common Units and cash. Effective January 1, 2010, no additional grants will be made under the 2000 Propane Plan. Effective July 30, 2010, no additional grants will be made under the Nonexecutive Propane Plan.

Recipients of performance unit awards under the 2010 Propane Plan and, prior to its expiration, the 2000 Propane Plan (“AmeriGas Performance Units”) 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 be paid if AmeriGas Partners’ TUR is below the 40th percentile of the peer group. At the 40th percentile, the grantee 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. Any Common Unit distribution equivalents earned are paid in cash. Generally, 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 GAAP relating to equity-based compensation plans, 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 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 Common Units, is accounted for as equity and the fair value of all Common Unit 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 on the historical volatility of 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 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		
	2010	2009	2008
Risk-free rate	1.7%	1.0%	3.1%
Expected life	3 years	3 years	3 years
Expected volatility	35.0%	32.0%	17.7%
Dividend Yield	6.8%	9.1%	6.8%

The General Partner granted awards under the 2010 Propane Plan, the 2000 Propane Plan and the Nonexecutive Propane Plan (collectively, “Awards”) representing 57,750, 60,200 and 40,050 Common Units in Fiscal 2010, Fiscal 2009 and Fiscal 2008, respectively, having weighted-average grant date fair values per Common Unit subject to award of \$41.39, \$31.94 and \$37.91, respectively. At September 30, 2010, 2,796,550 Common Units were available for future award grants under the 2010 Propane Plan.

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The following table summarizes AmeriGas Common Unit-based award activity for Fiscal 2010:

	Total		Vested		Non-Vested	
	Number of Common Units Subject to Award	Weighted Average Grant Date Fair Value (per Unit)	Number of Common Units Subject to Award	Weighted Average Grant Date Fair Value (per Unit)	Number of Common Units Subject to Award	Weighted Average Grant Date Fair Value (per Unit)
September 30, 2009	147,600	\$ 33.83	51,584	\$ 33.49	96,016	\$ 34.02
Granted	57,750	\$ 41.39	—	\$ —	57,750	\$ 41.39
Forfeited	(11,400)	\$ 37.39	—	\$ —	(11,400)	\$ 37.39
Vested	—	\$ —	49,617	\$ 36.24	(49,617)	\$ 36.24
Awards paid	(47,350)	\$ 32.23	(47,350)	\$ 32.23	—	\$ —
September 30, 2010	146,600	\$ 37.05	53,851	\$ 37.14	92,749	\$ 37.00

During Fiscal 2010, Fiscal 2009 and Fiscal 2008, the Partnership paid AmeriGas Common Unit-based awards in Common Units and cash as follows:

	2010	2009	2008
Number of Common Units subject to original Awards granted	49,650	38,350	39,767
Fiscal year granted	2007	2006	2005
Payment of Awards:			
AmeriGas Partners Common Units issued	42,121	36,437	21,249
Cash paid	\$ 1,219	\$ 879	\$ 809

As of September 30, 2010, there was \$633 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 1.8 years. As of September 30, 2010, there was a total of approximately \$2,331 of unrecognized compensation cost associated with 146,600 Common Units subject to award that is expected to be recognized over a weighted average period of 1.7 years. The total fair value of Common Unit-based awards that vested during Fiscal 2010, Fiscal 2009 and Fiscal 2008 was \$1,978, \$1,645 and \$2,087, respectively. As of September 30, 2010 and 2009, total liabilities of \$1,266 and \$1,417 associated with Common Unit-based awards are reflected in “Employee compensation and benefits accrued” 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-based awards paid out in AmeriGas Partners Common Units.

Note 13 — Commitments and Contingencies

Commitments

We lease various buildings and other facilities and vehicles, 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 \$54,513 in Fiscal 2010, \$54,277 in Fiscal 2009 and \$55,825 in Fiscal 2008.

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Minimum future payments under noncancelable operating leases are as follows:

Year Ending September 30,	
2011	\$ 46,537
2012	36,953
2013	30,186
2014	22,760
2015	15,546
Thereafter	29,718
Total minimum operating lease payments	\$ 181,700

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, 2010, obligations under these contracts totaled \$50,531.

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 price and quantity adjustments.

Contingencies

Environmental Matters

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 (“MGP”) operations on the site. DEC has classified the site as a significant threat to public health or environment with further action required. The Partnership has researched the history of the site and its ownership interest in the site. The Partnership has reviewed the preliminary site characterization study prepared by the DEC, the extent of the contamination, and the possible existence of other potentially responsible parties. The Partnership has communicated the results of its research to DEC and is awaiting a response before doing any additional investigation. Because of the preliminary nature of available environmental information, the ultimate amount of expected clean up costs cannot be reasonably estimated.

Other Matters

On May 27, 2009, the General Partner was named as a defendant in a purported class action lawsuit in the Superior Court of the State of California in which plaintiffs are challenging AmeriGas OLP’s weight disclosure with regard to its portable propane grill cylinders. The complaint purports to be brought on behalf of a class of all consumers in the state of California during the four years prior to the date of the California complaint, who exchanged an empty cylinder and were provided with what is alleged to be only a partially filled cylinder. The plaintiffs seek restitution, injunctive relief, interest, costs, attorneys’ fees and other appropriate relief.

Since that initial suit, various AmeriGas entities have been named in more than a dozen similar suits that have been filed in various courts throughout the United States. These complaints purport to be brought on behalf of nationwide classes, which are loosely defined as including all purchasers of liquefied propane gas cylinders marketed or sold by AmeriGas OLP and another unaffiliated entity nationwide. The complaints claim that defendants’ conduct constituted unfair and deceptive practices that injured consumers and violated the consumer protection statutes of at least thirty-seven states and the District of Columbia, thereby entitling the class to damages, restitution, disgorgement, injunctive relief, costs and attorneys fees. Some of the complaints also allege violation of state “slack filling” laws. Additionally, the complaints allege that defendants were unjustly enriched by their conduct and they seek restitution of any unjust benefits received, punitive or treble damages, and pre-judgment and post-judgment interest. A motion to consolidate the purported class action lawsuits was heard by the Multidistrict Litigation Panel (“MDL Panel”) on September 24, 2009 in the United States District Court for the District of Kansas. By Order, dated October 6, 2009, the MDL Panel transferred the pending cases to the United States District Court for the Western District of Missouri. The AmeriGas entities named in the consolidated class action lawsuits have entered into a settlement agreement with the class. On May 19, 2010, the United States District Court for the District of Kansas granted the class’s motion seeking preliminary approval of the settlement. On October 4, 2010, the District Court ruled that the settlement was fair, reasonable and adequate to the class and granted final approval of the settlement.

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On or about October 21, 2009, the General Partner received a notice that the Offices of the District Attorneys of Santa Clara, Sonoma, Ventura, San Joaquin and Fresno Counties and the City Attorney of San Diego have commenced an investigation into AmeriGas OLP's cylinder labeling and filling practices in California and issued an administrative subpoena seeking documents and information relating to those practices. We are cooperating with these California governmental investigations.

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, AmeriGas OLP 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 Corporation 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, AmeriGas OLP filed a crossclaim against Columbia Energy Group, former owner of Columbia Propane Corporation, seeking indemnification for conduct undertaken by Columbia Propane Corporation prior to AmeriGas OLP's acquisition. In June 2010, Columbia Energy Group filed a complaint in the Delaware Court of Chancery seeking to enjoin AmeriGas OLP from pursuing its cross-claims in the West Virginia litigation and asking the court to find that AmeriGas OLP's cross-claims are without merit and barred. Class counsel has indicated that the class is seeking compensatory damages in excess of \$12,000 plus punitive damages, civil penalties and attorneys' fees. The Circuit Court of Monongalia County has tentatively scheduled a trial for the class action for the Spring of 2011.

In 2005, the Swigers also 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 these actions.

We cannot predict with certainty the final results of any of the environmental or other pending claims or legal actions described above. 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 possible losses in excess of recorded amounts. Although we currently believe, 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. In addition to the matters described above, there are other pending claims and legal actions arising in the normal course of our businesses. While the results of these other pending claims and legal actions cannot be predicted with certainty, we believe, after consultation with counsel, the final outcome of such other matters will not have a significant effect on our consolidated financial position, results of operations or cash flows.

Note 14 — 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 \$350,246 in Fiscal 2010, \$355,043 in Fiscal 2009 and \$345,460 in Fiscal 2008 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 based on the relative percentage of the Partnership's revenues, operating expenses and net assets employed to the total of such items for all UGI operating subsidiaries for which general and administrative services are provided. The General Partner believes that this allocation method is reasonable and equitable to the Partnership. Such corporate expenses totaled \$10,757 in Fiscal 2010, \$12,183 in Fiscal 2009 and \$11,197 in Fiscal 2008. In addition, UGI and certain of its subsidiaries provide office space, stop loss medical coverage and automobile liability insurance to the Partnership. The costs related to these items totaled \$2,296 in Fiscal 2010, \$3,344 in Fiscal 2009 and \$2,732 in Fiscal 2008.

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AmeriGas OLP purchases propane from Atlantic Energy, Inc. (“Atlantic Energy”) a former subsidiary of UGI Energy Services, Inc. (“Energy Services”) and a second-tier subsidiary of UGI, pursuant to a propane sales agreement (“Product Sales Agreement”) whereby Atlantic Energy 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, which was originally scheduled to terminate on April 30, 2010, was amended to extend the initial termination date to April 30, 2015 and to provide for an option to extend beyond that date for an additional five years. The price to be paid for product purchased under the agreement is determined annually using a contractual formula that takes into account published index prices and the locational value of deliveries at the terminal. On July 30, 2010, Energy Services sold its interest in Atlantic Energy. In addition, from time to time, AmeriGas OLP purchases propane on an as needed basis from Energy Services. The price of the purchases are generally based on market price at the time of purchase. Purchases of propane by AmeriGas OLP from Energy Services and Atlantic Energy (through the date of its sale) totaled \$39,807, \$24,302 and \$47,307 during Fiscal 2010, Fiscal 2009 and Fiscal 2008, respectively. The sale of the terminal did not effect the terms of the Product Sales Agreement.

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 second-tier subsidiary of UGI Utilities, Inc., for \$32,000 cash plus estimated working capital of \$1,621. UGI Utilities, Inc. is a wholly owned subsidiary of UGI. CPP sold propane to customers primarily in eastern Pennsylvania. AmeriGas OLP funded the acquisition of the assets of CPP principally from borrowings under its Credit Agreement. Pursuant to the acquisition agreement, in February 2009, AmeriGas OLP reached an agreement with UGI Utilities on the working capital adjustment pursuant to which UGI Utilities reimbursed AmeriGas OLP \$1,352 plus interest.

The Partnership also sells propane to other affiliates of UGI. Such amounts were not material in Fiscal 2010, Fiscal 2009 or Fiscal 2008.

Note 15 — Other Current Liabilities

Other current liabilities comprise the following at September 30:

	2010	2009
Litigation, property and casualty liabilities	\$ 23,189	\$ 17,972
Taxes other than income taxes	6,839	5,537
Propane exchange liabilities	18,893	9,795
Deferred tank fee revenue	12,642	12,225
Other	10,412	10,256
Total other current liabilities	\$ 71,975	\$ 55,785

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Note 16 — Fair Value Measurements

Derivative Financial Instruments

The following table presents our financial assets and financial liabilities that are measured at fair value on a recurring basis for each of the fair value hierarchy levels, including both current and noncurrent portions, as of September 30, 2010 and 2009:

	Asset (Liability)			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
September 30, 2010:				
Assets:				
Derivative financial instruments:				
Propane contracts	\$ —	\$ 8,025	\$ —	\$ 8,025
September 30, 2009:				
Assets:				
Derivative financial instruments:				
Propane contracts	\$ —	\$ 13,001	\$ —	\$ 13,001
Interest rate contracts	\$ —	\$ 2,249	\$ —	\$ 2,249
Liabilities:				
Derivative financial instruments:				
Propane contracts	\$ —	\$ (1,153)	\$ —	\$ (1,153)
Interest rate contracts	\$ —	\$ (18,131)	\$ —	\$ (18,131)

The fair values of our non-exchange traded commodity derivative contracts are based upon indicative price quotations available through brokers, industry price publications or recent market transactions and related market indicators. For commodity option contracts we use a Black Scholes option pricing model that considers time value and volatility of the underlying commodity. The fair values of interest rate contracts are based upon third-party quotes or indicative values based on recent market transactions.

Other Financial Instruments

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 amount and estimated fair value of our long-term debt at September 30, 2010 were \$791,402 and \$819,949, respectively. The carrying amount and estimated fair value of our long-term debt at September 30, 2009 were \$865,644 and \$836,561, respectively. 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.

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.

Note 17 — Disclosures About Derivative Instruments and Hedging Activities

The Partnership is exposed to certain market risks related to its ongoing business operations. Management uses derivative financial and commodity instruments, among other things, to manage these risks. The primary risks managed by derivative instruments are commodity price risk and interest rate risk. Although we use derivative financial and commodity instruments to reduce market risk associated with forecasted transactions, we do not use derivative financial and commodity instruments for speculative or trading purposes. The use of derivative instruments is controlled by our risk management and credit policies which govern, among other things, the derivative instruments the Partnership can use, counterparty credit limits and contract authorization limits. Because our derivative instruments generally qualify as hedges under GAAP, we expect that changes in the fair value of derivative instruments used to manage commodity or interest rate market risk would be substantially offset by gains or losses on the associated anticipated transactions.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES ~ Notes to Consolidated Financial Statements
(Thousands of dollars, except per unit amounts)

Commodity Price Risk

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 principally during the months of October through March, the Partnership uses over-the-counter derivative commodity instruments, principally price swap contracts. At September 30, 2010, there were 158.7 million gallons of propane hedged with over-the-counter price swap and option contracts. The maximum period over which we are currently hedging propane market price risk is 24 months with a weighted average of 5 months. In addition, the Partnership enters into price swap agreements to provide market price risk support to a limited number of its wholesale customers. These agreements are not designated as hedges for accounting purposes. The volume of propane subject to these wholesale customer agreements were not material.

We account for substantially all of our commodity price risk contracts as cash flow hedges. Changes in the fair values of contracts qualifying for cash flow hedge accounting are recorded in AOCI and noncontrolling interests, to the extent effective in offsetting changes in the underlying commodity price risk, until earnings are affected by the hedged item. At September 30, 2010, the amount of net gains associated with commodity price risk hedges expected to be reclassified into earnings during the next twelve months based upon current fair values is \$7,254.

Interest Rate Risk

Our long-term debt is typically issued at fixed rates of interest. As these long-term debt issues mature, we typically refinance such debt with new debt having interest rates reflecting then-current market conditions. In order to reduce market rate risk on the underlying benchmark rate of interest associated with near- to medium-term forecasted issuances of fixed-rate debt, from time to time we enter into interest rate protection agreements ("IRPAs"). There are no unsettled IRPAs outstanding at September 30, 2010. At September 30, 2010, the amount of net losses associated with settled IRPAs expected to be reclassified into earnings during the next twelve months is \$538.

Derivative Financial Instruments Credit Risk

The Partnership is exposed to credit loss in the event of nonperformance by counterparties to derivative financial and commodity instruments. Our counterparties principally consist of major energy companies and major U.S. financial institutions. We maintain credit policies with regard to our counterparties that we believe reduce overall credit risk. These policies include evaluating and monitoring our counterparties' financial condition, including their credit ratings, and entering into agreements with counterparties that govern credit limits. Certain of these agreements call for the posting of collateral by the counterparty or by the Partnership in the forms of letters of credit, parental guarantees or cash. Although we have concentrations of credit risk associated with derivative financial instruments held by certain derivative financial instrument counterparties, the maximum amount of loss due to credit risk that, based upon the gross fair values of the derivative financial instruments, we would incur if these counterparties that make up the concentration failed to perform according to the terms of their contracts was not material at September 30, 2010. We generally do not have credit-risk-related contingent features in our derivative contracts.

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

(Thousands of dollars, except per unit amounts)

The following table provides information regarding the balance sheet location and fair value of derivative assets and liabilities existing as of September 30, 2010 and 2009:

	Derivative Assets		Derivative (Liabilities)	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
As of September 30, 2010:				
Derivatives Designated as Hedging Instruments:				
Propane contracts	Derivative financial instruments and Other assets	\$ 8,016		
Derivatives Not Designated as Hedging Instruments:				
Propane contracts	Derivative financial instruments	9		
Total Derivatives		<u>\$ 8,025</u>		<u>\$ —</u>
	Derivative Assets		Derivative (Liabilities)	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
As of September 30, 2009:				
Derivatives Designated as Hedging Instruments:				
Propane contracts	Derivative financial instruments and Other assets	\$ 11,730		
Interest rate contracts	Derivative financial instruments	2,249	Derivative financial instruments	\$ (18,131)
Total Derivatives Designated as Hedging Instruments		<u>\$ 13,979</u>		<u>\$ (18,131)</u>
Derivatives Not Designated as Hedging Instruments:				
Propane contracts	Derivative financial instruments	\$ 1,271	Derivative financial instruments	\$ (1,153)
Total Derivatives		<u>\$ 15,250</u>		<u>\$ (19,284)</u>

The following table provides information on the effects of derivative instruments on the Consolidated Statements of Operations and changes in AOCI and noncontrolling interests for Fiscal 2010 and Fiscal 2009:

	Gain (Loss) Recognized in AOCI and Noncontrolling Interests	Location of Gain (Loss) Reclassified from AOCI and Noncontrolling Interests into Income	Gain (Loss) Reclassified from AOCI and Noncontrolling Interests into Income
Fiscal 2010:			
Cash Flow Hedges:			
Propane contracts	\$ 35,829	Cost of sales	\$ 38,360
Interest rate contracts	1,739	Interest expense/ other income	(12,731)
Total	<u>\$ 37,568</u>		<u>\$ 25,629</u>
Fiscal 2009:			
Cash Flow Hedges:			
Propane contracts	\$ (128,214)	Cost of sales	\$ (193,364)
Interest rate contracts	(10,104)	Interest expense / other income	(2,487)
Total	<u>\$ (138,318)</u>		<u>\$ (195,851)</u>

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

(Thousands of dollars, except per unit amounts)

The amounts of derivative gains or losses representing ineffectiveness, and the amounts of gains or losses recognized in income as a result of excluding from ineffectiveness testing, were not material for Fiscal 2010, Fiscal 2009 or Fiscal 2008. During the three months ended March 31, 2010, the Partnership's management determined that it was likely that the Partnership would not issue \$150,000 of long-term debt during the summer of 2010 due to the Partnership's strong cash flow and anticipated extension of all or a portion of the 2009 Supplemental Credit Agreement. As a result, the Partnership discontinued cash flow hedge accounting treatment for IRPAs associated with this previously anticipated Fiscal 2010 \$150,000 long-term debt issuance and recorded a \$12,193 loss which is reflected in other income, net, on the Fiscal 2010 Consolidated Statement of Operations. In March 2009, The Partnership recorded losses of \$1,659 as a result of the discontinuance of cash flow hedge accounting associated with IRPAs. The amount of net gains or losses associated with propane contracts that are not designated as hedging instruments was not material during Fiscal 2010, Fiscal 2009 and Fiscal 2008.

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 qualify for normal purchase and normal sale exception accounting under GAAP because they provide for the delivery of products or services in quantities that are expected to be used in the normal course of operating our business and the price in the contract is based on an underlying that is directly associated with the price of the product or service being purchased or sold.

18 — Other Income, Net

Other income, net, comprises the following:

	2010	2009	2008
Gains on sales of fixed assets (a)	\$ 1,470	\$ 2,795	\$ 1,698
Finance charges	11,346	11,717	11,822
Losses on IRPAs	(12,193)	(1,659)	—
Other	7,081	3,152	5,335
Total other income, net	\$ 7,704	\$ 16,005	\$ 18,855

(a) Excludes gain on sale of California LPG storage facility in Fiscal 2009 of \$39,887 (see Note 5).

Note 19 — Quarterly Data (Unaudited)

The following unaudited quarterly data includes all adjustments (consisting only of normal recurring adjustments with the exception of those indicated below) 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,	
	2009	2008 (a)	2010 (b)	2009	2010	2009	2010 (c)	2009
Revenues	\$656,595	\$727,064	\$886,101	\$823,377	\$396,613	\$372,677	\$381,033	\$336,977
Operating income (loss)	\$102,614	\$144,766	\$153,248	\$168,115	\$ 5,320	\$ 4,329	\$ (25,317)	\$ (16,667)
Net income (loss)	\$ 84,954	\$125,404	\$135,989	\$149,546	\$ (12,323)	\$ (13,522)	\$ (41,126)	\$ (33,818)
Net income (loss) attributable to AmeriGas Partners, L.P.	\$ 83,959	\$123,963	\$134,483	\$147,835	\$ (12,372)	\$ (13,525)	\$ (40,857)	\$ (33,630)
Income (loss) per limited partner unit — basic and diluted (d)	\$ 1.15	\$ 1.50	\$ 1.59	\$ 1.71	\$ (0.23)	\$ (0.29) (e)	\$ (0.73)	\$ (0.59) (e)

(a) Includes gain on sale of the Partnership's California storage facility which increased operating income by \$39,887 and net income attributable to AmeriGas Partners, L.P. by \$39,484 (see Note 5).

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

(Thousands of dollars, except per unit amounts)

- (b) Includes loss from discontinuance of cash flow hedge treatment for IRPAs which decreased operating income by \$12,193 and net income attributable to AmeriGas Partners, L.P. by \$12,070 (see Note 17).
- (c) Includes increase in litigation accrual which increased operating loss by \$7,000 and net loss attributable to AmeriGas Partners, L.P. by \$6,930.
- (d) Theoretical distributions of net income (loss) attributable to AmeriGas Partners, L.P. in accordance with accounting guidance regarding the application of the two-class method for determining earnings per share resulted in a different allocation of net income attributable to AmeriGas Partners, L.P. to the General Partner and the limited partners 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 and (increasing) decreasing quarterly loss per limited partner unit for the quarters ended June 30, 2009 and September 30, 2009, respectively, as follows:

Quarter ended:	December 31,		March 31,		June 30,	September 30,
	2009	2008	2010	2009	2009	2009
Decrease in income per limited partner unit	\$ (0.30)	\$ (0.65)	\$ (0.73)	\$ (0.85)		
(Increase) decrease in loss per limited partner unit					\$ (0.05)	\$ 0.05

- (e) The retrospective application of the new guidance regarding the application of the two-class method for determining income per unit resulted in an increase in the net loss per limited partner unit for the three months ended June 30, 2009 to \$0.29 per limited partner unit from a loss of \$0.24 reported previously and a decrease in the net loss per limited partner unit for the three months ended September 30, 2009 to \$0.59 per limited partner unit from a loss of \$0.64 reported previously (see Note 2).

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

BALANCE SHEETS
(Thousands of dollars)

	September 30,	
	2010	2009
ASSETS		
Current assets:		
Cash	\$ 302	\$ 965
Prepays	24	—
Total current assets	326	965
Investment in AmeriGas Propane, L.P.	1,177,953	1,161,091
Other assets	5,821	7,010
Total assets	<u>\$ 1,184,100</u>	<u>\$ 1,169,066</u>
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Current maturities of long-term debt	\$ 14,672	\$ —
Accounts payable and other liabilities	3,084	4,391
Accrued interest	20,496	20,496
Total current liabilities	38,252	24,887
Long-term debt	765,000	779,720
Commitments and contingencies		
Partners' capital:		
Common unitholders	372,220	367,708
General partner	3,751	3,698
Accumulated other comprehensive income (loss)	4,877	(6,947)
Total partners' capital	380,848	364,459
Total liabilities and partners' capital	<u>\$ 1,184,100</u>	<u>\$ 1,169,066</u>

Commitments and Contingencies:

Scheduled principal repayments of long-term debt during the next five fiscal years ending September 30 are \$14,640 due May 2011 and \$415,000 due May 2015.

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,	
	2010	2009	2008
Operating expenses, net	\$ (280)	\$ (337)	\$ (49)
Interest expense	(58,003)	(58,003)	(58,003)
Loss before income taxes	(58,283)	(58,340)	(58,052)
Income tax expense	30	—	3
Loss before equity in income of AmeriGas Propane, L.P.	(58,313)	(58,340)	(58,055)
Equity in income of AmeriGas Propane, L.P.	223,526	282,983	216,074
Net income	<u>\$ 165,213</u>	<u>\$ 224,643</u>	<u>\$ 158,019</u>
General partner's interest in net income	<u>\$ 4,691</u>	<u>\$ 6,737</u>	<u>\$ 2,278</u>
Limited partners' interest in net income	<u>\$ 160,522</u>	<u>\$ 217,906</u>	<u>\$ 155,741</u>
Income per limited partner unit — basic and diluted:	<u>\$ 2.80</u>	<u>\$ 3.59</u>	<u>\$ 2.70</u>
Average limited partner units outstanding — basic (thousands)	<u>57,076</u>	<u>57,038</u>	<u>57,005</u>
Average limited partner units outstanding — diluted (thousands)	<u>57,123</u>	<u>57,082</u>	<u>57,044</u>

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,		
	2010	2009	2008
NET CASH PROVIDED BY OPERATING ACTIVITIES (a)	\$ 160,380	\$ 165,616	\$ 144,664
CASH FLOWS FROM FINANCING ACTIVITIES:			
Distributions	(161,626)	(165,282)	(144,659)
Proceeds from issuance of Common Units, net of tax withheld	566	(338)	766
Capital contribution from General Partner	17	10	8
Net cash used by financing activities	(161,043)	(165,610)	(143,885)
(Decrease) increase in cash and cash equivalents	<u>\$ (663)</u>	<u>\$ 6</u>	<u>\$ 779</u>
CASH AND CASH EQUIVALENTS:			
End of year	\$ 302	\$ 965	\$ 959
Beginning of year	965	959	180
(Decrease) increase	<u>\$ (663)</u>	<u>\$ 6</u>	<u>\$ 779</u>

(a) Includes distributions received from AmeriGas Propane, L.P. of \$217,950, \$221,607 and \$200,983 for the years ended September 30, 2010, 2009 and 2008, respectively.

AMERIGAS PARTNERS, L.P. AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(Thousands of dollars)

	<u>Balance at beginning of year</u>	<u>Charged (credited) to costs and expenses</u>	<u>Other</u>	<u>Balance at end of year</u>
Year Ended September 30, 2010				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	\$ 13,239	\$ 12,459	\$ (10,408)(1)	\$ 15,290
Other reserves:				
Property and casualty liability	\$ 62,658	\$ 12,308	\$ (22,866)(2) 5,608(3)	\$ 57,708(4)
Environmental, litigation and other	\$ 21,660	\$ 6,213	\$ (1,183)(2) (93)(3)	\$ 26,597
Year Ended September 30, 2009				
Reserves deducted from assets in the consolidated balance sheet:				
Allowance for doubtful accounts	\$ 20,215	\$ 9,345	\$ (16,321)(1)	\$ 13,239
Other reserves:				
Property and casualty liability	\$ 71,172	\$ 20,482	\$ (29,398)(2) 402(3)	\$ 62,658(4)
Environmental, litigation and other	\$ 14,481	\$ 7,867	\$ (968)(2) 280(3)	\$ 21,660

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
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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
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Other reserves:

Property and casualty liability	\$ 57,714	\$ 31,498	\$ (18,040)(2)	\$ 71,172(4)
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Environmental, litigation and other	\$ 12,056	\$ 4,559	\$ (2,280)(2) 146(3)	\$ 14,481
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(1) Uncollectible accounts written off, net of recoveries.

(2) Payments, net of any refunds

(3) Other adjustments, primarily reclassifications and refunds

(4) At September 30, 2010, 2009, and 2008, the Partnership had insurance indemnification receivables associated with its property and casualty liabilities totaling \$6,329, \$241, and \$17,926, respectively.

FINAL

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

AmeriGas Propane, Inc.
2010 Long-Term Incentive Plan
on Behalf of AmeriGas Partners, L.P.
Terms and Conditions

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**AmeriGas Propane, Inc.
2010 Long-Term Incentive Plan
on Behalf of AmeriGas Partners, L.P.**

Performance Units and Phantom Units For Employees

Terms and Conditions

The following Terms and Conditions shall be used for purposes of administering Performance Units and Phantom Units granted to Employees under the Plan. The Committee has discretion to modify or deviate from the Terms and Conditions at any time. The defined terms shall have the meanings given those terms in the Plan or in these Terms and Conditions, if not defined in the Plan.

1. **Definitions**

Whenever used in these Terms and Conditions for Employees, the following terms shall have the meanings set forth below:

(a) “*Account*” means a bookkeeping account established on the records of AmeriGas or its Affiliates to record Performance Units, Phantom Units and Distribution Equivalents credited under the Plan.

(b) “*Affiliate*” shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules under the Exchange Act.

(c) “*AmeriGas*” means AmeriGas Propane, Inc.

(d) “*APLP*” means AmeriGas Partners, L.P.

(e) “*Code*” means the Internal Revenue Code of 1986, as amended.

(f) “*Committee*” means the Compensation/Pension Committee of the Board of Directors of AmeriGas.

(g) “*Common Unit*” means a common unit of APLP.

(h) “*Disability*” or “*Disabled*” means a long-term disability as determined under the long-term disability plan of AmeriGas, UGI or one of their Affiliates, which is applicable to the Participant.

(i) “*Exchange Act*” means the Securities Exchange Act of 1934, as amended.

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

(k) “*Severance Plan*” means any severance plan maintained by AmeriGas, UGI or an Affiliate of AmeriGas or UGI, that is applicable to the Participant.

(l) “*UGI*” means UGI Corporation.

2. Performance Units

(a) *Grant of Performance Units.* The Committee shall select the Employees who shall receive Performance Units and shall determine the number of Common Units subject to Performance Units and the terms of the Performance Units. Unless the Committee determines otherwise, Distribution Equivalents shall be granted with respect to Performance Units. The Committee shall specify in the Grant Letter for Performance Units the terms and conditions of the Performance Units and the applicable restrictions and performance goals, including the objective goals, employment requirements, period during which the Performance Units shall be subject to restrictions and other conditions of the Grant.

(b) *Terms.* The Committee shall establish performance goals and terms for Performance Units in accordance with Section 9 of the Plan. The Committee shall establish appropriate threshold, target amount and maximum payments to be made with respect to the Performance Units.

(c) *Requirements of Employment or Service.* If the Participant ceases to be employed by, or provide service to, AmeriGas or its Affiliates during the applicable period specified in the Grant Letter, all of the Participant’s Performance Units shall terminate. However, if a Participant holding Performance Units ceases to be employed by, or provide service to AmeriGas by reason of Retirement, Disability, or death, the restrictions on Performance Units held by the Participant shall lapse pursuant to the following:

(i) If a Participant terminates employment or service on account of Retirement, Disability or death, the restrictions on a pro-rata portion of the Participant’s outstanding Performance Units shall lapse at the end of the restriction period set forth in the Grant Letter, if the performance goals and all requirements of the Grant Letter (other than continued employment) are met. The prorated portion shall be determined, for each Performance Unit, as the amount that would otherwise be paid according to the terms of the Performance 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 employed by, or provided service to, AmeriGas or its Affiliates and the denominator of which is three. For purposes of the proration calculation, the year in which the Participant’s Retirement, Disability, or death occurs shall be counted as a full year.

(ii) In the event of Retirement, Disability or death, the prorated portion of the Performance Units shall be paid at the date specified for payment of the Performance Units in the Grant Letter, or at an earlier date determined by the Committee in the Grant Letter.

(d) *Payment with Respect to Performance Units.* If the Committee determines that the conditions to payment of the Performance Units have been met, AmeriGas shall pay to the Participant, within 21/2 months after the end of the restriction period, Common Units equal to the number of Performance Units to be paid according to achievement of the Performance Goals, provided that AmeriGas may withhold Common Units to cover required tax withholding in an amount equal to the minimum statutory tax withholding requirement in respect to Performance Units earned.

(e) *Coordination with Severance Plan.* Notwithstanding any other provisions of these Terms and Conditions, 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 Performance Units and 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, if permitted by section 409A of the Code or an exception.

(f) *Distribution Equivalents with Respect to Performance Units.* Distribution Equivalents, if granted, shall accrue with respect to Performance Units and shall be payable subject to the same performance goals and terms as the Performance Units to which they relate. Distribution Equivalents shall be credited with respect to the target award of Performance Units from the Date of Grant until the payment date. If and to the extent that the underlying Performance Units are forfeited, all related Distribution Equivalents shall also be forfeited.

(g) *Accounts.* While Performance Units are outstanding, AmeriGas shall keep records in an Account for each Participant who holds Performance Units. On each payment date for a distribution paid by APLP on its common units, AmeriGas shall credit to the Participant's Account an amount equal to the Distribution Equivalents associated with the target award of Performance Units held by the Participant on the record date for the distribution. No interest shall be credited to any such Account.

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

(i) *Change of Control.* Upon a Change of Control, all outstanding Performance Units and Distribution Equivalents shall be paid in cash in an amount equal to the greater of (i) the target amount or (ii) the amount earned as of the date of the Change of Control based on AmeriGas's achievement of the performance goals as of the Change of Control, as determined by the Committee. If a former Participant is entitled to receive a prorated award for the restriction period, the award shall be the prorated portion of the amount described in the preceding sentence. The Performance Units and Distribution Equivalents shall be paid on the closing date of the Change of Control.

3. Phantom Units — Executive Employees

(a) *Grant of Phantom Units.* The Committee shall select the executive level Employees who shall receive Phantom Units and shall determine the number of Common Units subject to Phantom Units and the terms of the Phantom Units. Unless the Committee determines otherwise, Distribution Equivalents shall be granted with respect to Phantom Units for executive level Employees. The Committee shall specify in the Participant's Grant Letter the terms and conditions of the Phantom Units and the applicable restrictions, including the period during which the Phantom Units shall be subject to vesting requirements, if any, and other conditions of the Grant.

(b) *Vesting of Phantom Units.* Phantom Units will vest on such terms as the Committee determines and specifies in the Grant Letter. If the Participant ceases to be employed by, or provide service to AmeriGas or its Affiliates, any unvested Phantom Units will immediately terminate, except as provided below. The Committee may authorize payment of Phantom Units on a prorated or other basis in such circumstances as the Committee deems appropriate, including in the event that a Participant ceases to be employed by, or provide service to AmeriGas or its Affiliates, on account of Retirement, Disability or death.

(c) *Payment with respect to Phantom Units.* A Participant will receive payment with respect to Phantom Units as the Phantom Units vest, within 30 business days after the vesting date. Payment with respect to Phantom Units shall be made in Common Units, provided that AmeriGas may withhold Common Units to cover required tax withholding in an amount equal to the minimum statutory tax withholding requirement in respect to Phantom Units earned.

(d) *Coordination with Severance Plan.* Notwithstanding any other provisions of these Terms and Conditions, 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 Phantom Units and 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, if permitted by section 409A of the Code or an exception.

(e) *Distribution Equivalents with Respect to Phantom Units.* Distribution Equivalents, if granted, shall accrue with respect to Phantom Units and shall be payable subject to the same terms as the Phantom Units to which they relate. Distribution Equivalents shall be credited with respect to Phantom Units from the Date of Grant until the payment date. If the underlying Phantom Units are forfeited, all related Distribution Equivalents shall also be forfeited.

(f) *Accounts.* While Phantom Units are outstanding, AmeriGas shall keep records in an Account for each Participant who holds Phantom Units. If the Phantom Unit was granted with Distribution Equivalents, on each payment date for a distribution paid by APLP on its common units, AmeriGas shall credit to the Participant's Account an amount equal to the Distribution Equivalents associated with the Phantom Units held by the Participant on the record date for the distribution. No interest shall be credited to any such Account.

(g) *Payment of Distribution Equivalents.* Distribution Equivalents shall be paid after the vesting and other requirements specified in the Grant Letter have been met, at the same time as the underlying Phantom Units are paid or as otherwise determined by the Committee. Distribution Equivalents will be paid in cash.

(h) *Change of Control.* All outstanding Phantom Units shall become fully vested upon a Change of Control and shall be paid in cash on the closing date of the Change of Control (except as described below). All Distribution Equivalents shall become fully vested and paid when the underlying Phantom Units are paid. Notwithstanding the foregoing, if the Phantom Units are subject to section 409A of the Code, the Phantom Units shall be paid upon a Change of Control only if the transaction constituting a Change of Control is also a change in control event under section 409A of the Code (“409A Change in Control Event”). If the transaction constituting a Change of Control does not constitute a 409A Change in Control Event, the outstanding Phantom Units shall vest upon the Change of Control, and any outstanding Phantom Units that are subject to section 409A shall be paid in cash (based on the value of the Phantom Units on the payment date as determined by the Committee) within 30 days after the first to occur of (i) the vesting date set forth in the Participant’s Grant Letter or (ii) the Participant’s termination of employment or service (subject to the section 409A six-month delay, if applicable). If payment is delayed after the Change of Control, the Committee may provide for the Phantom Units to be valued as of the date of the Change of Control and interest to be credited on the amount so determined at a market rate for the period between the Change of Control date and the payment date.

4. Phantom Units — Non-Executive Employees

(a) *Grant of Phantom Units.* The Committee shall select the non-executive level Employees who shall receive Phantom Units and shall determine the number of Common Units subject to Phantom Units and the terms of the Phantom Units. Unless the Committee determines otherwise, Distribution Equivalents shall not be granted with respect to Phantom Units for non-executive Employees. The Committee shall specify in the Participant’s Grant Letter the terms and conditions of the Phantom Units and the applicable restrictions, including the period during which the Phantom Units shall be subject to vesting requirements, if any, and other conditions of the Grant.

(b) *Vesting of Phantom Units.* Phantom Units will vest on such terms as the Committee determines and specifies in the Grant Letter. Unless the Committee determines otherwise, if the Participant ceases to be employed by, or provide service to AmeriGas or its Affiliates, any unvested Phantom Units will immediately terminate and be forfeited.

(c) *Payment with respect to Phantom Units.* A Participant will receive payment with respect to Phantom Units when the Phantom Units vest, within 30 business days after the vesting date. Payment with respect to Phantom Units shall be made in Common Units, provided that AmeriGas may withhold Common Units to cover required tax withholding in an amount equal to the minimum statutory tax withholding requirement in respect to Phantom Units earned.

(d) *Accounts.* While Phantom Units are outstanding, AmeriGas shall keep records in an Account for each Participant who holds Phantom Units.

(e) *Change of Control.* All outstanding Phantom Units shall become fully vested upon a Change of Control and shall be paid in cash on the closing date of the Change of Control.

5. Section 409A. Performance Units, Phantom Units and Distribution Equivalents shall meet the requirements of section 409A of the Code or an exemption from such requirements.

**AmeriGas Propane, Inc.
2010 Long-Term Incentive Plan
on Behalf of AmeriGas Partners, L.P.**

Phantom Units For Non-Employee Directors

Terms and Conditions

The following Terms and Conditions shall be used for purposes of administering Phantom Units granted to Non-Employee Directors under the Plan. The Committee has discretion to modify or deviate from the Terms and Conditions at any time. The defined terms shall have the meanings given those terms in the Plan or in these Terms and Conditions, if not defined in the Plan.

1. **Definitions**

Whenever used in these Terms and Conditions for Non-Employee Directors, the following terms shall have the meanings set forth below:

(a) “*Account*” means a bookkeeping account established on the records of AmeriGas or its Affiliates to record Phantom Units and Distribution Equivalents credited under the Plan.

(b) “*AmeriGas*” means AmeriGas Propane, Inc.

(c) “*APLP*” means AmeriGas Partners, L.P.

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

(e) “*Committee*” means, for purposes of Grants to Non-Employee Directors, the Board or its delegate.

(f) “*Common Unit*” means a common unit of APLP.

(g) “*Deferral Plan*” means the UGI Corporation 2009 Deferral Plan.

(h) “*Plan Year*” means the calendar year.

(i) “*Separates from Service*” means the Non-Employee Director’s termination of service as a Non-Employee Director of AmeriGas for any reason other than death.

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

2. Phantom Units

(a) *Annual Award of Phantom Units.* On the fifth business day of each Plan Year, each Non-Employee Director shall receive an award of Phantom Units in the amount set forth on the attached Exhibit A. Such Phantom Units shall be credited to each Non-Employee Director's Account as specified in Section 2(c) below. Any Non-Employee Director who becomes a Non-Employee Director after the fifth business day of the Plan Year shall receive, on the date such individual becomes a Non-Employee Director, a pro-rata share of the annual award of Phantom Units determined based on the number of calendar quarters during the Plan Year that he or she is expected to serve as a Non-Employee Director. A Non-Employee Director will be deemed to serve for the entire quarter if he or she is a Non-Employee Director on at least one day of the quarter.

(b) *Distribution Equivalents*

(i) *Crediting of Distribution Equivalents.* From the Date of Grant of each Phantom Unit until the Non-Employee Director's Account has been fully distributed, on each payment date for a distribution paid by APLP on its Common Units, AmeriGas shall credit to the Non-Employee Director's Account an amount equal to the Distribution Equivalent associated with the Phantom Units held by the Non-Employee Director on the record date for the distribution.

(ii) *Conversion to Phantom Units.* On the last day of each Plan Year, the amount of the Distribution Equivalents credited to the Non-Employee Director's Account during that Plan Year shall be converted to a number of Phantom Units, based on the Unit Value on the last day of the Plan Year. In the event of a Change of Control or in the event the Non-Employee Director dies or Separates from Service prior to the last day of the Plan Year, as soon as practicable following such event and in no event later than the date on which Phantom Units are redeemed, AmeriGas shall convert the amount of the Distribution Equivalents credited to the Non-Employee Director's Account as of the date of the Change of Control, death or Separation from Service (the "Conversion Date") to a number of Phantom Units based on the Unit Value on the Conversion Date.

(c) *Accounts.* AmeriGas shall keep records to reflect the number of Phantom Units and Distribution Equivalents credited to each Non-Employee Director. Fractional Phantom Units shall accumulate in the Non-Employee Director's Account and shall be added to other fractional Phantom Units held in such Account to create whole Phantom Units.

3. Events Requiring Redemption of Phantom Units

AmeriGas shall redeem Phantom Units credited to a Non-Employee Director's Account only at the times and in the manner prescribed by the terms of this Section 3 and the Grant Letter.

(a) *Redemption.* When Phantom Units are to be redeemed, AmeriGas will determine the value of the Phantom Units credited to the Non-Employee Director's Account as of the date of the Non-Employee Director's Separation from Service or death. Except as described in subsection (c) below, an amount equal to 65% of the aggregate value of the Phantom Units shall be paid in the form of whole Common Units (with fractional Common Units paid in cash), and the remaining 35% of the aggregate value of the Phantom Units shall be paid in cash.

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

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

(d) *Effect on Outstanding Phantom Units and Distribution Equivalents.* The provisions of this Section 3 relating to the medium of payment (i.e., payment in cash or in a combination of cash and Common Units) shall apply to all outstanding Phantom Units and Distribution Equivalents.

(e) *Section 409A.* Phantom Units and Distribution Equivalents shall meet the requirements of section 409A of the Code or an exemption from such requirements.

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

Exhibit A

Non-Employee Director Grants

Phantom Units:

500 units

Grant Date: 5th business day of January

July, 2010 Directors Phantom Unit Grant

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

PHANTOM UNIT GRANT LETTER

This PHANTOM UNIT GRANT, dated July 30, 2010 (the "Date of Grant"), is delivered by AmeriGas Propane, Inc. (the "Company") to _____ (the "Participant").

RECITALS

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

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

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

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

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

1. Grant of Phantom Units.

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

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

2. Distribution Equivalents with Respect to Phantom Units.

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

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

3. Events Requiring Redemption of Phantom Units.

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

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

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

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

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

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

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

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

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

(e) “*Deferral Plan*” means the UGI Corporation 2009 Deferral Plan.

(f) “*Plan Year*” means the calendar year.

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

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

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

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

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

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

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

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

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

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

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

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

Attest

AmeriGas Propane, Inc.

Assistant Secretary

By: _____
Vice President and General Counsel

I hereby acknowledge receipt of the Plan and the Terms and Conditions incorporated herein. I accept the Phantom Units described in this Grant Letter, and I agree to be bound by the terms of the Plan, including the Terms and Conditions, and this Grant Letter. I hereby further agree that all the decisions and determinations of the Board shall be final and binding on me and any other person having or claiming a right under Phantom Unit grant.

Participant

AMERIGAS PROPANE, INC.
DESCRIPTION OF COMPENSATION ARRANGEMENT
FOR
EUGENE V.N. BISSELL

Eugene V.N. Bissell is President and Chief Executive Officer of AmeriGas Propane, Inc., the general partner of AmeriGas Partners, L.P. Mr. Bissell has an oral compensation arrangement with AmeriGas Propane, Inc. which includes the following:

Mr. Bissell:

1. is entitled to an annual base salary, which for fiscal year 2010 is \$490,000;
 2. participates in AmeriGas Propane, Inc.'s annual bonus plan, with bonus payable based on the achievement of pre-approved financial and/or business performance objectives, which support business plans and strategic goals;
 3. through December 31, 2009, participates in AmeriGas Propane, Inc.'s long-term compensation plan, the 2000 Long-Term Incentive Plan, and, beginning July 30, 2010, participates in AmeriGas Propane, Inc.'s long-term compensation plans, the 2010 Long-Term Incentive Plan, with annual awards as determined by the Compensation/Pension Committee, and UGI Corporation's 2004 Omnibus Equity Compensation Plan, with annual awards as determined by the UGI Corporation Compensation and Management Development Committee;
 4. will receive cash benefits upon termination of his employment without cause following a change in control of AmeriGas Partners, L.P. or UGI Corporation; and
 5. participates in AmeriGas Propane, Inc.'s benefit plans, including the AmeriGas Propane, Inc. Executive Employee Severance Pay Plan and the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan.
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AMERIGAS PROPANE, INC.
DESCRIPTION OF COMPENSATION ARRANGEMENT
FOR
JERRY E. SHERIDAN

Jerry E. Sheridan is Vice President — Finance and Chief Financial Officer of AmeriGas Propane, Inc., the general partner of AmeriGas Partners, L.P. Mr. Sheridan has an oral compensation arrangement with AmeriGas Propane, Inc. which includes the following:

Mr. Sheridan:

1. is entitled to an annual base salary, which for fiscal year 2010 is \$302,356;
 2. participates in AmeriGas Propane, Inc.'s annual bonus plan, with bonus payable based on the achievement of pre-approved financial and/or business performance objectives, which support business plans and strategic goals;
 3. through December 31, 2009, participates in AmeriGas Propane, Inc.'s long-term compensation plan, the 2000 Long-Term Incentive Plan, and, beginning July 30, 2010, participates in AmeriGas Propane, Inc.'s long-term compensation plans, the 2010 Long-Term Incentive Plan, with annual awards as determined by the Compensation/Pension Committee, and UGI Corporation's 2004 Omnibus Equity Compensation Plan, with annual awards as determined by the UGI Corporation Compensation and Management Development Committee;
 4. will receive cash benefits upon termination of his employment without cause following a change in control of AmeriGas Partners, L.P. or UGI Corporation; and
 5. participates in AmeriGas Propane, Inc.'s benefit plans, including the AmeriGas Propane, Inc. Executive Employee Severance Pay Plan and the AmeriGas Propane, Inc. Supplemental Executive Retirement Plan.
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AMERIGAS PROPANE, INC.
DESCRIPTION OF COMPENSATION ARRANGEMENT
FOR
ROBERT H. KNAUSS

Robert H. Knauss is Vice President, General Counsel and Assistant Secretary of UGI Corporation. Mr. Knauss has an oral compensation arrangement with UGI Corporation which includes the following:

Mr. Knauss:

1. is entitled to an annual base salary, which for fiscal year 2010 is \$340,340;
2. participates in UGI Corporation's annual bonus plan, with bonus payable based on the achievement of pre-approved financial and/or business performance objectives, which support business plans and strategic goals;
3. participates in UGI Corporation's long-term compensation plan, the 2004 Omnibus Equity Compensation Plan, as amended, with annual awards as determined by the Compensation and Management Development Committee;
4. will receive cash benefits upon termination of his employment without cause following a change in control of UGI Corporation; and
5. participates in UGI Corporation's benefit plans, including the Senior Executive Employee Severance Plan and the Supplemental Executive Retirement Plan and Supplemental Savings Plan.

SUMMARY OF DIRECTOR COMPENSATION
OF
AMERIGAS PROPANE, INC.,
General Partner of
AMERIGAS PARTNERS, L.P.

The table below shows the components of director compensation effective October 1, 2010. A director who is an officer or employee of the Registrant or its subsidiaries is not compensated for service on the Board of Directors or on any Committee of the Board.

DIRECTORS' COMPENSATION

	CASH COMPONENT	EQUITY COMPONENT
Annual retainer	\$ 65,000	500 Phantom Units (Representing AmeriGas Partners, L.P. Common Units)
Additional annual retainer for Audit Committee Members (other than the Chairperson)	10,000	
Additional retainer for Audit Committee Chairperson	15,000	

The Directors are also offered employee rates on propane purchases.

SUBSIDIARIES OF AMERIGAS PARTNERS, L.P.

<u>SUBSIDIARY</u>	<u>OWNERSHIP</u>	<u>STATE OF INCORPORATION</u>
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.

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-159076) and Form S-8 (Nos. 333-168604 and 333-104939) of AmeriGas Partners, L.P. of our report dated November 19, 2010 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
November 19, 2010

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 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 19, 2010

/s/ Eugene V. N. Bissell
Eugene V. N. Bissell
President and Chief Executive Officer of
AmeriGas Propane, Inc.

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 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 19, 2010

/s/ Jerry E. Sheridan
Jerry E. Sheridan
Vice President — Finance and Chief Financial Officer
of AmeriGas Propane, Inc.

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

I, 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 annual report on Form 10-K for the period ended September 30, 2010 (the "Form 10-K") 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

CHIEF FINANCIAL OFFICER

/s/ Eugene V.N. Bissell

Eugene V.N. Bissell

/s/ Jerry E. Sheridan

Jerry E. Sheridan

Date: November 19, 2010

Date: November 19, 2010

Excerpt from Notes 2 and 13 to Fiscal Year 2010 Consolidated Financial Statements of UGI Corporation and Subsidiaries

(Millions of dollars and euros, except per share amounts and where indicated otherwise)

Equity-Based Compensation

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 (together with UGI stock-based equity instruments, “Units”), is measured at fair value on the grant date, date of modification or end of the period, as applicable. Compensation expense is recognized on a straight-line basis over the requisite service period. Depending upon the settlement terms of the awards, all or a portion of the fair value of equity-based awards may be presented as a liability or as equity in our Consolidated Balance Sheets. 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 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 have calculated a tax windfall pool using the shortcut method. We record deferred tax assets for awards that we expect will result in deductions on our income tax returns, based on the amount of compensation cost recognized and the statutory tax rate in the jurisdiction in which we will receive a deduction. Differences between the deferred tax assets recognized for financial reporting purposes and the actual tax benefit received on the income tax return are recorded in Common Stock (if the tax benefit exceeds the deferred tax asset) or in the Consolidated Statements of Income (if the deferred tax asset exceeds the tax benefit and no tax windfall pool exists from previous awards).

UGI Equity-Based Compensation Plans and Awards. Under the UGI Corporation 2004 Omnibus Equity Compensation Plan Amended and Restated as of December 5, 2006 (the “OECF”), 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 OECF 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 OECF 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 OECF, 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 accumulated in additional Stock Units. UGI Unit awards granted to employees and non-employee directors are settled in shares of Common Stock and cash. 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 our practice to issue treasury shares to satisfy substantially all option exercises and UGI Unit awards. We do not expect to repurchase shares for such purposes during Fiscal 2011.

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.

UGI Stock Option Awards. Stock option transactions under the OECF and predecessor plans for Fiscal 2008, Fiscal 2009 and Fiscal 2010 follow:

	Shares	Weighted Average Option Price	Total Intrinsic Value	Weighted Average Contract Term (Years)
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
Granted	1,411,200	\$ 24.65		
Cancelled	(87,334)	\$ 25.81		
Exercised	(474,618)	\$ 13.30	\$ 6.0	
Shares under option — September 30, 2009	7,501,493	\$ 22.74	\$ 23.2	6.4
Granted	1,394,300	\$ 24.37		
Cancelled	(62,501)	\$ 25.12		
Exercised	(1,276,247)	\$ 18.09	\$ 11.7	
Shares under option — September 30, 2010	7,557,045	\$ 23.81	\$ 36.2	6.5
Options exercisable — September 30, 2008	3,960,778	\$ 18.93		
Options exercisable — September 30, 2009	4,744,054	\$ 21.00		
Options exercisable — September 30, 2010	4,706,376	\$ 22.99	\$ 26.4	5.4
Non-vested options — September 30, 2010	2,850,669	\$ 25.16	\$ 9.8	8.3

Cash received from stock option exercises and associated tax benefits were \$23.1 and \$4.3, \$6.3 and \$2.2, and \$15.4 and \$3.7 in Fiscal 2010, Fiscal 2009 and Fiscal 2008, respectively. As of September 30, 2010, there was \$3.6 of unrecognized compensation cost associated with unvested stock options that is expected to be recognized over a weighted-average period of 1.8 years.

The following table presents additional information relating to stock options outstanding and exercisable at September 30, 2010:

	Range of exercise prices		
	\$10.20 - \$16.25	\$16.99 - \$22.47	\$22.92 - \$28.54
Options outstanding at September 30, 2010:			
Number of options	308,959	1,727,468	5,520,618
Weighted average remaining contractual life (in years)	2.1	4.3	7.4
Weighted average exercise price	\$ 12.34	\$ 19.92	\$ 25.67
Options exercisable at September 30, 2010:			
Number of options	308,959	1,727,468	2,669,949
Weighted average exercise price	\$ 12.34	\$ 19.92	\$ 26.22

UGI Stock Option Fair Value Information. The per share weighted-average fair value of stock options granted under our option plans was \$4.49 in Fiscal 2010, \$4.13 in Fiscal 2009 and \$5.06 in Fiscal 2008. 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 2010, Fiscal 2009 and Fiscal 2008 are as follows:

	2010	2009	2008
Expected life of option	5.75 years	5.75 years	5.75 - 6.75 years
Weighted average volatility	24.0%	23.7%	20.9%
Weighted average dividend yield	3.3%	3.0%	2.8%
Expected volatility	24.0%	20.3% - 23.7%	20.3% - 20.9%
Expected dividend yield	3.3% - 3.4%	2.9% - 3.2%	2.8% - 2.9%
Risk free rate	1.7% - 3.1%	1.7% - 3.0%	3.4% - 3.6%

UGI Unit Awards. UGI Stock Unit 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-years) 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 be paid. 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 GAAP, 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 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, is accounted for as a liability. The expected term of the UGI Performance Unit awards is three years based on the performance period. Expected volatility is based on 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 companies in the UGI comparator group 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		
	2010	2009	2008
Risk free rate	1.7%	1.0%	2.7%
Expected life	3 years	3 years	3 years
Expected volatility	28.0%	27.1%	20.5%
Dividend yield	3.3%	3.2%	3.1%

The weighted-average grant date fair value of UGI Performance Unit awards was estimated to be \$22.51 for Units granted in Fiscal 2010, \$27.91 for Units granted in Fiscal 2009 and \$29.70 for Units granted in Fiscal 2008.

The following table summarizes UGI Unit award activity for Fiscal 2010:

	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, 2009	878,427	\$ 23.89	535,582	\$ 21.20	342,845	\$ 28.09
UGI Performance Units:						
Granted	204,650	\$ 22.51	—	\$ —	204,650	\$ 22.51
Forfeited	(5,227)	\$ 25.85	—	\$ —	(5,227)	\$ 25.85
Vested	—	\$ —	178,410	\$ 26.60	(178,410)	\$ 26.60
Unit awards paid	(174,417)	\$ 27.04	(174,417)	\$ 27.04	—	\$ —
Performance criteria not met	—	\$ —	—	\$ —	—	\$ —
UGI Stock Units:						
Granted(a)	27,060	\$ 24.07	—	\$ —	27,060	\$ 24.07
Vested	—	\$ —	31,260	\$ 24.27	(31,260)	\$ 24.27
Unit awards paid	—	\$ —	—	\$ —	—	\$ —
September 30, 2010	<u>930,493</u>	<u>\$ 22.99</u>	<u>570,835</u>	<u>\$ 21.27</u>	<u>359,658</u>	<u>\$ 25.71</u>

- (a) Generally, shares granted under UGI Stock Unit awards are paid approximately 70% in shares. UGI Stock Unit awards granted in Fiscal 2009 and Fiscal 2008 were 52,767 and 37,732, respectively.

During Fiscal 2010, Fiscal 2009 and Fiscal 2008, the Company paid UGI Performance Unit and UGI Stock Unit awards in shares and cash as follows:

	2010	2009	2008
UGI Performance Unit awards:			
Number of original awards granted	193,983	163,450	185,300
Fiscal year granted	2007	2006	2005
Payment of awards:			
Shares of UGI Common Stock issued	123,169	117,847	0
Cash paid	\$ 2.6	\$ 3.1	\$ —
UGI Stock Unit awards:			
Number of original awards granted	0	88,449	40,000
Payment of awards:			
Shares of UGI Common Stock issued	0	58,376	20,000
Cash paid	\$ —	\$ 0.8	\$ 0.6

During Fiscal 2010, Fiscal 2009 and Fiscal 2008, we granted UGI Unit awards representing 231,710, 269,017 and 253,325 shares, respectively, having weighted-average grant date fair values per Unit of \$22.69, \$27.26 and \$29.34, respectively.

As of September 30, 2010, there was a total of approximately \$5.1 of unrecognized compensation cost associated with 930,493 UGI Unit awards outstanding that is expected to be recognized over a weighted-average period of 1.8 years. The total fair values of UGI Units that vested during Fiscal 2010, Fiscal 2009, and Fiscal 2008 were \$5.0, \$7.6 and \$7.1, respectively. As of September 30, 2010 and 2009, total liabilities of \$8.7 and \$8.9, respectively, associated with UGI Unit awards are reflected in "Other current liabilities" and "Other noncurrent liabilities" in the Consolidated Balance Sheets.

At September 30, 2010, 4,076,522 shares of Common Stock were available for future grants under the OECP, of which up to 1,687,347 may be issued pursuant to future grants other than stock options or SARs.